MEKELLE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

ASSESSMENT OF FRUIT AND VEGETABLE EXPORT PERFORMANCE IN ETHIOPIA

BY:

YEABSIRA TAMERAT DELELEGNE

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE WITH SPECIALIZATION IN INTERNATIONAL BUSINESS

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DECLARATION

I hereby declare that the thesis entitled as "Assessment of fruit and vegetable export performance in Ethiopia" is approved to be my own work that was undertaken under close supervision of both my principal and co-advisors. Accordingly, I would like to justify that this material is my own work and not presented or submitted by anybody else for any degree, diploma or fellowship in other university and all the materials used for developing this thesis have been duly acknowledged.

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Date _____

CERTIFICATION

This is to certify that this thesis entitled "**Assessment of fruit and vegetable export performance in Ethiopia"** submitted in partial fulfillment of the requirements for the award of the degree of **Master of Business Administration** with specialization in International Business to the College of Business and Economics Mekelle University, through the Department of Management, done by Mr. **Yeabsira Tamerat,** ID No. **CBE/PR058/05** is an authentic work carried out by him under our guidance. The matter embodied in this thesis has not been submitted earlier for the award of any degree or diploma to the best of our knowledge and belief.

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ABSTRACT

Ethiopia has a good potential for the production and export of high-valued fruits and vegetables that can be competitive in the international market with additional advantage in locational proximity to the markets. Yet the country has been generating consistently a low export earnings from the export of goods and services. The Government has been putting enormous efforts in the past few years to enhance the gains from exporting high valued fruits and vegetables. In line with this, the main objective of the study was to assess fruit and vegetable export performance in Ethiopia with specific objectives to analyze the status of fruits and vegetables export, assessing the relationship between export marketing strategy, firm characteristics and management attitude on export performance and finally finding out the major determinants in the export performance of fruits and vegetables. The study incorporated a census survey of legally registered 3 fruits and 11 vegetables exporters in Ethiopia. In addition, data collection was conducted through questionnaires for fruits and vegetables exporters and semi structured interviews for Ethiopian Horticulture Development Agency (EHDA). Data collected through interviews was analyzed qualitatively; and for questionnaire it was analyzed quantitatively using descriptive statistics with the help of statistical software. Moreover, the findings revealed that fruit and vegetable exporters are very small in number, who are commercially known and legally registered. There is also high fluctuations in sales trend in the past 4-5 years. In general, the export performance of fruit and vegetable exporters is in its infancy and there is yet much to be done to increase the gains from the sector. Ethiopian fruit and vegetable exporters are unable to offer the right quality that the export market wants due to challenges in lack of managerial and technical skill and lack of commitment by the employee's respectively. Externally, fruit and vegetable exporters are hindered by lack of credit facilities and supply of inputs followed by lack of infrastructure. Finally the researcher recommended that, the exporters should have to hire management with a considerable experience specifically with experience in export of fruits and vegetables. EHDA should provide training for the management of the exporters in international business management and other related trainings. Policy makers should design different schemes to bring a meaningful improvement in the productivity and production to enhance the export performance especially in quality standard of fruits and vegetables.

KEY WORDS: ***Export performance, Sales trend, firm characteristics, export marketing***

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ACRONYMS AND ABBRIVATIONS

CGGS	Center on Globalization, Governance and Competitiveness
EHA	Ethiopian Horticulture Association
EHDA	Ethiopian Horticulture Development Agency
EIA	Ethiopian Investment Agency
EHPEA	Ethiopian Horticultural Producers and Exporters Association
EU	European Union
FAO	Food and Agriculture Organization
GVC	Global value chain
SPSS	Statistical Package for Social Science
USDA	United States Development Agency
WB	World Bank
WTO	World Trade Organization

Table of Contents

Contents Page No

LIST OF TABLE

LIST OF FIGURES

CHAPTER ONE: INTRODUCTION

This chapter provides introductory information about the study. It includes the background, statement of the problem, objectives of the study, scope and limitation of the study, significance of the study and finally organization of the paper.

1.1 Background of the study

In recent times, fruits and vegetables among the various agricultural products have gained a huge attention in the international trade and also have been well recognized in the health sector as an important part of a healthy diet. More importantly, the change in the patterns of expenditure and consumption and a reduction in barriers have played a major role for most developing countries to increase their share in world fruits and vegetable trade (Deepak , 2001).

According to MARD (2009), in the global market, the top ten aggregate fruit and vegetable producers in descending order are China, Russia, Taiwan, Japan, USA, Netherland, Singapore, Indonesia, Korea, and Thailand. According to Sophia (2002), in the year between1989-2001, the fruit and vegetable market has been one of the fastest growing of all agricultural markets. Worldwide fruit and vegetables consumption has been noticed to increase by an average of 4.5% annually.

Agriculture is the backbone of the Ethiopian economy, contributing 43% of the gross domestic product, given that 85% of export income and employing over 86% of the population. Ethiopia has highly-diversified agro-ecological environments which are suitable for the production of numerous varieties of fruit and vegetables (Melaku, 2004).

According to Melaku (2004), with regard to horticultural production, 46% of the vegetable producing area is planted with potato followed by pepper and sweet potato. Traditional varieties of vegetables such as taro, yam and enchote are also grown but their production and consumption is declining. Among fruits, avocado, banana, orange, papaya and guava are common.

In addition, environmental conditions in Ethiopia make it possible to cultivate virtually in most of the temperate, tropical and sub-tropical horticultural crops. In Ethiopia, the majority of fruits

and vegetables are produced in smallholders and in some state owned farms. For commercial export growers there are plenty of opportunities to cultivate and export fresh produce to the EU-markets and the Middle East. For instance, major products with export potential include chilies, ginger, melons, avocadoes, pomegranate, sweet peas, and passion fruit. For small scale growers there is a good potential to increase the exports of fresh fruits and vegetables to the neighboring countries such as Djibouti, Sudan and Somalia. In these countries there is seen a sustained demand for products such as chilies, onions, cabbages, bananas, and mangoes (EHA, 2010).

In Ethiopia, the fruit and vegetable sector is becoming an important income generator for both the private and public enterprises throughout the year. Experiences in the previous years have also shown the fruit and vegetable can be an important source of employment. Therefore, it has been well acknowledged that the retail marketing and entrepreneurial activities related to the sector will encourage large number of farmers in the country in near future (Sreepada, 2013).

1.2 Statement of the problem

In most African countries, agriculture and agribusiness have been trailing in the competitiveness race. Competitiveness as loosely measured by Africa's share of global agricultural exports has dropped for most countries. Many developing countries, such as Indonesia, Thailand and Brazil, now export more agricultural products than all of Sub- Saharan Africa combined. Whereas, Africa's imports of many food products have been rising while its export shares in the world market are declining. Sustained growth in domestic demand could increase food imports speedily, despite the abundance of land and water available for African agriculture (WB, 2013).

Poor competitiveness in turn relates to low and stagnant productivity. In the late 1980s, productivity of almost all agricultural subsectors has performed poorly in Africa relative to regions with similar agro-ecological potential. Africa's agricultural growth creates largely from opening new land for agriculture, with different negative consequences for forests, biodiversity and soils (WB, 2013).

> "*The main reason for the lack of export growth among developing countries is their inability to maintain export relationships for long periods*" (Besedes & Blyde cited in Abdul, 2010: pp. 3).

According to Degafe (2013), Ethiopia has a good potential for the production of high-value export product like fruit and vegetable that can be competitive in the international market. That is to note that, most horticultural products are mostly available on market days. The retail market has a very high potential to boost in rural economic development and generating employment. To trade the fruits and the vegetables, the number of middle men should be minimized otherwise the freshness of the products is going to be affected (Alazar A., 2007).

According to Marco F., (2004) and Alazar A., (2007) preliminary review of the state of export of fruits and vegetables indicated the following as major problems:-

1. Inability to produce the right quantity and quality of fruits and vegetables that international market requires.
2. Poor handling of fruits and vegetables at the production site.
3. Lack of proper equipment and transportation facilities to transport the products from the production sites to the exporters.
4. Constraints in flight facilities to transport the items to their destinations.
5. Limitations on the overall management capacities

With this in mind, both the export performance and the determinants involved in the sector have not yet been empirically explored. These have interested the researcher to conduct this particular research. Based on these, the study has identified some questions regarding the performance of exports of fruits and vegetables in the study area which are also given more emphasis by the study:

- What is the relationship between export marketing strategy, firm characteristics and management attitude on export performance of fruit and vegetables?
- Who are the key players in the selected areas for the export of fruits and vegetables?
- Which kinds of determinants are hindering the export performance in the selected areas?
- How can these determinants be managed and solved for the better performance of the export sector?

1.3 Objective of the study

1.3.1 General objective of the study

The general objective of the study is to assess the export performance of fruits and vegetables in Ethiopia.

1.3.2 Specific objective of the study

In light of the general objective, the study has the following specific objectives:-

- To analyze the status of fruits and vegetables export in Ethiopia.
- To assess the relationship between export marketing strategy, firm characteristics and management attitude on export performance of fruit and vegetables, and finally
- To find out the major determinants in the export performance of fruits and vegetables specific to the study area.

1.4 Scope and limitation of the study

The study focused on assessing the performance of export of fruits and vegetables. However, the study is delimited geographically, conceptually, methodologically and timely.

Geographically, the study focused on the fruit and vegetable exporters who are found in Ethiopia who are basically involved both in the production and export of fruits and vegetables.

Conceptually, the study assessed the different variables that determine export performance of the firm; such as firms export marketing strategy, firms' characteristics, and managerial characteristics of exporters. The study assessed whether these variables improve the export performance of fruits and vegetables.

It would be more consequential if more other measures of export performance have been included in the study, though the study is also caught up in between time and cost limitations. Therefore, the findings from the assessment is limited to the study area and the conclusions to be found may not possibly represent other exporters of fruits and vegetables performance which are not bounded by this study.

