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Export Barriers and its Impact on Export Competitiveness of Leather Footwear Manufacturing Firms in Ethiopia

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Abstract

Purpose: *the purpose of this research was to identify the export barriers that affect the export competitiveness of the Ethiopian leather footwear-manufacturing firms, with a special emphasis on the SMEs. SMEs occupy a prominent position in the development agenda of many developing countries like Ethiopia. Hence, this study investigated the export barriers of SMEs in ELFMFs.*

Research Methodology: *A survey of 15 manufacturing firms was conducted in Ethiopian, Addis Ababa. Out of 100 sampled respondents, 61 properly answered and returned the questionnaire to the researcher. Interview was also conducted with top managers and owners. The survey data was analyzed using factor analysis, MDS and cluster analysis techniques. The factor analysis identified 10 conceptually linked components. In addition, their impact on the export competitiveness of the export firms was analyze using the factor loadings, factor score coefficient results and the measurement of decision rules adopted by Vichea (2005). Besides, MDS in combination with cluster analysis were used.*

Findings: *The significant barriers have had different perceived export barriers intensity on the export competitiveness of the firms. The result shows that government policy, human resource, product adaption, marketing knowledge and information, financial, exogenous export, competition, logistics and product adaption barriers were significant whereas the environmental barrier was partially supported. In the MDS analysis, based on the perceived export barriers intensity four clusters of firms were formulated. Cluster I, II, III and IV firms were named as competition barriers, logistics barriers, product quality barriers and financial barriers respectively.*

Keywords: *Addis Ababa, Developing countries, Export barriers, Export Competitiveness, Ethiopia, SMEs*

List of Acronyms

AACATIB	Addis Ababa City Administration Trade and Industry Bureau
ASSC	Anbessa Shoe Share Company
CoMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistical Agencies
EJE	Embassy of Japanese in Ethiopia
ELFMF	Ethiopian Leather Footwear Manufacturing Firms
ELIA	Ethiopian Leather Institute Association
ELICO	Ethiopian Leather Institute Corporation
EPRDF	Ethiopian People's Revolutionary Democratic Front
GDS	Global Development Solutions
LIDI	Leather Industry Development Institute
MTI	Ministry of Trade and Industry
OECD	Organization for Economic Cooperation and Development
SMEs	Small and Medium Enterprises
SSA	Sub-Saharan Africa
TVET	Technical Vocational Education and Training
UCLA	University of California Los Angeles
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nation Industrial Development Organization
LLPTI	Ethiopian Leather and Leather Products Technology Institute

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1. INTRODUCTION

1.1. Background of the Study

Export as an essential economic activity of firms and a means of economic development of a nation has broadly been acknowledged. However, many firms do not export even though it regarded as inevitable in the increasingly integrated world markets (Pinho & Martins, 2010). This is even more so for developing countries like Ethiopia. Studies conducted in Sub-Saharan Africa (SSA) indicated that there are only few firms that export and sell outputs in the foreign markets (Van Biesebroeck, 2005; Rankin, Soderbom & Teal, 2006; Milner & Tandrayen, 2007). According to Tesfom (2003), the reason behind low export involvements in developing countries' firms is because they encounter multitude barriers when they attempt to expand export activities.

Despite of the fact that large body of literature exists in terms of the need for inferring the role played by perceived hindrance to exporting (Leonidou, 1995, 2004; Katsikeas & Morgan, 1994), it is observed that the research of exporting barriers still lacks a comprehensive theory base that categorize the main export barriers of SMEs in developing countries whose economic development mainly depends on this types of business. Many previous studies have reported upon data gathered in developed countries particularly western countries (Ahmad & Julian, 2006; & Leonidou, 2004). This implies that firms in developing countries like Ethiopia do not get the same kind of attentions as firms in developed countries do. Therefore, with the aim of ensuring a greater depth of understanding, this was the imperative reason for the researcher to conduct a study on the "*Export Barriers and Its Impact on Export Competitiveness of the Ethiopian Leather Footwear Manufacturing Firms*", one of the developing countries in East Africa.

Export competitiveness is the ability of nations or firms to acquire a substantial market share in globally sophisticated markets. Export competitiveness of a nation depends on its domestic enterprises whereas export competitiveness of a firm relies on its capability to expand its position in the international markets by offering quality products on time at competitive prices, by reacting quickly to changes in demand and skills to successful manage product segregation, by strengthening innovative capacity and effective marketing outlets. In line with this view, Griffin and Pustay (1996) and Young *et al. (*2009) have explained that one of the characteristics of the

21st century business environment is the phenomenal growth of globalization. Encouraged by momentous and continuing advances in transportation, production, financial systems, information technology, regulatory environments and business networks, firms, irrespective of their size have progressively more extended their operations to international markets so as to enhance their competitive advantages. However, export barriers are constrictions that unease the firm's capability to start, develop or uphold business operations in foreign markets (Morgan & Katsikeas, 1997). It aggravates malfunction in international operations, bringing financial losses alongside negative attitudes towards international activities (Leonidou, 1995). By doing so, the export barriers make the SMEs' export competitiveness more difficult in abroad. With this regard, the aim of this research is to analyze the export competitiveness situation of the SMEs in Ethiopian leather footwear manufacturing firms (ELFMFs).

Note that, even though some large-sized firms are included, the focus of this study is on the small and medium sized leather footwear-manufacturing firms. It is because the large-sized firms included in this study are very few. In addition to that, if we take the international standard definition of large firms, the Ethiopian large-sized firms do not even seem to have fulfilled the standard definition developed for SME by European Commission and USA.

1.2. Statement of Problem

Increasing export is one of the macro-economic purposes of several countries both developed and developing countries of the world. It is because export contributes a crucial role in the nation's economic growth and alleviates poverty especially in developing countries and improves the profitability and growth of the export firms. This is the main reason why countries implement strategies aiming at increasing exports. In line with this view, Kazem & Van Der Heijden (2006) explained that the export development of SMEs has been described as one of the best strategies for achieving national development goals such as industrial growth.

Ethiopia being one of the developing countries in the sub-Saharan Africa has implemented a number of trade and fiscal reforms as a way to encourage raising export by manufacturing firms. Despite the fact that Ethiopia possesses one of the largest populations of livestock in Africa and even seventh to ninth in the world, the leather footwear export market activities of the country is rated as low level. As study by Embassy of Japan in Ethiopia indicated proper utilization of finished leather for footwear is low in most footwear industries in Ethiopia (EJE, 2008). In support of this view, studies on Ethiopian leather footwear industries made by UNIDO, and other

research studies affirmed that the leather footwear export market activities are not satisfactory due to many challenges confronting the export firms (UNIDO, 2005; GDS, 2006; EJE, 2008; ASSC, 2009; Birhanu & Kibre, 2010; Sutton & Nebil, 2010). Furthermore, according to the benchmark implementation plan for the Ethiopian footwear sector in 2009, the level of competitiveness in the international market is far below average even though the sector is growing (ASSC, 2009). A benchmarking analysis on shoe production in Ethiopia made by GDS (2006) indicates that Ethiopian leather footwear sub-sector is less competitive against Bangladesh with respect to the cost of leather shoe assembly (Tomas, 2011; GDS, 2006; John & Nebil, 2010).

ASSC (2009) and Tomas (2011) have tried to figure out problems the leather footwear sector confronts. They have highlighted that the most important problems of leather footwear manufacturing firms are shortage of raw materials, long procurement lead time for imported materials, lack of demand, low quality of finished leather, production delays and bottleneck at the workstations, lack of measurement and improvement methods, working far from the standard and the installed capacity and inefficient utilization of resources. As a result of this, the leather footwear manufacturing firms of the sector are characterized by low productivity, poor working conditions, improper utilization of resources, weak relationship with customers and suppliers and poor managerial capabilities. These problems can affect the export competitiveness of the export firms in the foreign potential markets. In Ethiopian, as far as the researcher's knowledge is concerned, no evidenced literatures are available on the topic under study: "*export barriers and its impact on export competitiveness of SMEs in Ethiopian leather footwear manufacturing firms*". Therefore, despite the previous studies provide useful knowledge, this study will bring more insightful picture of the subject from the export barriers and its consequence on the export competitiveness perspectives.

Awareness of export barriers and their impact on export competitiveness and how to deal with those barriers will help the export firms improve their competitiveness in the foreign markets. Also, it will help the decision makers at industry and national level to improve export competitiveness by reducing or eliminating the export barriers of the firms. In view of this, it is the objective of this study to examine the export barriers that affect export competitiveness of the SMEs in Ethiopian Leather Footwear Manufacturing Firms (ELFMFs). Accordingly, the research questions and research objectives of the study are presented as below.

1.2.1. Research Questions: this study targeted to answer the following research questions:

- What are the major export barriers that affect the export competitiveness of the SMEs in ELFMFs?
- What are the main strengths and weaknesses of the SMEs in ELFMFs?

1.2.2. Research Objectives: the general objective of this study was aimed to analyze the export barriers and its impact on export competitiveness of the SMEs in ELFMFs. In a nutshell, the specific objectives of this study was to:

- Analyze the export barriers and its impact on export competitiveness of SMEs in ELFMFs.
- Identify the main strengths and weaknesses of the SMEs in ELFMFs.
- Draw conclusions and suggest policy implications for managers and other concerned bodies at the firms and macro-levels.

1.3. Significance of the Study

The study will give a paramount importance to different stakeholders as they could utilize the findings of the research.

- The first significance of this study is that it will identify the existing export barriers in the SMEs in ELFMFs. This will help the export firms aware the export barriers that prevent them from successfully accomplish their export business in the foreign markets.
- The second significance of this study is its contribution to the policy makers or government bodies of the country to pinpoint the top export barriers that prevent the SMEs from getting competitive advantage in the foreign markets and to take action accordingly. Government official mainly: AACATIB, CoMESA, ELFMF, ELIA and ELIC and others will use this organized information as evidence to further decisions on the development of leather industry and by doing so, the sector will play its own role in achieving economic growth and poverty alleviation.
- Finally, this study will enrich the existing knowledge on similar issues. Besides, it will be also taken as source of reference for further studies on the subject or similar fields.

1.4. Thesis Outline

This study has five main topics.

- The first topic deals with the introduction that comprised background of the study, statement of the problem, significance of the study and the thesis outline.
- The second topic addresses the theoretical and empirical literature reviews and the conceptual framework and propositions of the study.
- The third topic describes the research methodology which includes the sites and the population of the study, the research design and strategy, 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 topic presents the analysis and interpretation of the results. The factor analysis and its result interpretation, the strength and weakness of the firms and the MDS in combination with the cluster analysis are presented.
- The last topic is about the discussion, conclusion and recommendation. It also includes scope, limitation and direction for future researches.

2. LITERATURE REVIEW

2.1. Internationalization

Internationalization can be defined as business activities that go beyond national borders in order to bring sustainable development for nations and companies. According to Zeng *et al*. (2008), internationalization has been widely used to explain the external movement of the international operations of a firm for sustainable development at firm and national level. Besides, internationalization has been identified as an important aspect of maximization of business opportunities and over last few decades several SMEs commenced internationalization as a prerequisite for a business success (Rundh, 2007 & Saixing *et al.,* 2009). Several international linked studies emphasize on the outward processes related with exporting, licensing, franchising, and foreign direct involvement with exporting being the main mode of internationalization for SMEs (Ojinnaka, 2014).

Internationalization in general and exporting in particular can develop a firm's managerial skills and capabilities, contributes to the economic development of nations, develop national industries, improve productivity, create employment, better facilitate the use of resources and it gives a greater degree of flexibility for undertaking diversified business risks (McKane *et al.,* 2008 & Pinho & Martins, 2010). In line with this view, Al-Hyari *et al.* (2012) stated that operating in overseas markets may allow a firm to benefit from international competition and increase its involvement in foreign markets thereby becoming a stronger player in its home market. The expansion of a firm beyond its national border is more crucial than expansion within the domestic geographical area Manolova *et al.* (2002). Many SMEs have become successful outside their local markets and their role is increasingly significant in contributing to future growth (Knowles *et al.,* 2006). Firms, which a decade ago felt secure within their national borders, are now facing escalating international competition (Etemad, 2004). Besides, domestic business environments have been more and more influenced by international economic factors and the capability for small firms to separate themselves from overseas competition has reduced especially for companies that are working in global industries (Anderson, 2004).

There is a widespread and well-built body of literature that has examined small-firm international growth (Etemad, 2004; & Kuada, 2006). Often, SMEs internationalization activities are dealt with using internationalization process, international entrepreneurship and

export development and barriers (Manolova *et al*., 2002). However, this research focuses on the latter approach particularly in the export barriers and its impact on export competitiveness.

2.2. Export Strategy

Exporting has become an important internationalization strategy for the companies and the development of national economies in the global markets (Koksal, 2006). Ural (2009) posited that global liberalization, assimilation and competition in the world's economies have been contributing for the growing commitment of firms in exporting operations. In the growing of world economies, exporting activities of SMEs is more important for the continued survival, growth and long-term prospect of a business (Djebarni & Al-Hyari, 2009). Exporting is usually a less "*resource-laden*" operation relative to other foreign market entry and expansion modes because it requires minimum business risk, needs low commitment of resources and presents high flexibility of movements (Neupert *et al.*, 2006 & Korez-Vider, 2007).

According to Tesfom and Lutz (2006) explanation, international trade is especially important for developing countries because it produces employment opportunity and provides foreign exchange with imports. In developing countries, export strategy is recognized as important means for growth and improving profitability for SMEs (Kazem & Van Der Heijden, 2006). Ahmed *et al.* (2004) clarified that a common objective in less developed countries is to discover ways to boost exports. At macro level, involvement of more firms in exporting activities is believed to be an effective way of managing trade deficit problems plus a technique to improve the accumulation of foreign exchange, generating spillover effects such as societal prosperity and support for local industries to increase productivity, and driving economic growth (Morgan & Katsikeas, 1997). While at the micro level, exporting can offer individual businesses with opportunities to grow, boost profits, stabilize demand, improve the utilization of production capacities, develop superior management capabilities, enhance innovation in product and process and strengthen financial performance (Lages & Montgomery, 2004). Since exporting activities can make such attractive advantages in international businesses and because of their growing significance in industrialized countries, an understanding of the exporting barriers has become mainly a significant concern in today's business environment (Kuada, 2006 & Pinho & Martins, 2010). According to Pinho & Martins (2010) and Leonidou (2004) explanation, the effectual way of inspiring local SMEs to go into foreign markets is to make out the major barriers that are faced by SMEs in going and operating effectively in international markets. Rocha *et al.* (2009)

mentioned that understanding barriers to exporting can help implement the government policies to inspire domestic firms to export and reduces the major impediments. This objective can be accomplished either by motivating exporting firms to export a large number or by encouraging non-exporters to begin exporting. In this study, the focus is on the SMEs who already have engaged in export operations in the leather footwear sub-sector in Ethiopia.

2.3. Export Barriers and Competitiveness

Scholars have examined international business barriers and suggested that export barriers depend on the categories in which the firm can be located and because of that, many studies found that manufacturing firms are often exposed to a number of export hindrance that are identifiable at all stages (Johanson & Wiedersheim-Paul, 1975 & Bilkey, 1978). Large body of literature exists in terms of the need for inferring the role and played by perceived hindrance to exporting (Leonidou, 1995, 2004 & Katsikeas & Morgan, 1994). However, it is observed that the research of exporting barriers still lacks a comprehensive theory base that categorizes the major export marketing barriers of SMEs in developing countries whose economic development highly relies on this type of business. Tesfom *et al.* (2006) and Altintas *et al.* (2007) explained that overview of the extensive bodies of literature that deal with exporting barriers confronting SMEs in developing countries discloses that there has been lack of research on the subject matter. In this regard, Ahmad and Julian (2006) and Leonidou (2004) have explained that majority of the studies have reported upon data gathered in developed countries particularly western countries. Hence, it is regrettable to notice that a small amount is known about the international activities of these firms in developing countries like Sub-Sahara Africa countries. Hence, it is possible that SMEs in developing countries may confront difficulties that are different to those confronted by their counterparts in the industrialized world. Thus, as many authors gave due attention (Leonidou, 2004 & Kazem & Van Der Heijden, 2006), understanding the scope and importance of several export barriers may be expanded by extending such researches outside of the developed countries arena.

Therefore, based on the reviewed literatures, export barriers have been operationalized as barriers or obstacles that refer to attitudinal, structural and operational and other restrictions that hamper the firms' capability to develop or maintain international operations (Leondiou, 1995). This definition of barrier incorporates different factors which go beyond the marketing area. However, Lall (1991) limits the definition of barriers only to marketing area as: "*those gaps*,

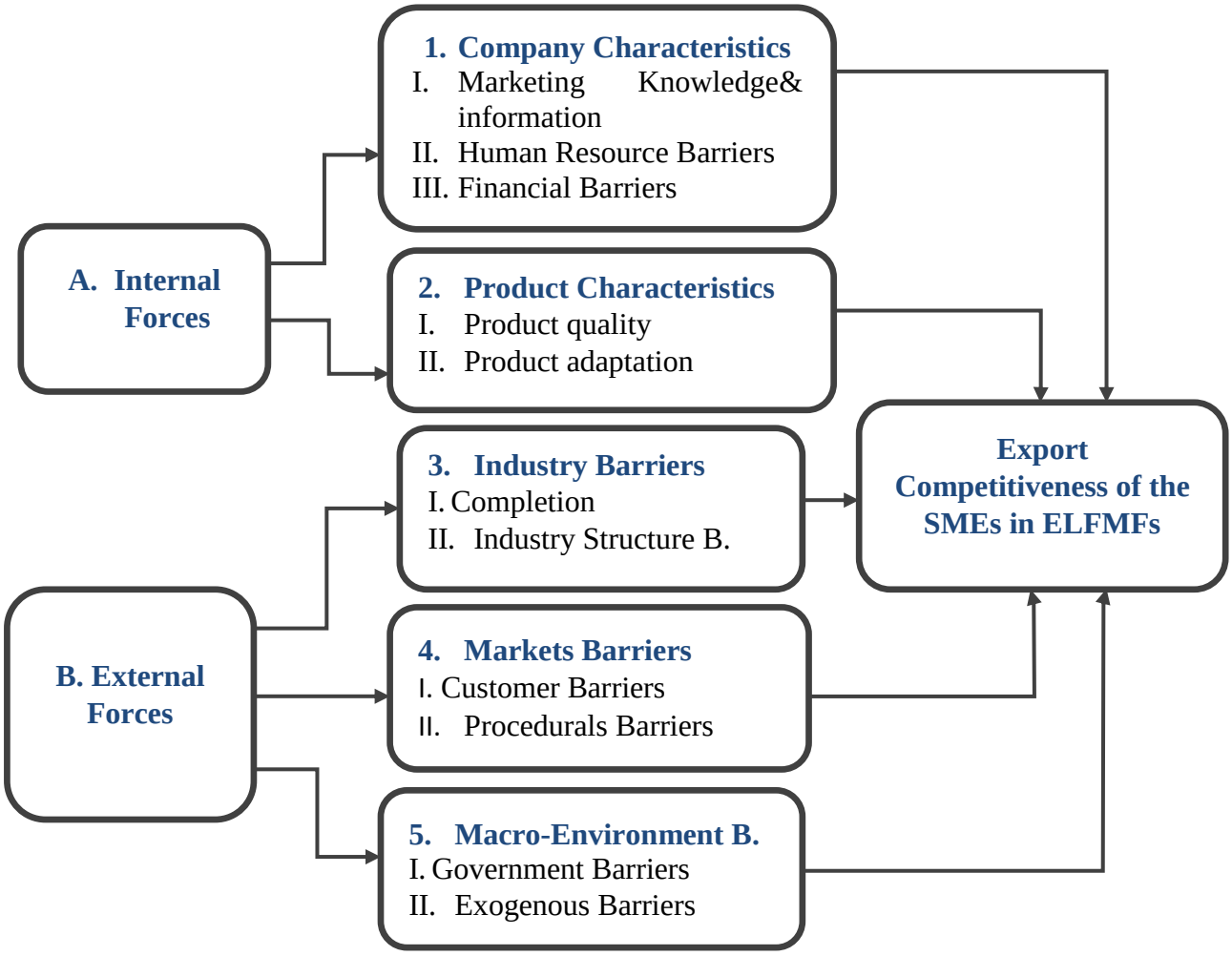
which need to be filled before the competitive producer becomes a successful exporter." Lall's definition seems specific to marketing barriers but it included all export related problems that hampered the exporter from being competitive in the international markets. Lall recommended that the export barriers should not be examine in isolation rather studied in a wider point of view. Therefore, studying the export barriers from a wider perception will enable to have a comprehensive understanding not only about the problems themselves but also about the factors that constituted the existence of the problems. In line with this argument, the researcher has investigated the export barriers associated with the company, the product characteristics, the industry structure, the export marketing and macro-environment factors that affect the export competitiveness of SMEs in ELFMFs.

Export competitiveness is one of the key elements that determine the future growth of the export firms. It allows the realization of greater economies of scale and scope by offering larger and more diverse markets. In a broader scope, the export competitiveness of a nation relies on its domestic enterprises whereas the export competitiveness of a firm relies on its capability to keep going or expand its position in foreign markets by offering quality products on time and at competitive prices. Besides, it needs flexibility to react quickly to changes in demand and skills to successful manage product differentiation by building up innovative capacity and effective marketing outlets (UNCTAD, 2002b). Furthermore, Metcalf, Ramlogan and Uyarra (2003) explained that competitiveness is embodied in the characteristics of the firm, namely: the current efficiency and effectiveness of the use of resources, the willingness and the ability to relate profitability to growth of capacity through continued investment, the ability to innovate in technology and organization and thus improve efficiency and effectiveness of production. Meyer-Stamer (1995) agrees with the viewpoint that competitiveness is formed at the firm level, but that it is somewhat resulted from a systematic context, emerging from complex patterns of interactions between government, enterprises and other actors and will therefore exhibit different forms in each society. SME development strategies will thus necessarily be country and context-specific. To conclude, the export barriers associated with the company, product characteristics, industry structure, export marketing and macro-environment factors affect the export competitiveness of export firms.

2.4. Conceptual Framework and Propositions

As far as export barriers is concerned, there is a lack of wide-ranging theory base to identify the main export barriers of SMEs in developing countries whose economic growth primarily depends on exporting activities. However, several efforts to categorize different export barriers have been suggested by relevant literatures (Cavusgil & Zou 1994; Morgan 1997; Tesfom & Lutz, 2006 & Leonidou, 2004). For instance, Cavusgil & Zou (1994) have identified that internal and external forces determine the marketing strategy in an export venture. In support of this view, Tesfom *et al.* (2006) explained the hindrances of small and medium-sized manufacturing firms using the internal and external export barriers. However, Tesfom found that the model developed by Cavusgil and Zou (1994) was not proper because all factors rooted in the macro environment were treated as industry or export market characteristics. In line with this argument, several reviewed literatures revealed that problems resulting from government policies are complicated to categorize under industry and or export marketing characteristics (Christensen & Da Rocha, 1994 & Seringhaus, 1987). Therefore, one can argue that the macro-economic factors should not be considered as industry and or export marketing barriers. For example, barriers like monetary and exchange rate policy and political instability stem from government policy and are not specific for an industry or export market. Therefore, the conceptual framework of this study is adapted from Tesfom *et al.* (2006) where the macro-environment dimension has been added into the framework as government policy and exogenous export barriers to include these issues separately. In general, because of the literature and empirical studies reviewed; this study has developed the following schematic representation of the conceptual framework.

Figure 1: Conceptual Framework of the Study



Source: Adapted from Tesfom *et al.* (2006)

Figure 1 above presents the conceptual framework of the study, which includes both the internal and external forces. The internal force consists of two sub-barriers (company and product barriers) and theses two sub-variables in turn includes the marketing knowledge and information barriers, human resources barriers, financial barriers, product quality and product adaption barriers. The external force comprises three sub-barriers (industry barriers, export marketing and macro-environment barriers). Under these three sub-barriers, industry structure barriers, competition barriers, customer barriers, procedural barriers, government policy and exogenous export barriers are also included.

2.4.1. Internal Export Barriers

The internal export problems are intrinsic for the company and are typically related with inadequate organizational resources for export marketing activities. Problems related to meet importer quality standards and building the proper design and image for export operations (Czinkota & Rocks, 1983; Kaynak & Kothari, 1984 & Rabino, 1980), problems related to poor organization of export divisions and the company's shortage of capable personnel to manage the export operations (Yang *et al.*, 1992) and the incapability to finance exports and inadequate information about foreign markets are the internal export barriers. According to Cavusgil & Zou (1994), Morgan (1997), Tesfom *et al. (*2006) and Leonidou (2004), the internal export barriers are divided into company and product characteristics as presented below.

A. Company characteristics

The internal strengths or weaknesses of a firm are very important to determine its capabilities and competitiveness in the international markets. Day & Wensley (1988) and Porter (1985) have explained that the key assets and skills of a firm play an important source of sustainable competitive advantage. In export marketing, the relevant assets and skills of a firm including size advantages (Reid, 1982), international experience (Dogulas & Craig, 1989), extent of international business involvement and resources available for export development (Terpstra, 1987) are very important. According to Katsikeas & Morgan (1994), company's problems are classified into marketing knowledge and information, financial and human resources barriers.

I. Marketing knowledge and Information Barriers

Marketing knowledge and information are one of the most significant sources that can enable exporting firms to be successful. Albaum, Strandskov and Duerr (1998) mentioned that market opportunities abroad might use strong pressure upon a firm's willingness to begin and expand exports. 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 Czinkota and Ronkainen (2001), even though companies have systematic export researchers, they often are confronted with several problems related with the source, quality and comparability of the information required. In this regard, SMEs from developing countries face difficulties in obtaining access to some data sources, achieving timely delivery of the information

and paying high prices to obtain certain data. This problem affects the effective implementation of international marketing research, thus distorting the real picture of foreign markets and leading to false management decisions.

In many occasions, knowledge to locate foreign marketing opportunities are identified in a reactive manner and frequently take the form of spontaneous orders from foreign customers or consultative guidance by external agents, making the small firm unprepared and ill-equipped to confront the challenges stemming from the international business environment (Leonidou, 1995). As a result of this, lack of knowledge to locate foreign opportunities and identify potential markets has been alleged as major problems for exporting SMEs in developing countries (Colaiacovo and Luis, 1982; Dymsza, 1983; Bodur and Karafakioglu, 1986; Cardoso, 1980 & Weaver & Pak, 1988).

According to Lall (1991), getting solid information on potential overseas markets is essential before exporting takes place. However, this difficulty is more severe for small and medium sized firms in the developing countries because they often lack the internal resources to provide access to important information while large firms normally have extraordinary divisions devised to collecting information and promoting their products in the foreign markets. Therefore, information about exporting and more specifically about marketing information have been found as major problems for manufacturing firms in developing countries (Weaver & Pak, 1988; Figueiredo & Almeida, 1998; Brooks & Frances, 1991; Kaleka & Katsikeas, 1995; Burgess & Oldenboom, 1997; Bodur, 19986 & Karafakioglu, 1986).

Furthermore, lack of specific information regarding foreign agents, distributors and prospective buyers is also one major problem in exporting business (Cardoso, 1980; Gereffi, 1992 & Christensen & Da Rocha, 1994). Many SMEs in developing countries have shortages of information regarding marketing channels to establish marketing networks. This enable SMEs to end up with lack of foreign agents and this in turn lead to lack of prospective buyers at international markets. With regard to this viewpoint, Gereffi (1992) stated that lack of internationally renowned company brand names and appropriate marketing and retail networks were export problems to Taiwan's indigenous manufacturing firms. According to Christensen *et al.* (1987), successful exporters rely on international competitive prices as a yardstick and they don't inquire for premiums for exchange and extraordinary risks. This illustrates that pricing a

product is difficult for a manufacturer in developing nations with inadequate information regarding the export market.

Finally, language is important thing to accomplish export business successfully in international markets. It helps to interpret the context of the culture, provides access to local society and helps to understand its specific needs, assists in export information gathering and market evaluation, facilitates the communication process with different audiences in the overseas market (Terpstra & Sarathy, 2000). Export managers need to be familiar not only with the oral and written aspects of the foreign language but also with its nonverbal characteristics such as; body language, time perception and separating space. Therefore, all aforementioned marketing knowledge and information barriers are affecting the export competitiveness of SMEs in developing countries. Accordingly, the following proposition has been developed.

P1. Marketing knowledge and information barriers negatively affect the export competitiveness of SMEs in ELFMFs.