The study focused only the export performance of "fresh" fruits and vegetables; it does not include the processed and packed fruits and vegetables.

The study focused only the fruit and vegetable exporters who are legally registered and commercially known by the Ethiopian Horticulture Development Agency (EHDA).

This paper focused only on the Ethiopian side, the demand and consumption pattern of importing countries is not assessed (Global value chain of the fruit and vegetable industry), because these issues have also impact on the export performance of the country. Methodologically, the researcher used census from legally registered and commercially known exporters to collect the necessary information for the study.

Timely, the researcher used the time frame from 2008/09 up to 2012/13 to analyze the sales trend of the fruit and vegetable exporters.

1.5 Significance of the study

The study is expected to contribute to a great extent to the government administrative offices and stakeholders in the selected study areas for their major role in enhancing the country's performance regarding the export of fruits and vegetables. Additionally, the study is also important in creating additional information for the policy makers.

The study is also important in identifying crucial areas of intervention and also plays a major role in adding valuable information for interested researchers and academicians for further analysis in the sector.

1.6 Definition of key terms and concept

Agribusiness - This is mainly related with off farm activities within the fiber and agro food supply chains. Agribusiness includes the firm and people that; provide inputs like seeds, credit services, chemicals. etc, produce processed food products like Ice creams, Bread, cereals etc, and the transport. It is also identified as the fiber and food industry. In general, it depicts the chain that industries encompass directly or indirectly in the production, provision of; food, chemicals, fiber and substrate, and transformation (WTO, 2008).

Horticulture - It is defined as a branch of agriculture that is concerned with an intensive cultivation of plants used by people for food, for aesthetic gratification and for medicinal purposes. The main subject matters in the definition are the 'intensive cultivation' and 'used by people for'; where in the first case, higher level of management employed in the production of the plants and in the second case in their subsequence use (USDA, 2008).

According to Bord (2001),

> *"Horticulture includes that branch of agriculture that deals with the cultivation of plants used for food or for the production of food or ornament, including the technical procedures necessary for the production and preparation for market of flowers, decorative foliage, fruit, honey, mushrooms, nursery stock, vegetable crops (including potatoes and seed potatoes) and hops, and including the cultivation of woody and herbaceous plants and sports turf"*

Fruits and Vegetables - Fruits are defined as plants that are more or less succulent and luscious and/or plants that are closely interrelated in botanical constitution which are common eaten as snacks or desserts. Whereas, vegetables are defined as herbaceous plants in which some part of the plant is eaten cooked or raw during main part of meal. Via these definitions, foliage's like tomato, cucumber and squash are considered as vegetables in spite the face that some edible portion is botanically a fruit (USDA, 2008).

1.7 Organization of the paper

The paper is organized into five chapters. After introducing in chapter one, chapter two deals about review literatures with regard to the study's selected topics and the third chapter is about the methodology and description of the study area. Furthermore, in chapter four the study presents data collected and its analysis. Finally, the last chapter of the study presents the conclusion that the study arrived on and at last incorporates recommendations.

CHAPTER TWO: LITERATURE REVIEW

This chapter reviews literatures about the meanings, production and export methods of the fruit and vegetable market. Moreover, it reviews theories related with the export performance measures and different countries experiences with special infrastructure needs and the determinants of their export performance in the fruit and vegetable market. Finally, it reviews literatures with specific to the country's profile on fruit and vegetable export past performance and future prospects.

2.1 An overview of fruit and vegetable industry

By 2030, in Sub Saharan African countries agribusiness and agriculture is expected to be a $1 trillion industry and thus they must be top agenda for the fast economic development and transformation of these countries. Agribusiness can play a major role in shoot start of economic development and transformation by agriculture basing industries which can bring in a much diversified employment and income opportunities. However, to achieve the developmental goals of the agriculture sector, agribusiness should not be isolated from the focus of production agriculture (WB, 2013).

In the recent few decades, the role of horticultural products has gained a huge interest among both trade analysts and policy makers as a chief means of diversifying the agricultural sector and as a means of foreign exchange earnings in the developing world (Nurul I., 1990). More importantly, due to rapid shift of international market conditions, horticultural products among the several of agricultural products have shown a tremendous growth since the 1980's. Specifically speaking, the fruit and vegetable sector has become crucial source of employment and specialization because the cultivation and gardening to a large extent is labor intensive than the cereal crops and gives more post-harvest chances to add value. Predominantly a large number of women have joined the industry to work in the sector, which led many authors to call it as "feminization of agriculture"[1]

Since 1975, the relative increase in the importance of fruits and vegetables has created a change in the global horticultural production composition and export. By the years 1983-85, fruits made

[1]World Bank (2013). Global Value Chains Economic Upgrading and Gender; Case studies of Horticulture, Tourism and Call Center Industries. International Trade Department Gender Development Unit, Poverty Reduction and Economic Management Network

up to the global market constituted 70% from the whole horticultural exports of developing countries. Additionally, the unit value and growth rate in fruits in the global export market was

found to be higher than vegetables. Most developing countries' share in the global fruit and vegetable market increased greatly, where the in the year 1983-85 their share in the export of fruits and vegetables accounted 42 and 28 percent respectively. Moreover, a more considerable change was seen in the export of the processed fruits and vegetables, in which the increase in the unit value of processed fruits was three folds than that of fresh fruits and two folds in the processed vegetables that the fresh vegetable export market (Nurul I., 1990).

According to World Bank report (2005),

> *"Fruit and vegetable exports from developing countries are now more than double exports for tropical beverages, three times exports of grains, three times exports of livestock products, five times exports of sugar, and seven times exports of textile fibers"*

In general, the aggregate picture in the export of fruits and vegetables from developing countries has revealed promising results. The export of fresh fruits and vegetables in the year between 1980-81 accounted for about 16.7% of the total export in agricultural products. While this share in the year 2000-01 showed an increase to 21.8% (World Bank, 2005).

In the last 60 years, agriculture especially horticulture has increasingly become dependent on technology and science to maintain and optimize profit from the industry. Scientifically, horticultural study is divided into different disciplines. The branch that deals with the production of fruits and tree nuts is called Pomology. Under this, the main products include small fruits such as orange, peach, apple, strawberry, raspberry and blueberry. The other one is Olericulture, which is a branch of horticulture that deals with the production of vegetables and herbs. The other well recognized branch of horticulture is floriculture which deals with the production of greenhouse grown plants or field grown for their flowers or showy leaves. Finally is Environmental horticulture, a branch of horticulture which deals with the production of attractive, decorative and showy plants for ornamental use in outdoors and indoors and constructed environments (USDA, 2008). According to USDA (2008), list of fruits and vegetables include;

Table 2.1 Types of Fruits and Vegetables

List of Fruits		**List of Vegetables**	
Almond	Grape (including raisin)	Artichoke	Mustard and other greens
Apple	Guava	Asparagus	Okra
Apricot	Kiwi	Bean, Snap or green, Lima, Dry, edible	Pea Garden, English or edible pod
Avocado	Litchi	Beet, table	onion
Banana	Macadamia	Broccoli (including broccoli raab)	Opuntia
Blackberry	Mango	Brussels sprouts	Parsley
Blueberry	Nectarine	Cabbage (including Chinese)	Parsnip
Breadfruit	Olive	Carrot	Pepper
Cacao	Papaya	Cauliflower	Potato
Cashew	Passion fruit	Celeriac	Pumpkin
Citrus	Peach	Celery	Radish (all types)
Cherimoya	Pear	Chive	Rhubarb
Cherry	Pecan	Collards (including kale)	Rutabaga
Chestnut (for nuts)	Persimmon	Cucumber	Salsify
Coconut	Pineapple	Eggplant	Spinach
Cranberry	Plum (including prune)	Garlic	Sweet corn
Currant	Pomegranate	Horseradish	Sweet potato
Date	Quince	Kohlrabi	Swiss chard
Feijou	Raspberry	Leek	Taro
Fig	Strawberry	Lettuce	Tomato (including tomatillo)
Filbert (hazelnut)	Suriname cherry	Melon (all types)	Turnip
Gooseberry	Walnut	Mushroom (cultivated)	Watermelon

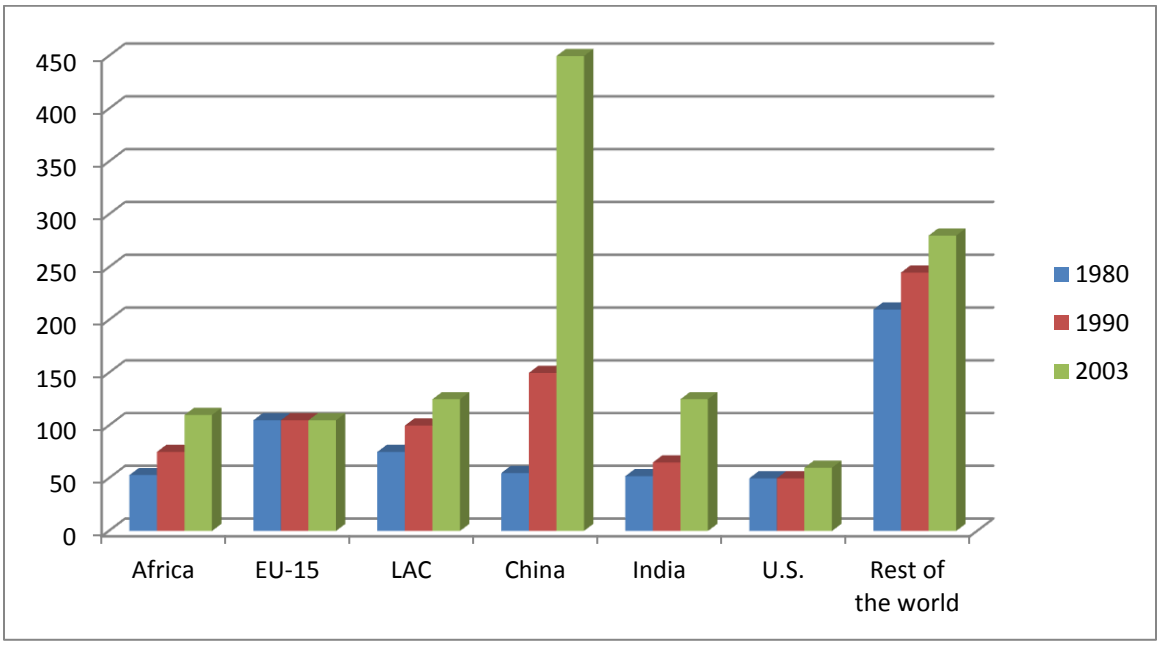
According to the source, the above list of fruits and vegetables is not intended to be include all types but rather it is intended to give some examples in the most commonly used members of the various.