II. Financial Barriers

A strong financial capability is one of the means to secure price advantage in the segmented market of SMEs from developing countries. Several SMEs 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 (Cardoso, 1980; Weaver and Pak, 1988; Kaleka and Katsikeas, 1995; Dicle and Dicle, 1992). In his study of 75 Venezuelan exporting manufacturers, Frances (1987) discovered that insufficient financial facilities were a major export barrier. The credit disgrace and transaction costs were reported as main export factors that diminish access to credit. In Kenya more than half of the trade credits were extended and a holdup payment was the main common form of delaying with unexpected liquidity shocks (Collier & Gunning, 1999). As the credit rating agencies have not been developed, manufacturing firms have to collect information about the customer so as to be able to access credit worthiness. In support of this view, Bodur (1986) explained the high costs involved in export credit as a barrier for Turkish manufacturing firms. 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 SMEs in developing nations, especially if they already strained financially because of domestic business problems.

Tesfom *et al.* (2006) explained that inability of the firm to finance exports, high cost of capital to finance export, strict credit requirements of the bank and lack of private sector firms providing credits are the significant financial barriers that affect the export competitiveness of firms. Based on this evidence, proposition is developed as:

P2. Financial barriers negatively affect export competitiveness of SMEs in ELFMs.

III. Human Resource Barriers

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 SMEs activities in the foreign market. In several researches, lack of management commitment to develop export marketing activities is reported as a problem (Kaleka & Katsikeas, 1995; Christensen & Da Rocha, 1994 & Agarwal, 1986). Besides, strategic resource barriers take different shapes and forms varying from lack of managerial and financial resources to a lack of capabilities to carry out export function. Managerial barriers include inadequate human resource capacity to perform export operations. In an attempt to be competitive internationally, firms require managers who are competent in identifying export opportunities, designing and implementing export marketing functions, and monitoring business with overseas customers, as well as handling export documentation and logistics (Katsikeas, Leonidou & Morgan, 2000). However, lack of export oriented managers, for instance; those with low export commitments (Pinho & Martins, 2010) as well as those with limited export knowledge, skills, time and with unrealistic exporting fears (Julian & Ahmed, 2005 & OECD, 2009) impedes export competitiveness of a firm. The lack of qualified personal has been found to be an important international barrier to exporting (Pinho & Mortins, 2010; Rabino 1980; Tesfom *et al.*, 2006 & Tseng & Yu, 1991). Furthermore, SMEs from developing countries often have trouble in hiring specialized personnel (Ortiz *et al.*, 2008) and this can be large limitations to international growth and competitiveness.

Furthermore, export managers have to confront different issues associated with differences in culture, behavior of customers and suppliers and language and communication. Leonidou (2004) posited that language and cultural differences are among the most often mentioned barriers in

exporting business. The primary gaps a firm needs to fill when going international is, that of language, which represents a major gateway to a more profound understanding of foreign cultures. Failure to do this leads to poor export competitiveness. Apart from this, export marketing knowledge problems can be attributed largely to the shortage of trained and experienced human resources. Agarwal (1986) has pointed out that the quality of manufactured products in Venezuela, Argentina and Chile has stayed obdurately at a low-level because of low quality human resources. In general, export firms can be successful if the management has an international visualization and consistent export targets. Hence, with this regard a proposition has been developed as below:

P3. Human resources barriers negatively affect export competitiveness of SMEs in ELFMFs.

B. Product Characteristics

The product characteristics that affect the export market of SMEs in developing countries can be divided into quality and technical adaptability. These product attributes of a firm can influence the source of competitive advantage (Day & Wensley, 1988), which affects the choice of an offensive or defensive strategy (Cook, 1983). Some relevant product characteristics that affect export market are; export product design, quality, style, product adaptation or modification and packaging and labeling requirements (Keng & Jiuan, 1989).

IV. Quality Barriers

Quality barriers often signify as one of the most crucial situations for entering and remaining in the international markets. It concerns packaging, meeting importers quality standards and establishing proper design and image for export markets (Christensen & Da Rocha, 1994). There are several quality standard problems in less developed world. According to Lall (1991), a product that sells well in a developing country may not sell at all in the developed country. Majority of the quality problems are the result of insufficient knowledge about market requirements, product characteristics and production technologies. In line with this view, Figueiredo and Almeida (1988) and Cardoso (1980) mentioned that poor product quality and high sensitivity of products to fashion were major problems to Brazilian exporters. In support of this view, manufacturers in countries for instance; Venezuela, Argentina and Chile were facing product quality problems (Agarwal, 1986). Christensen *et al.* (1987) showed that lack of

attention on research and product service and quality characterize the profile of Brazilian firms that eventually come to close exporting. As low value added, product marketers faced direct competition from any marginal cost rival that bursts on the scene. Hence, developing countries' SMEs face difficulty in meeting the international product quality standard and short product life cycle or fashion sensitivity. Hence, these product quality barriers directly affect the export competitiveness of firms in developing countries.

P4. Product quality barriers negatively affect export competitiveness of SME in ELFMFs.

V. Product Adaptation Barriers

This export barrier is related to the firm's capacity and flexibility to adjust its products to the needs of customer (Tesfom *et al.*, 2006). Different scholars such as; Lall (1991) and Katsikeas and Morgan (1994) showed that the domestic product standards, customer standards and buying behaviors may be unsuitable for overseas sales and may require adaption. Terpstra and Sarathy (2000) explained several conditions of use, variations in purchasing power, dissimilar consumer tastes and diverse socio-cultural settings favor the adaptation of the company's product design and style to the peculiarities of each foreign market. Christensen *et al.* (1987) indicated that, even though Brazilian firms were exporting standardized products, they could have done better if the product was adapted to the requirements of the target markets. This problem happened due to the lack of experience or skills and inadequate technical capacity to adapt the product because less experienced exporters simply export standardized products depending on the importers branding, design and promotional skills. Majority of the product adaptation problems are caused due to lack of resources to meet the foreign market requirements, poor quality control techniques (Figueiredo & Almedia, 1988 & Cardoso, 1980), poor quality of raw material (Figueiredo & Almedia, 1988), packaging and labeling requirements, strict product design and specification (Brooks & Frances, 1991).

Several products sold abroad must be packaged in certain way for safety during transportation, storage and handling. Furthermore, instructions contained inside packaging or on it must be written in a particular language/s and must include certain information needed by the host country, such as expiration date, type of ingredients and net weights. Moreover, the symbols, pictures, and colors appearing on the label should be adapted to meet foreign tastes and preferences (Ceteora & Graham, 2001). Many small firms find these alterations in export

packaging and labeling too time consuming and expensive, although important to achieve penetration to foreign markets. Considering the evidences, a proposition statement is formulated as below:

P5. Product adaptation barriers negatively affect export competitiveness of SMEs in ELFMFs.

2.4.2. External Export Barriers

Many researchers have acknowledged that the causes of a significant number of exporting problems are rooted in the external environment. The nature of these export problems tend to classify as distinctive foreign consumer preferences, unfamiliar business protocols and practices, the imposition of tariff barriers and regulatory import controls by overseas governments, fierce competition, exchange rate fluctuations and limited hard currency for international trade (Tesfom *et al*., 2006). The external export barriers are classified into industry barriers, export market and macro environment barriers and each has been discussed in more detail below.

C. Industry Barriers

In the export marketing, analysis of the relationship between industry structure and marketing strategy must incorporate the significant variations in the market systems, government interventions and the presence of foreign competitors across markets. In addition, technology advancement and the degree of price competition in the industry also must be taken into account as the relevant correlates to adaption of marketing strategy (Jain, 1989).

VI. Industry structure

According to Bodur and Cavusgil (1985), firm size has been most related with firms' export activities and interest in exporting. That is, the size of the firm is a key determinant factor of the propensity to export. The larger the firm in size, the higher the size benefit over the smaller firms and this will often have a positive effect on the export operations. Reid (1987) explained that the bigger firms enjoys more "slack" in managerial and financial resources as well as production capacity hence; allows them to devote greater efforts to exporting than smaller firms. Besides, Figueiredo and Almeida (1988) and Cardoso (1980) explained that firm's size and high industry concentration as essential export hurdle to small firms. Rauch (1991) stressed that firms that have been graduating from the small informal status showed up on the radar screens of regulators and tax collectors and suffered the consequences.

The impact of technology advancement on export activity has significant role. For example, Christensen *et al.* (1987) explained that if exporters marketed their products in the industrialized countries, technology could be an essential source of comparative advantage over local producers. On the other hand, in developing nations, other sources of comparative advantage could be more crucial. For example; cheap labor, raw materials and production costs could be source of comparative advantages. Dicle and Dicle (1991) explained lack of new technology affected the export competitiveness of Turkish manufacturing firms. However, using of a specialized technology does not guarantee a competitive advantage rather it depends on how the firm takes advantage of it.

Another issue that is significant for exporting SME's in developing countries is the supply of raw materials. According to Collier and Gunning (1999), firms also face untrustworthiness in their supplies from other domestic firms. For example; in Zimbabwe, firms hold large stocks of supplies, approximately three months and this results in high transaction costs and uncertainty to decide long-term agreement with foreign buyers, which lead to poor export competitiveness. Therefore, there is impact of industry structure on export competitiveness of SMEs in developing countries. Accordingly, the following proposition has been developed.

P6. Industry structure barriers negatively affect the export competitiveness of SMEs in ELFMs.

VII. Competition Barriers

According to Tesfom *et al.* (2006) expression, in principle competition should not be regarded as a problem if symmetry information existed among competitors in the market. However, in fact, information on export opportunities is expensive and not simply accessible. Moreover, the kind of information perceived by a firm influences its interest in exporting. As stated by Burgess and Oldenboom (1997), international markets for South Africa firms were demanding latest and unpredicted competencies to compete successfully. They notice 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 hindrance to exporting.

"*Price competition (Cardoso, 1980 & Fluery, 1986), aggressive competitors in the foreign market (Cardoso, 1980), lack of competitive prices and fierce competition in export markets (Kaleka & Katsikeas, 1995) were reported as export barriers*".

Especially, small firms from developing countries are vulnerable because their inadequate financial and human resources impede their collection of plenty information (Burgess and Olden boom, 1999). Besides, Mohy-ud-Din and Javed (1997) explained that fierce completion from other yarn producing countries was seen as a major reason for the deteriorating yarn export from Pakistan.

In general, two important industrial related variables incorporated in this study. These are strong competition from domestic producers in the foreign market and strong competition from other foreign producers in the potential markets. 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. Hence:

P7. Competition barriers negatively affect export competitiveness of SMEs in ELFMFs.

D. Export Market Problems

Factors that affect the export marketing are linked to customer requirements in the export market, the country of origin, cultural similarity and brand familiarity. Besides, similarity of legal and regulatory structures of the exporting and importing countries and acquaintance with market export procedures were as well stated as export market problems. The export market problems are divided into procedural and customer barriers.

VIII. Procedural Problems

Export procedure is one important issue that managers of exporting firms need to have as knowledge. One of the most quoted hindrance with regard to exporting concerns the time and formality requirements so as to comply with foreign and domestic market regulations. The procedural requirements are not only imposed by the governments but also by independent institutions such as; banks, shipping organizations and insurance companies. Many SMEs find customs documentation, shipping arrangements and other export procedures too difficult to

manage. They tend to associate these with excessive costs, time losses and red tape, which encourage a negative attitude toward handling exports (Moini, 1997).

Knowledge, skills and adequate information concerning export administrative procedures are the prerequisite for export firms. In other words, when a firm desire to enter the export market or aims to increase its export activity it is mandatory to know the export procedures and custom administrations. In support of this view, shortages of adequate information about export procedures have been pointed out as export barriers in different studies (Haidari, 1999). Especially, for less experienced managers, foreign documentation and paperwork are very complicated to deal with (Dymsza, 1983). The incapability to process the paperwork either due to cumbersomeness or else because of shortage of time tends to act as hindrance to export activity. Most often the documents are not properly done; causes delay in payments and thus form cash flow barriers for the exporter. Haidari (1999) indicated that delays in the reimbursement of duty and sales taxes were influencing the cash flow of many small tanners in Pakistan. It was due to the reason that the small tanners had inadequate working capital. Books and Frances (1991) argued that when the government is highly engaged, official procedures may cause to red tape that is hard to manage for those just starting to export. Apart from this, adjusting to various cultures, including business customs and outlooks in international markets was as well indicated as a second main barrier to Korean small and medium sized manufacturing firms (Weaver & Pak, 1988).

In general, according to Cateora and Graham (2001), foreign governments can impose a number of controls on companies that sell goods in their markets. These impositions may consist of; entry restrictions, price controls, special tax rates and exchange controls. Obliviously, the diversity and intensity of these controls may turn the exploitation of export opportunities into a tedious, expensive and prolonged task, which deters many small firms from venturing into foreign markets (Leonidou, 2004). Therefore, it is induced that the procedural barriers are impeding the export competitiveness of SMEs in Ethiopia leather footwear subsector. Hence:

P8. Procedural barriers negatively affect the export competitiveness of SMEs in ELFMFs.

IX. Customer Barriers

The customer related barriers originated from the customer's perception of the product characteristics. In addition to specific quality problems, exporters from developing countries face

the poor reputation of their country. For instance, according to Ford *et al.* (1987) explanation, the country of origin effect hindered the growth of Indian consumer durable exports. In other words, the place where the product is produced and originated plays a significant role in the export marketing of the firm. Mohy-ud-Din and Javed (1997) reported that precipitated by the dilapidated export demand for low quality textiles, the Pakistan yarn manufacturers have lost market share in almost all their major markets because of image problem. The poor image of the products in foreign markets and country of origin effect lead to insufficient foreign demand.

Increasingly, sellers transcend tangible product features and develop brands to differentiate their offerings through various associations in the minds of customers. As a result, the biggest share of marketing budgets in some industries is now allocated to branding activities (Sigué, 2012). Brands are considered a firm's salient enduring assets that out-let their specific products and facilities. Indeed, for customers, a brand is more than its physical representation. As a result, a firm that owns a strong brand in a product category benefits from better positioning in consumers' minds, a premium price, a lower levels of price sensitivity, more effective marketing communication programs, easier access to marketing channels, a powerful position in marketing channel dealings and a higher levels of customer loyalty (Hoeffler & Keller, 2003 & Keller & Lehmann, 2006). Similarly, poor image of products in the foreign market and insufficient foreign demand (Cardoso, 1980), culture and language differences (Brooks & Frances, 1991) and country of origin effect (Lall, 1991) is customer related barriers that impede the export competitiveness of SMEs in developing countries. In view of that, the following proposition is constructed.

P9. Customer barriers negatively affect export competitiveness of SMEs in ELFMFs.

E. Macro Environment Barriers

Macro environment barriers are factors outside the firm's control for instance; the lack of proper trade institutions, unfavorable exchange rates, the absence of a stimulating national export policy and international agreements. They are mainly associated to the domestic and foreign external environment to the firm but hard to classify under industry and export market barriers because of their dual behavior. The macro-environment as quoted in the conceptual framework is divided into government policy barriers (as rooted in sector policies of government) and exogenous export barriers (general macro-economic policies of government).

X. Government Policy Barriers

In fact, government agencies can be major promoters of export activity by guaranteeing loans, subsidizing export prices, organizing trade fairs, sponsoring trade missions, being a party in interstate trade agreements and publishing basic market data (Albaum, Strandskov & Duerr, 1998). However, in some countries, exporters complain that they do not receive such assistance or when this is offered it is insufficient. Lack of export promotion and assistance program sponsored by the government (Kaleka & Katsikeas, 1995 & Figueiredo & Almeida, 1988) identified as major export barriers. Apart from that, in some situations, even though assistance is provided fully, there are occasions of exporters not being aware of how to make use of it. In line with this view, the assistance offered may not cater for the specific needs of small firms, nor may take into account their stage of export development (Seringhaus & Rosson, 1990). Ortiz-Buonafina (1984) mentioned that sometimes the government assigns itself the highest priorities in foreign exchange allocation which creates export barriers for SMEs in developing countries. Government regulations may relate to tariff and non- tariff barriers. For example, export regulation of the domestic government (Figueiredo & Almeida, 1988), inadequate diplomatic support, protectionist barriers, import substitutions (Cardoso, 1980; Figueiredo & Almeida, 1980; Frances, 1985 & Dymsza, 1983) were declared as export barriers. Colaiacovo (1982) indicated that infrastructure difficulties were vital factor limiting export functions in Latin America. Inadequate government export promotion policies also affect export activities. This incorporates shortage of gathering and provision of information on available export opportunities and ineffective promotion of the country's exports overseas (Naidu *et al.,* 1997). As Morawitz's (1981) report revealed from a survey in Taiwan, government export promotion agencies were considered as being the least helpful of seven sources of market information. Likewise, he noticed that in a study in Columbia, none of the exporters he interviewed credited the country's export promotion office. This shortage of government export promotion service is a main bottleneck for firms in developing countries as many exporting companies lack the essential export market knowledge and marketing skills. Accordingly, the researcher has argued that the government policy barriers are impeding the export competitiveness of the SMEs in developing countries. In nutshell, the following proposition has been constructed.

P10. Government policy barriers negatively affect the export competitiveness of SMEs in ELFMFs.

XI. Exogenous Export Barriers

The exogenous export barriers emanate outside the firms' environment, primarily due to the activities of other agents like customers, suppliers, competitors and governments. Exogenous barriers are linked with the nature of the industry, home and foreign markets in which firms operate. According to Leonidou (2004), by their very nature, exogenous barriers happened rapidly and often very hard to predict and monitor. This kind of export barriers include; political instability in foreign markets, lack of private sector firms providing export services, high interest rates, high freight costs to foreign markets, high international communication costs and high value of domestic currency (Tesfom et al., 2006). Hence, these problems can jeopardize seriously the exporter's operations abroad in a number of ways namely; by the confiscating of property, by the suspending of activities or by the prohibiting of repatriation of earnings. Obviously, the greater the participation of the exporter in the foreign market, the greater the impact of the above mentioned actions on its operations would be (Terpstra & Sarathy, 2000).

Besides, one problem prevalent to international business transactions concerns the risks related to foreign currency exchange. The foreign currency exchange problem is classified into three. These are unstable exchange rates, revaluation of exporter's currency and unconvertible foreign currencies. Morawitz (1981) identified that foreign exchange rate policy was a main determinant for international competitiveness of Colombia clothing industry. Luis (1982) added that exchange rate policy affected export financing programs and the availability of foreign currency. Also Juarez (1993) pointed out that the low level of competitiveness in Colombian manufactured products was, among other factors, due to an appreciation of the real exchange rate. Brooks and Frances (1991) identified Venezuelan and Peruvian exporters were obliged to change their foreign currency earnings at the official exchange rate, approximately half the free market rate. Hence, in the reviewed literature, exchange rate uncertainties and international agreements (Cardoso, 1980 & Figueiredo & Almeida, 1988) have been identified as export barriers.

Furthermore, cost of transportation and transport service and infrastructure (Brooks & Frances, 1991; Colaiacovo, 1982) were explained as export obstacles. Infrastructure problems are still common even in relatively industrialized exporting nations. According to Lall (1991), a well-

designed and manufactured product will not obtain export markets unless it can be transported and delivered to import markets safely, punctually and reliably. In addition, communicating with foreign customers is essential for the smooth monitoring of the company's export operations. However, communication is in many cases insufficient and irregular, mainly because of large geographic and psychological distances between sellers and buyers in international markets. The poor communication exists in many foreign countries especially those with an underdeveloped economy (Terpstra & Sarathy, 2000). This circumstance can create serious problems for the exporting firm, for instance; misunderstandings arising from information exchanged with foreign customers, poor control over activities in overseas markets, delays in taking strategic and tactical export decisions and inadequate feedback from business developments abroad. In this regard, the researcher argued that the exogenous export barriers are hindering the export competitiveness.

P11. Exogenous export barriers negatively affect the export competitiveness of SMEs in ELFMFs.

3. RESEARCH METHODOLOGY

In this chapter, the research methodology that adapted to collect the data for this study have been described. The research strategies and designs includes; the purpose, its approach, the sampling selection techniques, the data and its collection procedures, data analysis and the reliability measurements have been covered. A brief background of the study area and the target population has been highlighted including the definition of the SMEs as international and national level contexts.

3.1. Sites and Populations of the Study

3.1.1. Country Profile

Ethiopia, officially known as the Federal Democratic Republic of Ethiopia (FDRPE), is a nation located in the Horn of Africa. It is surrounded by Djibouti and Somalia to the east, Sudan and South Sudan to the west, Eritrea to the north and northeast and Kenya to the south. Having over 90 million inhabitants, Ethiopia is the most populated landlocked country in the world, as well as the second-most populated nation in Africa next to Nigeria. It occupies a total of 1,100,000 square kilometers and its capital and the largest city is Addis Ababa (UCLA, 2015).

Ethiopia is the oldest independent country in Africa and one of the oldest in the world- at least 2,000 years. Apart from a five-year occupation by Mussolini's Italy in 1936-41, it has never been colonized in history. It has a unique cultural heritage, being the home of the Ethiopian Orthodox Church - one of the oldest Christian churches and an empire that ruined only in the coup of 1974. Ethiopia served as a sign of African independence during the colonial period and was a founding member of the United Nations and the African base for many international organizations (UCLA, 2015). The geographical map of the country is presented below.

Figure 2: Map of Ethiopia within its Neighbor Countries

Source: Adopted from (UCLA, 2015)

Ethiopia's economy is based on agriculture but the government is pushing to expand into manufacturing, textiles and also energy generation. Coffee is a major export crop of the country. The agricultural sector of the country suffers from poor cultivation practices and frequent drought even though recent joint efforts by the government of the nation and donors have strengthened Ethiopia's agricultural resilience, contributing to a reduction in the number of Ethiopians endangered with malnourishment. The banking, insurance, telecommunications and micro-credit industries are restricted to domestic investors but Ethiopia has attracted significant foreign investment in textiles, leather, commercial agriculture and manufacturing.

3.1.2. Ethiopian Manufacturing Sector

The development of the manufacturing sector in Ethiopia went back to the establishment of strong central government at the end of the 19th century. However, an intentional attempt to develop industrialization through import substitution strategy started only after 1950s. Until then, there was no evident intentional industrial development strategy in the country. Until the fall of the imperial regime in 1974, most of the manufacturing industries were private owned. However, following the 1974 revolution, the government took away almost all the medium and large-scale manufacturing industries and became the major owner. After 1991/92, the roles of both domestic

and foreign private sectors were given attention with the change in government and policy direction. To this effect, several policy measures like privatization of government owned enterprises and spread of new investment code have been made (Alemayehu, 2002).

According to Tetsushi *et al.* (2007), the production of leather shoes in Ethiopia dates from the late 1930s when Armenian merchants founded two shoe factories in Addis Ababa namely; Tikur Abbay and Anbessa. These factories cultivate several shoemakers and the Armenian established their own factories in the capital, Addis Ababa. The leather shoe industries are manufacturing for export market and the domestic markets took back from Chinese shoes, which had flooded the market in 2001. Since then, the sector has been growing strongly. This result becomes a good news to those who fascinated in poverty reduction in Sub-Saharan Africa because Ethiopia is one of the poorest countries and the leather-shoe sector is one of the major labor-intensive sector which give an ample employment opportunity for the poor (Tetsushi *et al*., 2012).

Currently, in Ethiopia there are 26 tannery industries in function. The tanneries have 153,650 and 9,725 soaking capacity of sheep and goatskin and cowhides per day respectively. All together, they employ 4,577 persons. Ethiopia Tannery with 12,000 sheep and goatskin and 1,200 cowhide soaking capacity and Ethio-Leather - ELICO with 15,500 sheep and goatskin and 1,050 cowhides soaking capacity are the two largest industries (UNIDO, 2012). There are 13 medium and large mechanized shoe industries currently in operation. All shoe factories located in Addis Ababa and its neighborhood except Sheba, which located 783 kilometers far to north. Together, they can produce about 10,000 pairs of shoes per day (CoMESA, 2012).

3.1.3. SMEs and its Definition

There is no universally agreed definition for SME's and each country have tried to pursue a particular definition, which fits within their business context. Given the number of businesses in the USA and Europe, SMEs would be a definition adopted for large enterprise in Africa. For example, Fay and Clarck (2000), the European Commission and the OECD define SMEs as having below 250 employees. On the other hand, Ethiopia defines SMEs as having employees not exceeding 10 (CSA, 2011). The second factor commonly used in defining SMEs is annual turnover. Again, the acceptable figures differ from country to country depending among other factors on population and stage of economic development. For example, in the USA the accepted definition of a small business is:

"*an entity with average annual gross revenues for the preceding three years not to exceed $15 million and very small business as an entity with 15 average annual gross revenues for the preceding three years not to exceed $3 million*" (Weaver, 1999).

Furthermore, Commission for European Communities (2003) suggested categorical definition of SME's as follow. The category of micro, small and medium-sized enterprises is made up of enterprises which employ less than 250 persons and which have an annual income doesn't exceed EUR 50 million and/or an annual balance sheet total that not exceed EUR 43 million. Concerning the SMEs category, a small enterprise is delineated as an enterprise which employs less than 50 persons and whose annual income does not exceed EUR 10 million.

According to national definition of manufacturing firms, Ethiopian has only 15 large and medium-sized manufacturing companies. However, these firms even do not seem to have fulfilled the standard definition developed for SME by European Commission and USA. For example, in terms of annual turnover, the medium and large-sized manufacturing firms in Ethiopia are far below the standard, which is more than $2,500 but not exceeding $62,500. The numbers of employees are combination of permanent and temporary employment means that not all employees are skillful, educated and professional. Therefore, let alone the SME, the large and medium-sized firms of the country do not seem to have fulfilled the criterion developed in Europe and USA for SMEs. As a result, in this study, the main emphasis was given to the SMEs in leather footwear manufacturing industry located in Addis Ababa, capital of Ethiopia.

3.2. Research Strategies and Designs

A research design means all the issues involved in planning and executing a research. It represents the framework for collecting and analyzing data (Bryman, 2008). It represents "*an overall view of the method chosen and the reason for that choice*" (Saunders *et al.,* 2004). Research methods are specific tools for conducting investigation, which include interviews, questionnaires and document analysis and participants' observation. From the five research strategies; case studies, experiments, surveys, archival analysis and histories defined by Yin (1994), survey research is used in this study. Survey research is the appropriate mode of enquiry for making inference about large groups of people from data drawn on a relatively small number of individuals from that group (Marshal & Rossman, 1995). The basic aim of survey research is to describe and explain statistically the variability of certain features of a population. The

research strategy used for this survey is quantitative but also qualitative approach has been employed.

3.2.1. Sample and Sampling Procedures

Industrial clusters are omnipresent in developing as well as developed countries due to agglomeration economies originally pointed out by Marshall (1920). Such agglomeration economies attract new enterprises to a cluster, making the cluster larger and reinforcing the agglomeration economies. In line with this view, it is believed that more than 500 enterprises are involving in leather production in Addis Ababa. This cluster is as large as successful footwear clusters in other countries. According to case studies for example, Agra, India, had around 5000 footwear enterprises in 1990-1991(Knorringa, 1999). In Brazil, the Sinos Valley footwear cluster consisted of about 500 shoe manufacturers and about 700 sub-contractors (Schmitz, 1995). Thus, the Addis Ababa cluster is comparable to these well-known footwear clusters at least in terms of the number of enterprises. Hence, Addis Ababa has been selected because it is a key business area in the country and it plays a potential role in connecting medium and large leather footwear manufacturing firms from other regions.

To portray sampling frame, information was collected from the ministry of trade and industry. Accordingly, total number of firms and enterprise registered in the leather sector in Addis Ababa cluster is 500 of which 269 are engaged in footwear manufacturing. Out of the total leather footwear manufacturing enterprises, only 85 (small, medium and large size) are engaged in export operations (Tessema, 2013). Therefore, the researcher has taken 15 firms as a representative of all the leather footwear exporters in Addis Ababa cluster. To determine the sample size of the target population, the researcher has used statistical instrument formula. The statistical formula developed by Yamane (1967) is.

$$(1) \qquad \mathrm{n} = \frac{N}{1+N(e)^2} = \frac{2539}{1+2539(0.1)^2} = 100$$

Where N= the total population, n = sample size and e = margin error. The study assumes that the margin of error 10% and confidence level or error free of 90%. Assuming 169 numbers of permanent employees in each selected firms on average, the total population (sample frame) is 2539, which is (15 x 169.3 =2539).

The researcher has used non-probability sampling technique of which purposive sampling was employed to select the best representative study area that is Addis Ababa, the capital of the

country. Once the study area has been selected, the disproportional stratified sampling technique was employed to select 15 firms from the total. The reason for using disproportional sampling technique was mainly due to differences in the number of managers and their willingness to participate in the survey. Once the number of respondents in each firm was determined, the researcher has used purposive sapling technique to select the top managers or owners. The reason behind the use of the purposive sampling technique was that the researcher believed that reliable information is more likely to be obtaining from top managers of the firms. The lists of firms selected and their corresponding number of respondents are given in Table 1 below.

Table 1: Summary of Selected Firms and their Corresponding Respondents

S.No.	Name of firms	Year of Establishment	Ownership Type	Number of Employees	Number of respondents
1.	Anbessa Shoe Factory	1939	P.L.C	500	6
2.	TikurAbay Shoe Factory	1948	Share Com.	400	6
3.	Peacock Shoe Factory	2000	P.L.C	325	5
4.	Ramsay Shoe Factory	1995	Share Com.	282	5
5.	New-Wing Shoe Factory	2012	P.L.C	216	5
6.	Ara Shoes AG	2009	Branch	197	3
7.	Kangaroo Shoe Factory	1982	P.L.C	150	4
8.	Ok Jamaica Shoe Factory	2009	Sole Propr.	84	4
9.	Fotaneya (ELICO Shoe Factory)	2012	P.L.C	82	3
10.	Ras Deshen Shoe Factory	1982	P.L.C	80	3
11.	Walia Shoe Factory	2002	P.L.C	80	5
12.	Modern Zege Shoe Factory	1997	P.L.C.	50	2
13.	Oliberte Shoe Factory	2012	P.L.C.	45	3
14.	Crystal Shoe Factory	2003	Share Com.	28	4
15.	Wendsen Brhanu Tefera	2001	Sole Propr	20	3
	Total				**61**

Source: own survey (2015)

3.2.2. Data Collection Methods and Measurements

This study used primary and secondary data sources. Gide and Grønaug (2002) have explained that when secondary data are not available or not helpful to answer research questions, a researcher himself has to gather data that is relevant to his/her particular study. A qualitative

research method was used to analyze the data gathered through the semi-structured interview questions from deliberately selected top managers and owners of the leather footwear-manufacturing firms. Interviews often yield rich insights into people's opinions, attitudes, aspirations and experiences. Therefore, the researcher has employed it in addition to questionnaire survey. According to McGivern (2006) explanation, quantitative research is useful for describing the characteristics of a population or market or object. Quantitative research allows researchers to collect, structured and standardized data from relatively adequate sample or population. Questionnaire development 'for the survey researchers use a questionnaire like a carpenter uses a hammer'. This quotation is from Zikmund and Babin (2013), which clearly states the use of questionnaires as a primary data collection tool for a particular research question. They added that questionnaire is a very effective method of data collection when the researcher accurately understands what is needed and how it's measured.

"*A questionnaire is a pre-formulated written set of questions to which respondents record their answer, usually within rather closely defined alternatives*" Sekaran and Bougie (2010).

Therefore, quantitative research method has been used to analysis the data collected through the questionnaires and the questionnaire survey was carried out in Addis Ababa city, Ethiopia. Structured questionnaire with closed and open-ended question format was employed. The survey questionnaire adapted from previous research was prepared in English. To avoid any language barriers, the researcher has translated the English version questionnaire into Amharic version (national language). Two Amharic native lecturers, my colleagues at Mekelle University, have evaluated the translation from English to Amharic before administered to respondents. 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. 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. It is important for research output if maximum respondents are 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 100, the completely filled questionnaire and returned for analysis was 61 which yielded a response rate of 61%.

(2) $$\text{Response Rate} = \frac{\text{Completed Questionnaire}}{\text{Completed}+\left[\frac{\text{Completed}}{\text{Completed+Ineligible}}\right]\text{x (Refusals+notreached)}}$$

(3) $$\text{Response Rate} = \frac{61}{61+\left[\frac{61}{61+0}\right] x\ (29+10)} = 61\%$$

Where completed means properly answered, ineligible or 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.

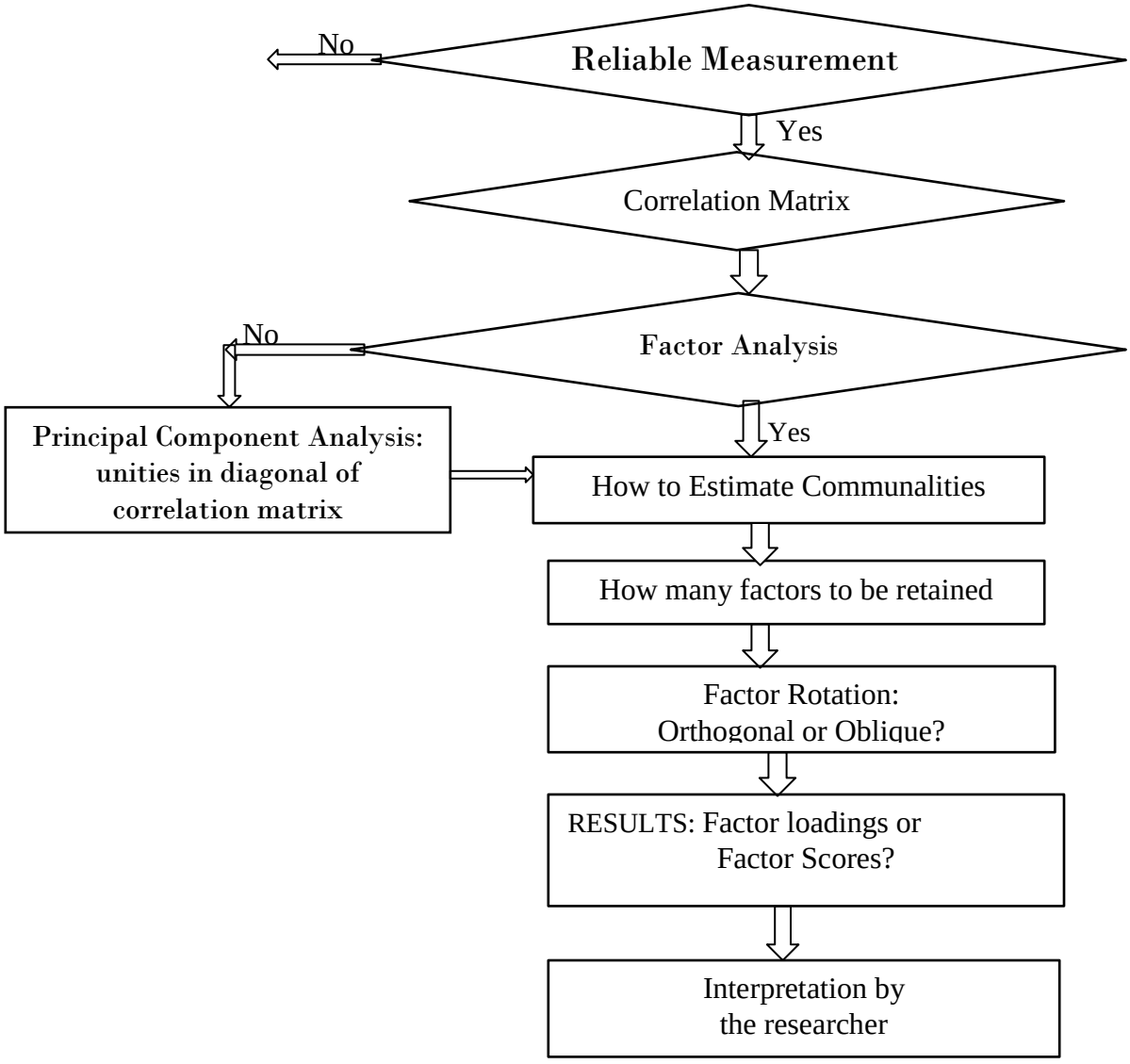
In addition to primary data source, secondary data were also collected from various sources mainly from Ministry of Trade and Industry (MTI), Leather Industry Development Institute (LIDI), Ethiopian Leather Institute Association (ELIA), Central Statistical Agency (CSA) and Addis Ababa City Administration Trade and Industry Bureau (AACATIB). These organizations played a role in facilitating the export transaction of the country. For different reasons, the aforementioned organizations handle export data. In addition, different articles, journals, master thesis, PHD dissertation papers, internets etc. have been used to enrich the information.

3.2.3. Data Analysis

To analyze the export barriers and its impact on export competitiveness, the researcher used factor analysis (FA), multidimensional scaling (MDS) and cluster analysis (CA) to better understand the subject. According to Bartholomew (2008), factor analysis is a statistical tool that primarily shows the validity and reliability among observed and co-related variables. Besides, it focuses on the inter-relationships between large amounts of variables. Factor analysis technique makes factors that are expressed well by the set of variables. These well expressed variable set is given a specific common name which will be a common concept and before giving such common name called factor (Anderson, 2011). In the factor analysis, there must be sufficient correlations between the items so as to have high factor loadings. The higher factor loadings indicate the best linear combinations of the variables. The factor loadings vary from +1 to -1 in which the factor value close to ±1 will have a maximum explanation of the factor. One method of deriving such factor loading is by using the rotated component matrix. There are three types of

factor analysis. These are exploratory factor analysis, confirmatory factor analysis and structural equation modeling. In this study, the exploratory factor analysis (EFA) has been used for data reduction purpose to get a better-specified and valid data for further data analysis. Norris (2009) has explained that exploratory factor analysis is a technique within the factor analysis and it is used to discover the relationships between measured variables. The following is the step-by-step overview of the factor analysis that applied in this research.

Figure 3: Overview of the steps in a factor analysis



Source: Adapted from (Rietveld & Van Hout, 1993)

According to the measurements and decision rules adopted from Vichea (2005), the intervals for breaking the range distance in measuring the variables is going to be calculated by

(4) $$\frac{(n-1)}{n} = \frac{(5-1)}{5} = 0.8$$

Where n is numbers of rates in each the questionnaire. Mean value of the variables falling within:

- 4.20-5.00 are going to be considered as most problem level.
- 3.40-4.19 are going to be considered as high problem level.
- 2.60-3.39 are going to be considered as average (neutral) problem level.
- 1.80-2.59 are going to be considered as less problem level.
- 1.00-1.79 is going to be considered as no problem level.

This mean value range has been used mainly to interpret the descriptive statistics of the variables obtained using the SPSS programming but also applied to interpret the findings of the study in support of the factor loading and factor score coefficient results.

Before interpretation, conceptual classification of export barriers is developed. Out of 11 proposed export barriers, 10 factors came out from the orthogonal rotations of the principal component analysis of which 4 factors are given different common conceptual names whereas the remaining were same as the proposed factor names. The labeling of the factors was subjective, theoretical and inductive process. According to Henson and Roberts (2006), "*the meaningfulness of latent factors is ultimately dependent on researcher definition*". The reason behind this clear and systematic factor analyses is to separate items with high loadings in the resultant pattern matrices. This is to mean that, it is a systematic way of identify those factors taken together in explaining the majority of the responses. Once all factors given a conceptual classification, interpretation was made based on the factor loadings, factor score coefficient results and measurements and decision rules adopted by Vichea (2005).

To supplement the factor analysis technique, the researcher has used the multidimensional scaling (MDS) and cluster analysis techniques. According to Huang *et al.* (2006), the basic purpose of multidimensional scaling is to represent the object relationships by comparing the similarities or dissimilarities in pairs among a set of 'n' objects. And according to Malhotra and Dash (2009), multidimensional scaling is the class of procedures for representing perceptions and preferences of respondents spatially by means of a visual display. In this study, MDS analysis is used to see which groups of firms are more importantly affect by which export

barriers. Accordingly, the firms under study have been grouped into four different clusters based on their similarity in terms of the perceived export barriers they confront.

3.2.4. Validity and Reliability of Measurements

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, Likert scale is a measure of attitudes intended to allow respondents to signify how strongly they agree or disagree with cautiously designed statements that vary from very positive to very negative towards an attitudinal object. 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 45 items presented, using a 5 - point Likert scale that varying from 1 (strongly disagree) to 5 (strongly agree).

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. A Cronbach's Alpha with a correlation below 0.5 is unacceptable factor analysis that will be removed from the list of observation and treated as not valid data for further analysis. A Cronbach's Alpha of 0.60, 0.70, 0.80, or above represents mediocre, middling, meritorious and marvelous respectively (Anderson, 2011). Hence, under this circumstance the reliability of the items in this study can be said marvelous as the Cronbach's alpha was 0.939.

3.2.4.1.Measures of Sampling Adequacy (MSA)

Kaiser-Meyer-Olkin (KMO): the KMO measures the sampling adequacy, which should be greater than 0.5 for a satisfactory factor analysis to proceed with. If any pair of variables has a value less than this number, the researcher has to consider dropping one of them from the analysis. The off-diagonal elements should all be very small (approach to zero) in a good model. According to Fiedel (2005), in general, over 300 cases for sampling analysis is probably adequate. There is universal agreement that factor analysis is unacceptable when sample size is

below 50. The KMO of the entire questionnaire in this study was 0.711, which revealed that the sample is adequate for further analysis.

Table 2: Threshold Values for KMO and MSA

KMO/MSA value	Adequacy of the correlations
Below 0.5	Unacceptable
0.5-0.59	Miserable
0.60-0.69	Mediocre
0.70-0.79	Middling
0.80-0.89	Meritorious
0.90 and higher	Marvelous

Source: Adopted from (Kaisen, 1974)

Bartlett's test: is another indication of the strength of the relationship among variables. This measure tests the propositions that the correlation matrix is an identity matrix. An identity matrix is matrix in which all of the diagonal elements are 1 and all off-diagonal elements are 0. According to Field (2000), with regard to the correlation matrix, there are two important things. The variables have to be inter-correlated but they should not correlate too highly as this would create problems in determining the unique contribution of the variables to a factor. In SPSS, the inter-correlation can be checked by using Bartlett's test of spherity, which "*tests the proposition that the original correlation matrix is an identity matrix*" (Field, 2000). This test has to be significant: when the correlation matrix is an identity matrix, there would be no correlations between the variables. In this study, the Bartlett test with a chi-square value 2160.16 and 946 degree of freedom had a zero probability of erroneously rejecting the proposition. In the case of MDS output interpretation, the measures of fit need to be considered. To determine the badness-of-fit between the proposed structure and the original data, SPSS ALSCAL uses a loss function called S-STRESS (Kruskal, 1964). For STRESS, Kruskal and Wish (1978) have proposed meanings using the following levels.

Table 3: Measures of Fit

S.No.	Stress Value	Meaning
1.	STRESS > 0.20	Poor
2.	0.10 ≤ STRESS ≤ 0.20	Fair
3.	0.05 ≤ STRESS ≤ .10	Good
4.	0 .025 ≤ STRESS ≤.05	Excellent
5.	0.00 STRESS	Perfect

Source: Adopted from (Kruskal & Wish, 1978)

In this study, with a stress measure of 0.0 and R square of 1.0, the data has a perfect fit.

4. DATA ANALYSIS AND INTERPRETATION OF RESULTS

This chapter deals with data analysis using factor analysis (FA) and multidimensional scale (MDS) in combination with cluster analysis (CA). Having the data analyzed with the help of the multivariate techniques, the interpretation of the result has been made accordingly. The SPSS computer programming software was employed in this study. Before proceeding to the main data analysis and interpretation section, the analysis of demographic characteristics of the respondents and the descriptive statistics of the export barriers have been discussed.

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 leather footwear-manufacturing firms undertaken. From the survey information about gender, age, educational level and work experience of the respondents were analyzed. In addition, the size of the firms and their age since establishment have been gathered and presented below in Table 4.

Table 4: Demographic Characteristics of Respondents

Items	Description	Frequency	Percentage
Gender	Male	48	78.69
	Female	13	21.31
	Total	**61**	**100%**
Age Interval	Below 20	0	0
	20-25	10	16.40
	26-30	20	32.79
	31-35	14	22.95
	36-40	9	14.75
	41-45	3	4.92
	46-50	3	4.92
	51 and above	2	3.28
	Total	**61**	**100%**
Educational Level	Master degree and above	9	14.75
	Bachelor degree	29	47.54
	Diploma Certificate	16	26.23
	Preparatory school and below	7	11.47
	Total	**61**	**100%**
	Below 2 years	8	13.11
	2-5 years	19	31.15

Work experience	6-10 years	20	32.78
	11- 15 years	6	9.83
	16-20 years	5	8.19
	Above 20 years	3	4.92
	Total	**61**	**100%**
Firm size	50 and below employees	4	26.67
	51 - 100 employees	4	26.67
	101 - 150 employees	1	6.67
	151 - 200 employees	1	6.67
	201 - 250 employees	1	6.67
	Above 250 employees	4	26.67
	Total	**15**	**100%**
Number of years in business	Less than two years	0	0
	2 – 5 years	3	20
	6 – 10 years	2	13.33
	11-15 years	4	26.67
	16-20 years	2	13.33
	More than 20 years	4	26.67
	Total	**15**	**100%**

Source: own survey result, 2015

As presented in Table 4, a sample size of 100 respondents was selected for this study out of which zero respondents were ineligible, 29 respondents have refused to respond to the questionnaire and 10 were not accessible. The remaining 61 respondents yielded a response rate of 61%. It means they have properly answered and returned the questionnaire to the researcher. The sample consisted of 13 female and 48 male participants in the study. This indicates that the majority of the respondents were males as they are involved in business in developing countries. The frequency of education levels among respondents was 29 (47.5%) holds university degree whereas 16 (26.23%) holds diploma. This indicates that approximately half of the respondents of the leather footwear-manufacturing firms are bachelor degree holders. The frequency of experience of owners and managers indicate that majority of them have 6 -10 and 2-5 years of experience which is 20 (32.78%) and 19 (31.15%) respectively. The distribution of firm size based on number of employees is as follows: (a) 4 (26.675%) firms have 50 and below employees, (b) 4 (26.67%) firms have 51-100 employees and (c) 4 firms have above 250 employees. This distribution has shown that the study comprises different firm sizes. Going by the firms' years of experience, the majority of the firms have 11-15 years of experience in

business. That is, 4 (26.67%) firms. The second highest number of firms in terms of years of experience in business is between 6-10 years, which comprises 3 (13.33%) firms and so on.

4.1.2. Descriptive Statistics for Export Barriers

The sampled companies were asked to what extent is the various internal and external factors act as barriers to successfully export. Twenty-one and twenty-four internal and external export barriers were measured on a five-point scale, ranging from strongly disagree (1) to strongly agree (5). Hence, the descriptive statistics result of the data collected is computed. The descriptive statistics provide simple summaries about the sample and measures and it is the first output of the SPSS analysis for all the variables under investigation. Typically, the mean, standard deviation and the number of respondents (N) who participated in the survey are given below in Table 5.

Table 5: Descriptive Statistics of Export Barriers

Description	N	Mean		Std. Dev.	Vari.
	Statistic	Statistic	Std. Error	Statistic	Statistic
o Marketing Knowledge and Information Barriers					
Lack of knowledge to locate foreign marketing opportunities.	61	3.43***	.137	1.07	1.15
Lack of specific information regarding foreign agents, distributors and prospective buyers.	61	3.59***	.137	1.07	1.15
Lack of export marketing research.	61	3.64***	.124	.97	.93
Language problems to communicate with overseas customers.	61	1.90*	.130	1.01	1.02
Lack of pricing knowledge for foreign markets.	61	3.16**	.137	1.07	1.14
Group Mean		**3.15**			
o Human Resource Barriers					
Lack of personnel trained and qualified in export marketing.	61	3.48***	.149	1.16	1.35
Lack of experience in planning and executing export operations.	61	3.36**	.134	1.05	1.101
Lack of domestic experts in export consulting.	61	3.34**	.146	1.14	1.30
Low management (owner) emphasis on developing export market activities.	61	2.52*	.166	1.30	1.69
The lack of management exposure to other cultures and to different methods of doing business.	61	3.18**	.161	1.26	1.58
Lack of authority for management to decide on exports.	61	2.13*	.151	1.18	1.38

Group Mean		**3.00**			
o Financial Barriers					
Inability of the firm to self-finance exports.	61	2.93**	.168	1.32	1.73
High cost of capital to finance exports.	61	2.97**	.148	1.15	1.33
Strict credit requirements of the bank.	61	3.18**	.137	1.07	1.15
Lack of private sector firms providing credit.	61	3.03**	.160	1.25	1.57
Group Mean		**3.03**			
o Product Quality Barriers					
Product quality problems.	61	3.12**	.167	1.31	1.70
High sensitivity of products to fashion.	61	3.38**	.154	1.20	1.44
Group Mean		**3.25**			
o Product Adaption Barriers					
Lack of adequate skill to adapt products for foreign markets.	61	3.00**	.138	1.08	1.17
Difficulty in meeting importers product quality standards.	61	2.97**	.155	1.21	1.47
Meeting export packaging and labeling requirements.	61	3.03**	.144	1.13	1.27
Lack of ability to supply required quantity on continuous basis.	61	3.69***	.143	1.12	1.25
Group Mean		**3.17**			
o Industry Structure Barriers					
Lack of adequate quality of raw materials.	61	3.79***	.128	1.00	1.00
Too small in size to initiate export operations.	61	3.01**	.153	1.19	1.42
Group Mean		**3.402**			
o Competition Barriers					
Strong competition from domestic producers in the foreign market.	61	2.12*	.149	1.171	1.37
Strong competition from other foreign producers in potential markets.	61	3.75***	.158	1.23	1.52
Group Mean		**2.93**			
o Customer Barriers					
Poor image of products in foreign markets.	61	3.02**	.163	1.27	1.62
Insufficient foreign demand.	61	2.72**	.154	1.20	1.44
Country of origin effect	61	3.24**	.142	1.10	
Group Mean		**3.00**			
o Procedural Barriers					
Lack of knowledge about export procedures and practices.	61	2.40*	.148	1.16	1.34
Extensive export documentation requirements.	61	2.67**	.146	1.14	1.29
Problems in making arrangements for getting paid.	61	2.85**	.134	1.05	1.10
Problems in making shipment arrangement and meeting delivery dates.	61	3.77***	.145	1.13	1.28

Restrictive foreign tariffs, rules and regulations.	61	3.05**	.161	1.26	1.58
Group Mean		**2.95**			
○ **Government Policy Barriers**					
Lack of government assistance in overcoming export barriers.	61	2.49*	.133	1.04	1.09
Red tape in public institutions	61	2.46*	.147	1.15	1.32
Lack of export promotion programs sponsored by the government.	61	3.02**	.131	1.03	1.05
Lack of export promotion programs sponsored by international organizations (e.g. UNIDO).	61	3.08**	.157	1.23	1.51
Protectionist barriers.	61	2.51*	.129	1.01	1.02
Inadequate diplomatic support.	61	3.05**	.158	1.23	1.51
Group Mean		**2.77**			
○ **Exogenous Barriers**					
Political instability in foreign markets.	61	2.38*	.146	1.14	1.30
Lack of private sector firms providing export services.	61	2.97**	.146	1.14	1.30
High interest rates.	61	2.93**	.132	1.03	1.06
High freight costs to foreign markets.	61	3.43***	.135	1.10	1.12
High international communication costs (telephone fax, travel).	61	2.84**	.146	1.14	1.31
High value of domestic currency.	61	2.98**	.145	1.13	1.28
Group mean of the exogenous export barriers		**2.92**			
Valid N (listwise)	61				

Source: Own survey result (2015), SPSS output

Key: - The mean value with single, double and three star (*) indicate that the mean value of the export barriers falling within agree, average and disagree intervals respectively. According to the measurements and decision rules by Vichea (2005), looking at the mean value of each variable, one can infer that the variables with triple star belong to the range 3.40 to 4.19 which are going to be considered as agreed, whereas the variables with double and single star falls into the range 2.60 to 3.39 and 1.80 to 2.59 which are going to be considered as neutral and disagreed respectively. In order to be able to interpret the group mean statistic, each export barrier is divided by the number of items consisted in each variable. According to the Vichea (2005), all the export barriers except the industry structure barriers (which belong to the agree intervals) fall within the average interval.

4.1.3. Analysis of Reliability and Sampling Adequacy Test

- **Reliability Analysis** (Cronbach's alpha) was conducted to test the reliability of collected data. The scale reliability coefficient or Cronbach's alpha is 0.939, 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, a data is called marvelous if the value of Cronbach's alpha is more than 0.8 (Anderson, 2011). Hence, under this circumstance, the reliability of the items in this study appeared marvelous as the Cronbach's alpha is 0.939.

Table 6: The Reliability Statistics of the Export Barriers

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.938	0.939	44

Source: Own survey result (2015), SPSS output

- **KMO and Bartlett Test and Anti-image matrix:** since there are prerequisites to be obtained in exploratory factor analysis before proceeding to the results, three tests justify the appropriateness of exploratory factor analysis. The first test is the Kaiser–Meyer–Olkin (KMO) test of sampling adequacy. The KMO of the entire questionnaire is 0.711 and the KMO of the items on marketing knowledge, human resource, financial, product quality, product adaption, industrial structure, competition, customer, procedural, government policy and exogenous export barriers are 0.728, 0.731, 0.721, 0.50, 0.609, 0.50, 0.50, 0.537, 0.747, 0.731, and 0.686 respectively. All are close to or above 0.5, which revealed that the sample is adequate. The second test is the Bartlett test with a chi-square value 2160.16 with 946 degree of freedom. It has a zero probability, which erroneously reject the proposition, or a p-value of the entire questionnaire is 0.000, which is less than 0.001. Alternatively, the P-value of each variable is 0 except the industry structure and competition barriers with a p-value of 0.006 and 0.005 respectively. This result reveals that the correlation matrix has significant correlations between at least two variables. The third and the last test made is the anti-image matrix of correlations. According to Field (2000), if all elements on the diagonal of the correlation matrix are greater than 0.5 the sample is adequate. Since all elements on the diagonal of the correlation matrix are greater than 0.5, the sampling is adequate. In general, all measurements revealed that the

sampling is suitable for factor analysis. The relative high KMO value (0.711) affirmed that the sampling size was adequate as middling.

Table 7: KMO and Bartlett's Test Result

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.711
Bartlett's Test of Sphericity	Approx. Chi-Square	2160.160
	Df	946
	Sig.	.000

Source: Own survey result (2015), SPSS output

4.2. Factor Analysis

4.2.1. Correlation Matrix of the Export Barriers

Next to the descriptive statistics, output of the SPSS is the correlation coefficient. A correlation matrix is simply a rectangular array of numbers, which gives the correlation coefficients between a single variable and every other variable in the investigation. The correlation coefficient between a variable and itself is always 1. Hence, the principal diagonal of the correlation matrix contains 1s. The correlation coefficients above and below the principal diagonal are the same.

To begin the analysis of the data, inter-correlations of the items should be examined to determine if the items are highly correlated and possibly repetitive. If inter-correlations are found to be over .90, one of the items should be removed from the scale. Accordingly, one item i.e. country of origin effect has been removed before the factor analysis was computed to alleviate multi collinearity or singularity problems.

4.2.2. Communalities of the Export Barriers

Communalities indicate the amount of variance in each variable that is accounted for. Initial communalities are estimates of the variance in each variable, which is accounted for by all components or factors. Extraction communalities are estimates of the variance in each variable accounted for by the factors or components in the factor solution.