2.1.1 Globe's Importers and Exporters of Fruits and Vegetables

Global trade in fruits and vegetables has shown an increase by 30 percent since the year of 1990 while reaching US $71.6 billion in 2001. In the same year 2001, from the two segments of fruits and vegetables, fresh produce of fruits and vegetables accounted for 63% of the total and the rest 37% was accounted by processed fruits and vegetables (World Bank, 2005).

According to Claudia M. D. et.al, (2008), China is the leading producer of fruits and vegetables followed by Latin America and next Caribbean. Moreover, India and China are roughly the net consumers where Mexico with the Latin America is found to be export oriented. In India and China, there is a strong demand domestically which is fueled by a rapidly growing population in urban areas and growing income whereas in the Latin American countries like Mexico, Costa Rica and Chile are among the leading world's fruits and vegetables exporters mainly because of their propinquity to the U.S. market (World Bank, 2005).

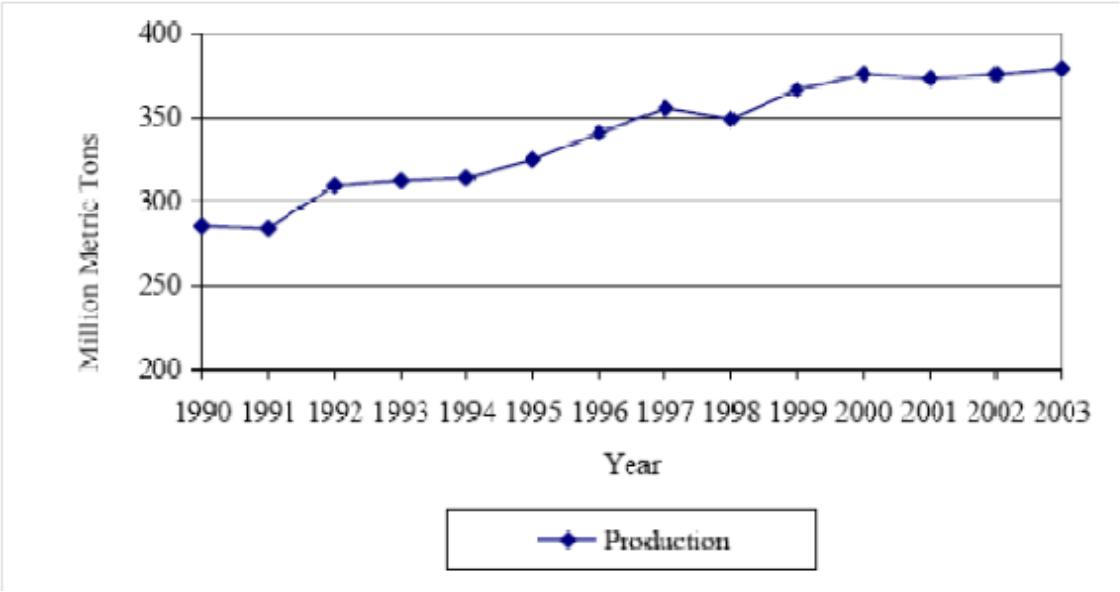
Figure 2.1 World Productions of Fruits and Vegetables



Source: Claudia M. D. et.al, (2008)

The value of world imports in fruits and vegetables during the 1990's grew at 2-3% which was a slower growth from the previous decade which was 7-8%. The deceleration in the 1990's reveals two main factors; the decline in the world prices for many fruits and vegetable products and the second one, the stagnation of in EU demand in import due to market saturations. However the deceleration seen in the 1990's was in some fresh fruit categories including apples, citrus and grapes while the growth rate was keeping in pace with the previous decade in various tropical fruits like pineapples, mangos and papayas. Moreover, regarding fresh vegetables, in the 1980's world's import values grew at 6.9% annually which decelerated like the fruits in the 1990's with a growth rate of 2.4%. The market for world vegetable is fragmented along with different number of individual commodities. The largest item from all is Tomato which accounted for about 17% of the whole. The other category which includes beans, lentils and peas accounted for 14%. And from the rest vegetable categories the major ones in trade include onions, asparagus, potatoes, mushrooms, pungent peppers and different types of sweet (World Bank, 2005).

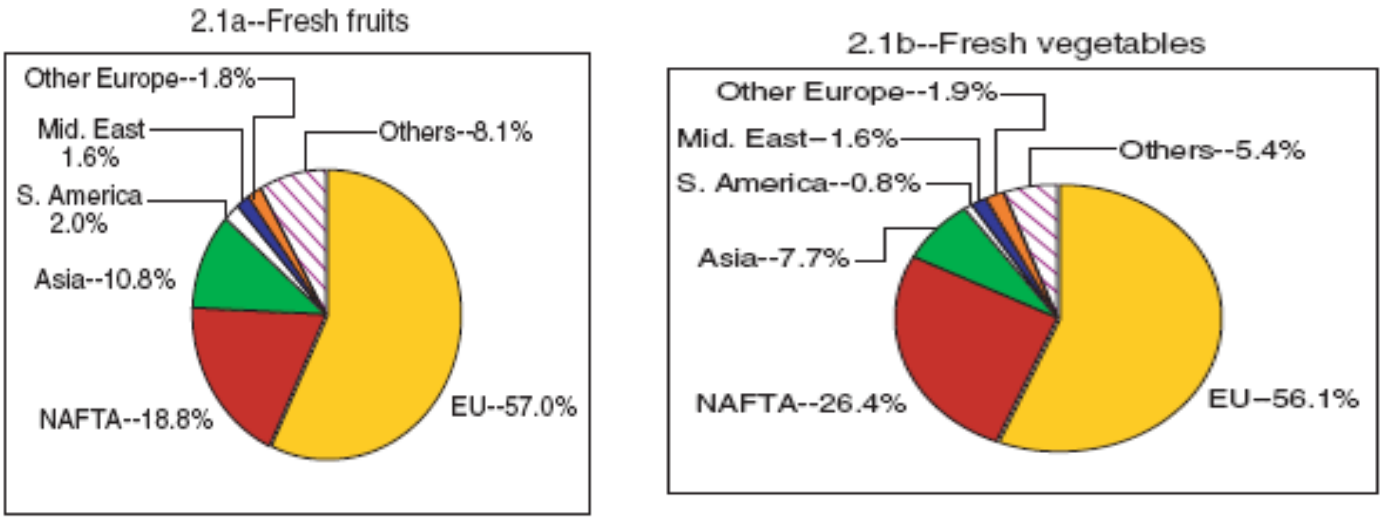
Figure 2.2 Production statuses of fruits and vegetables around globe



Source: World Bank, 2005

The European Union is the largest in the world in the market and supply of fresh fruits and vegetables where in the year 2001 with its 15 member countries accounted for about US$37 billion in imports which is 51% of world's total import while its export is placed at US $28 billion which is 39.5% of world's total export of fruits and vegetables.

Figure 2.3 World destinations for fresh fruits and vegetables



Source: Claudia M. D. et.al, (2008)

According to the ZMP (Central Market and Price Reporting Office for Agricultural, Forest and Food Industry Products) as cited in Claudia M.D. et.al, (2008), almost 650 million tons of fresh fruits and 800 million tons of vegetables were produced worldwide in the year 2006. From this worldwide production of major fruits varieties around 10% was sold in the international market whereas only 3-4% of the vegetables varieties produced were sold in international market. Like of the 1990's, here also EU was still the leading in world's import of fresh produced fruits and vegetables followed by North America, Japan and Russia.