Table 8: Communalities of The Export Barriers

Communalities		
Description	**Initial**	**Extraction**
Lack of knowledge to locate foreign marketing opportunities.	1.000	.762
Lack of specific information regarding foreign agents, distributors	1.000	.738

and prospective buyers.		
Lack of export marketing research.	1.000	.702
Language problems to communicate with overseas customers.	1.000	.686
Lack of pricing knowledge for foreign markets.	1.000	.749
Lack of personnel trained and qualified in export marketing.	1.000	.725
Lack of experience in planning and executing export operations.	1.000	.817
Lack of domestic experts in export consulting.	1.000	.750
Low management (owner) emphasis on developing export market activities.	1.000	.763
The lack of management exposure to other cultures and to different methods of doing business.	1.000	.657
Lack of authority for management to decide on exports.	1.000	.777
Inability of the firm to self-finance exports.	1.000	.747
High cost of capital to finance exports.	1.000	.798
Strict credit requirements of the bank.	1.000	.801
Lack of private sector firms providing credit.	1.000	.801
Product quality problems.	1.000	.795
High sensitivity of products to fashion.	1.000	.789
Lack of adequate skill to adapt products for foreign markets.	1.000	.856
Difficulty in meeting importers product quality standards.	1.000	.615
Difficulty in meeting export packaging and labeling requirements.	1.000	.693
Lack of ability to supply required quantity on continuous basis.	1.000	.793
Lack of adequate quality of raw materials.	1.000	.853
Too small in size to initiate export operations.	1.000	.647
Strong competition from domestic producers in the foreign market.	1.000	.772
Strong competition from other foreign producers in potential markets.	1.000	.738
Poor image of products in foreign markets.	1.000	.804
Insufficient foreign demand.	1.000	.815
Lack of knowledge about export procedures and practices.	1.000	.763
Extensive export documentation requirements.	1.000	.815
Problems in making arrangements for getting paid.	1.000	.563
Problems in making shipment arrangement and meeting delivery dates.	1.000	.761
Restrictive foreign tariffs, rules and regulations.	1.000	.797
Lack of government assistance in overcoming export barriers.	1.000	.757
Red tape in public institutions.	1.000	.790
Lack of export promotion programs sponsored by the government.	1.000	.730
Lack of export promotion programs sponsored by international	1.000	.763

organizations (e.g. UNIDO).		
Protectionist barriers.	1.000	.757
Inadequate diplomatic support.	1.000	.820
Political instability in foreign markets.	1.000	.839
Lack of private sector firms providing export services.	1.000	.781
High interest rates.	1.000	.783
High freight costs to foreign markets.	1.000	.815
High international communication costs (telephone fax, travel).	1.000	.753
High value of domestic currency.	1.000	.775
Extraction Method: Principal Component Analysis.		

Source: own survey result (2015), SPSS output

At first, SPSS assumes that 100% of the variance of each variable is common variance, which gives each variable a communality of 1.000. However, when it has extracted the factors it worked out how much of the variability of each variable really can be explained by the extracted factors and gives an updated value of communality (Hinton, 2014). Factor loadings show the relationship between a variable and each factor but it is also worthy to know how much a single variable has in common with all factors. A relatively high communality indicates that a variable has much in common with the other variables taken as a group. A low communality means that the variable does not have a strong relationship with the other variables. For example, all 10 extracted components account for 77.5% of the variance in the "*high value of domestic currency*". Communality for any variable is equal to the sum of the squared loadings for that variable. For example, the communality for "*lack of knowledge to locate foreign marketing opportunities*" is: $(0.433^2) + (-0.356^2) + (0.210^2) + (-0.325^2) + (0.0.235^2) + (0.306^2) + (0.203^2) + (0^2) + (0.115^2) + (-0.298^2) = 0.76$ where 0.433, -0.356, 0.210, -0.325, 0.235, 0.306, 0.203, 0, 0.115 and 0.298 are the factor loadings of the variable from factor 1 through factor 10 respectively. To conclude, all variables in the factor solution have communalities greater than 0.6. Therefore, there is no variable with small values to drop from the analysis.

4.2.3. Total Variance Explained for the Export Barriers

Along with the factor loadings, the percentage of total variance of original variables explained by the factors can be useful. As we can recall, common variance is correlation squared. Hence, if each loading is squared and summed, that sum divided by the number of factors gives an

estimate of the variance in a set of variables explained by a factor. And this explanation of variance is much the same as R squared (R^2) in multiple regression analysis (Zikmud, 2013).

Table 9: Total Variance Explained for the Export Barriers

Total Variance Explained									
Comp-Onent	**Initial Eigenvalues**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Varia.**	**Cumul-ative %**	**Total**	**% of Variance.**	**Cumul-ative %**	**Total**	**% of Variance.**	**Cumul-ative %**
1	12.636	28.718	28.718	12.636	28.718	28.718	6.445	14.648	14.648
2	4.285	9.739	38.457	4.285	9.739	38.457	5.017	11.402	26.050
3	3.969	9.021	47.478	3.969	9.021	47.478	3.592	8.164	34.214
4	2.614	5.942	53.420	2.614	5.942	53.420	3.551	8.070	42.284
5	2.173	4.938	58.358	2.173	4.938	58.358	3.236	7.354	49.638
6	2.026	4.604	62.962	2.026	4.604	62.962	2.860	6.500	56.138
7	1.761	4.003	66.965	1.761	4.003	66.965	2.729	6.203	62.342
8	1.636	3.718	70.683	1.636	3.718	70.683	2.172	4.936	67.277
9	1.317	2.993	73.676	1.317	2.993	73.676	2.025	4.603	71.880
10	1.086	2.468	76.145	1.086	2.468	76.145	1.876	4.264	76.145
Extraction Method: Principal Component Analysis.									

Source: own survey result (2015), SPSS output

As described in Table 9, the variances of the factor before and after rotation are different. For example, before rotation, factor 1 accounted for 28.718% of the variance but after rotation, it accounts for only 14.648% of the variance. The Explanatory Factor Analysis (EFA) of 44 items representing hindrances towards exporting result in ten factors explaining 76.15% of the total variance. It is also possible to say, 76.145% of the variance of the export barriers was explained by the 10 extracted components. From 1^{st} - 10^{th} of the factors have explained 14.648, 11.402, 8.164, 8.070, 7.354, 6.500, 6.203, 4.936, 4.603 and 4.264 percent of the variance respectively. According to Field (2000) and Rietveld and Van Hout (1993), the following rules of thumb are recommended for determining how many factors to be retained. These are; 1) retain only those factors with an eigenvalue larger than 1, 2) keep the factors which, in total, account for about 70-80% of the variance and 3) make scree - plot and keep all factors before the breaking point or elbow. However, in this study an eigenvalue criterion of 1 or greater was used as a criterion to determine the factors to be retained and to aid in the identification of clusters of related

responses. As a result of this, ten factors with eigenvalues of greater than 1 have been used for further analysis.

4.2.4. Component Matrix for the Export Barriers

Once the inter-item correlation matrix has been checked for its correctness, an exploratory factor analysis was used to discover the factor structure of the measure. An orthogonal rotation has been used in an attempt to achieve simple structure, allowing the factors to be correlated. The factor structure has been examined and the factors are given a name where the proposed factors are not applicable. Exploratory factor analysis allows the computer to identify linear factors which explain the theoretical maximum amount of common variance in a correlation matrix (Bryant & Yarnold, 2004), which would determine the underlying factor model that best fits the data. It was proposed that a simple structure would occur with most items having a large loading on one factor with small loadings on the other factor(s). The component matrix table reports the factor loadings for each variable on the un-rotated components. By default, SPSS presents all loadings; however, the researcher demanded that all loadings less than 0.4 be suppressed in the output and so there are empty spaces for many of the loadings. According to Field (2005), this matrix is not particularly important for interpretation but it makes it easy.

Each number represents the correlation between the item and the un-rotated factor. For example, the correlation between 'Lack of private sector firms providing credit and factor 1' is 0.723 (see Appendix 1). These correlations can help you formulate an interpretation of the factors or components. This is done by looking for a common thread among the variables that have large loadings for a particular factor or component. It is possible to see items with large loadings on several of the un-rotated factors, which can make interpretation difficult. For example, "extensive export documentation requirements" has factor loadings of 0.453, 0.507 and -0.488 on factor 1, 3, and 5 respectively (see again appendix 1). Loadings of the item on the three factors are very close to each other and make cumbersome the interpretation. To overcome this difficulty, it is helpful to examine a rotated component matrix.

4.2.5. Reproduced Correlations for Model Test

The reproduced correlation matrix contains the correlation coefficient between all of the items based on the factor model. The diagonal of this matrix contains the communalities after extraction for each variable, which are same as with the communalities in presented Table 8.

above. Reproduced correlation matrix differs from the *R*- matrix because they stem from the model and not from the observed data. If the model is a perfect fit of the data, the reproduced correlation coefficients should be same as the original correlation coefficient (R-matrix) (Field, 2000). Hence, to assess the fit of the model, one can look at the differences between the observed correlations and the correlations based on the model. For example, if the correlation between items 1 and 3 is taken, their correlation based on the observed data is 0.263 whereas their correlation based on the model is 0.278, which is slightly higher. So the difference can be computed as follows:

(4) Residual $X_{ij} = r\text{observed} - r\text{from model}$

(5) Residual $X_{13} = 0.263\text{-}0.278 = \text{-}0.014$

where X_i = item 1 on a row and X_j = item 3 on a column.

This difference is the value quoted in the lower half of the reproduced matrix which is called residual for questions 1 and 3. Hence, the lower half of the reproduced matrix contains the differences between the observed correlation coefficients and the ones predicted from the model. For a good model, these values will all be small. SPSS gives a footnote summary, which states how many residuals that have an absolute value greater than 0.05. In this study, there are 204 residuals (21%) that are greater than 0.05. According to field (2000), if less than 50% are greater than 0.05 the model is fit. If more than 50% of the data is greater than 0.05, there is a ground for concern. Hence, it is good news that the model fits for the data used in this study.

4.2.6. Rotated Component Matrix of Export Barriers

In the principal component analysis, the first factor accounts for the maximum part of the variance. This often ensures that: Most variables have high loadings on the most important factor and small loadings on all other factors (Field 2000).

Varimax with Kaiser Normalization rotation method was used to simplify interpretation of a factor analysis. That is, after the initial solution was obtained, the loadings were rotated. Rotation is a way of maximizing high loadings and minimizing low loadings so that the simplest possible structure is achieved. The results of the EFA showed that the 44 identified export barriers could be reduced to 10 underlying dimensions with Eigenvalues of at least 1, for which a proper name is selected according to the content of the loaded variables in each dimension. Items loading; at least 0.5 were considered practically significant (Hair, Anderson, Tatham, & Black, 2005). These

items were used to come up with the components of each dimensions. All the ten factors accounted for 76.145% of the total variance. The total variance can be used as the total validity measure of the model. The Cronbach's alpha measure of all items was 0.939. The following underlying factors were determined using the principal component analysis with Varimax with Kaiser Normalization rotation. The ten factors identified from the rotated component matrix are presented in Table 10 below.

Table 10: Rotated Component Matrix of Barriers towards Exportation

Rotated Component Matrix For Export Barriers										
Description	**Factors**									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	GvHrB	**EvB**	**PaB**	**InfB**	**FiB**	**ExgB**	**CoB**	**LogB**	**PqB**	**ErFgB**
Lack of export promotion programs sponsored by the government.	0.775									
Lack of export promotion programs sponsored by international organizations (eg. UNIDO).	0.775									
Lack of experience in planning and executing export operations.	0.749									
Lack of personnel trained and qualified in export marketing.	0.712									
Lack of domestic experts in export consulting.	0.628									
The lack of management exposure to other cultures and to different methods of doing business.	0.611									
Low management (owner) emphasis on developing export market activities.	0.609									
Lack of specific information regarding foreign agents, distributors and prospective buyers.	0.597									

Lack of private sector firms providing credit.	0.594									
Red tape in public institutions.	0.533									
High international communication costs (telephone fax, travel).	0.528									
Inadequate diplomatic support.	0.516									
Lack of government assistance in overcoming export barriers.	0.509									
Protectionist barriers.		0.792								
Insufficient foreign demand.		0.746								
Strong competition from domestic producers in the foreign market.		0.716								
Lack of knowledge about export procedures and practices.		0.712								
Lack of authority for management to decide on exports.		0.65								
Political instability in foreign markets.		0.601								
Problems in making arrangements for getting paid.		0.508								
Language problems to communicate with overseas customers.		0.50								
Extensive export documentation requirements.			0.766							
Meeting export packaging and labeling requirements.			0.758							
Poor image of products in foreign markets.			0.636							
Strict credit requirements of the bank.			0.586							
Too small in size to initiate export operations.			0.561							

Difficulty in meeting importers product quality standards.			0.511							
Lack of knowledge to locate foreign marketing opportunities.				0.802						
Lack of adequate skill to adapt products for foreign markets.				0.755						
Inability of the firm to self-finance exports.				0.646						
Lack of pricing knowledge for foreign markets.				0.582						
High cost of capital to finance exports.					0.78					
High value of domestic currency.					0.72					
High freight costs to foreign markets.						0.708				
Lack of private sector firms providing export services.						0.693				
High interest rates.						0.59				
Lack of adequate quality of raw materials.							0.801			
Strong competition from other foreign producers in potential markets.							0.76			
Problems in making shipment arrangement and meeting delivery dates.								0.751		
Lack of ability to supply required quantity on continuous basis.								0.672		
Product quality problems.									0.766	
High sensitivity of products to fashion.									0.608	
Lack of export marketing research.										0.703
Restrictive foreign tariffs, rules and regulations.										0.531
Extraction Method: Principal Component Analysis.										

Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 16 iterations.

Source: Own survey result (2015), SPSS output

Note that: "*GvHrB = government policy and human resource barriers, EvB = Environmental barriers, PaB = product adaption barriers, MKIB=Marketing knowledge and information barriers, FiB= Financial barriers, ExgB=Exogenous export barriers, CoB=competition barriers, LogB=logistic barriers, PqB = Product quality barriers and ErFgB=Export Research and foreign government barriers*".

4.2.6.1. Conceptual Classification of Export Barriers

Each factor loading is a measure of the importance of the variable in measuring each factor. Factor loadings provide a means for facilitating the interpretation of the results of the factor analysis. After running the rotated matrix, some of the proposed factor names were not practical hence; they have been given a name based on conceptual classification of the export barriers as below.

Factor1: Government Policy and Human Resource Barriers (14.65%)

The first of the ten factors conceptually connects thirteen barriers to exporting. Based on the proposed factors, the items indicated on factor 1 are mainly the government policy and human resource barriers. As a result of this, the factor is divided into two subgroups. These are the government policy barriers and the human resource barriers. In this case, the proposed factor names are practical. Hence, they are termed as government and human resource barriers. As a result, they have been discussed separately in the interpretation section below.

Factor 2: Environmental Barriers (11.40%)

Eight variables are loaded into the second factor. These are protectionist barriers, political instability in the foreign markets, insufficient foreign demand, language problems to communicate with overseas customers, strong competition from domestic producers in the foreign markets, problems in making arrangements for getting paid and lack of knowledge about export procedures and practices. These are problems associated with the environment (both micro and macro) in which the organizations operate. Environmental barriers are repeatedly emphasized as being more diverse, complex and dynamic in overseas than in domestic markets

(Terpstra and Sarathy, 1997; Czinkota & Ronkainen, 1998). In addition, Gunaratne (2014) has labeled and explained similar home and host countries barriers under the environmental barriers as barriers beyond the direct control of the firm itself. Therefore, this factor is titled as environment barriers.

Factor 3: Product Adaption Barriers (8.16%)

The variables that made up this factor are; difficulty in meeting export packaging and labeling requirements, difficulty in meeting importers product quality standards, extensive export documentation requirements, poor image of products in foreign markets, strict credit requirements of the bank and too small in size to initiate export operations. Except the first two variables, no other variables were under product adaption barriers before the factor loading was run. However, many scholars mentioned different reasons for the product adaption barriers such as domestic product standards, customer standards and buying behaviors that may be unsuitable for overseas sales (this may create poor image of products in foreign markets) (Lall, 1991, Katsikeas & Morgan, 1994), lack of resources to meet the foreign market requirements and poor quality of raw material (can limit the quantity to initiate export operations) (Figueiredo & Almedia, 1988 & Cardoso,1980). Therefore, based on this ground, it is possible to label the factor as product adaption barriers.

Factor 4: Marketing Knowledge Information (8.07%)

The four variables that included in this factor are lack of knowledge to locate foreign marketing opportunities, inability of the firm to self-finance exports and lack of pricing knowledge for foreign markets. The variables under this factor are similar to the variables named informational barriers by Gunaratne (2014) in his study. Therefore, this factor can be labeled as marketing knowledge information barriers too.

Factor 5: Financial Barriers (7.35%)

The two items loaded into the fifth factor are related to financial barriers. The variables that made this factor are high cost of capital to self-finance export and high value of domestic currency. This factor is labeled financial barriers. Because when the Ethiopian currency (birr) appreciates against other country currency, Ethiopian currency becomes less competitive. This encourages large imports to Ethiopia but becomes costly to exports from Ethiopia, which creates

unfavorable situation for the domestic export firms. This in one or other way relates with financial problem for the export firms.

Factor 6: Exogenous Export Barriers (6.50%)

Out of the 6 variables proposed, only three items related to exogenous export barriers are loaded into this factor. These items are high freight costs to foreign markets, lack of private sector firms providing export services and high interest rates. The name of this factor is the same as the proposed factor i.e. exogenous export barriers.

Factor 7: Competition Barriers (6.20%)

The two items that loaded into factor 7 are lack of adequate quality of raw materials and strong competition from other foreign producers in potential markets. Lack of adequate quality of raw material is one of the most important things that significantly affect the comparative advantage of a firm in the foreign markets. Christensen *et al.* (1987) explained that among others, in developing countries, cheap labor, raw materials and production costs are sources of competitive advantages. However; this lack of adequate quality of raw materials leads to strong competition from other foreign producers in the international markets. Hence, this factor can be titled as competition barriers.

Factor 8: Logistics Barriers (4.94%)

The two items loaded into this factor are links to transportation problems in meeting the delivery dates and the capacity of the firm in supplying required quantity on a regular basis. Both variables are conceptually very highly interrelated. According to Kaynak and Kothari (1984) and Barrett and Wilkinson (1985), logistic barrier reflect the difficulties in supplying inventory in overseas markets, unavailable foreign warehousing facilities and excessive transportation and insurance costs. The export barriers belonging to this factor are problems in making shipment arrangement and meeting delivery dates and lack of ability to supply required quantity on continuous basis. In line with this view, this factor can be named as logistic barriers.

Factor 9: Product Quality Barriers (4.60%)

The ninth factor links two export barriers that are straightforward in their conceptual interpretation: the product quality problems and high sensitivity of the product to fashion. This

factor is the same as the proposed name before the rotation was run, which is called Product Quality Barriers.

Factor 10: Export Research and Foreign Governments (4.26%)

In the last dimension, two items loaded into factor ten and these are lack of export marketing research and restrictive foreign tariffs, rules and regulations. These variables are the least important in terms of its contribution in explaining the total variance. So, it could be possible to overlook but it is roughly explained. Restrictive foreign tariffs, rules and regulations refer to numerous trade restrictions imposed by foreign governments, such as license requirements, qualitative controls, and extra taxes (Terpstra & Sarathy, 1997). Intuitively, firms need to know this foreign regulation through different export market researches. Therefore, barriers can be termed as export market research and foreign governments.

4.3. Interpretation of the Result

Using Varimax with Kaiser Normalization rotation, ten common factors were derived from exploratory factor analysis. From the rotated factor matrix by the exploratory factor analysis, the factor score coefficient result of each variable against the factor loading is computed. As Field (2000) explained, factor loadings are important results for the interpretation of the factors especially the high ones. The factor score coefficient result is used for interpretation most of the time in the case of oblique rotation as the result may not correlate in the case of orthogonal rotation. However, in this study, the factor score coefficient is used as a means of interpretation tools in supplement to the factor loadings. In addition, the measurements and decision rules adapted by Vichea (2005) have also been used to support the interpretations.

4.3.1. Government and Human Resource Barriers

Government Policy Barriers: respondents were asked to express their response about the export barriers related to the government policy and accordingly the "lack of export promotion programs sponsored by the government (0.775 and 0.179), lack of export promotion programs sponsored by international organizations (e.g. UNIDO) (0.775 and 0.164), red tape in public institutions (0.533 and 0.142), inadequate diplomatic support (0.516 and 0.093) and lack of government assistance in overcoming export barriers (0.509 and 0.069)" have become important barriers of the exporting firms. According to the measurements and decision rules that emanated

from Vichea (2005), "lack of export promotion programs sponsored by the government (M=3.02), lack of export promotion programs sponsored by international organizations (e.g. UNIDO) (M=3.08) and inadequate diplomatic support (M=3.05) are rated as average problem level whereas red tape in public institutions (M=2.46) and lack of government assistance in overcoming export barriers (M=2.49) are rated as low level problems". Furthermore, for cross-checking, the researcher has conducted and gathered information through interview from owners and managers. The export manager of Modern Zege Shoe factory explained that:

> *"Due to the fact that the government developed a very encouraging scheme for the manufacturing firms especially for export strategy, one of the governments prioritizes strategy, the support given to shot its target is helpful but still there are several problems not solved yet. For example, financial and infrastructure related problems are affecting the export competitiveness of the firms" (export manager of Modern Zege shoe factory, 2015).*

Previous studies like Owns (2007) and Alrashidi (2011) explained that lack of sufficient financial support from the government was identified as significant barriers. In line with this view, the research output of Colaiacovo (1982) revealed that infrastructure facilities were vital factor limiting export functions in Latin America. Export regulation of the domestic government, inadequate diplomatic support and protectionist barriers (Figueiredo & Almeida, 1988 & Naidu *et al.* 1997), cost of transportation and transport service and infrastructure (Brooks & Frances, 1991), lack of export promotion and assistance programs sponsored by the government (Kaleka & Katsikeas, 1995; Figueiredo & Almeida, 1988, Naidu *et al.*, 1997) and shortage of gathering and provision of information on available export opportunities (Naidu *et al.* 1997) were recognized as significant export barriers to SMEs in developing countries. In support of this view, Morawitz (1981) in his survey in Taiwan and Columbia, government export promotion agencies were considered as being the least helpful of sources of market information in Taiwan and totally not in Columbia. Hence, this government exports sale promotion is a big problem for firms in developing nations as potential exporting companies lack the adequate export market knowledge and marketing skills like in our case in Ethiopia. Therefore, based on the factor loadings and factor score coefficient results, the measurements and decision rule adapted by Vichea (2005) and previous research evidences, the proposition i.e. "*government policy barriers negatively affect the export competitiveness of SME*s" is supported.

Human Resource Barriers: based on the orthogonal rotation of the principal component analysis, the variables measured the human resource barriers with their corresponding factor loadings and factor score coefficient results are "lack of experience in planning and executing export operations (0.749 and 0.163), lack of personnel, trained and qualified in export marketing (0.712 and 0.140), lack of management exposure to other cultures and to different methods of doing business (0.611 and 0.137) and low management emphasis on developing export market activities (0.609 and 0.129) and lack of domestic experts in export consulting (0.628 and 0.101). These variables are important in measuring the human resource barriers. Majority of the respondents are asserts that "lack of personnel, trained and qualified in export marketing (M=3.48)" is rated as high problem level whereas "lack of experience in planning and executing export operations (M=3.36), lack of domestic experts in export consulting (M=3.34) and lack of management exposure to other cultures and to different methods of doing business (M=3.18)" are rated as moderate problem level in affecting the export firms. But "low management (owner) emphasis on developing export market activities (M=2.53)" of the human resource barriers is rated as less problem level.

To support the analysis of the data collected through questionnaire, face-to-face interview was conducted with managers and owners of the firms. The export manager of Modern Zege and quality control manager of New-Wing shoe factory affirmed that:

> *"given the large number of unemployed youth in the country in general and in the city in particular, availability of labor is not a big problem however; lack of skilled manpower especially, when trained and experienced workers shift to other works for better salary is very critical problem" (export manager of the Modern Zege and New-Wing shoe factory, 2015).*
>
> *"There is lack of adequate educated manpower in the labor market. Yes, Technical Vocational Education and Training (TVET) centers are established by the government aiming to support skills improvement for micro and SMES but lack of qualified manpower in quality and quantity is still a problem which profoundly affects the export operations of the firms" (quality control manager of New-Wing shoe factory, 2015).*

In general, the managers affirmed that the human resource problems forced them to train new workers all the time and that led to unnecessary extra cost which negatively affects their cost comparative advantage in the foreign markets. Furthermore, interviewed managers and owners mainly from the small firms confirmed that workers in the shoe shop see the shoe-making work just as one of the jobs they can do to make ends meet. They are not very interested and

committed to specialize and develop their skill as they do not have formal agreement of employment to ensure their job security. In consistent with this view, the head of financial manager of Ok Jamaica shoe factory has said that:

> "*There is high rate of employees' turnover due to the reason that the current inflation rate in the country makes living cost high. The wage they get paid is not enough for them to cover their living cost, accommodation and miscellaneous expenses" (Ok Jamaica shoe factory, 2015).*

Hence, based on the information from all the respondents, including interviewed managers and owners, the human resource barriers affect the export competitiveness of the firms.

This finding confirms earlier research such as lack of export oriented managers (Pinho & Martins, 2010), limited export knowledge, skills, time and unrealistic exporting fears (Julian & Ahmed, 2005 & OECD, 2009). Previous studies affirmed that the human resource barriers are important in impeding the export competitiveness of a firm. In support of that view, Tesform *et al.* (2006) indicated that the human resource barriers were important in affecting the export activities of Eritrean footwear manufacturing firms. Similarly, Ortiz *et al. (*2008) in his study indicated that SMEs from developing countries often have trouble in hiring specialized personnel and this can be a large limitation to international growth and competitiveness. Sonobe and Otsuka (2006 & 2011) mentioned that in developing countries where absence of adequate managerial capital exists, it is impossible to be competitive internationally. Parallel to that, Bloom and Bruhn *et al.* (2010) suggested that scarce physical capital in low-income economies would remain unproductive and firms stagnate in the presence of widespread poor management practices.

Based on this ground, the proposition developed with respect to human resource barriers i.e. "*human resources barriers negatively affect export competitiveness of SMEs*" is supported.

Operational barriers: this is subgroup of the first dimension, which comprises 3 variables which are a mix of marketing knowledge and information, financial and exogenous export barriers. All together creates operational problems. According to their factor loadings and factor score coefficient results "lack of specific information regarding foreign agents, distributors and prospective buyers, lack of private sector firms providing credit and high international communication costs" i.e. (0. 597 and 0.089), (0.594 and 0.082) and (0.528 and 0.074) respectively are significant. These variables have low loadings in the dimension as the government and human resource barriers dominate them. However; their loading is greater than

the minimum cut-off points i.e. 0.5. According to Hair, Anderson, Tatham and Black (2005), items loading at least 0.5 considered practically significant. In line with this, lack of specific information regarding foreign agents, distributors and prospective buyers (M=3.59) is rated as high problem level whereas lack of private sector firms providing credit (M=3.03) and high international communication costs (M=2.84) are rated as average problem level.

Information is vital to effectively contact with customers abroad, to get specific information regarding foreign agents, distributors and prospective buyers, and to contact private sector firms providing credit (Tesfom *et al.,* 2006). In Ethiopia, according to some interviewed managers, in spite of recent upgrading activities, lack of information accessibility is not adequate. For example, one of the interviewed managers from Peacock shoe factory explained that:

> *"in spite of recent upgrading activities; internet, mobile and other media communications are still underdeveloped and prone to interruptions, which affect the communication flows between footwear companies and their customers" (Export Manager of Peacock shoe factory, 2015).*

From this, one can infer that these barriers are inhibiting the successful export operations of the firms. This result is consistent with the finding of Djebarni and Al-Hyari (2009) in a survey in Jordan and the findings of Tesfom *et al. (2006)* verified that the footwear and textile manufacturing enterprises in Eritrea lack information to locate foreign market opportunities. They also added that export businesses are hampered by shortages of finance. In their research, they revealed that lack of information in the foreign market and lack of ability to locate reliable agent are important in affecting firms' export business. Therefore, these variables are also important in impeding the export competitiveness of the firms.

4.3.2. Environmental Barriers

Based on the export barriers that reviewed from the literature, the items loaded into this factor are broadly splits into three. These are microenvironment, export marketing and procedural barriers. Macro-environmental barriers are factors outside the firm's control. Mainly they are associated with the domestic and foreign external environment (Tesfom *et al.,* 2006). Based on the factor loadings and factor score coefficient results, protectionist barriers (0.792 and 0.205) and political instability in foreign markets (0.601 and 0.103) are hindering the export activities of the firms under study and their mean value is (M=2.51) and (M=2.38) respectively. They are rated as less problem level.

The export market barriers are broken down into customer and procedural barriers. customer related barriers are like insufficient foreign demand (0.746 and 0.194) whereas procedural barriers like problems in making arrangements for getting paid (0.508 and 0.111) and lack of knowledge about export procedures and practices (0.712 and 0.148). Competition barriers are barriers like strong competition from domestic producers in the foreign markets (0.716 and 0.204). According to the measurements and decision rules adopted by Vichea (2005), insufficient foreign demand (M=2.72) and problems in making arrangements for getting paid (M=2.85) are rated as average problem level whereas the lack of knowledge about export procedures and practices (M=2.40) is less problem level. In general, the customer related barriers that fall within the environmental barriers are affecting the export firms whereas the strong competition from domestic producers in the foreign market (M=2.11) has less impact. It is insignificant as the tough international market competition is not from local firms rather it is from foreign competitors.

The company related barriers are; "lack of authority for management to decide on exports (0.650 and 0.100) and language problems to communicate with overseas customers (0.50 and 0.060)" with a mean value of (M=1.90) and (M=2.13) respectively. These variables are rated as less problem level in affecting the export competitiveness of the firms. Hence, the company related barriers mentioned under the environmental barriers are not significantly affecting the export competitiveness of the firms. Since the majority of the export firms are private owned, they are less likely to face "lack of authority for management to decide on export". At same time, the firms are located in the capital of the country, head quarter of African union, where opportunity to speak with international language speakers is high. In line with this view, Wale (2013) in his research in Ethiopia, found that foreign language barrier is not perceived as important barrier.

Previous researchers such as Djebarni and Al-Hyari (2009) explained that political instability in foreign markets affect export competitiveness in Jordan. In addition, Leonidou (1995 & 2000), Ahmed et al. (2004) and Kaleka & Katsikeas (1995) found that political instability in foreign markets are one of the major barriers to exporting. In this study, political instability is affecting the export firms at less problem level, which seems a bit deviated against previous research output. Concerning the custom procedures, many SMEs find customs documentation, shipping arrangements and other export procedures too difficult to manage. They tend to associate these with excessive costs, time losses and red tape, which thus encourage a negative attitude toward

handling exports (Moini, 1997). In support of this view, Haidari (1999) revealed out that delays in the reimbursement of duty and sales taxes were influencing the cash flow of many small firms in Pakistan. Books and Frances (1991) explained that when the government is highly engaged, official procedures might cause to red tape, which is hard to manage for those just starting to export. These previous research output reinforced the finding of this result. In other words, the procedural barriers are hindering the export competitiveness of the firms under this study. Therefore, the company and the macro-environment barriers in general are less problem level whereas the customer and procedural related barriers are affecting the export firms moderately. To conclude, the environmental barrier has average impact on the export competitiveness of the firms. Means that, it is partially supported in terms of its impact on the export competitiveness of the firms.

4.3.3. Product Adaption Barriers

Out of the five proposed product adaption barriers, only "difficulty in meeting export packaging and labeling requirements and difficulty in meeting importers product quality standards" become significant ones in this view with ((0.758 and 0.287) and (0.511 and 0.131) factor loadings and factor score coefficient results respectively. In addition, "extensive export documentation requirements (0.766 and 0.276), poor image of products in foreign markets (0.636 and 0.226), strict credit requirements of the bank (0.586 and 0.178) and too small in size to initiate export operations (0.561 and 0.183)" from procedural, customer, financial, industry structure barriers are respectively loaded into this factor. From the researcher's view, these barriers are in one or the other way linked with product adaption barriers and they aggravate the problem. According to their mean value: "difficulty in meeting export packaging and labeling requirements (M=3.03), difficulty in meeting importers product quality standards (M=2.97), extensive export documentation requirement (M=2.67), poor image of products in foreign markets (M=3.02), strict credit requirements of the bank (M=3.18) and too small in size to initiate export operations (M=3.02) are rated by the respondents as average problem level to impede the export operations of the firms.

To reinforce the information collected through the survey questionnaire, an interview with managers was conducted. For example, the quality control manager of New-Wing shoe factory said that:

"There are product adaption barriers and these barriers are rises from lacks of good quality of raw materials, skilled and experienced human resource, sophisticated machinery and advanced technology at least to imitate and improve products as per the needs of the customers" (*quality control manager of New-Wing shoe factory, 2015).*

In contradiction with this view, an interview with the sales and marketing division head of Anbessa shoe factory confirmed that product adaption is not an important problem. She supported her explanation by showing the surveyor some different samples of products in a showroom and said that:

"You see; these all are our own unique product that produced to different customers as per their needs" (Sales and Marketing Division head of Anbessa shoe factory, 2015).

Based on the factor loadings and factor score coefficient results, the product adaption barriers are important barriers in affecting the export competitiveness of the firms, which went against the standpoint of the sales and marketing division head of Anbessa shoe factory.

With respect to "poor image of products in foreign market", one of the interviewed managers affirmed that the SMEs have no very clear vision of export marketing strategy but they consider export market at least to some extent for the favor of the government not for their business. He added that there is a problem in clear strategy of marketing including market demography, market structure, market trends, opportunities and threats, trade channels for market entry etc. In fact, as many managers asserted, the government give due emphasis for macro and SMEs to participate in export activities. However, what the government is currently doing to shot its strategic target is not enough.

With respect to the strict credit requirement of the bank, the Fotaneya shoe factory manager confirmed that:

"The main potential for starting the shoe making business is more the workmanship skill than financial capacity. The initial capital for starting the business came from income of their families and personal savings" (A manager of Fotaneya shoe factory, 2015).

This is to consolidate the human resource barriers and weaken the financial problems. However, some firms like Moderen Zege and Ok Jemaica are severely affect by both human resource and financial barriers.

As many scholars confirmed, successful firms adapt their products to international markets. Brazilian firms were exporting standardize products and as a result, their export competitiveness was not more successful because they did not adjust their products to the needs of customers.

This problem happened due to the lack of experience or skills and inadequate technical capacity to adapt the product because less experienced exporters simply export standardized products depending on the importers branding, design and promotional skills (Wortzel & Wortzel, 1988). From the procedural perspective, many SMEs find customs documentation, shipping arrangements and other export procedures too difficult to manage (Moini, 1997). Especially for less experienced managers, foreign documentation and paperwork may come out very complicated to deal with (Dymsza, 1983). As aforementioned in the literature, the customer related barriers are originated from the customer's perception of the product characteristics. Exporters from developing countries face the poor reputation of their country and poor image of their product in foreign markets. The place where the product is produced and originated plays a significant role in the export marketing of the firm. Mohy-ud-Din and Javed (1997) confirmed that the Pakistan yarn manufacturers have lost market share in almost all their major markets because of image problem. They added that poor image of the products in foreign markets lead to insufficient foreign demand, which affect the desire product adaption. Hence, research finding in combination with previous research output, the proposition with regard to product adaption barriers i.e. "*Product adaptation barriers negatively affect export competitiveness of SMEs"* is supported.

4.3.4. Marketing Knowledge and Informational Barriers

From the information and knowledge related barriers, the following variables are found important in hampering the export competitiveness of the firms. These are the "lack of knowledge to locate foreign marketing opportunities, lack of adequate skill to adapt products to foreign markets, inability of the firm to self-finance export and lack of pricing knowledge for foreign markets. The factor loadings and factor score coefficients of the variables are (0.802 and 0.300), (0.755 and 0.243), (0.646 and 0.203) and (0.582 and 0.176) respectively. These have been found with high loadings and high factor score coefficient results. Looking at the mean values of the variables: "lack of knowledge to locate foreign marketing opportunities M=3.43) is rated as high problem level whereas lack of pricing knowledge for foreign markets (M=3.16), lack of adequate skill to adapt products for foreign markets (M=3.00) and inability of the firm to self-finance export (M=2.93) are rated as average problem level. The respondents have asserted that lack of knowledge to locate foreign marketing opportunities is more important barriers as this barrier may lead to lack of adequate skill to adapt products to foreign markets and lack of

pricing knowledge for foreign markets. In addition, lack of information can affect the capability of the firm to self-finance export.

Moreover, the results apparently confirm earlier research findings and supports existing theories of export competitiveness. For instance, (OECD, 2009; Okpara & Koumbiadis, 2009; Pinho & Martins, 2010) indicate that lack of export knowledge and information is the topmost barriers to exporting. In support of this view, Alrashidi (2011) finding shows that lack of reliable information to locate foreign marketing opportunities, lack of knowledge to adapt product for foreign markets are significant. Nwachukwu *et al.* (2006) also confirmed that small businesses in developing nations fail to take advantage of export competitiveness due to lack of information access. Having confirmed the importance of marketing knowledge and information barriers in Eritrean exporting firms, Tesfom *et al.* (2006) have mentioned that the problem is rooted in limited export experiences of the manufacturers. This work in Ethiopia too, because regardless of some enterprises like Anbessa and Tikur Abbay, the majorities have no many years of experience. In this regard, the significance of informational barriers in this setting makes sense. Therefore, the proposition developed with regard to the marketing knowledge and information barriers i.e. "*Marketing knowledge and information barriers negatively affect the export competitiveness of SME*" is supported.

4.3.5. Financial Barriers

The financial barrier comprises the high cost of capital to finance export and high value of domestic currency. Respondents were asked to give their perceived responses to what extent these barriers impede the firms from exporting successfully. Based on the minimum cut-off points criterion of the factor loadings and also the score coefficient results, both the high cost of capital to finance exports (0.780 and 0.302) and the high value of domestic currency (0.720 and 0.254) are important barriers. The mean values of the variables are (M=2.97) and (M=2.98) respectively and they are rated by the respondents as average problem level. In support of this view, some interviewed managers like Modern Zege and Ok Jamaica shoe factories affirmed that financial barriers play significant roles in affecting the export competitiveness of the firms. The manager from Ok Jamaica added that the government supports the exporters financially to encourage the firm perform in exporting business. For example, the Development Bank of Ethiopia (DBE), Commercial Bank of Ethiopia (CBE) and other government owned credit

institutions help the export firms. However, because the firms have small owner equity; the financial problem is not solved yet.

This finding is consistent with previous research output for instance, Nwachuwu *et al*. (2006) identified that SMEs are generally have limited resources. They face the difficulty in obtaining working capital, as a result create a major obstacle in terms of developing export trade activities, and often prevent them from financing their export business activities. In addition, high value of domestic currency is one common problem to international business transaction that concerns the risks related with foreign currency exchange. Morawitz (1981) revealed that foreign exchange rate policy was a main determinant for international competitiveness of Colombia clothing industry. Beside, Luis (1982) indicated that exchange rate policy affected export financing programs and the availability of foreign currency for example, the firms need foreign currency to import raw materials from abroad but the government has shortage of hard currency. Because of this, importers buy foreign currency from the black market. However, due to high foreign currency-selling rate at the black market the competitive advantage of the firms is negatively affected. Abdullah and Baker (2000) and Tesfom *et al.* (2006) have explained that financial barrier is one of the major factors inhibiting the success of small firms. In line with this view, Juarez (1993) mentioned that one of the main reasons for low level of export competitiveness in Colombian manufactured products was due to an appreciation of the real exchange rate. Hence, based on the findings of this research and theoretical evidence, the proposition with regard to the financial barriers i.e. "*financial barriers negatively affect export competitiveness of SMEs*" is supported.

4.3.6. Exogenous Export Barriers

Three variables are found important in measuring the exogenous export barriers. These are "high freight costs to foreign markets, lack of private firms providing export services and high interest rates. The factor loading and factor score coefficient results of the variables are; (0.708 and .287), (0.693 and .284) and (0.590 and .221) respectively. Based on their mean values: "high freight costs to foreign markets (M=3.43) is rated as high problem level whereas lack of private firms providing export services (M=2.97) and high interest rates (M=2.84) are rated as average problem level. According to Tesfom *et al.* (2006), high freight costs to foreign markets is rated as high problem level whereas lack of private sector firms providing export services and high interest rates are rated as average problem level which is consistent with the finding of this result. High freight costs to foreign markets enables export firms especially SMEs of developing

countries to incur additional costs. For example, cost of transportation (Brooks & Frances, 1991) and transport service and infrastructure (Brooks & Frances, 1991 & Colaiacovo, 1982) were explained as export obstacles. In support of this view, the cost of transport constitutes a problem. For example, as interviewed managers affirmed that the cargo airfreights of Ethiopia airlines, which could be an important issue in order to send and receive goods or components with shorter delivery times, is very expensive. Therefore, the proposition on the exogenous export barriers i.e. "*Exogenous export barriers negatively affect the export competitiveness of SMEs"* is supported.

4.3.7. Competition Barriers

Two variables were analyzed under the competition barriers and these variables are very significant in impeding the export activities of the firms. The variables are "lack of adequate quality of raw materials and strong competition from other foreign producers in potential markets with (0.801 and .326) and (0.760 and 0.303) respectively. The respondents answered that the two variables have been rated as high problem level as their mean values are (M=3.79) and (3.75) respectively. One interviewed manager from peacock has affirmed that one of the important things that affect competition level of the firms is price fluctuation or sudden price change after negotiation due to long delivery times. This result is consistent with the findings of some previous research conducted in developing and transition economy countries. For example, Collier and Gunning (1999) identified that firms in developing nations are facing a strong competition in international markets. In addition, price competition, aggressive competitors in the foreign market, lack of competitive prices and fierce competition in export markets were constantly seen as a big hindrance to exporting (Cardoso, 1980; Fluery, 1986; Cardoso, 1980 & Kaleka & Katsikeas, 1995). In line with this view, Burgess and Oldenboom (1999) have revealed that small firms from developing countries are more vulnerable due to their inadequate financial and human resources which hampers their collection of plenty information which affect their competitive advantage. Leonidou (2004) identified that in a market where competition is perceived to be particularly strong; firms that fear for strong competition are less likely to enter. Besides, Tesfom *et al.* (2006) has mentioned that competition barriers hampered the export firms in footwear exporter in Eritrea. So, based on the evidence given above, the proposition that developed on the competition barriers is supported.

4.3.8. Logistic Barriers

In this dimension, there are two variables, which affect the logistic or supply system of the export firms. The variables with their corresponding factor loadings, factor score coefficient results and mean values respectively are "the problems in making shipment arrangement and meeting delivery dates (0.751, 0.445 and 3.771) and lack of ability to supply required quantity on continuous basis (0.672, 0.371 and 3.6885). These barriers exerted tremendous effect on the supply inventory in the oversea markets. The respondents asserted that the impact of the logistic barriers on the export operation in particular and export competitiveness of the firms in general is very significant. Previous researches such as Lall (1991) pointed out that logistic related barriers affect a well-designed and manufactured product not to reach the export markets safely, punctually and reliably. The transportation delays, demand fluctuations and unexpected events create shortage of the company's product abroad. In support of this view, Leonidou (2004) explained that many small firms in developing countries claim that the more distant the international market is, the greater the possibility of experiencing product shortages. Beside, Dicle and Dicle (1992) mentioned that strict and time-consuming procedures for imports of manufactured goods also constrain successful export activities.

Having confirmed the presence of logistic problems, the interviewed managers have mentioned that problems related to supply side such as finished leather and lining, accessories, components, spare parts, and equipment aggravated the problem. Following this view, they added that the tanneries have lack of information about annual consumption of leather products, supply and demand variation. Tanneries focus on crust export, and focus only on leather footwear by shoe manufacturers and so on and are affecting the supply of inventory of the firms in oversea markets. Therefore, with regard to the proposition developed on logistic barriers i.e. "*Logistic barriers negatively affect export competitiveness of SMEs*" is supported.

4.3.9. Product Quality Barriers

Two export barriers linked to product quality are analyzed in this research. These are; "product quality problems (M=3.12) and high sensitivity of products to fashion (M=3.38)" which is rated as average problem levels and their factor loadings and factor score coefficient results are (0.766 and 0.402) and (0.608 and 0.323) respectively. The variables are greatly affecting the export competitiveness of the firms. Product attributes of a firm can influence the sources of

competitive advantage (Day & Wensley, 1988), which affects the choice of an offensive or defensive strategy (Cook, 1983). In their research studies, Figueiredo and Almeida (1988) and Cardoso (1980) have pointed out that poor product quality and high sensitivity of products to fashion were a problem to Brazilian leather footwear exporters. In support of that view, Agarwal (1986) has explained that manufacturers in Venezuela, Argentina and Chile were facing product quality problems in their export operation. Tesfom *et al.* (2006) have also confirmed the product quality barriers in Eritrea are very significant in determining the performance of the firms and they indicate that the problem was partially attributed to the poor quality of the leather produced by the tannery.

The export manager of peacock shoe factory affirmed that the leather footwear-manufacturing firms are facing a problem in producing a right quality product. He pinpointed that the problems are provoked from lack of quality raw material, inability to produce using new and modern equipment and lack of skilled labor. Some managers confirmed that they produce lower quality product and sell them at low price to compete with the imported shoes mainly from China. In general, almost all interviewed managers of the SMEs asserted that the poor quality of locally available leather and other raw materials, lack of skill, non-mechanized operations are the setbacks for the improvement of quality. Apart from that, the quality control manager of Tikur Abay shoe factory affirmed that there is less quality concept among workers and managers. The reason for the quality problems are rooted from high reject rate and less cutting value of the raw materials and cost implication of unusable area of finished leather. He also added that majority of, if not all, the shoe factories are depending on local production of finished leather. The firms knew that good finished leather can be imported but the reason is that price of export shoe is low due to other attributes of quality standards. Therefore, the product quality barriers are affecting the export competitiveness of the firms under study that implies that the proposition is supported.

4.3.10. Export Market Research and Foreign Governments Barriers

The last dimension that determined using principal component analysis with a varimax rotation is about export market research and foreign government barriers. “Lack of export marketing research and restrictive foreign tariffs, rules and regulations” have a high factor loading and factor score coefficient results with (0.703 and 0.413) and (0.531 and 0.241) respectively. Based on the measurement and decision rule adopted by Vichea (2005), “lack of export marketing

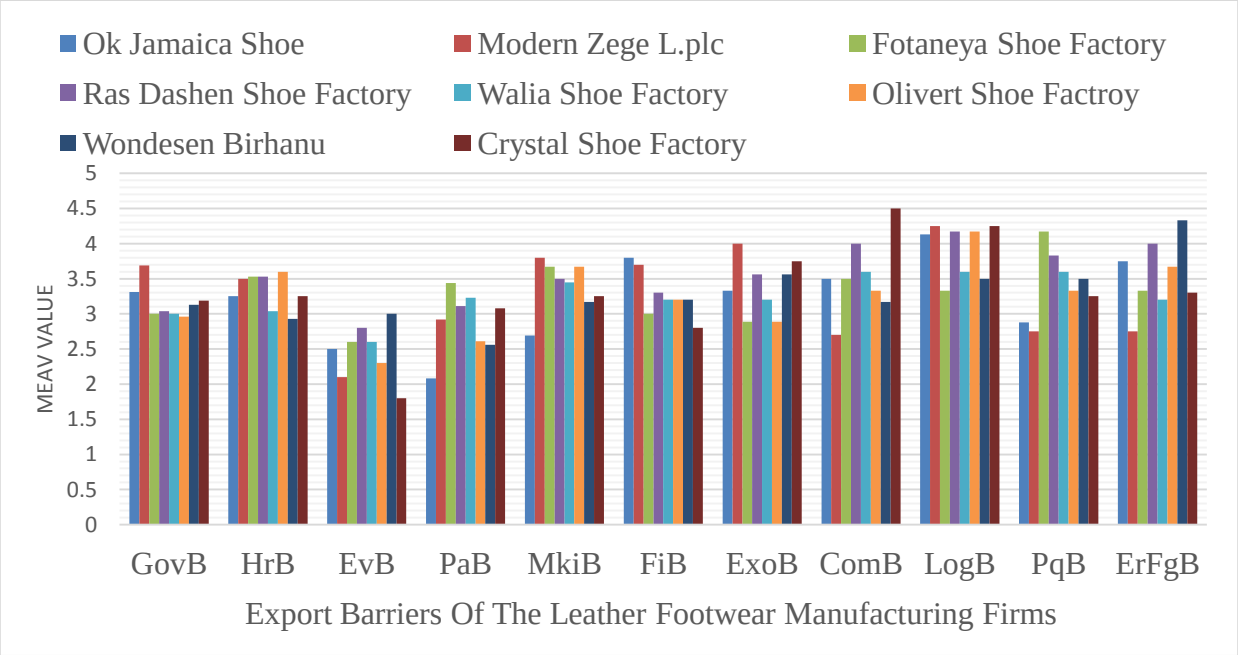
research and restrictive foreign tariffs, rules and regulations are rated as high and average problem level with a mean value of (M=3.64) and (M=3.05) respectively.

According to Cateora and Graham (2001), foreign governments impose a number of controls on companies that sell goods in their markets. These impositions consist of entry restrictions, price controls, special tax rates and exchange controls. Obliviously, the diversity and intensity of these controls may turn the exploitation of export opportunities into a tedious, expensive, and prolonged task, which deters many small firms from venturing into foreign markets (Leonidou, 2004). In line with this point of view, strict foreign rules and regulations affect SMEs exporters in the Jordan (Djebarni & Al-Hyari, 2009). To sum up; export of goods is not that straight forward as selling in domestic markets. Since foreign trade transaction involves movement of goods across boundaries and use foreign exchange, a number of formalities are needed to be performed before goods leave the border of a country and enter into that of another. Therefore, the export marketing research and foreign rules and regulations are also affecting the export competitiveness of the firms.

4.4.The Strengths and Weaknesses of the Firms

Firms have different strengths and weakness with regard to their export capabilities, resources, experience and so on. In this section, the relative strength and weakness of the individual firms with respect to the export barriers have been discussed. For clear understanding of the strengths and weaknesses, the firms have been grouped into 3 subgroup based on the number of employees they have. Hence, group 1 has 8 firms with employees less than 100, whereas group 2 and 3 have 3 and 4 firms respectively. They have employees between 100 to 249 and 250 to 500 respectively. Note that, this classification of firms is subjective. It is targeted to see where the export barriers are overweight in each firms. To this end, the measurements and decision rules adopted by Vichea (2005) have been used to determine the ranges where the firms belong to. This analysis is more important for the policy makers and managers of the firms surveyed because it helps to identify topmost barriers and their effect on the export competitiveness.

Figure 4: Comparison Among Group 1 Firms

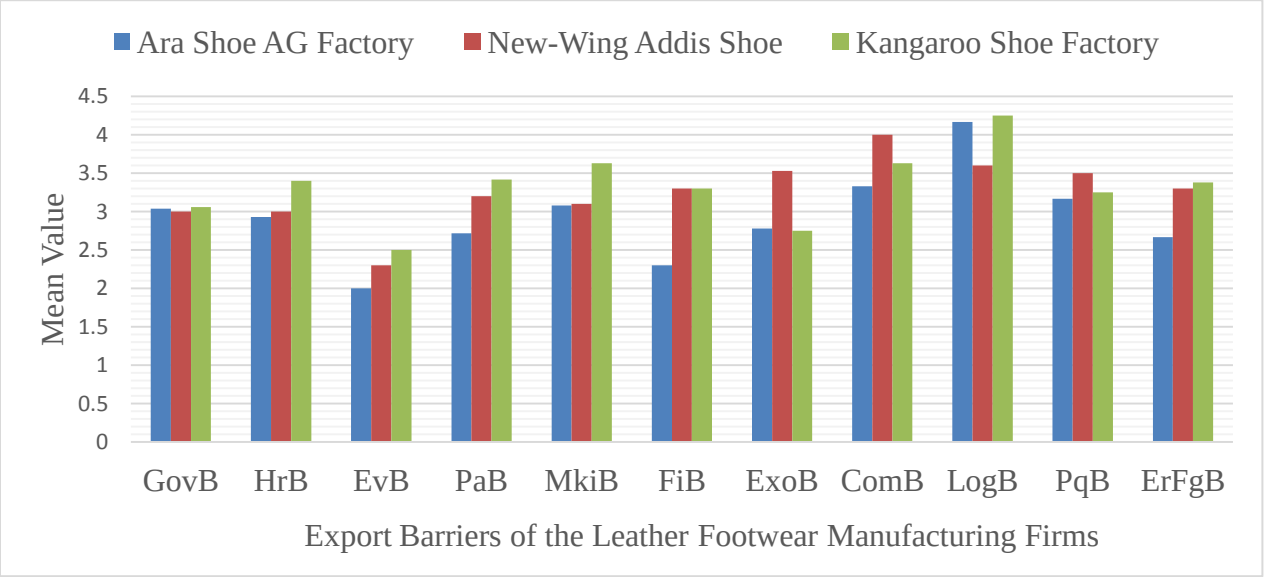


Source: Own survey result (2015)

Note that: "high rated barriers symbolized the weakness of the firms in that barrier whereas less level barriers symbolized strengths of the firms". In Ok Jamaica shoe factory, logistic barriers (M=4.13), financial barriers (M=3.8), export research and foreign government barriers (M=3.75) and competition barriers (M=3.5) are rated as high problem level whereas exogenous export barriers (M=3.33), government policy barriers (M=3.31), human resource barriers (M=3.25), product quality barriers (M=2.88) and marketing knowledge and information barriers (M=2.69) are rated as moderate problem level. Only product adaption barriers (M=2.08) and environmental barriers (M=2.5) are rated as less problems. In Fotaneya shoe factory; product quality barriers (M=4.17), marketing knowledge and information barriers (M=3.67), human resource barriers (M=3.53), competition barriers (M=3.5) and product adaption barriers (M=3.44) are rated as high problem level. All other barriers including the environmental barriers are considered as average problems for the firm but their intensity with the same rage varies. In Ras Dashen shoe factory; logistic barriers (M=4.17), competition and export research and foreign government barriers (M=4), product quality barriers (M=3.83), exogenous export barriers (M=3.56), human resource barriers (M=3.53) and marketing knowledge and information barriers (M=3.5) are rated as high problem level whereas government policy barriers (M=3.04), environmental barriers (2.8), product adaption barriers (3.11), financial barriers (3.3) are rated as average problems. In

the case of Walia shoe factory; the product quality, competition and logistic barriers (M=3.6) followed by marketing knowledge and information barriers (3.5) are rated as the high problem level. The export market research and foreign government barriers, exogenous export and financial barriers (3.2), product adaption barriers (3.23), government policy barriers (3), human resource barriers (3.04) and environmental barriers are rated as moderate problem. In the case of Modern Zege; logistic barriers (M=4.25) is rated as very high problem level whereas marketing knowledge and information barriers (M=3.8) human resource barriers (M=3.5), exogenous export barriers (M=4), financial barriers (M=3.7), government policy barriers (M=3.69) are rated as high problem level. Looking at the mean value of the remaining variables; competition barriers (M=2.7) and product quality barriers (M=2.75) are rated as average problem level. In the Olivert shoe factory case, logistic barriers (M=4.17), export research and foreign government barriers (M=3.67) and human resource barriers (M=3.6) are affecting the firm with a high problem level. All barriers except the environmental one (M=2.3), which is regarded as less problem level, are affecting the firm with a moderate problem level. In Wondesen Birhanu shoe factory case; export research and foreign regulation barriers (M=4.33) are rated as very high problem level followed by exogenous export barriers (M=3.56), logistic and product quality barriers (M=3.5) that affect the firm with a moderately problem level. All the other barriers including the environmental barriers are rated by the respondents as moderate level of problem. The last firm in this subgroup is Crystal shoe factory in which competition barriers (M=4.5) and logistic barriers (M=4.25) are rated as very high problem level whereas the exogenous export barriers (M=3.75) is rated as high problem level. The export marketing research and foreign government barriers (M=3.3) is rated as average problem level. Figure 5 portrays the subgroup 2 firms.