2.2 The Fruit and Vegetable Global Value Chain

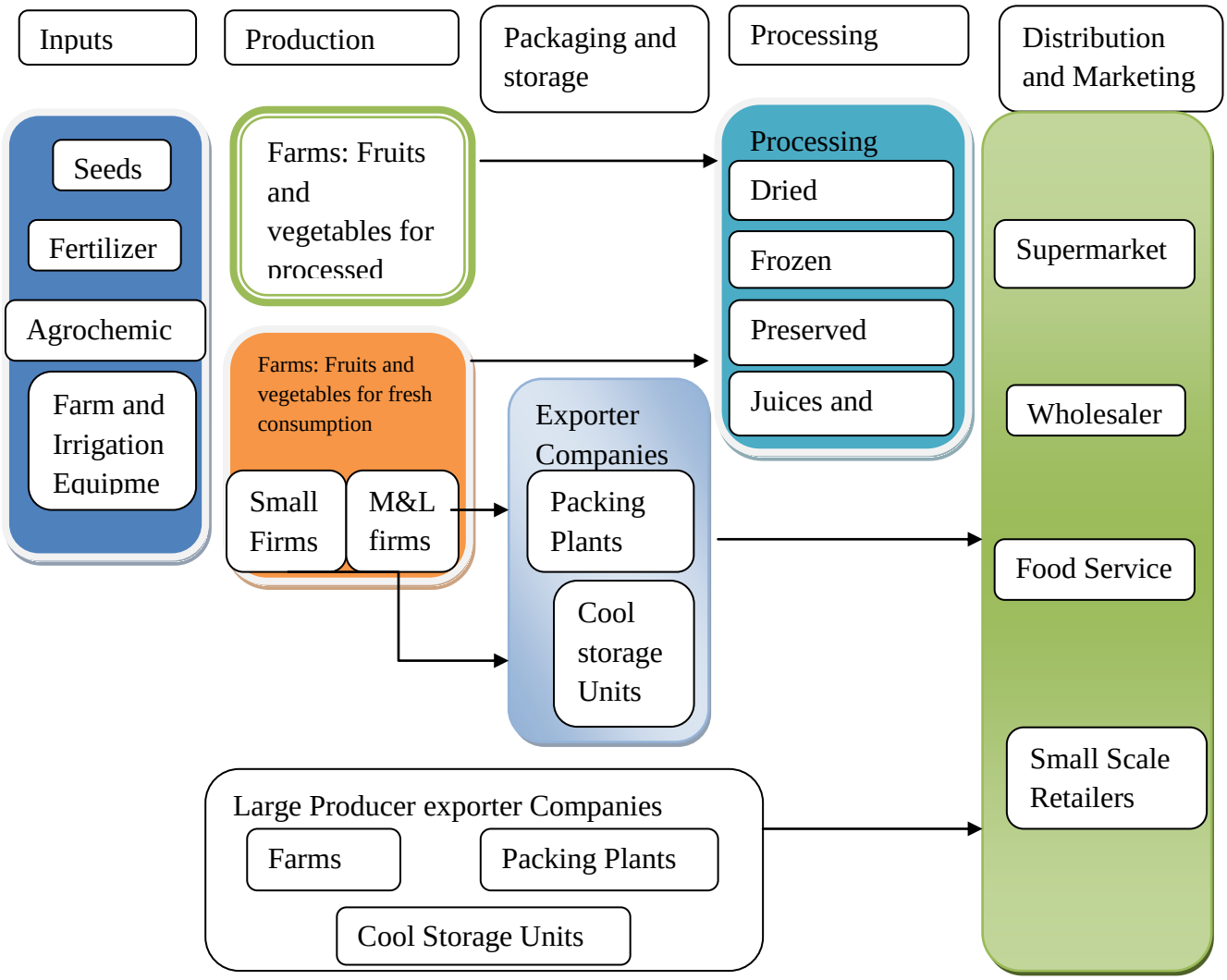
A value chain depicts the whole range of activities in which workers and firms carry out to bring out a product from the start to an end use and further. In this sense, the activities under value chain include designing, production, marketing strategies, distribution channels and the support for the final consumer. These activities that constitute a value chain can be carried by a single firm or through different firms. In addition, with the perspective of globalization in the activities that comprises a value chain carried out by firms on global scale with value adding activities and

also from production to end use lead to global value chain (GVC) (Gary G., and Karina F., 2011).

Global value chains have had momentous implications on production, global trade and employment and especially in how developing countries; producers, workers and firms are amalgamated into the global economy. GVCs connect producers, workers and firms around the globe and provide a foot stepping stones which are meant for workers and firms in developing countries to join them together to the global economy (Gary G., and Karina F., 2011).

According to World Bank (2013b), the structure of fruits and vegetables global value chain incorporates different subdivisions and segments including input section, production section, packing and storage section, processing section, and finally distributing and marketing section.

Figure 2.4 Fruits and Vegetables Global Value Chain



Source: CGGS, 2011

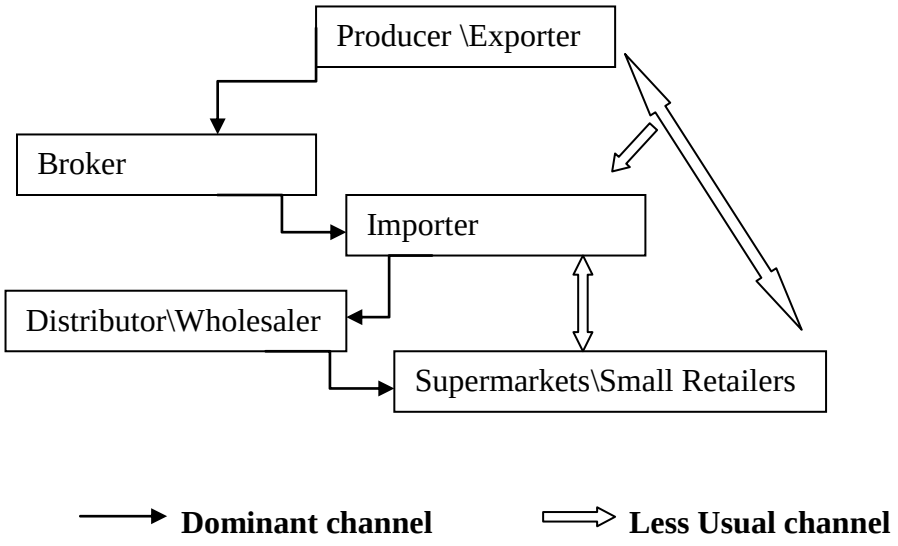
Input Section: the most crucial inputs for the industry include seeds, agrochemicals (fertilizers, pesticides and herbicides), and irrigation and farming equipment. And for this the supporting functions include; transportation and logistics which make them crucial due to the perishable and fragile character of the products and cool storages throughout the chain like in both seas fright and air.

Production Section: here the production is divided in two; for fresh consumption and for further processing for fruits and vegetables which in most cases are not accepted for fresh consumption. In this subdivision of the chain, developing countries comparatively have a higher advantage as a result of their climate, labor and land.

Packing and Storage Section: this is mostly done and prepared by large producer firms and exporters who combine the fruits and vegetables, store packing and exporting. The first activity here is called grading and under this the main activities include washing, chopping, trimming, packing, mixing labeling.

Distributing and marketing section: this is the last stage on the value chain before end use; consumption. The final product is channeled through different types of distributors like wholesalers, small retailers, supermarkets and food service processors.

Figure 2.5 Distribution channels for fruits and vegetables



Source: Claudia M. D. et.al, (2008)

2.3 Management attitude, Firm characteristics, Export marketing strategy with relation to export performance

According to Dean and Menguc (2000), the use of firm characteristics and management attitudes is in compatible with the resource based theory. The theory considers that a firm as a distinctive bundle of tangible and intangible resources like assets, managerial attributes, capabilities, information, processes and knowledge that are controlled by a firm and that enable it to consider and implement strategies aimed at improving efficiency and effectiveness.

According to the resource - based theory, the principal determinants of a firm's export performance and strategy are the internal organization resources (Dhanaraj, 2003; Barney & Collis, 1991). This is in contrast to the industrial organization theory argues that external factors determine the firm's strategy, which on the other hand determines economic performance (Scherer & Ross, 1990; Dean, 2000). Firm size has also been found to be considerably related to export intensity (Culpan, 1989; Zhao and Zou, 2002).
"The larger the firm, the greater its ability to invest in order to control the higher risk of functioning in psychologically distant market" (Kogut and Singh, 1988). According to Aaby & Slater (1989), differences in firm size are considered significant in explaining export behavior and performance. The basic assumption is that, important inputs needed for exporting is inseparable and that the economies of scale favor larger firms.

Despite Aaby & Slater's (1989), there is enough agreements that large firms poses more managerial and financial resources, have greater and sophisticated technology and production capacity and tend to be associated with low level of perceived risk in exporting operations (Bonaccorsi, 1992). The implication here is that, high involvement in exporter's exhibit a greater internal ability to develop sound export competitive stance than do firms engaged in a relatively low degree of export involvement (Ellis and Pecotich, 2000).

Secondly, theoretical studies have been proposed to the effect that export market experience gained from business operations in a particular foreign market produces business opportunities and is consequently an energetic force in the internationalization of a firm (Johanson & Vohlne, 1990). The insinuation is that within the territory of export marketing, to some degree of levels of such empirical knowledge can increase export market uncertainty (Agarwal & Ramaswami,

1992) and this is likely to unfavorably affect management insight of the firm's competitive situation in the market. The other factor is the firm capabilities and competencies that are resident in the company.

2.3.1 Firm Characteristics and Export performance

According to Ginsberg and Venkatraman (1985), declared that if any firm operates in a particular cell i.e. type of a product line and keeps a number of specific internal resources with capabilities to a better magnitude, afterward the competitive advantage and the export performance will be enhanced and strengthened. This implied that firms in different cells require a different set of capabilities and resources to effectively compete in the market. That is, the internal set that drives export performance is accountable upon the product type. This viewpoint sustains that there is no entire full set of strategies which is ultimate for all businesses or firms and thus strategies need to be intended for specific environmental framework.

2.3.2 Management Attitudes, Export marketing strategy and Export performance

According to Bradley and Keogh (1981), have examined the worth of the expectancy theory in export management and observed the following points:

1. Managers always have first choices among various outcomes that are potentially available;
2. Managers have expectancies regarding the possibility that an effort on their part will lead to the intended performances;
3. Managers have expectancies regarding the possibility that certain outcomes will follow their behavior; and
4. The actions a person chooses are mainly determined by the expectations and the choices a person has within a given situation. In addition, motivation is shown to be influenced by the expectancy that an effort or action will lead to intended behavior.

Extensive work has been done regarding the role management attitudes in playing major role in enabling companies to engage in the international arena (Zou & Stan, 1998). Similarly, management attitudes and perceptions have frequently been linked to export performance (Zhao, 2002).

According to Zou & Stan (1998), comprehensive review of literature on export performance, management obligation emerged as a key determinant of export performance regardless of the performance dimension. This conclusion by Zou and Stan was a boost to previous reviews by Cavugil and Zou (1994) that concluded that high management assurance allows a firm to violently go after the export market opportunities and follow effective export marketing strategies to improve performance.

2.4 Challenges in Exporting Horticultural Products from Developing Countries

Under various new environments of any market system, majority of developing countries area predicted to have different dilemmas and challenges in their agricultural sector exports. These challenges mainly arise because several countries in the developing world with have relatively a low protection to the agriculture sector where their means of livelihood and export depends on. These countries mostly face challenges in high occurrences in tariffs by the developed countries which restrict market access and the other one is the subsidy given by developed countries to their producers which creates a big gap for the developing countries exporters to compete (Deepak S., 2001).

While, most developing countries which are highly dependent on exporting horticultural products have a relatively better growth opportunities which is favorable in that developing countries are comparatively advantageous with their abundance in labor in relation to capital where most of the work of horticultural products require labor intensive production than cereal products (Deepak S., 2001).

According to CGGS (2011), a major challenge for the continued better performance and development of the horticulture sector is education; "education and technical knowhow in various segments of the supply chain in the horticulture sector". In addition, restriction of market access has affected the global structure of the industry through different measures which are mainly applicable by the developed world. From these measures, high quality standards and protocols have pushed many exporters from the developing world to keep their products for local consumption only.

Furthermore, trade barriers designed to provide a high protection for local producers in the developed countries which include special duties, subsidies, seasonal tariffs, quotas and etc. have greatly affected the horticulture sector. For instance, regional seasonal tariffs for fruits and vegetables can be as high as 132% which makes developing countries exporters as incompetent comparing them to local producers in the developed countries. On the other hand also, trade barriers on most of the processed fruits and vegetables and value added products are acting as a barrier against access to markets for developing countries produces. In concomitant, the different restrictive rules for many processed and value added fruits and vegetables has limited the roles that were going to be played by developing countries in the global fruit and vegetable market (CGGS, 2011).

Regarding the export, most firms who are engaged in exporting fruits and vegetables have been found not to have systematic processes and systems which could have enabled them to get engaged suitably in the global export trade. They mainly lack separate department for export which mainly attempts on conducting regular international marketing research (Byabyashaija, 1996 as cited in Badaza E., 2007). Additionally, exporting firms who are engaged in the export of fruits by themselves internally appear to have different problems mainly associated with age, size and experience to compete in the international arena and are the main reasons for their vulnerability in the supply requirements (Badaza E., 2007).

In concomitant to the above, most firms who are engaged in the production and export of fruits and vegetables are found to be small in size. Some studies have also noted that mainly due to the small size of fruits and vegetables exporters with their inadequate entrepreneurial and technical skills, face different challenges from participating in the international arena of fruits and vegetables export market. Specifically, some of the main constraints to the export performance of most developing countries include; inadequacy in market research and knowledge, limited access in producing differentiated products and weak entrepreneurial skills (Badaza E., 2007).

2.5 Fruit and vegetable export sector in Ethiopia

Ethiopia's production conditions favor the cultivation of different varieties of fruits and vegetables given that the country's suitability in the different ranges in altitude with additional irrigation potentials in the different regions of the country to produce all temperate, sub-tropical

and tropical fruits and vegetables (EHDA, 2011). With this regard, the country has high potential for producing high valued export products like fruits and vegetables that could be competitive in the international market. Additionally, many studies revealed in the country's potential for the production of a wide range of fruits and vegetables with its abundant land for cultivation and labor throughout the year (Degafe T, 2013).

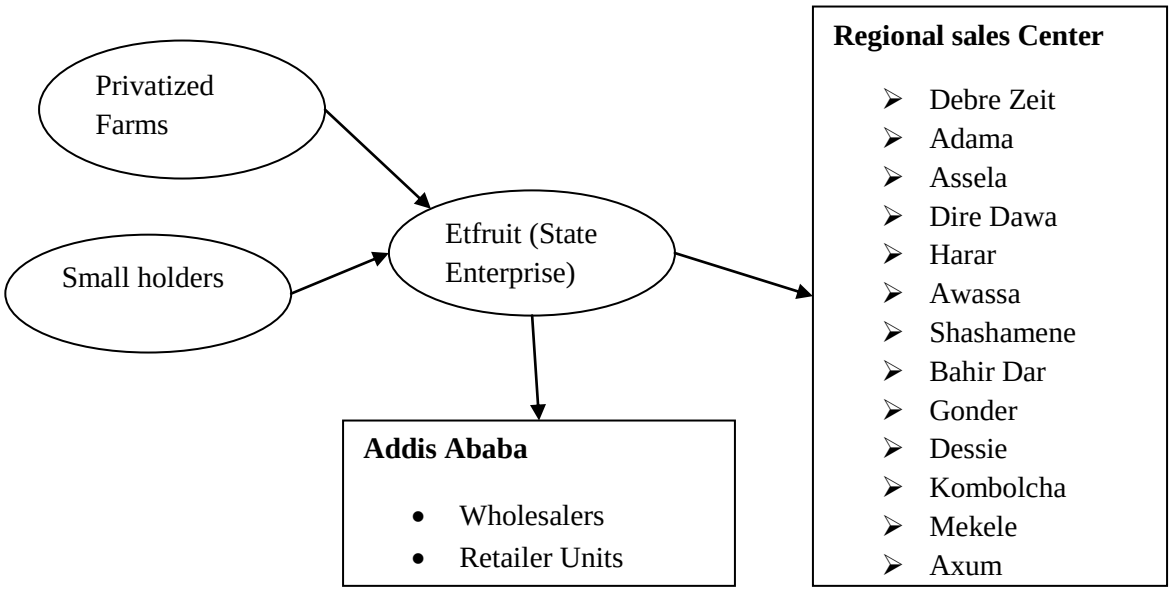
That is, during the same year, from the total area under cultivation, a fruit and vegetables accounted for about 0.11% which is less than 1% is about insignificant comparing to food crops. Furthermore, major fruit crops with a high significance for the local and export market include pineapples, bananas, mandarin, avocados, guava, citrus fruits, mangoes, passion fruits, grapes, asparagus, papayas and vegetable crops of economic significance such as melon, tomato, pepper, chilies, carrot, onion, green beans, cabbages, green peas, okra, cauliflower and cucumbers, and the major vegetables for local consumption include tomatoes, cabbages, and garlic whereas peas and green beans recently appeared as a major parcels for the export market (EIA, 2012).

Fruits and vegetables for both fresh and processed have a huge domestic market in Ethiopia which is by far significant than that of the export volume. The major export markets for fruits and vegetables for Ethiopia are the surrounding countries Djibouti, Sudan and Somalia and the main products exported to these countries is non-graded fresh fruits and vegetables. Whereas, higher valued fresh produce that includes graded and pre-packed are exported to the United Arab Emirates, United Kingdom and the Netherlands. Here is should be noted that about 85% of the fruits and vegetables are exported to Djibouti and the second export market destination is the Emirates. In general, the main products for export were citrus, bananas and mangoes (EHDA, 2011).

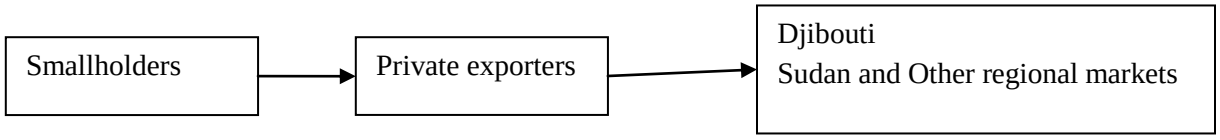
The other major consumer of the Ethiopian fruits and vegetables are different processing plants like tomato processing, wineries and vegetable canning industries. In concomitant to the above, the country exports graded and high valued fruits and vegetables to the international market and the major importers for Ethiopian fresh fruits and vegetables are European Union, Arab countries and some regional markets. The major well known products of the country for the some parts of Europe includes green beans, climbing beans, melon, okra and passion fruits. More importantly, the demand for Ethiopian wine is also significant in both domestic and export markets and currently winery factory collects fresh grapes from Nura Era, Merti Guder, and Zewai Vineyard.

The major state owned fruit and vegetable producing enterprise which is dominating the local domestic distribution channels is Ethiopian Fruit and Vegetable Marketing Enterprise; EtFruit and it also works as a marketing channel on a commission basis. In addition, there are also private exporters who are engaged in exporting fruits and vegetables to the international market (EIA, 2012). The major supply chains of the country's fruits and vegetables market is as follows:

Figure 2.6 Domestic Supply Chain

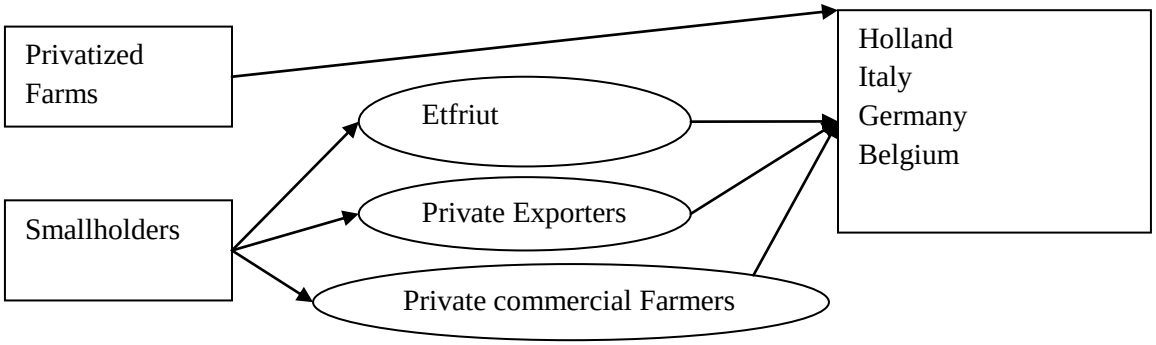


Source: EIA, 2012



Source: EIA, 2012

Figure 2.8 European Export Chain



Source: EIA, 2012

2.5.1 Determining factors in the Export of Fruits and vegetables from Ethiopia

Ethiopia is comparatively advantageous in a number of fruits and vegetables due to the suitability and favorable climate, cheap labor and its location where its proximity to the European and Middle Easter markets. Nevertheless, the production and export of fruits and vegetables is by far less developed when comparing it to food grains in the country (EIA, 2012). Recent information according to Central Statistics Authority revealed that the total area covered by fruits and vegetables is around 12,576 hectares in 2011 of the total area under cultivation. This accounted for about 0.11% of the total area under cultivation in the same year which is insignificant comparing to food crops (Degafe T., 2013).