Figure 5: Comparison Among Group 2 Firms

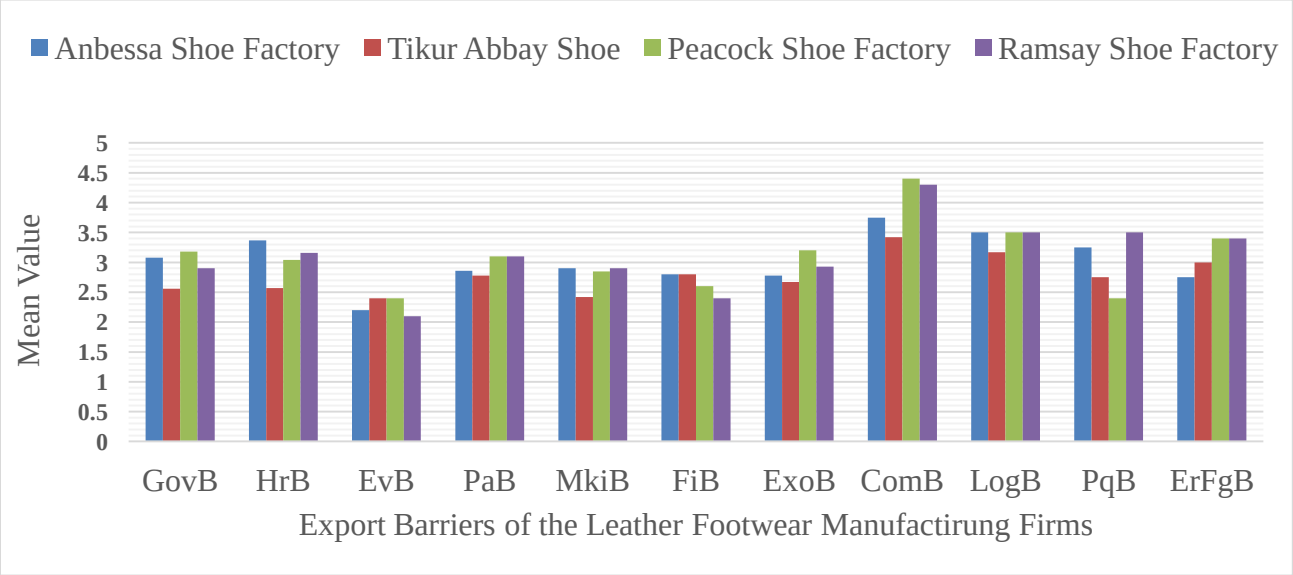


Source: Own survey result (2015)

In New-Wing Addis Shoe factory case; the competition barriers (M=4), logistic barriers (M=3.6), exogenous export barriers (M=3.53) and product quality barriers (M=3.5) are rated as high problem level whereas export marketing research and foreign government barriers and financial barriers (M=3.3), product adaption barriers (M=3.2), information barriers (M=3.1), government and human resource barriers (M=3.0) are all rated as average problem level. Like in most cases; the firm's, environmental barriers (M=2.3) is rated as less problem level. In addition to the environmental barriers (M=2), the respondents from Ara Shoe AG factory are rated the financial barriers (M=2.3) as less problem level. The logistic barriers (M=4.17) is only rated as high problem level followed by competition barriers (M=3.33), government policy barriers (M=3.04), human resource barriers (M=2.93), exogenous export barriers (M=2.78), marketing knowledge and information barriers (2.72), and export marketing research and foreign government barriers (2.67) which are rated as average problem level. In the Kangaroo shoe factory case; the logistic barriers (M=4.25) is rated as very high problem level followed by competition barriers (M=3.625), marketing knowledge and information barriers (M=3.63), product adaption barriers (M=3.42) and human resource barriers (M=3.4) which are all rated as high problem level. The export marketing research and foreign government barriers (M=3.38), product quality barriers (M=3.25), financial barriers (M=3.3), government policy barriers

(M=3.06) and exogenous export barriers (M=2.75) are rated as moderate export problem with less problem level for the environmental barriers (M=2.5).

Figure 6: Comparison among Group 3 Firms

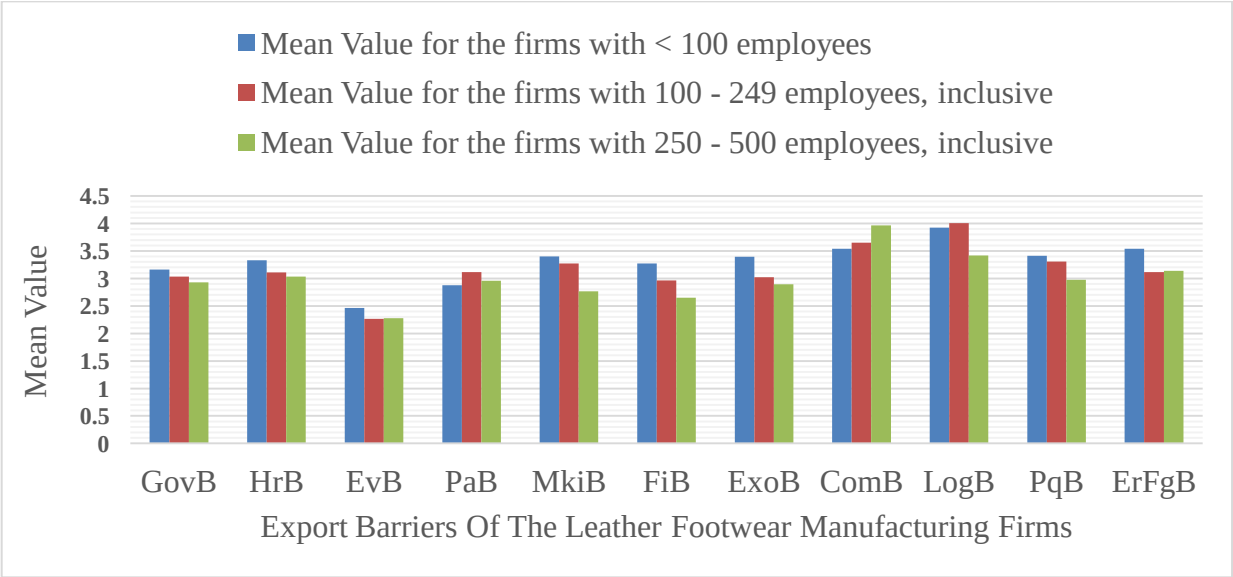


Source: Own survey result (2015)

The competition barriers (M=3.75) and logistic barriers (M=3.5) are rated as high problem level followed by human resource barriers (M=3.37), product quality barriers (M=3.25), government policy barriers (M=3.08), marketing knowledge and information barriers (M=2.9), product adaption barriers (M=2.86), financial barriers (M=2.8), exogenous export barriers (M=2.78) and export marketing research and foreign government barriers (M=2.75) which are affirmed as average problem level for Anbessa shoe factory. Like majority of the other firms, environmental barriers (M=2.2) are recognized by the respondents as less problem level. On average, Tikur Abbay shoe factory seems like it has not been much affected by the export barriers. However, competition barriers (M=3.42) is rated as high problem level whereas all the other variables except the environmental barriers (M=2.4) are rated as moderate problem level. As respondents confirmed that Peacock shoe factory is more severely affect by the competition barriers (M=4.4) which is rated as very high problem level followed by logistic barriers (M=3.5) and export marketing research and foreign government barriers (M=3.4) which are rated as high problem level. The only barriers that are not significantly affect the export operation of this firm are the environmental and product quality barriers (M=2.4) which falls into the less problem level ranges. The respondents consider all the other variables as average problem level. The last firm

under this group is Ramsay shoe factory. The extreme important barriers for this firm is the competition barriers (M=4.3) which is rated as very high problem level. The logistic and product quality barriers (M=3.5) and export marketing research and foreign government barriers (M=3.4) are considered as high problem levels for the firm. Except the environmental (M=2.1) and financial barriers (M=2.4), which rated as less problem, all the remaining barriers are rated as average problem level. To conclude, the combinations of the three subgroups of the firms are presented in figure 7 below.

Figure 7: Comparison among Group 1, 2 and 3 Firms



Source: Own survey result (2015)

As Figure 7 portrays, the respondents from subgroup 1 have rated "logistic (M=3.93) barriers, export research and foreign government barriers (M=3.54), competition barriers (M=3.54), product quality barriers (M=3.41), marketing knowledge and information and exogenous barriers (M=3.4)" as high problem level whereas "human resources barriers (M=3.33), financial barriers (M=3.28), government policy barriers (M=3.17) and product adaption barriers (M=2.88) barriers" are rated as average problem level. Respondents from subgroup 2 firms have asserted that logistic barriers (M=4.01) and competition barriers (M=3.65) are rated as high problem level whereas product quality barriers (M=3.31), marketing knowledge and information barriers (M=3.27), human resource barriers (M=3.11), product adaption barriers (M=3.11), export research and foreign government barriers (M=3.12), government policy barriers (M=3.03), exogenous export barriers (M=3.02) and financial barriers (M=3.0) are rated as average problem

level. In the third subgroup of the firms; competition barriers (M=3.97) and logistic barriers (M=3.42) are rated as high problem level whereas export marketing research and foreign government barriers (M=3.14), human resource barriers (M=3.01), product quality barriers (M=2.98), product adaption barriers (M=2.96), government policy barriers (M=2.93), exogenous export barriers (M=2.89), marketing knowledge and information barriers (M=2.8) and financial barriers (M=2.6) are all rated as average problem level. To conclude, subgroup 1 firms have relatively serious export problems against subgroup 2 firms and subgroup 2 firms are relatively more exposed than subgroup 3 firms do. This may be due to the fact that large companies have more experiences abroad, have easier access to credit, have more knowledge about export marketing and can supply the required quantity easily. In accordance with this finding, Tesfom *et al.* (2006), a survey study in Eritrea footwear manufacturing, identified that small firms were more exposed to the export barriers than large firms do. So, it appears reasonable to conclude that the relative large size of firms is better in confronting the export barriers than the small size firms do.

4.5. Summary of Propositions' Outcome

The summary of the outcome of the propositions are presented in Table 11 below. Eleven propositions were constructed on marketing knowledge and information barriers, financial barriers, human resource barriers, product quality barriers, product adaption barriers, industry structure barriers, competition barriers, procedure barriers, customer barriers, government policy and exogenous export barriers. However, after running the principal component analysis using the orthogonal ration matrix, some proposed factors' name was changed. Based on the rotated matrix result, conceptually connected items have explained the same factor and accordingly a common name was given to them.

Table 11: Summary of The Propositions' Outcome

Propositions	Actual Barriers (After Rotation)	Proposed Barriers	Decision on the Propositions	Items proposed	Items Retained After Rotation
P10	Government Policy + Human Resource	Government policy	Supported	Gov. = 6	5/13
P3		Human Resource	Supported	HR. = 6	5/13
P0	Environmental Barriers	New Barrier	Partially supported	No Items proposed	0/8
P4	Product Adaption	Product Adaption	Supported	4	2/6
P1	Marketing knowledge and information	Marketing knowledge and information	Supported	5	2/4
P2	Financial	Financial	Supported	4	1/2
P11	Exogenous	Exogenous export	Supported	6	3/3
P7	Competition	Competition	Supported	2	1/2
P0	Logistic	New barrier	Supported	No Items proposed	0/2
P4	Product Quality	Product quality	Supported	2	2/2
P0	Export marketing and foreign regulation	New barrier	Supported	No Items proposed	0/2

Source: Own survey result (2015)

Note that: environmental, logistic and export marketing research and foreign government barriers are new factors that emerged as a result of the rotation component matrix, which is denoted with "P0" under the proposition column. The numerators and denominators under "items retained after rotation" column represents the number of items proposed before rotation and the total items after rotation in the corresponding factors respectively.

4.6. Multidimensional Scale (MDS) Analysis

The key purpose of statistics is that they assist in reducing data into more manageable pieces of information from which inferences can be made. In this regard, multidimensional scaling (MDS) analysis technique is used. MDS is an exploratory data analysis technique that helps in reducing data into manageable way by condensing large amounts of data into a relatively simple spatial map that relays important relationships in the most economical manner (Mugavin, 2008). It means that MDS provides a visual representation of dissimilarities or similarities among objects, cases or more broadly observations (Giguère, 2006 & Tsogo *et al.*, 2000). Apart from this, MDS

provides an alternative to methods such as factor analysis (Johnston, 1995 & Steyvers *et al.*, 2002).

The data used in MDS can be referred to by several names with the terms "dissimilarity" and "similarity" data being most common. Points that are closer together on the spatial map represent similar objects while those that are further apart represent dissimilar ones. For technical reasons, most MDS algorithms, like the ALSCAL algorithm in the SPSS are more efficient with dissimilarity measures. In this study, first the PROXSCAL type of the MDS was used to determine the distance matrix. Once the distance among each firm was computed, the ALSCAL type of the MDS was used to compute the iteration history, the S-STRESS and RSQ, the stimulus coordinate, scatterplot and the derived stimulus configuration using the SPSS version 22.

MDS analysis technique is employed and it is aimed at identifying which export barriers similarly affect which groups of firms. Cluster analysis is one of the multivariate interdependence techniques, which have wide implications in marketing research. Clusters are groups of items that are closer to each other than to other items. The firms in this study are clustered into four. In fact, all export barriers do not have equal degree of impacts on the export competitiveness of the export firms rather some firms are affected more significantly than others by certain export barriers and vice versa. Therefore, the clusters will help the companies, governments and other concerned bodies to identify topmost export barriers and which groups of firms are exposed to it. In other words, the cluster will help the decision makers to prioritize the export barriers in each cluster to take action.

4.6.1. Study Results and Interpretations

The distance matrix was computed using the PROXSCAL types of the MDS. These scores were calculated using the Euclidean distance formula. Once the distance matrix was computed, the researcher applied the ALSCAL types of the MDS. As a result of this, the SPSS provides an "iteration history" that was produced by default. This procedure, which goes through iterations in order to find what the best solution is, displayed one measure of fit. The output iteration history for the 2 dimensional solutions (in a squared distances) using Young's S-stress formula 1 was used. Thus, the result is 0 iteration with 0.00000 S-stresses and iteration stopped because S-stress improvement is less than .005000. The second result was about the "*Stress and squared correlation (RSQ) in distances*"**.** RSQ values are the proportion of variance of the scaled data

(disparities) in the partition (row, matrix, or entire data) which is accounted for by their corresponding distances. Stress values are Kruskal's stress formula 1.

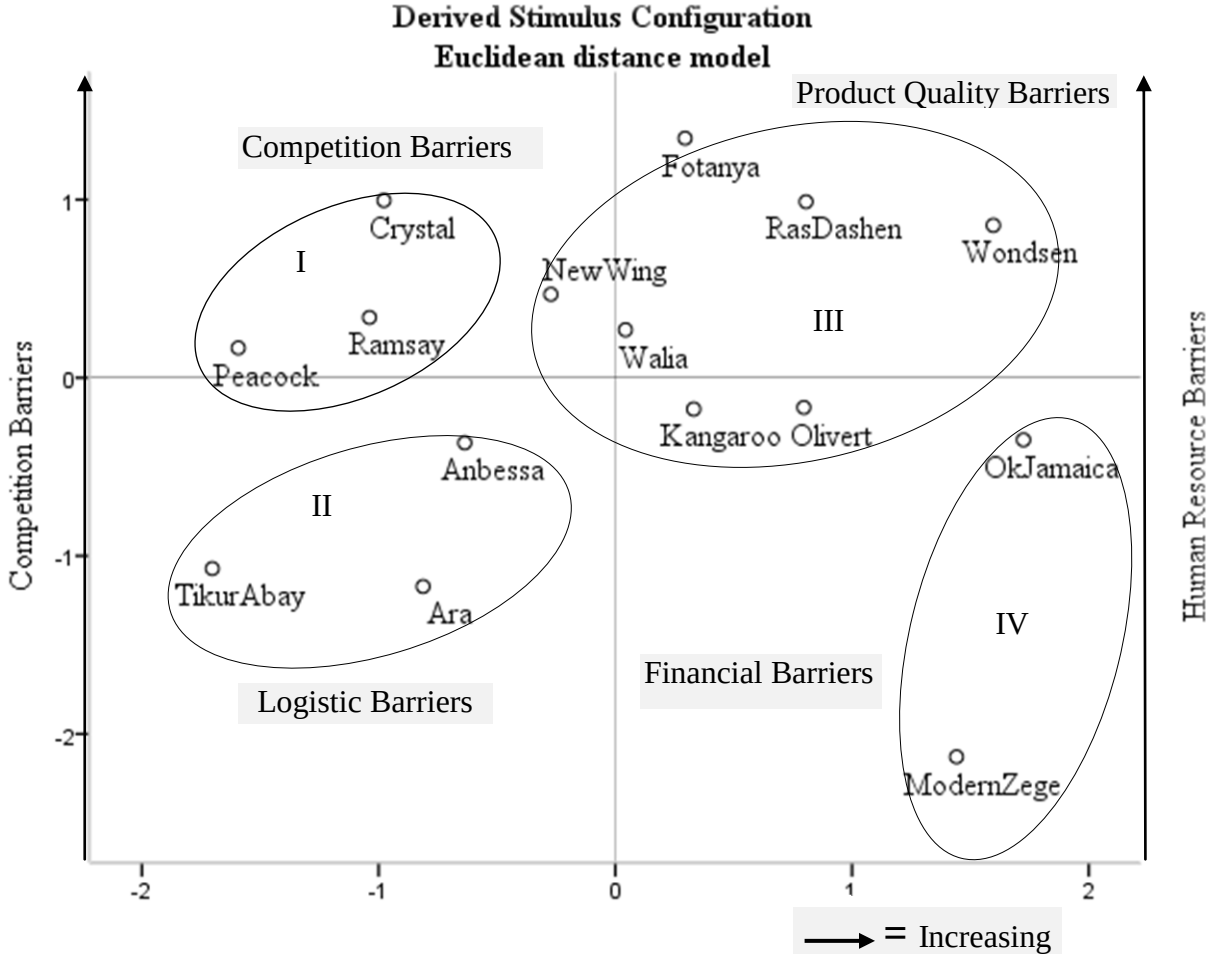
Table 12: The Stress and RSQ in Distances

For matrix	
Stress = .00000	RSQ =1.00000

Source: Own Survey result (2015), MDS analysis

According to Kruskal's (1964), it is possible to evaluate the stimulus with non-metric preference rankings or metric similarities ratings. A stress measure is a "badness of fit" measure i.e. a stress is a measure of fit ranging from 1 (the worst possible fit) to 0 (the perfect fit). The stress measure and R square of this study are 0.00000 and 1.00000 respectively. The 1.00000 R square indicates that the two dimensions explain 100% of variance in the model. Hence, in this study, the data has a perfect fit as long as the stress value is. 00000. Alternatively, the scatterplot of linear fit plots the transformed data (called disparities) horizontally versus the distances vertically was computed. This plot demonstrates the departures from linearity that are measured by the stress and R squared indexes. The scatter plot of nonlinear fit of the raw data of the export barriers was also computed, which exactly same as the scatterplot of linear fit. However, the distances are plotted against raw (as opposed to transformed) data. Lastly, the transformation scatterplot plots the raw data against the transformed data (disparities). Consistent with the S-stress and RSQ measures result, the graphs are found linear (see appendix 7). Another result of the ALSCAL types of the MDS is the stimulant coordinates which indicates the weights each variable has in a two dimension. There are two dimensions (produced by default) that pull apart these variables. For instance, Ok Jamaica (1.7243) and Oliver t (0.7964) are strong on dimension 1 while Modern Zege (-2.1284) and Fotaneya (1.3445) appear high on dimension 2 (see appendix 6). The stimulus coordinate weights are used to generate the derived stimulus configuration plot as visualized in the derived stimulus configuration plot in Figure 8 below.

Figure 8: Cluster of Firms Based on the Perceived Export Barriers



Source: own survey result (2015), MDS Analysis

Not all export barriers have equal degree of difficulties, importance or influence on the export competitiveness of the export firms. Different problems with different intensity of impact on SMEs can be answered at different period in different ways depending on the availability of resources and conditions in the operating settings. Hence, clustering of firms is important to prioritize the problems with respect to their degree of perceived impact on the export firms. Then, concerned bodies will take actions to solve the problems accordingly.

Cluster I: Competition Barriers

In the first cluster of the perceptual map of the MDS analysis, **Peacock, Crystal** and **Ramsay** shoe factories are included. Majority of the firms in the study are confronting the competition barriers at least to an average problem level. However, on average, the firms that belong to this cluster are highly affected in their export business. It means that, this barrier is the top list of the

other important barriers in terms of its difficulty for cluster I firms followed by logistic and product quality barriers respectively. Going from cluster I to cluster III, II and IV firms show a decreasing trend respectively that means that the competition barriers are very severe in cluster I then cluster III and so on. At the same time, going from cluster I to cluster III firms show an increasing intensity of product quality, information and financial barriers respectively whereas to cluster II firms, there is a decreasing trend. This implies that cluster I firms have high problem level in product quality, information and financial barriers than cluster II but less problem level than cluster III firms.

Cluster II: Logistic Barriers

The two very old leather footwear-manufacturing firms in the history of the country i.e. Tikur Abbay and Anbessa including Ara AG shoe factory are belonging to this cluster. The logistic barriers are the key barriers for firms in this cluster. However, at same time these barriers are almost equally important for the majority of the other firms too. The logistic barriers prevent the firms' product to reach the foreign market safely, punctually and reliably. Managers of the firms underlined that transportation delays, demand fluctuations, strict and time-consuming procedures for imports of raw materials, information, lack of tanneries about annual consumption of leather products etc. are common phenomenon. The competition and product quality barriers are also the second and third important obstacles for the firms in this cluster. Surprisingly, moving from cluster II to cluster III except in the logistic case, all other barriers increased their intensity especially information and financial barriers. A move from cluster II to cluster IV shows that some barriers' degree of difficulty becomes so strong but at the same time, some barriers become weak slightly. Financial barriers, government policy barriers, human resource barriers, marketing knowledge and information barriers and exogenous export barriers are significantly became strong respectively when moving from cluster II to cluster IV firms.

Cluster III: Product Quality Barriers

This is the largest cluster, which includes seven firms. These are New Wing, Fotanya, Ras Deshaen, Walia, Kangaroo, Olivet and Wondesen Birhanu shoe factories. The key prevalent barriers, which significantly impeded the firms in this cluster, are the product quality barriers followed by the marketing knowledge and information barriers and human resource barriers. The logistics and competition barriers are among the top barriers for these firms too. Managers

confirmed that they are facing a critical problem in producing a right quality product. They pointed out that the problems are provoked from lack of quality raw material, inability to produce using new and modern equipment and lack of skilled labor. According to some managers' information, there are firms that are producing lower quality product and selling them at low price to compete with the substandard imported shoes mainly from China. Finally, the managers asserted that poor quality of locally available leather and other raw materials, lack of skills; non-mechanized operations are the setbacks for quality product. Less quality concept among managers and workers in some firms is also underlined as one important reason for the existence of the problem. The financial, government policy and human resource barriers are getting strong when shift from cluster II to cluster IV firms.

Cluster IV: Financial Barriers

The fourth cluster of the export firms is the smallest cluster with only two firms. These are Ok Jamaica and Modern Zege shoe factories. Financial barriers are the topmost important barriers among others in this cluster of firms followed by government policy and exogenous export barriers. In addition, human resource barriers are also important for this cluster. Interviewed managers affirmed that financial barriers play significant roles in affecting the export competitiveness of the firms. Due to the firms' small owner equity and lack of adequate government support like from DBE and CBE, shortage of financial related issues become key significant obstacles for success. This problem is common in the very small and young export enterprises. Hence, the firms cited in this cluster are confronting difficulty in obtaining working capital. As explicitly mentioned in the preceding sections, the firms need foreign currency to import raw materials. However, the government has shortages of hard currency. As last option, firms buy foreign currency from the black market, which leads them to incur additional costs, which directly affect their export competitiveness.

In general, all the export barriers mentioned in this study affect export competitiveness of the firms. However, the intensity of the perceived barriers is different from firm to firm in particular and from cluster to cluster in general. Hence, the export competiveness of cluster I, II, III and IV export firms are highly exposed to competition, logistics, product quality and financial barriers. The relative large firms are most likely exposed to the logistics, competition and product quality problems whereas the small firms are affected by the information, financial, human resource and government policy barriers including the product quality problem.

5. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1. Discussion

This study analyses the impact of export barriers on the export competitiveness of SMEs in ELFMFs. The result shows that all the export barriers investigated in the study are affecting the export competitiveness of the firms even though the intensity of the perceived export barriers impact is different. The propositions have been supported except the environmental barriers that are partially supported. Hence, the major export barriers that affect the export competitiveness of the SMEs in ELFMFs are both internal (marketing knowledge and information, human resource, financial, product quality and product adaption barriers) and external (competition, logistics, government policy and exogenous export barriers) forces. From the MDS analysis, four clusters of firms were formulated. Peacock, Ramsay and Crystal form cluster I firms, Ara AG, Anbessa and Tikur Abbay form cluster II firms, New Wing, Fotanya, Ras Deshaen, Walia, Kangaroo, Olivet and Wondesen form cluster III firms and Ok Jamaica and Modern Zege form cluster IV firms. Cluster I, II, III and IV firms are extremely exposed to competition, logistic, product quality and financial barriers respectively. Cluster I and II firms are more exposed to external forces whereas cluster III and IV firms are exposed to internal forces. The environmental and export marketing research and foreign governments barriers are exempted from the detail discussion part below. It is because the export marketing research and foreign government barriers are included in the marketing knowledge and information and macro-economic situations respectively.

As far as government policy barriers is concerned; there are considerable government supports to the export activities of the firms. There are many changes brought in the country in terms of development, which in turn help the firms to grow. However, there are still several problems, which affect the export competitiveness of the firms in the foreign markets. The inadequate financial support, lack of human resource development, custom procedures and lack of hard currency are still on the ground. Besides, infrastructure such as internet, telephone and electricity interruption and high transportation cost are also impeding the export performance of the firms. This finding is associated with previous studies such as lack of sufficient financial support (Owns, 2007 & Alrashidi, 2011), lack of infrastructure facilities (Colaiacovo, 1982), cost of transportation and transport service (Brooks & Frances, 1991), lack of export promotion and

assistance programs (Kaleka & Katsikeas, 1995; Figueiredo & Almeida, 1988, Naidu et al. 1997) that were important export barriers for SMEs in developing countries.

Human resource barriers are highly affecting the export competitiveness of the firms. One of the sources of comparative advantage for export firms in developing countries like Ethiopia is labor cost. In line with this view, labor cost is low and available but lack of skilled and capable work force in quantity and quality is a big concern. In fact, aiming to scale up the human development capacity, the government increases the number of R & D, TVET and universities from time to time. Despite governments' effort in the development strategies, the finding of this research affirmed that, there are still lacks of adequate skilled and experienced human capital in the local market place. Another problem is that since 2010 there is high inflation rate in the country, which makes living cost very high, especially for those who do not have good education. Most of the time, non- permanent workers in the export firms are unskilled and are always standby to quit their job for better salary even with a very small increment. Knowing this, they do not want to specialize in their job assignment. This affects the export firms because they incur cost to replace the vacant position and to train them. This finding confirms earlier researches such as lack of export oriented managers (Pinho & Martins, 2010), limited export knowledge (Julian & Ahmed, 2005 & OECD, 2009), difficulties in hiring specialized personnel (Ortiz et al., 2008) and absence of adequate managerial capital exists (Sonobe & Otsuka, 2006; 2011) are significant export barriers impeding international competitiveness.

As far as product quality and adaption barriers is concerned, the key problems with poor product quality are lack of quality raw materials, lack of sophisticated machinery and lack of skilled and specialized manpower and low quality concept of managers. Apart from this, very shine and eye ketch shoes imported mainly from China in a huge amount. In addition, China has established leather-manufacturing firms in Ethiopia to use labor cost opportunities. As compare to the local firms, the Chinese firms are using advanced technology and machineries and skillful managers, technicians and designers from their country. Apart from this, they have rich experiences in doing business. Their potential market area is the local market and other African countries which cannot afford to buy good quality products. Another problem with the quality product is high sensitivity of products to fashion. The Chinese firms are very good in imitating and duplicating European and USA original designed products regardless of the quality standard. The people in Ethiopia especially young people want fashion. They know the Chinese product is not

good in quality but they prefer to have it because it looks good. In other word, they prefer new fashion even though it will not last long like the Ethiopian original and durable shoes. The result of this research is in line with Figueiredo and Almeida (1988) and Cardoso (1980) which asserts that poor product quality and high sensitivity of products to fashion were a problem for Brazilian export firms. In addition, Tesfom *et al.* (2006) have also asserted that product quality barriers were significant in Eritrean SMEs export firms. Concerning the product adaption barriers, previous research confirms this notion as noted by Wortzel & Wortzel, (1988) who posited that less experienced exporters are export standardized product depending on importers branding, design and promotional skills.

The lack of the knowledge to locate foreign market opportunities and lack of pricing information, lack of knowledge to adapt product to the foreign markets explains marketing knowledge and information barriers. This is due to but not limited to the governments export strategy, which has a recent history. This effect results in firms' lack of experience, knowledge to locate foreign marketing opportunities and lack of financial problems. In addition, lack of adequate R & D centers and poor infrastructures like internet and telephone service contributes its own negative implication. This problem has more impact on cluster III firms because majority of them have less work experience in the export business. This research is consistent with findings such as lack of export knowledge and information (OECD, 2009; Okpara & Koumbiadis, 2009; Pinho & Martins, 2010), lack of reliable information to locate foreign marketing opportunities, lack of knowledge to adapt product for foreign markets (Alrashidi (2011) and limited export experiences of the manufacturers (Tesfom *et al.* (2006), which are top export barriers for SMEs in developing countries

Financial barriers are found significant due to lack of adequate support of the government and shortage of own working capital of the firms. Respondents have witnessed that the government exerts effort to enhance the export strategy, yet there are several financial problems that affect the export competitiveness of the firms. As far as the high cost of capital to finance exports is concerned, the export firms especially the relatively small firms' lack adequate financial capability. The government has developed different microfinance institutions to support SMEs. However, due to high value of domestic currency they are facing the difficulty to cope with the challenges. When the value of the Ethiopian currency increases, it encourages importers but discourage exporters as they could be less competitive at international markets. Therefore, this

affects the financial capability of the firms. With this regard, cluster IV firms are more exposed to it. This result supports previous research output. For example, limited financial resources (Nwachuwu *et al.*, 2006) and high value of domestic currency (Morawitz, 1981 & Luis, 1982) are found significant financial barriers which affect export competitiveness of SMEs in developing countries.