As discussed earlier, the country has a huge potential in fruits and vegetables production, and the government has given a priority to the industry and since has been giving efforts to further develop the industry. From the works done the major ones are building a business friendly approach to reach investors to invest in the sector, launching of Horticulture Development Agency in 2008, tax holidays for investors investing in the area for a minimum of five years, efforts to work out challenges in infrastructure like road, water and electricity, establishment of Ethiopian Horticulture Producers Exporters Association in 2006 (Degafe T., 2013).

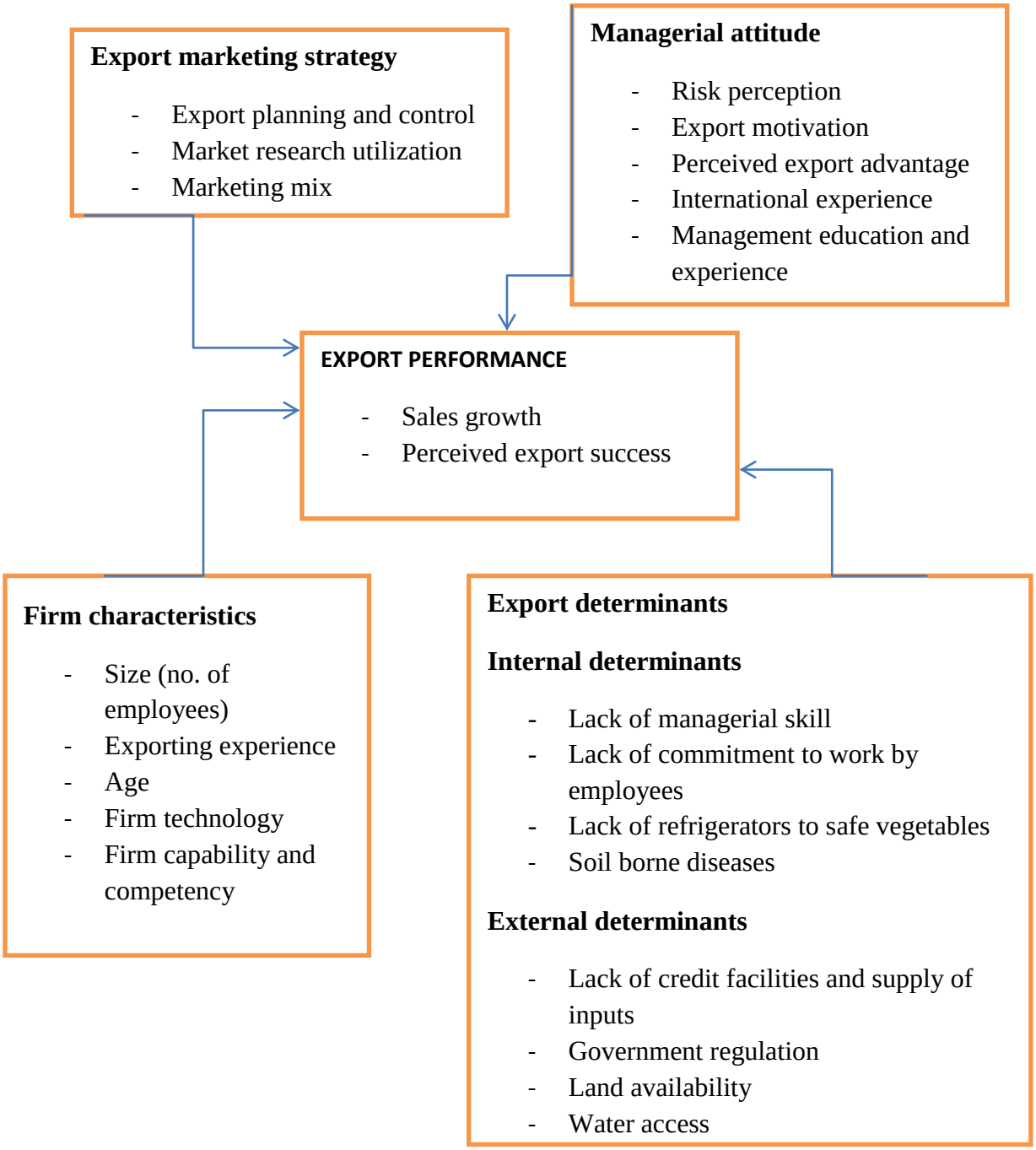
Regardless of the potential of the country in the production and efforts on progress by the government, there are still several major challenges faced by producers and exporters of fruits and vegetables producers in the country. According to World Bank (2004), the major constraints include;

Freight risk: There is unavailability of space and the cost of the transportation is very high. According to most exporters, due to the monopoly nature of the Ethiopian Airlines they are incurring a high cost of transportation which consuming 80 to 85 percent of their gross sales. Thus exporters are forced to export high valued fruits and vegetables with low volume due to high cost of freights.

Weather risks: there comes a high unexpected rainfall. Access to loans which are long term which includes grace periods and rescheduling of the loans accordingly with the weather condition they are facing, limitation on investments in research and development of horticulture products and also access to infrastructures like road, power, water and telecommunications.

In addition to the above, a detailed analysis made under National Bank of Ethiopia by Degafe T. (2013), stated the major constraints faced by Ethiopian Fruits and Vegetables exporters includes; Lack of credit facilities and supply of inputs for most of the rural small holder farmers which has further impacted on their volume and quality of production, lack of organized information in the market system, low quality of production and poor handling of post-harvest services. The country's export of fruits and vegetables is largely dominated by small scale producers and these producers are by far unable to meet the standards and requirements of the European Union and Middle East market which is a main reason that most exports of the country goes to Djibouti with a lower price. Moreover, the involvement of investors in the sector is very limited which is a big hindrance in further increasing the country's performance and share in the international market from the sector. Additionally, this is more aggravated by a poor linkage of local small holder farmers with the export. Furthermore, despite the lack of research and development in the sector, lack of skilled manpower specifically horticulture specialists are a big hindrance to the sector. Though, in recent few years there are a limited number of students graduating specializing in the sector study have a limitation in practical knowledge. And, finally, lack of coordination among different stakeholders of government offices.

2.6 Conceptual framework of the study



CHAPTER THREE: METHODOLOGY OF THE STUDY

This chapter provides the research methodology to be employed to conduct the study. Accordingly, this chapter presents data type and source, data collection instruments, census study, research design and strategy, and method of data analysis and presentation.

3.1 Research design and strategy

The type of research employed in this study is descriptive research. Even though, the major purpose of descriptive research is description of the state of affairs, as it exists at present; it also attempts by researchers to discover causes (Kothari C.R., 1990). The methodological approach for this study is to describe as a case study of Ethiopian fruit and vegetable exporters within the quantitative and qualitative descriptive research spheres. Moreover, data is collected once from the whole population at that time.

3.2 Data type and source

In carrying this research, combinations of the following methods were used to collect a relevant information or data. The study relied on both quantitative and qualitative types of data in order to arrive at reliable conclusions for the research questions. Concerning sources of data, both primary and secondary sources were used for generating valuable and relevant data.

Primary source includes data collected through interview and questionnaire whereas secondary data were those collected from publications from books, journals, reports, and bulletins collected from different stakeholders including each exporters, customs union, Ministry of Agriculture, Ethiopian Investment Authority, FAO, EHDA, Ethiopian Horticulture Association, Ethiopian Export Promotion Agency and articles contributed on national and international newspapers and magazines.

3.3 Data collection instruments

The data were collected through questionnaire and interview to gather the primary data sources. Secondary data were collected from the EHDA, Ethiopian Horticulture Association, Ministry of Agriculture, National Bank of Ethiopia and articles contributed on national and international newspapers and magazines and others. The questionnaire was filled by the exporters of fruit and

vegetable companies specifically by their export department heads or by a person who is in charge of export issues in the companies. Both open ended and close ended questions were employed. With regard to interviews, the researcher used semi-structured interviews. Interview was conducted with officials of EHDA who were in charge of the export of fruit and vegetable.

3.4 Census study

In Ethiopia, in general there are 16 fruit and vegetable exporter companies, 12 of them are vegetable exporters and the rest 4 are fruit exporters, because of the limited number of exporters of fruit and vegetable companies in Ethiopia, the researcher used all of the companies that export fruit and vegetable. The target populations of the study were the export department managers of every fruit and vegetable exporters in Ethiopia.

3.5 Method of data analysis and presentation

After the data was collected from primary and secondary sources, it was appropriately checked and edited by the researcher. Then the edited data was coded and manually entered into computer. Finally, the data was analyzed by using SPSS version 20 and the results obtained were discussed and analyzed by employing graphs, tables, mean, std. deviation and qualitatively depending on the type of data.

CHAPTER FOUR: RESULTS AND DISCUSSION

This chapter presents the result of descriptive analysis of the study using data gathered from 14 fruit and vegetable exporters in Ethiopia, out of which 11 of them are vegetable exporters and the rest 3 are fruit exporters. Moreover, the number of studied respondents was less than that of the total population intended to be incorporated, because during the survey there were companies which were out of business due to different reasons and made the response rate to be 87.5% (14).

The descriptive analysis has been done to describe the general characteristics, export sales status, management attitude, and their influence on the export performance of fruit and vegetable exporters in Ethiopia. Finally, the challenges faced by fruit and vegetable exporters are incorporated.