Exogenous export barriers are found significant in this research. The Ethiopian cargo airlines transportation, which could be the best means of the transportation in meeting the delivery date in the foreign market, is very expensive which diminishes the cost competitiveness of the firms. As a result of this, majority of the firms could not afford the price instead they use seaport transportation. However, this is not free of hurdles. They confront shipment and arrangement problems, delay in meeting the delivery date, failure to supply required amount of quantity on a continuous basis, custom procedures etc. The interest rate is also affecting the firms. When the firms want to import raw material, they face hard currency problem. The last option is to buy hard currency from the black market at very expensive. However, another problem is that the export shoe price remains low even though the firms uses quality raw materials from aboard due to the country of origin effect and image of the product in the foreign markets. Apart from this, lack of adequate export services from private sectors is also important in impeding the success of the firms. This result is supported by previous studies. For example, Tesfom *et al.* (2006) posited that high freight costs to foreign markets, lack of private sector firms providing export services and high interest rates are important for SMEs in Eritrean manufacturing firms. Besides, cost of transportation (Brooks & Frances, 1991) and transport service and infrastructure (Brooks & Frances, 1991; Colaiacovo, 1982) were found important for SMEs in developing countries.

With regard to competition barriers caused by lack of infrastructure facilities, transportation and custom procedures, the export firms fail to meet the specified delivery date after taking long time and high transportation cost. The failure to meet the delivery date led to price fluctuation after negotiation. Another key problem is lack of adequate quality of raw materials. Almost all components and accessories are imported from Europe and China. Some firms also import leather input. Nevertheless, the government has no adequate hard currency, which make firm to buy at high price in the black market. This lead to high production cost which diminish firms' competitiveness. In addition, lack of skilled work force, product differentiation and updated information affect the export performance of the firms. With special reference to competition,

cluster I firms are very significantly affected. In general, these barriers put the firms at low export competitive edge. The finding of this research is correlates with previous studies. For example, price competition, aggressive competitors in the foreign market, lack of competitive prices and fierce competition in export markets (Cardoso, 1980, Fluery, 1986, Cardoso, 1980 and Kaleka & Katsikeas, 1995, Tesfom et al., 2006) were considered key export barriers of SMEs in the developing countries.

Logistics barriers are the most important barriers of all the export firms in this study. Making shipment arrangements and meeting delivery dates is associated with the custom procedures, the infrastructure of the home country and foreign rules, taxes and regulations, which all are acknowledged in this study as important barriers. Lack of adequate quality raw materials, custom procedures, lack of infrastructure (electricity, internet and telephone communication), lack of management commitment etc. are among the key barriers, which led to lack of ability to supply required quantity on continuous basis. In general, this creates problems to reach their product safely, punctually and reliably. Cluster II firms are extremely affected by these barriers. This result relates to transportation delays and demands fluctuations which create shortage of company's product abroad Lall (1991) and strict and time consuming procedures for imports of manufactured goods (Dicle & Dicle, 1992) which constrain successful export activities.

5.1.1. Scope, Limitations and Directions for future Researches

- **Scope of the Study:** The scope of this study was delimited geographically, conceptually, and methodologically. The geographical scope of this study focuses on Addis Ababa city, Ethiopia. The conceptual scope of the study covers the export barriers and export competitiveness. It means that it did not cover other theoretical area that might affect the firms. As far as methodological scope is concerned, only questionnaire and interview methods of data collection were used. In both methods, a purposive sampling technique was applied. Out of the total export firms in Addis Ababa, 15 have been chosen to respond to 100 questionnaires, which in total due to some constraints yielded 61% response rate.
- **Limitation of the Study:** All studies are faced with various limitations and this study is no exception to the phenomenon. First, as the study mainly emphasizes on the SMEs in ELFMFs, it could be difficult to conclude about export barriers of micro and large firms. Second, as the study consider firms already engaged in export operations, it could be difficult to judge about the SMEs not engaged yet. Third, the finding of this study may not help to generalize the whole SMEs operating in Ethiopia even though they are engaged in export. Fourth, as long as the study had applied cross-sectional survey design, it is hard to check changes that could be possible through longitudinal survey. Fifth, as this study employed 5 Likert scale only, it might limit the range of answers that could be provided by the respondents. Finally, regardless of the fact that the researcher has made all the best to maximize the validity of the study, very few managers where scared of providing information freely. They had suspicion with the academic purpose of the paper.
- **Directions for Future Researchers in the Area:** Based on the findings and the limitations of the study, the following points are suggested. Further research is recommended covering large geographical and theoretical aspects. It is also suggested to use large sample size in order to increase the representativeness of the population. Future researchers suggested to apply advanced statistical tools for further insights about the subject. Export Marketing Barriers and their Impact on Export Competitiveness of Small and Medium-sized Enterprises in Ethiopia, covering all area of the country, is a potential study area for future researchers.

5.2. Conclusion and Summary

The research design of this study was both quantitative and qualitative as questionnaire and interview methods of data collection were employed to collect important information from the purposively selected SMEs (15 firms). The researcher administered 100 questionnaires of which 61 were successfully collected and used. Before proceed to analysis the data collected using multivariate interdependence techniques, the reliability of the data was checked using different measurements. The KMO (0.711), Cronbach's alpha (0.939), diagonal value of anti-image correlation matrix (> 0.5), the S-STREE (0.0) and RSQ (1.0) confirmed the reliability analysis of the data. To interpret the result of this research, factor loadings, factor score coefficient results and the measurements and decision rule adopted by Vichea (2005) were used.

As long as demographic profiles are concerned, the gender, age, educational level and work experience of the respondents were analyzed. The respondents were 79% male, 26-30 (32.79%) and 31-35(22.95%) years old, almost 50% were bachelor degree holders and majorities have 2-5 (31.15%) and 6-10 (32.78%) years of work experience. From the total firms undertaken (1) 4 firms have 11-15(26.67%) years in business and (2) 4 firms have more than 20 (26.67%) years in business. The summary of the descriptive statistic result of the 21 and 24 internal and external export barriers ran with SPSS, version 22.

From the factor analysis techniques, 10 factors were determined based on the Eigen value greater 1. As some factors were different from the proposed factor name, the researcher gave a common name to conceptually linked items. Accordingly, the name of the factors are government and human resource, environmental barriers, product adaption barriers, Marketing knowledge and information barriers, financial barriers, exogenous export barriers, competition barriers, logistic barriers, product quality barriers and export marketing research and foreign government barriers respectively. All the export barriers mentioned here are important in impeding the export barriers except the environment barrier which is not more significant. The export barriers are rearranged into the internal and external forces/barriers. The internal barriers are the marketing knowledge and information barriers, human resource barriers, financial barriers, and product quality and adaption barriers. All the propositions with regard to these barriers are supported. The external barriers include the completion, logistics, government and exogenous barriers and all are important. The other two factors are not much important in this study.

To see the strengths and weakness of the export firms, a mean value comparison result was computed (see Figure 4-7). The lower the impact of the export barriers on the export activities of the firm, the stronger is the firm to challenge that barriers and vise visa. Apart from that, MDS and the cluster analysis have been employed to cluster firms. Accordingly, four clusters of firms were constructed. The firms in cluster I, II, III and IV are more exposed to competition, logistics, product quality and financial barriers respectively. So, the conclusion is that the relative small firms are more exposed to internal forces than the relative large firms do.

5.3. Recommendations

The major barriers to export activities are identified and the implications are drawn from the findings of the study that concerned government bodies, SMEs owners and managers and other agents.

❖ The finding of the study identified that the government and other agents' support for the export firms are not adequate. Hence, recommendations are forwarded as below but not limited to.

- Firstly, the current study discloses that the export firms encounter financial capability problems. As finance is a life blood of all enterprises, the government has to take pivotal role to support the firms by designing special loan system for the SMEs with minimum collateral amount at fair interest rate. This can be done by encouraging private organizations by providing short and long-term loans. In addition, it is advisable to alleviate any bureaucratic business practices.
- Secondly, improving the supply chain hurdle is indispensable to be internationally competitive. The government has to work hard for the vertically integrated leather processing and accessories to have a dependable and quality supply of inputs with reasonable prices. The government should strive hard for the establishment of agents of foreign companies and other efficient importers to involve in importing raw materials as this will give a paramount importance to the export firms to get inputs locally. This means that it will help them keep huge stocks, increase availability of working capital and ease the obstacles with custom procedures.
- Thirdly, to create awareness about the export practice and procedures, the government has to provide seminars, prepare workshop targeting to create awareness and improve export skills like export procedures, export marketing strategy, providing foreign market information like technical standards, commercial legislation etc. By considering the above recommendations, the

government could overwhelm the export barriers related to logistics, product quality, competition and procedural barriers.

- Finally, as far as human resource barriers is concerned, it is essential for the government, foreign aid agencies and NGO to aid in training the entrepreneurs in order to improve management, marketing and technology much faster and more systematically than otherwise. The government should not only target on increasing the number of SMEs but also strive hard to achieve changes in entrepreneurial orientation of the people.

❖ In the export business, several problems are emanating from the companies itself due to different reasons. Hence, according to the findings of this research, the following are the important recommendations that managers and owners have to correct as much as possible.

- Firstly, all the identified impediments are direct or indirect linked with lack of financial resources because if there is adequate finance, these barriers may diminish through the formulation of sound export marketing strategy and undertaking of business seminars in order to understand export activities. Therefore, managers and owners should attempt to get enough amount of loan from financial institutions such as banks and micro finances institutions. To do so, the lending institutions may demand a sound business plan from the SMEs as a requirement for the loans to provide. Then, export firms need to develop a very smart business plan that can serve as collateral for the required amount of finance.
- Secondly, concerning human resource, firms need to do their best to hire individuals who have management understanding and commitment because without top management commitment, the firm will underperform. Instead of entirely depending on domestic markets, it could be possible to hire expatriates, who have special skill, knowledge, experience and managerial capabilities because the expatriate may lift up the firm by working as role model for others in the firm. This would bring about new knowledge, new designs, techniques and new methods of doing business etc. to the firm.
- Thirdly, with product quality barriers aspect, managers and owners have to be quality oriented as customers are becoming very selective than ever. The managers and the staff of the firms should be aware of the quality concepts. From the competition barriers perspective, managers and owners have to consider and be aware of tough competition before entering the foreign markets.

- Finally, to solve the external or sector level barriers, it is highly recommended that export firms have to work co-operatively with stakeholders of the sector. For example; MTI, LIDI, ELIA, UNDO, CoMESA and ECBP.

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Appendix

Appendix 1: Component Matrix for The Export Barriers

Component Matrix										
Description	Component									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Lack of private sector firms providing credit.	.723									
Lack of experience in planning and executing export operations.	.703									
Low management (owner) emphasis on developing export market activities.	.701									
Lack of specific information regarding foreign agents, distributors and prospective buyers.	.677									
Lack of personnel trained and qualified in export marketing.	.677	-.418								
Language problems to communicate with overseas customers.	.646									
High freight costs to foreign markets.	.632									
Lack of export promotion programs sponsored by international organizations (eg. UNIDO).	.631		-.442							
Too small in size to initiate export operations.	.618					-.406				
Lack of domestic experts in export consulting.	.613	-.498								
Strict credit requirements of the bank.	.611									
Lack of pricing knowledge for foreign markets.	.608									
Problems in making arrangements for getting paid.	.604									
High interest rates.	.604									

Lack of knowledge about export procedures and practices.	.598	.464								
Inadequate diplomatic support.	.589			.456						
Lack of ability to supply required quantity on continuous basis.	.577	-.422							-.414	
Lack of export promotion programs sponsored by the government.	.563		-.457							
Restrictive foreign tariffs, rules and regulations.	.562							-.455		
Lack of government assistance in overcoming export barriers.	.547		-.448							
Lack of export marketing research.	.532							-.438		
The lack of management exposure to other cultures and to different methods of doing business.	.528	-.456								
Red tape in public institutions.	.522									
Problems in making shipment arrangement and meeting delivery dates.	.520								-.425	
Meeting export packaging and labeling requirements.	.515						.415			
Lack of private sector firms providing export services.	.515				.413					
Inability of the firm to self-finance exports.	.507			-.421						
High cost of capital to finance exports.	.495			-.453						
Lack of knowledge to locate foreign marketing opportunities.	.433									
Political instability in foreign markets.		.687								
Lack of authority for management to decide on exports.	.578	.604								

Protectionist barriers.		.585								
Insufficient foreign demand.		.557								
Strong competition from domestic producers in the foreign market.		.524								
Product quality problems.			.674							
Difficulty in meeting importers product quality standards.	.432		.621							
High international communication costs (telephone fax, travel).	.544		-.577							
Poor image of products in foreign markets.			.577	.422						
High sensitivity of products to fashion.			.575							
Extensive export documentation requirements.	.453		.507		-.488					
Strong competition from other foreign producers in potential markets.			.503							
Lack of adequate quality of raw materials.			.481							
High value of domestic currency.	.494			-.583						
Lack of adequate skill to adapt products for foreign markets.	.514			-.532						
Extraction Method: Principal Component Analysis.										
a. 10 components extracted.										

Appendix 2: Factor Loadings, Eigenvalue, Variance Explained, Cronbach Alpha and Communalities

Rotated Component Matrix For Export Barriers					
Description	**Component**				
	Factor Loading	**Eigen value**	**Variance Explained**	**Cronbach Alpha**	**Communalities**
Government and Human Resource Barriers					
Lack of export promotion programs sponsored by the government.	0.775	6.445	14.65	0.914	0.73
Lack of export promotion programs sponsored by international organizations (eg. UNIDO).	0.775				0.763
Lack of experience in planning and executing export operations.	0.749				0.817
Lack of personnel trained and qualified in export marketing.	0.712				0.725
Lack of domestic experts in export consulting.	0.628				0.75
The lack of management exposure to other cultures and to different methods of doing business.	0.611				0.657
Low management (owner) emphasis on developing export market activities.	0.609				0.763
Lack of specific information regarding foreign agents, distributors and prospective buyers.	0.597				0.738
Lack of private sector firms providing credit.	0.594				0.801
Red tape in public institutions.	0.533				0.79
High international communication costs (telephone fax, travel).	0.528				0.753
Inadequate diplomatic support.	0.516				0.82
Lack of government assistance in overcoming export barriers.	0.509				0.757
Environmental Barriers					
Protectionist barriers.	0.792	5.017	11.4	0.868	0.757
Insufficient foreign demand.	0.746				0.815
Strong competition from domestic producers in the foreign market.	0.716				
Lack of knowledge about export procedures and practices.	0.712				0.763
Lack of authority for management to decide on exports.	0.65				0.777
Political instability in foreign markets.	0.601				0.839
Problems in making arrangements for getting paid.	0.508				0.563
Language problems to communicate with overseas customers.	0.48				0.686
Product Adaption Barriers					
Extensive export documentation requirements.	0.766	3.592	8.164	0.828	0.815

Meeting export packaging and labeling requirements.	0.758				0.693
Poor image of products in foreign markets.	0.636				0.804
Strict credit requirements of the bank.	0.586				0.81
Too small in size to initiate export operations.	0.561				0.647
Difficulty in meeting importers product quality standards.	0.511				0.615
Marketing knowledge and information barriers					
Lack of knowledge to locate foreign marketing opportunities.	0.802	3.551	8.07	0.798	0.762
Lack of adequate skill to adapt products for foreign markets.	0.755				0.856
Inability of the firm to self-finance exports.	0.646				0.747
Lack of pricing knowledge for foreign markets.	0.582				0.749
Financial Barriers					
High cost of capital to finance exports.	0.78	3.236	7.354	0.708	0.798
High value of domestic currency.	0.72				0.775
Exogenous Export Barriers					
High freight costs to foreign markets.	0.708	2.86	6.5	0.793	0.815
Lack of private sector firms providing export services.	0.693				0.781
High interest rates.	0.59				0.783
Competition Barriers					
Lack of adequate quality of raw materials.	0.801	2.729	6.203	0.675	0.853
Strong competition from other foreign producers in potential markets.	0.76				0.738
Logistics Barriers					
Problems in making shipment arrangement and meeting delivery dates.	0.751	2.172	4.936	0.697	0.761
Lack of ability to supply required quantity on continuous basis.	0.672				0.793
Product Quality Barriers					
Product quality problems.	0.766	2.025	4.603	0.67	0.795
High sensitivity of products to fashion.	0.608				0.789
Export Research and Foreign Governments Barriers					
Lack of export marketing research.	0.703	1.876	4.264	0.674	0.702
Restrictive foreign tariffs, rules and regulations.	0.531				0.797

Appendix 3: Factor Loadings, Mean and Standard Deviation (S.D)

Export Barriers			
Marketing Knowledge Barriers (Alpha = 0.775)			
Items	**Loadings**	**Mean**	**S.D**
Lack of export marketing research.	.886	3.639	0.967
Lack of specific information regarding foreign agents, distributors and prospective buyers.	.845	3.59	1.07
Lack of pricing knowledge for foreign markets.	.697	3.164	1.067
Lack of knowledge to locate foreign marketing opportunities.	.685	3.426	1.072
Language problems to communicate with overseas customers.	.499	1.902	1.012
Human Resources Barriers (0.772)			
Items	**Loadings**	**Mean**	**S.D**
Lack of personnel trained and qualified in export marketing.	.799	3.475	1.163
Lack of domestic experts in export consulting.	.777	3.344	1.138
Lack of experience in planning and executing export operations.	.717	3.360	1.049
The lack of management exposure to other cultures and to different methods of doing business.	.668	3.180	1.258
Lack of authority for management to decide on exports.	.879	2.131	1.176
Low management (owner) emphasis on developing export market activities.	.808	2.525	1.299
Financial Barriers (Alpha= 0.691)			
Items	**Loadings**	**Mean**	**S.D**
Lack of private sector firms providing credit.	.785	3.033	1.251
Inability of the firm to self-finance exports.	.759	2.934	1.315
Strict credit requirements of the bank.	.751	3,180	1.073
High cost of capital to finance exports.	.579	2.967	1.154
Product Quality Barriers (Alpha = 0.764)			
Items	**Loadings**	**Mean**	**S.D**
Product quality problems.	.899	3.115	1.305
High sensitivity of products to fashion.	.899	3.377	1.199
Product Adaptation Barriers (Alpha = 0.287)			
Items	**Loadings**	**Mean**	**S.D**
Lack of adequate skill to adapt products for foreign markets.	.845	3	1.08
Lack of ability to supply required quantity on continuous basis.	.771	3.688	1.118
Meeting export packaging and labeling requirements.	.751	3.033	1.125
Difficulty in meeting importers product quality standards.	.707	2.967	1.211
Industrial Structure Barriers (Alpha = 0.166)			
Items	**Loadings**	**Mean**	**S.D**
Too small in size to initiate export operations.	.738	3.016	1.19
Lack of adequate quality of raw materials.	.738	3.787	1.001
Competition Barriers (Alpha = 0.364)			

Items	Loadings	Mean	S.D
Strong competition from other foreign producers in potential markets.	.782	3.754	1.234
Strong competition from domestic producers in the foreign market.	.782	2.115	1.17
Customer Barriers (Alpha = 0.501)			
Items	**Loadings**	**Mean**	**S.D**
Poor image of products in foreign markets.	.817	3.016	1.271
Insufficient foreign demand.	.817	2.721	1.990
Procedural Barriers (Alpha = 0.763)			
Items	**Loadings**	**Mean**	**S.D**
Restrictive foreign tariffs, rules and regulations.	.833	3.049	1.257
Problems in making arrangements for getting paid.	.766	2.852	1.046
Extensive export documentation requirements.	.695	2.672	1.136
Problems in making shipment arrangement and meeting delivery dates.	.688	3.77	1.131
Lack of knowledge about export procedures and practices.	.595	2.393	1.159
Government Policy Barriers (Alpha = 0.804)			
Items	**Loadings**	**Mean**	**S.D**
Lack of export promotion programs sponsored by the government.	.878	3.016	1.025
Lack of export promotion programs sponsored by international organizations (eg. UNIDO).	.845	3.082	1.228
Lack of government assistance in overcoming export barriers.	.638	2.492	1.043
Inadequate diplomatic support.	.552	3.049	1.231
Protectionist barriers.	.882	2.501	1.01
Red tape in public institutions.	.708	2.459	1.148
Exogenous Economic Barriers (Alpha = 0.671)			
Items	**Loadings**	**Mean**	**S.D**
High freight costs to foreign markets.	.826	3.426	1.056
High interest rates.	.735	2.934	1.031
High value of domestic currency.	.697	2.983	1.133
High international communication costs (telephone fax, travel).	.688	2.836	1.143
Political instability in foreign markets.	.818	2.377	1.143
Lack of private sector firms providing export services.	.808	2.967	1.139
N.B: * Values for items retained after deleting items with loadings below 0.63			

Appendix 4: Component Score Coefficient Matrix

Descriptions	Component									
	1	2	3	4	5	6	7	8	9	10
Government and Human Resource Barriers										
Lack of export promotion programs sponsored by the government.	.179	-.007	-.004	-.116	-.017	-.037	-.020	-.057	-.039	.066
Lack of export promotion programs sponsored by international organizations (eg. UNIDO).	.164	.053	-.022	-.029	-.101	-.009	-.007	-.024	-.057	-.045
Lack of experience in planning and executing export operations.	.163	-.043	-.096	.009	.003	-.069	-.030	.009	.149	.092
Lack of personnel trained and qualified in export marketing.	.140	-.045	-.018	.043	.008	-.088	.000	-.031	.036	.044
Lack of domestic experts in export consulting.	.101	-.043	-.020	.109	-.079	-.014	.084	-.057	-.052	.069
The lack of management exposure to other cultures and to different methods of doing business.	.137	-.045	.004	.035	-.084	.049	-.059	.030	.184	-.187
Low management (owner) emphasis on developing export market activities.	.129	.064	-.039	-.032	.123	-.129	.024	-.068	.002	-.074
Lack of specific information regarding foreign agents, distributors and prospective buyers.	.089	-.013	-.012	.075	-.099	-.025	-.009	-.038	.018	.198
Lack of private sector firms providing credit.	.082	-.070	.044	-.066	.134	-.024	-.125	.023	.039	.090
Red tape in public institutions.	.142	.060	-.066	-.138	.125	-.086	.169	-.108	-.039	-.087
High international communication costs (telephone fax, travel).	.074	-.047	-.018	-.031	.074	.192	-.110	-.073	.045	-.072
Inadequate diplomatic support.	.093	.069	.006	-.058	-.158	.155	.107	.072	.016	-.285
Lack of government assistance in overcoming export barriers.	.069	.107	-.053	-.014	-.045	-.037	.065	.157	-.228	-.153
Environmental Barriers										
Protectionist barriers.	-.035	.205	-.078	.057	-.123	.083	-.021	.052	.143	-.119
Insufficient foreign demand.	-.047	.194	-.086	.085	-.007	-.132	.110	-.034	-.221	.195
Strong competition from domestic producers in the foreign market.	.003	.204	.054	-.027	-.143	-.108	-.220	.163	.024	.011
Lack of knowledge about export procedures and practices.	-.033	.148	.043	.074	.057	-.072	.016	-.123	-.010	.025
Lack of authority for management to decide on exports.	.021	.100	-.044	-.059	.147	.007	.020	-.093	.038	-.016
Political instability in foreign markets.	-.026	.103	.075	-.091	-.085	.243	-.115	-.091	.131	-.046
Problems in making arrangements for getting paid.	-.059	.111	.081	.062	-.016	-.017	-.007	.082	-.055	-.065
Language problems to communicate with overseas customers.	-.031	.060	.104	.024	.131	-.023	-.009	-.140	-.152	.087

Product Adaption Barriers										
Extensive export documentation requirements.	-.039	.056	.276	-.061	.013	-.149	-.053	.046	-.057	.006
Meeting export packaging and labeling requirements.	-.044	-.025	.287	.008	-.061	.037	-.058	.026	-.098	-.034
Poor image of products in foreign markets.	-.039	.012	.226	.009	-.119	.058	.162	-.156	-.071	.022
Strict credit requirements of the bank.	.026	-.118	.178	-.061	.158	-.037	-.080	-.041	.061	.091
Too small in size to initiate export operations.	.000	-.085	.183	-.084	.061	.095	.030	-.014	-.049	.005
Difficulty in meeting importers product quality standards.	-.038	.043	.131	.052	-.014	-.045	.083	-.086	.050	.015
Informational Barriers										
Lack of knowledge to locate foreign marketing opportunities.	-.085	-.001	.036	.300	.002	-.007	.056	-.165	-.109	.136
Lack of adequate skill to adapt products for foreign markets.	.002	.064	-.124	.243	.008	.002	-.063	.029	.198	-.170
Inability of the firm to self-finance exports.	.045	-.003	.028	.203	.032	.005	-.078	-.129	.077	-.168
Lack of pricing knowledge for foreign markets.	-.051	.038	-.065	.176	-.047	.018	-.025	.151	-.128	.102
Financial Barriers										
High cost of capital to finance exports.	-.068	-.030	-.106	.028	.302	.047	.071	-.018	.065	.006
High value of domestic currency.	-.084	-.030	.060	.038	.254	-.018	-.017	.086	-.117	-.098
Exogenous Barriers										
High freight costs to foreign markets.	.010	-.086	-.037	.020	.039	.287	.055	-.047	.007	-.034
Lack of private sector firms providing export services.	-.062	.002	-.028	.009	-.014	.284	-.032	-.091	.073	.185
High interest rates.	-.094	-.005	-.018	.110	-.023	.221	.020	.154	-.108	-.056
Competition Barriers										
Lack of adequate quality of raw materials.	.071	.011	-.042	-.009	-.024	-.160	.326	.032	-.062	-.015
Strong competition from other foreign producers in potential markets.	-.070	-.060	-.004	-.027	.070	.116	.303	-.006	-.017	-.021
Logistics Barrier										
Problems in making shipment arrangement and meeting delivery dates.	-.035	.000	-.037	-.094	.050	-.059	-.012	.445	.038	-.036
Lack of ability to supply required quantity on continuous basis.	-.001	-.035	.062	-.032	-.090	-.009	.005	.371	-.043	-.059
Product Quality Barriers										
Product quality problems.	.018	.013	-.004	.038	-.066	.024	-.042	-.025	.402	-.017
High sensitivity of products to	.007	.019	-.145	-.101	.087	.025	.134	.104	.323	-.063

fashion.										
Export Research/Foreign Bureaucracy										
Lack of export marketing research	.021	-.017	.002	.001	-.037	-.022	-.014	-.065	-.001	.413
Restrictive foreign tariffs, rules and regulations.	-.029	.043	-.023	-.122	-.023	.043	-.053	.198	.058	.241

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Appendix 5: Distance among Each Firm Computed Using the PROXCSCAL