4.1 General Background

4.1.1 Companies Profile

Table 4.1 Number of years of experience

No. of years of experience	Fruit export		Vegetable export	
	Frequency	Percent	Frequency	Percent
Less than a year	1	33.3	-	-
2-3 years	-	-	1	9.10
4-5 years	2	66.7	6	54.54
More than 5 years	-	-	4	36.36
Total	3	100	11	100

Source: Own Survey, 2014

Looking at Table 4.1, majority of both fruit and vegetable exporters have an experience of 4 to 5 years in exporting vegetables. According to Frank (2007), fruit and vegetable cultivation is undoubtedly not a new activity in Ethiopia as the production of horticultural crops has been carried out for decades; moreover, there are numerous small producers growing small amount of vegetables for the local and regional export market. Additionally, all Ethiopian fruit and

vegetable exporters produce and export by using their own farm, no exporter was found to farm-out the production from other different sources. This on the other hand adds an advantage for the exporters to have a full control over the quality management and assurance regarding production and in supplying the required amount for the export market also.

According to the fruit exporters, from majority of their export products, strawberry takes the lead; and regarding to vegetable exporters, the major vegetable export varieties are beans and snow peas, followed by potato, cabbage, chilies and tomatoes. According to CSA (2009), the fruits with export potential are banana, mango, orange, guava and avocado and from vegetables with a great export potential are tomato, chilies and pepper, potato, beans and onions respectively. Thus this on the other hand indicates that the export varieties from both sectors especially from the fruit export is less develop indicating that there is yet much to be done in the production and export varieties expansion.

Table 4.2 Major destinations of fruit and vegetable exported

Major destinations	Fruit exporters		Vegetable exporters	
	Frequency	Percent	Frequency	Percent
Europe	1	33.3	7	50.0
Middle East	2	66.7	4	28.6
Asia	-	-	-	-
Africa	-	-	3	21.4
Total	3	100	14	100.0

Source: Own Survey, 2014

As indicated in table 4.2, majority of the fruit exporters export to Middle East followed by Europe, where as for the vegetable exporters, their major destination has been the European market followed by Middle East and some other nearby African countries. According to Ministry of Industry of Ethiopia (2011), the major importing countries are the Netherlands, UK, UAE, Djibouti, Somalia, Belgium, Yemen, and Sudan. According to Degafe (2013), in view of the relative advantage of most of African countries in producing fruit and vegetable, they offer extensive prospects for further export growth in the sub-Saharan Africa due to the relative proximity of the growing and large consumer markets of the Middle East and Europe.

Thus, Ethiopian exporters are relatively advantageous due to their location propinquity to the big markets of Europe and Middle East leaving them with one positive point for their export performance instigation and encouragement. However, interview with higher officials of EHDA indicated that even though nearby bordering countries import the lion share of fruits and vegetables produced by Ethiopia, the price is very low comparing to Middle East and European market. The main reason that major portion of the export is exported to nearby bordering countries because of the limitedness in barriers like quality standard and others.

4.1.2 Managers' Profile

Table 4.3 Business Management Experience, Fruit and/or Vegetable export participation experience

Business Management experience	Participation in export										Total
	Less than 2 years		2-3 years		4-5 years		6-7 years		Above 7 years		
	F	V	F	V	F	V	F	V	F	V	
Less than 5 years	-	-	-	-	-	2	-	-	-	-	2
5 - 10 years	-	-	-	-	-	4	-	1	-	-	5
11 – 15 years	-	-	2	-	-	-	-	-	-	-	2
Above 15 years	-	-	-	-	-	1	1	-	-	3	5
Total	-	-	2	-	-	7	1	1	-	3	14

Source: Own survey, 2014

Note: F* Fruit and V* Vegetable

Table 4.3 shows that, majority of the respondents are having general business management experience of 5 to 10 years and out of which most of them have been participating 4-5 years on average in the export of fruits and vegetables. The more the experienced managers are in the export business, the more likely they will have a better market network access for their products easily. Most of Kenyan exporters failed to compete in the international market, due to the lack of relevant experience of both the companies and their employees and their efforts to conduct

business at international export level was trivial. (Philip E., 2006) Similarly, Exporting firms should have a considerable amount of experience to compete in the international arena. (Badaza E., 2007)

Table 4.4 Training experiences

Training areas	Fruit		Vegetable	
	Frequency	Percent	Frequency	Percent
Exporting	1	33.33	3	27.27
Marketing and exporting	1	33.33	3	27.27
Marketing, exporting and sales management	1	33.33	4	36.36
Marketing, exporting, sales management and international business management	-	-	1	9.09
Total	3	99.99	11	99.99

Source: Own Survey, 2014

The above table 4.4 reveals that majority of the managers have had trainings on exporting, marketing and sales management areas. With this in mind, most managers are having the basic knowledge in exporting fruits and vegetables; on the other hand, it will have a positive impact in their performance towards their management capability to their corresponding companies. A study by World Bank also revealed that a major constraint on competitive global market is lack of skills at all levels, especially entrepreneurial and managerial capacity and skills. At the same time, experiences with developing entrepreneurship through special trainings in the business models and practical hands on training show promise in mitigating major challenges. (World Bank, 2013b) concomitant to this, from the support services of EHDA, one is capacity building with practical training on production and post-harvest handling techniques. However, during an interview, it has been raised that the training provision under EHDA is limited, and suffers from a well experienced trainer in the field.

4.2 The export sales trend of fruit and vegetable exporters

This section deals with the export sales status of Ethiopian fruit and vegetable export companies which are available and recorded in the Ethiopian horticultural agency document from the year 2008/2009 GC up to 2012/2013 GC.

Table 4.5 export sales trend of fruit and vegetable exporters

No.	Company names	SALES STATUS OF FRUIT AND VEGETABLE EXPORTERS IN THE YEAR BETWEEN 2008/09 – 2012/13				
		2008/09	2009/10	2010/11	2011/12	2012/13
1	Almeta Impex*	364713	162839	2410	6	0
2	Almeta Impex#	29590	86746	37482	40847	0
3	Ethio Magical #	128954	80762	46922	37537	0
4	Ethio Vegfru#	1793939	2293218	1841291	2616178	1196827
	Jittu Awassa	---------	--------	167253	307494	98483
5	Jittu D/zeit #	680687	1223686	1187313	2189975	2127413
6	Jittu Holeta*	--------	459265	363430	382223	268191
7	JJ Kothari #	203310	125102	128900	331676	215679
8	Majinpar Ethiopia #	56586	104524	550035	566520	450998
9	Omega farms #	21151	104444	58952	0	0
10	The Giving Tree #	---------	62352	263538	232479	396209
11	Upper Awash #	2689490	2325911	1744173	3676430	3031423
TOTAL SALES in USD		5,968,420	7,028,849	6,467,842	10,470,736	7,835,263

Source: Ethiopian Horticulture Development Agency 2008/09 – 2012/13.

NOTE: * - Fruit Exporters and # - Vegetable Exporters

Table 4.5 indicated that the export sales of each fruit and vegetable export companies for the year 2008/2009 up to 2012/13 GC. As compared with the sales data of 2008/09, there was a significant increase in export sales by 2009/10; i.e., USD **7,028,849 -** USD **5,968,420 =** USD **1,060,429.** Thus the sales status of fruit and vegetable in 2009/10 increases by 17.76% from the year 2008/09 with a dramatic increase in the fruits exporting sector.

The sum of the fruit and vegetable exporting companies in value was **USD 6,467,842**in USD**.** As compared with the sales data of 2009/10, the export sales of 2010/11 were a significant decrease in USD **(7,028,849 – 6,467,842= 561,007).**

Thus the sales status of fruits decreased by 41.19% from 2009/2010 and same goes in vegetables export, where the sales status shows a decrement by 13.19% from 2009/2010. In general the fruit and vegetable sales status in 2009/10 is decreased by 7.98% from the year 2008/09. In the year 2011/12, Almeta Impex from fruit exporters and Omega farms from vegetable exporters shown a scandalous decrement in their export compared to their previous years of total export sales. In general the fruit and vegetable sales status in 2011/12 increases by 61.88% from the year 2010/11.

According to the sales data in the year 2012/13, only the Jittu Holeta exports the fruits, and also in vegetable exporters, there were two companies which have a zero sales value (Almeta Impex and Ethio Magical). The total sales gain of the country from both fruit and vegetable export in the year 2012/13 has shown a decline of 25.17%.

In conclusion, the sales trend of fruit and vegetable exporting companies has shown a huge fluctuation from 2008/09 to 2012/13 where the variation in total sales value was insignificant i.e. total increase seen in sales from 2008/2009 to 2002/13 was USD 1,866,843. The lion share contributors to the above figures in total sales from vegetable exporting companies are Ethio Vegfru, Jittu D/zeit and Upper Awash and Jittu Holeta from fruit exporters.

4.3 Firm capabilities and competencies

Table 4.6 Total number of Employees (Office Workers * number of workers)

Number of Office employees	Number of field workers										Total
	Less than 150		151-300		301-450		451-600		Greater than 600		
	V	F	V	F	V	F	V	F	V	F	
Less than 10	1	-	1	-	-	-	1	-	-	-	3
11-20	1	-	2	1	-	1	1	-	-	-	6
21-30	-	-	-	-	-	-	-	-	-	-	-
31-40	-	-	-	-	-	1	2	-	-	-	3
41-50	-	-	-	-	-	-	-	-	1	-	1
Above 50	-	-	-	-	-	-	-	-	1	-	1
Total	2	-	3	1	-	2	4	-	2	-	14

Source: Own Survey, 2014

V* Vegetable and F* Fruit

Table 4.6 shows that, the majority the office (management) workers in both fruit and vegetable exporters have 11-20 number of office workers where most fruit exporters have field workers of 301-450 and vegetable exporters 451-600. When the number of office employees is low, the coordination and control of the office employees on the field workers will be less. This indicates that, there must be an enhanced coordination among the two groups of workers, via, office management and field workers in order to control and to have a good quality of the fruits and vegetables for export standard. Therefore, the proportion among them should be adequate enough so as to have a good control on both the management of office and field work.