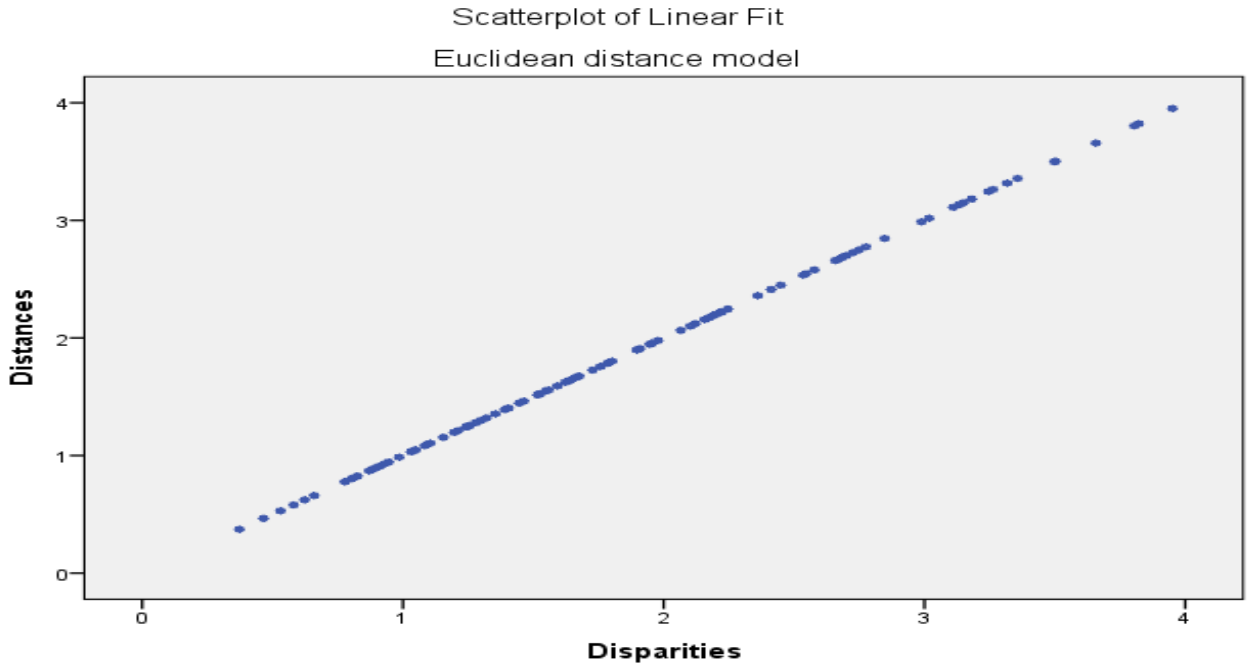
Distances

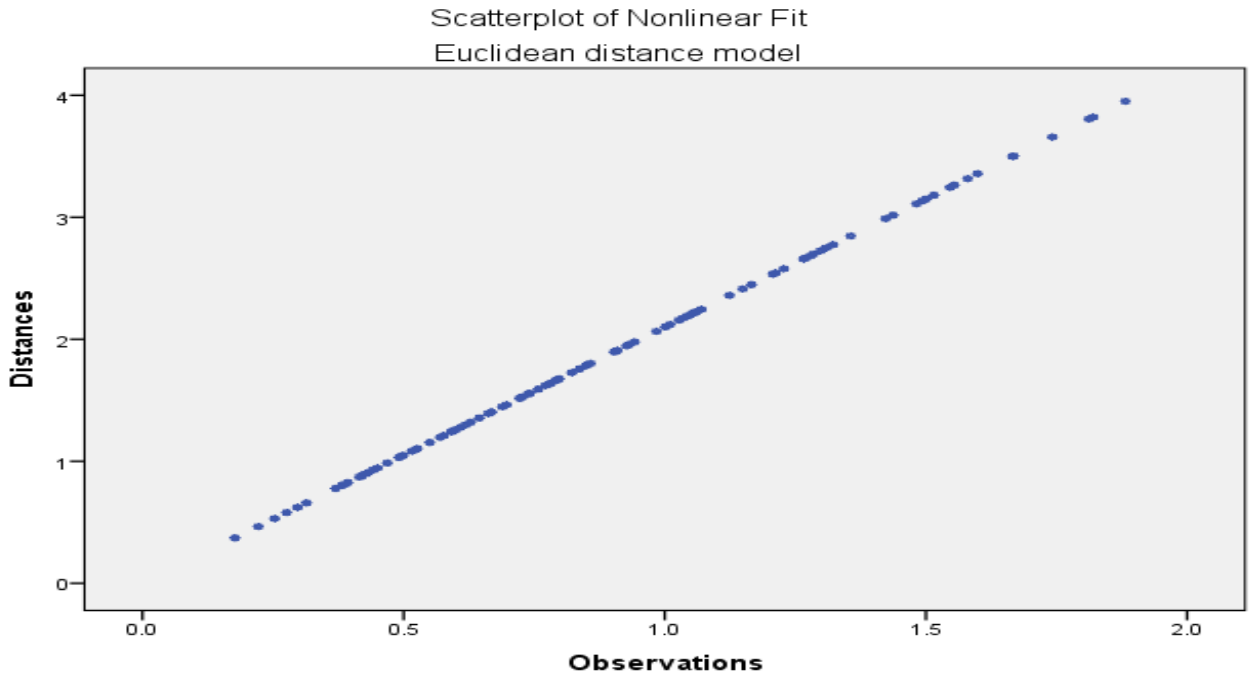
	OkJe	Fotan	RasDa	Walia	Modern	Olivert	Wond	Crystal	NewW	Ara	Kanga	Anbes	Tikur	Peac	Ram
OkJe	0.000														
Fotan	1.055	0.000													
RasDa	.772	.297	0.000												
Walia	.853	.526	.499	0.000											
Modern	.858	1.742	1.515	1.322	0.000										
Olivert	.450	.758	.550	.415	.984	0.000									
Wond	.577	.662	.382	.791	1.423	.619	0.000								
Crystal	1.437	.628	.849	.596	1.882	1.010	1.228	0.000							
NewW	1.027	.497	.570	.177	1.482	.592	.909	.420	0.000						
Ara	1.270	1.309	1.285	.798	1.166	.903	1.500	1.035	.822	0.000					
Kanga	.668	.724	.599	.253	1.070	.222	.778	.837	.420	.722	0.000				
Anbes	1.124	.927	.942	.442	1.298	.689	1.212	.668	.433	.393	.469	0.000			
Tikur	1.668	1.493	1.546	1.048	1.580	1.266	1.820	1.043	1.001	.427	1.058	.609	0.000		
Peac	1.599	1.059	1.207	.781	1.812	1.149	1.554	.491	.645	.738	.931	.522	.592	0.000	
Ram	1.356	.795	.931	.516	1.666	.907	1.279	.314	.370	.728	.697	.387	.742	.276	0.000

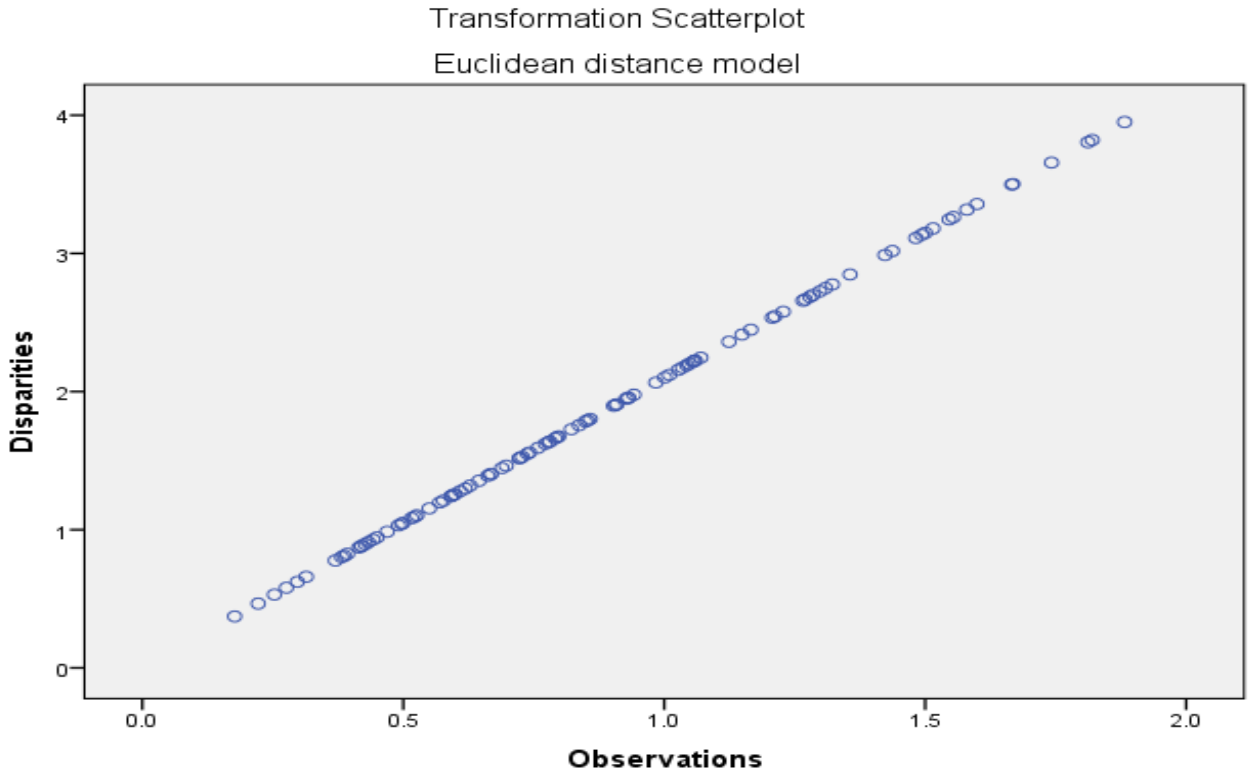
Appendix 6: Configuration Derived in 2 Dimensions

Configuration derived in 2 dimensions			
Stimulus Coordinates			
Stimulus Number	**Stimulus Name**	**Dimension**	
		1	**2**
1	OkJamaic	1.7243	-.3486
2	Fotanya	.2946	1.3445
3	RasDashe	.8056	.9884
4	Walia	.0428	.2693
5	ModernZe	1.4414	-2.1284
6	Olivert	.7964	-.1664
7	Wodesen	1.5968	.8559
8	Crystal	-.9778	.9955
9	NewWing	-.2723	.4683
10	AraShoeA	-.8122	-1.1718
11	Kangaroo	.3311	-.1762
12	Anbessa	-.6362	-.3653
13	TikurAba	-1.7029	-1.0715
14	Peacock	-1.5928	.1673
15	Ramsay	-1.0387	.3389

Appendix 7: Scatterplot of the Data Used in the MDS




Scatterplot of Nonlinear Fit
Euclidean distance model
Distances
Observations
0
1
2
3
4
0.0
0.5
1.0
1.5
2.0


Transformation Scatterplot
Euclidean distance model
Disparities
Observations
0
1
2
3
4
0.0
0.5
1.0
1.5
2.0

Appendix 8: List of Items Used in the Questionnaire

A.	**Internal Export Marketing Barriers:**
1.	**Marketing Knowledge Barriers**
1.1.	Lack of knowledge to locate foreign marketing opportunities.
1.2.	Lack of specific information regarding foreign agents, distributors and prospective buyers.
1.3.	Lack of export marketing research.
1.4.	Language problems to communicate with overseas customers.
1.5.	Lack of pricing knowledge for foreign markets.
2.	**Human Resource Barriers**
2.1.	Lack of personnel trained and qualified in export marketing.
2.2.	Lack of experience in planning and executing export operations.
2.3.	Lack of domestic experts in export consulting.
2.4.	Low management (owner) emphasis on developing export market activities.
2.5.	The lack of management exposure to other cultures and to different methods of doing business.
2.6.	Lack of authority for management to decide on exports.
3.	**Financial Resources Barriers**
3.1.	Inability of the firm to self-finance exports.
3.2.	High cost of capital to finance exports.
3.3.	Strict credit requirements of the bank.
3.4.	Lack of private sector firms providing credit.
4.	**Product Quality Barriers**
4.1.	Product quality problems.
4.2.	High sensitivity of products to fashion.
5.	**Product Adaptation Barriers**
5.1.	Lack of adequate skill to adapt products for foreign markets.
5.2.	Difficulty in meeting importers product quality standards.
5.3.	Meeting export packaging and labeling requirements.
5.4.	Lack of ability to supply required quantity on continuous basis.
B.	**External Export Marketing Barriers**
6.	**Industry Structure Barriers**
6.1.	Lack of adequate quality of raw materials.
6.2.	Too small in size to initiate export operations.
7.	**Competition Barriers**

7.1.	Strong competition from domestic producers in the foreign market.
7.2.	Strong competition from other foreign producers in potential markets.
8.	**Customer Barriers**
8.1.	Poor image of products in foreign markets.
8.2.	Insufficient foreign demand.
8.3.	Country of origin effect.
9.	**Procedural Barriers**
9.1.	Lack of knowledge about export procedures and practices.
9.2.	Extensive export documentation requirements.
9.3.	Problems in making arrangements for getting paid.
9.4.	Problems in making shipment arrangement and meeting delivery dates.
9.5.	Restrictive foreign tariffs, rules and regulations.
10.	**Government Policy Barriers**
10.1.	Lack of government assistance in overcoming export barriers.
10.2.	Red tape in public institutions.
10.3.	Lack of export promotion programs sponsored by the government.
10.4.	Lack of export promotion programs sponsored by international organizations (eg. UNIDO).
10.5.	Protectionist barriers.
10.6.	Inadequate diplomatic support.
11.	**Exogenous Export Barriers**
11.1.	Political instability in foreign markets.
11.2.	Lack of private sector firms providing export services.
11.3.	High interest rates.
11.4.	High freight costs to foreign markets.
11.5.	High international communication costs (telephone fax, travel).
11.6.	High value of domestic currency.

Appendix 8: List of Interview Questions

1.	What export marketing knowledge problems are affecting your firm? How and why?
2.	What human resource problems are affecting your firm? How and why?
3.	What financial problems are affecting your firm? How and why?
4.	What product quality problems are affecting your firm? How and why?
5.	What product adaption problems are affecting your firm? How and why?
6.	What industry structure problems are affecting your firm? How and why?
7.	What competition problems are affecting your firm? How and why?
8.	What customer problems are affecting your firms? How and why?
9.	What procedural problems are affecting your firm? How and why?
10.	What government policy problems are affecting your firm? How and why?
11.	What exogenous problems are affecting your firm? How and why?
12.	Please give an overall evaluation on the competitiveness of the Ethiopian leather footwear industry.
13.	What are the comparative advantages/disadvantages of Ethiopian Leather Footwear Industry? What to improve and how?
14.	What are the competitive advantages/disadvantages of Ethiopian Leather Footwear Industry? What to improve and how?
15.	In general, based on the objective of the survey explained briefly above, please add very important point/s that you believe will be valuable for the survey.

[Thank you very much for all your dedication!!]

Appendix 9: The Amharic Version of the Questionnaire

አግደር ዩኒቨርስቲ
የብዝኃስና የህግ ኮለጅ
ለ "MBA" መመረቅያ ፅሁፍ የተዘጋጀ መጠይቅ

መግቢያ፡ *ይህ መጠይቅ የተዘጋጀው ለ አነስተኛ ፤መካከለኛ እና ትላልቅ የቆዳ ጫማ አምራች ድርጅቶች እና አከፋፋዮች የውጭ ንግድ በሚያደርጉበት የሚያጋጥማቸው መሰናክሎች በተመለከተ ይሆናል።*

ውድ መላሾች፡

ይህ የመመረቅያ ጥናት በኢትዮጲያ የቆዳ ጫማ አምራች ድርጅቶች እና አከፋፋዮች የሚደረግ ነው።የጥናቱ ርእስ "*Export Barriers and Its Impact on Export Competitiveness for Leather Footwear Manufacturing Firms: Evidence from Ethiopia*" ይሆናል።

የጥናቱ ዋና አላማ በሃገራችን የሚገኙት የቆዳ ጫማ አምራች ድርጅቶች እና አከፋፋዮች የውጭ ንግድ በሚያደርጉበት የሚያጋጥማቸው *መሰናክሎች* በመለየት የጥናቱ ተመራማሪዎች ለዘላቂ መፍትሄ የበኩላቸው አስተዋፅኦ ማድረግ ይሆናል።ከዚም በተጨማሪ ለጠቅላላ የኢንድስትሪው እድገት የራሱ የሆነ አውንታዊ እንድምታ እንደሚኖረው ይታመናል።

ስለዚ በድርጅትዎ ብሎም በጠቅላላው የቆዳ ጫማ ኢንድስትሪው ላይ ባልዎት ሞያና እውቀት የተመረጡ በመሆንዎ አስፈላጊው መረጃ እንዲሰጡን ዘንድ በትልቅ አክብሮት እንጠይቃለን። የሚሰጡን መረጃ ለጥናቱ አላማ መሳካት ትልቅ አስተዋፅኦ እንዳለው በመረዳት ትክክለኛውን መረጃ በመስጠት እንዲተባበሩን ዘንድ በድጋሚ እንጠይቃለን። የሚሰጡን መረጃ ሙሉ በ ሙሉ ለጥናቱ አላማ መሳካት ብቻ እንደሚውል እንዲገነዘቡት ዘንድ በትህትና እናሳውቃለን።ምናልባት ሊሰጡን የሚፈልጉትን ሃሳብ በ<u>ክፍል1</u> ካልተካተተ በ<u>ክፍል2</u> በተሰጠው ክፍት ቦታ ላይ ይፃፉት።

እናመግናለን!!

<u>ክፍል1፡ የውጭ ንግድ መሰናክሎች ይመለከታ</u>

ከዚ በታች የተቀመጡትን አረፍተ ነጎሮች ስለየድርጅትዎ ቆዳ ጫማ ይመለከታል።እባክዎት ምን ያህል በአረፍተ ነገሩ በተቀመጡት ሃሳብ ላይ እንደሚስማሙ ወይም ደግሞ እንደሚቃወሙ መልስዎን ይስጡ። በየአንዳንዱ አረፍተ ነገር አምስት አማራጮች ሲነሩት በጣም እቃወማለሁ(=1) ፤ እቃወማለሁ(=2) ፤አልቃወምም/አልስማማም (neutral) (=3) ፤ እስማማለሁ(=4) እና በጣም እስማማለው(=5) በሚሉት አማራጮች መልስዎን በተሰጠው መለያ ቁጥር ላይ ያክቡቡት።

በጣም እቃወማለሁ	መለያ ቁጥር					በጣም እስማማለሁ
	1	2	3	4	5	

ሀ	ከድርጅትዎ ጋር የተያያዙ የውጭ ንግድ መሰናክሎች	መለያ ቁጥር				
2.	ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "የገበያ ግንዛቤ መሰናክሎች"፡	በጣም እቃወማለሁ				በጣም እስማማለሁ
11.7.	በውጭ ንግድ የገበያ አማራጮች ለመለየት የሚያስችል ግንዛቤ ማነስ	1	2	3	4	5

11.8.	ድርጅትዎ በውጭ ንግድ ወኪሎች፣ አከፋፋዮች እና ገዥዎች ላይ የተለየ መረጃ ማነስ	1	2	3	4	5
11.9.	በውጭ ንግድ የገበያ ጥናት/ምርምር ማነስ	1	2	3	4	5
11.10	ከውጭ ሃገር ደንበኞች ጋር ለመግባባት የቋንቋ ችግር መኖር	1	2	3	4	5
11.11	በውጭ ንግድ የዋጋ (price) ግንዛቤ ማነስ	1	2	3	4	5
12.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "ከሰው ሃብት የተያያዙ መሰናክሎች"፣**	**መለያ ቁጥር**				
		በጣም እቃወማለሁ			**በጣም እስማማለሁ**	
12.1.	የሰለጠነ እና በውጭ ንግድ እውቀት ያለው የሰው ሃብት ማነስ	1	2	3	4	5
12.2.	በውጭ ንግድ እቅድ አዘጋጃጀት እና አፈፃፀም ልምድ ማነስ	1	2	3	4	5
12.3.	ብቃት ያላቸው ያገር ውስጥ የውጭ ንግድ አማካሮዎች ማነስ	1	2	3	4	5
12.4.	ያስተዳደር በውጭ ንግድ የመሳተፍ ፍላጎት ማነስ	1	2	3	4	5
12.5.	የተለያዩ ሃገሮች የባህል እውቀት ማነስ እና የተለያዩ የንግድ አሰራር ስልቶች አለማወቅ(ማነስ)	1	2	3	4	5
12.6.	የውጭ ንግድ በተመለከተ አስተዳዳሪዎች በነፃነት እንዳይወስኑ የስልጣን ውስንነት መኖር	1	2	3	4	5
13.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "ከገንዘብ አጥረት መሰናክሎች"፣**	**መለያ ቁጥር**				
		በጣም እቃወማለሁ			**በጣም እስማማለሁ**	
13.1.	ድርጅትዎ የራሱ የሆነ በቂ የገንዘብ አቅም ማነስ	1	2	3	4	5
13.2.	የውጭ ንግድ ክተፍኛ የገንዘብ ወጪ ስለምጠይቅ	1	2	3	4	5
13.3.	ከባንኮች ብድር ለማግኘት መስፈርቶቹ ከባድ መሆናቸው	1	2	3	4	5
13.4.	የግል ብድር አበዳሪ ድርጅቶች ማነስ	1	2	3	4	5
14.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "የምርት ጥራት መሰናክሎች"፣**	**መለያ ቁጥር**				
		በጣም እቃወማለሁ			**በጣም እስማማለሁ**	
14.1.	የምርት ጥራት ችግር መኖር	1	2	3	4	5
14.2.	ምርትዎ በክፍተኛ ለዘመናውነት(fashion) ስሜት ተገገር መሆኑ	1	2	3	4	5
15.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "የውጭ አገር ምርት አስመስለህ ላለመቅዳት መሰናክሎች"፣**	**መለያ ቁጥር**				
		በጣም እቃወማለሁ			**በጣም እስማማለሁ**	
15.1.	ምርት አስመስሎ በመቅዳት ለውጭ ገበያ ለማቅረብ በቂ የሆነ ብቃት ማነስ	1	2	3	4	5
15.2.	የገቢ (importers) ምርት ጥራት መስፈርቶች አለመሟላት ችግር	1	2	3	4	5
15.3.	በውጭ ንግድ የምርት ማሸግና ስለ አጠቃቀሙ መምርያ መስፈርቶች አለሟሟላት	1	2	3	4	5
15.4.	በተከታታይ ለውጭ ንግድ በቂ የሆነ ምርት ማቅረብ አለመቻል	1	2	3	4	5
ለ	**ከድርጅትዎ ውጭ የሆኑ የውጭ ንግድ መሰናክሎች**	**መለያ ቁጥር**				
16.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "የኢንድስትሪ መዋቅርመሰናክሎች"፣**	**በጣም እቃወማለሁ**			**በጣም እስማማለሁ**	
16.1.	ጥራት ያለው በቂ የግብአት አቅርቦት ማነስ	1	2	3	4	5
16.2.	የምርትዎ መጠን ማነስ ለውጭ ንግድ እንቅፋት መሆን	1	2	3	4	5

17.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት " የፉክክር መሰናክሎች"፣**	**መለያ ቁጥር በጣም እቃወማለሁ**				**በጣም እስማማለሁ**
17.1.	በውጭ አገር ገበያ የድርጅትዎ ጠንካራ ተወዳዳሪዎች ከውስጥ አገር ተወዳዳሪዎች ጋር ነው	1	2	3	4	5
17.2.	በውጭ አገር ገበያ የድርጅትዎ ጠንካራ ተወዳዳሪዎች ከሌላ አገር ተወዳዳሪዎች ጋር ነው	1	2	3	4	5
18.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "ከደንበኞች ተያያዥ መሰናክሎች"፣**	**መለያ ቁጥር በጣም እቃወማለሁ**				**በጣም እስማማለሁ**
18.1.	ምርትዎ በውጭ ንግድ መጥፎ ምስል(image) መኖሩ	1	2	3	4	5
18.2.	በውጭ አገር ገበያ የደንበኞች ማነስ	1	2	3	4	5
18.3.	የአገርዎ ሰረ ነገር መሰረት(origin) ጫና መኖር	1	2	3	4	5
19.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "ከቅደም ተከተላዊ (procedural) መሰናክሎች"፣**	**መለያ ቁጥር በጣም እቃወማለሁ**				**በጣም እስማማለሁ**
19.1.	ስለውጭ ንግድ ቅደም ተከተላዊ እና ልምድ ግንዛቤ ማነስ	1	2	3	4	5
19.2.	በጣም የተወሳሰበ የሰነድ መስፈርቶች መኖር	1	2	3	4	5
19.3.	ገንዘብ በጊዜው ገደብ የአሰባሰብ ችግር	1	2	3	4	5
19.4.	በትራንስፖርት ችግር ምርትዎ በተቀመጠው የጊዜ ገደብ አለማስረከብ	1	2	3	4	5
19.5.	የውጭ ሃገር ቀረጥ፤መምርያ እና ህጎች በጣም ጥብቅ መሆናቸው	1	2	3	4	5
20.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልኩ ከምያደርጉት "ከመንግስት ፖሊሲ የተያያዙ መሰናክሎች"፣**	**መለያ ቁጥር በጣም እቃወማለሁ**				**በጣም እስማማለሁ**
20.1.	የውጭ ንግድ ተግዳሮች ለመቅረፍ የመንግስት ድጋፍ ማነስ	1	2	3	4	5
20.2.	በመንግስት ቶቋሞች ላይ ውጣ ውረድ የበዛው አሰራር መኖር	1	2	3	4	5
20.3.	በመንግስት የሚደገፍ የውጭ ንግድ የደረጃ እድገት እገዛ ማነስ	1	2	3	4	5
20.4.	በአለም አቀፍ ድርጅቶዎች የሚደገፍ የውጭ ንግድ የደረጃ እድገት ማነስ	1	2	3	4	5
20.5.	መንግስት ለአገር ውስጥ ቆዳ ጫማ ድርጅቶች የሚሰጠው ከለላ/ድጋፍ አነስተኛ መሆን	1	2	3	4	5
20.6.	መንግስት የሚሰጠው የዲፕሎማሲ ድጋፍ ማነስ	1	2	3	4	5
21.	**ድርጅትዎ ቆዳ ጫማ በተሳካ አኳሃን ለውጭ ገበያ እንዳይልክ ከምያደርጉት "የኢኮኖሚክስና መሰል መሰናክሎች"፣**	**መለያ ቁጥር በጣም እቃወማለሁ**				**በጣም እስማማለሁ**
21.1.	በውጭ አገር ገበያ የፖለቲካ አለመረጋጋት	1	2	3	4	5
21.2.	የውጭ ንግድ እገዛ የሚያደርጉ የግል ድርጅቶች ማነስ	1	2	3	4	5
21.3.	ክፍተኛ የሆነ የወለድ ፍትነት መኖር	1	2	3	4	5
21.4.	ለውጭ አገር ገበያ ክፍተኛ የትራንስፖርት ወጪ መኖሩ	1	2	3	4	5
21.5.	ክፍተኛ የአለም አቀፍ መገናኛ (communication) ወጪ መኖር	1	2	3	4	5
21.6.	በውስጥ ሃገር የገንዘብ ዋጋ ክፍተኛ መሆን	1	2	3	4	5

<u>ክፍል2፡ስለተጨማሪ ሃሳብ መስጠትን ይመለከታል</u>

ከላይ በተጠቀሰው የጥናቱ አላማ መሰረት በማድረግ አስፈላጊ ነው የሚሉትን ተጨማሪ ሃሳብ በሚከተለው ክፍት ቦታ መልስዎ ይፃፉ።

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<u>ክፍል 3፡ ስለመላሾች የግልና የድርጅትዎ መረጃ ይመለከታል</u>

1. **ዕድሜ፡**_____
2. 2. **ዕድሜ፡**_____
3. 3. **የትምህረትደረጃ፡**_____
4. **የድርጅትዎ ስም፡**_____
5. **በደርጅቱ ያለቱን ስራ ልምድ፡**_____

6.**ድርጅትዎ፡ሀ.የግል** (private)፡_____ **ለ. የመንግስት** (Public):_____

7.በድርጅቱ ያሎት ሃላፍነት፡_____

ጊዜዎን መስዋት አድርጎ ለሰጡን መረጃ ከልብ እናመሰግናለን!!

Appendix 10: Website/Links of Surveyed Firms

S.No.	List of Firms	Website/contacts
1.	Anbessa Shoe Sh. Co.	www.anbessashoe.com.et
2.	Tikur Abbay Shoe Share	tikur.abbay@ethionet.et
3.	Peacock Shoe Factory/Dire industry, plc.	dire@ethionet.et
4.	Ramsay Shoe Factory (Elifnesh),share com.	www.ramsay.com
5.	New-Wing Addis Shoe factory, plc.	www.newwing.com
6.	Ara Shoe AG Factory , branch of New-Wing	www.ara-shoes.com
7.	Kangaro Shoe Factory	kangaro@ethionet.et
8.	Ok Jamaica Shoe, sole proprietorship	www.okjamaicashoes.com
9.	Fotaneya (ELICO Shoe Factory), plc.	Mobile:+251911 63 63 02
10.	Ras Dashen Shoe Factory, plc.	www.rasdashenshoes.com
11.	Walia Shoe Factory, plc.	www.wallialeather.com
12.	Modern Zege Shoe Facctory,plc.	www.mzegeleather.com
13.	Olivert Shoe Factroy.plc.	www.oliberte.com
14.	Wondesen Birhanu, sole proprietorship	Email:- wendesen@gmail.com
15.	Crystal Shoe Factory, Share com.	www.crystalshoefactory.com