EHDA official on interview stated that, in the periods of planting and harvesting working hours are exceedingly long and there is a little opportunity of rest for the field workers, controlling, and management workers. During this time especially due to shortage and discrepancy in proportion between field workers and controlling, early challenges arise in most cases which will cost them in post harvesting times.

The study also assessed about the firms' capabilities and competencies through the importance level of different measures. Regarding the range/variety of fruits and vegetables they export,

about 74% of both fruit and vegetable exporters maintained that range or variety of fruits and vegetables is very significant in order to enhance their export performance. Moreover, in real terms diversifying their export products base will have a positive impact in reaching out different markets. However, the study also found out that they have a limited number of varieties for export especially fruit exporters; strawberry. This on the other hand will affect the overall contribution of the exporters on the export performance of the country.

Regarding the other crucial factor in export performance, via, importers distribution network, 36.3% of the respondents responded that it is significant for the business to have a good relationship in network with the importers in different markets, which will have a direct positive impact in enhancing their export performance. Similar study made also revealed that Etfruit's marketing services have achieved a significant stage of development in the past two decades due to a well-established market network of the exporter. (World Bank, 2004)

On the subject of company reputation, majority of the respondents (36.36%) indicated that it has an impact on their export performance and revealed that it is highly significant for the future of their business. Company reputation; having a repetitive and constant quality products supply in good condition will create a conducive to build up on consumers' trust, where it will enable the exporters for maintaining and increasing good customer relations and reach out for more markets. Likewise another study avowed that to set up exporting to Middle East and other global markets where there is a stiff competition it is of vital importance to build an excellent reputation and to deliver the fruit and vegetables in good condition. (Wiersinga R. et. al, 2008)

Furthermore, in relation to the export marketing knowledge of the exporters, 36.36% of the respondents revealed that it is very significant for the business indicating that it is crucial to have a detailed know how concerning export marketing which will help the exporters to have a better knowledge in the export of vegetables and also in order to increase the sales performance and the export quantity.

Most of the respondents (72%) indicated that price competitiveness is significant for the business which indicates that the knowledge with the price competitiveness is essential for the exporters to enable them with up-to-dated price of fruit and vegetables in the world market. A study by World Bank (2004) stated that export performance will be enhanced when domestic firms strongly compete with each other for service and quality rather than by price.

Finally, majority of the respondents (63.36%) of the respondents indicated that personal contact with oversea distributors is significant to the business revealing that timely contact with overseas distributors is good for the business in order to obtain precipitated demand in the markets especially in case of personal contact with oversea distributors.

In the coming part descriptive statistics in the form of mean and standard deviation are presented to illustrate the level of agreement of the respondents with their implications to fruit and vegetable exporters. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6 = Disagree, 2.61 – 3.4= Neutral, 3.41 – 4.20= Agree and 4.21 – 5 = Strongly Agree (Best, 1977 as cited in Yonas, 2013).

4.3.1 Firm technology

Table 4.7 The importance of the methods to fruit and vegetable exporting

Description	Vegetable exporters			Fruit exporters		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
The production method	11	4.36	.809	3	4.33	1.155
Quality assurance processes	11	4.18	.874	3	4.00	1.000
Product quality and system quality management	11	4.18	.874	3	4.67	0.577

Source: Own Survey, 2014

As indicated in the table 4.7, with regard to vegetable exporting the production method has the largest mean of 4.36 that is in between 4.21–5 and with std. deviation of 0.809. It indicates that the companies strongly agreed that the production method is highly significant in vegetable exporting which is a preliminary stage in exporting. More importantly, exporters in Ethiopia are advantageous in the suitability of climate, easy access to water and by the various soil types for growing the vegetables and also asserted that boosting the production by large will increase the volume of export. (Degafe, 2013)

Moreover the quality assurance and the product quality management are also important for the vegetable exporting with the mean of 4.18 and 4.18 respectively and with the standard deviation 0.874 each, and both mean are in between 3.41 - 4.20. This indicates that the companies utterly agree with both the quality assurance and the product quality management and this processes are important for the production and exporting of vegetables. In exporting fruits and vegetables the major task in product quality management starts instantaneously after the harvesting, where the corrosion could be slowed down through reducing transportation time and mitigating through different approaches a longer transit time. (Wiersinga R. et. al, 2008)

Finally, regarding fruit exporters, as indicated in the above table product quality and system quality management, the production method and the quality assurance processes have the mean of 4.67, 4.33 and 4.00 respectively. This indicates that the fruit exporting companies strongly agreed concerned with the product quality and system quality management and also with the production method.

4.3.2 Risk Perception

Table 4.8 Risk perception towards Export by the companies

Description	Vegetable exporters			Fruit exporters		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
My firm considers exporting to be risky	11	3.00	.894	3	3.67	0.577
Exporting risks are of less concern to us than the opportunities	11	3.18	.874	3	4.00	1.000
We consider exporting after satisfying the domestic market	11	2.82	.603	3	3.67	1.155
We feel there are many trade risks to exporting	11	4.09	1.136	3	5.00	0.000
Despite the trade risk, we feel it is still viable to export	11	3.64	1.206	3	4.67	0.577

Source: Own Survey, 2014

Table 4.8 indicates that, both fruit and vegetable exporters feel that there are numerous trade risks which has the highest mean, implying that if the risks are high as indicated, they may not be easily avertable to enhance and enable the export performance of existing exporters and upcoming new investors respectively in the sector. Similarly, fruit exporters indicated that, even though there are exporting risks they are of less concern for them comparing to the opportunities they gain from exporting. In addition, though there are some trade risks exporters revealed that it is still feasible to export. Additionally, respondents were requested on three essential concerns related to the risk perception;

- If exporting risks are less concern for them than the opportunity
- If their firm considers exporting to be too risky, and
- If the exporting companies consider exporting after satisfying the domestic market

The study shows a mean of 3.18, 3.00 and 2.82 with a std. deviations of 0.874, 0.894, and 0.603 respectively. This indicates that all the means' of all the three descriptions are neutral; it is in between 2.61 – 3.40. In the case of fruit exporters, the trade risk has the highest mean with 5.00 and std. deviation of 0.000 and this indicates that there are defiantly trade risks in exporting fruits. There are elevated risks associated with international trade of fruits especially because they are highly perishable by nature. In addition, risks associated with weather, fright availability and cost and competitors proximity to major markets made fruit export a risky business for Ethiopia. (World Bank, 2004) In similar lines with the above three issues, fruit exporters have a mean of 4.00, 3.67 and 3.67 with the std. deviation 1.000, 0.577, and 1.155 respectively. This implies that even though there are high trade risks, the exporters revealed that it is still feasible to export while they consider exporting after satisfying domestic market.

4.3.3 Export Motivation

Table 4.9 Export Motivation

	Fruit exporters			Vegetable exporters		
Description	N	Mean	Std. Deviation	N	Mean	Std. Deviation
High margins	3	3.67	1.155	11	3.55	0.934
High profits	3	3.33	0.577	11	3.55	0.934
Sales growth	3	4.00	1.000	11	3.83	0.874
Responding to domestic competition	3	3.67	0.577	11	3.55	0.820

Source: Own Survey, 2014

Table 4.9 indicates that, in the fruit exporters, sales growth has the largest mean of 4.00 with std. deviation of 1.00. This indicates that they are highly motivated with their sales growth which will have also a positive impact on the export performance of the country. This is also supported by EHDA official, stating that in the past few years major fruits like mango has been banned in European market from India which has opened a big opportunity for other emerging fruit exporters as long as they are coping with the export standards set. Similarly high margins (gross profit as a proportion of sales), exporters response to domestic competition and high profit also have shown a positive influence on the export motivation of fruits. This all will motivate fruit exporters to improve the quality, value and service, and in preparing the exporters for competition in the global market (World Bank, 2004)

Regarding vegetable exporters, they are also motivated by their sales growth; Moreover, the rest three also motivate the exporters, and they all have a mean of 3.55. In general it indicates that both fruit and vegetable exporters are highly motivated by the sales growth.

4.3.4 Perceived export advantage

Table 4.10 Perceived export advantages

Description	Fruit exporters			Vegetable exporters		
	N	Mean	Std. deviation	N	Mean	Std. deviation
Proximity to export market	3	4.00	1.000	11	3.36	1.120
Low farm gate prices	3	3.67	0.577	11	3.64	0.809
Production method used, e.g. use of organic fertilizers	3	4.00	1.000	11	4.09	0.831
Constant supply	3	4.00	1.000	11	4.18	0.874
Low price charge for importers	3	3.67	0.577	11	3.64	0.924
Good credit terms with importers	3	3.67	0.577	11	3.36	0.809

Source: Own Survey, 2014

As indicated in the table 4.10, for fruit exporters, proximity to export market, production method and constant supply have similar and highest mean of 4.00 and std. deviation of 1.00 respectively. This implies that most of the respondents expected to have an export advantages through proximity to export market, by the production method they employ and their constant supply to markets. The rest three; low farm gate prices, low price charge for importers and good credit terms with importers have also an influence on the perceived export advantage of the exporters. Similarly, in view of the relative advantage of most of the African countries in producing fruit and vegetable, they offer extensive prospects for further export growth in the Sub-Saharan Africa due to the relative proximity of the large and growing consumer markets of Europe and the Middle East. (Degafe, 2013)

Regarding vegetable exporters, most of the respondents responded that constant supply have the largest mean of 4.18 with std. deviation of 0.874. This indicates that in the vegetable export constant supply of the products to the market has a huge influence on the expected export advantage. However, a study also revealed that from the many constraints that limit Ethiopian fruit and vegetable exporters for their potential expansion is insufficient supply that can meet the market demand. (World Bank, 2004)

In addition, production method used, low farm gate prices, low charge for the importers have mean of 4.09, 3.64, and 3.64 with the std. deviation of 0.831, 0.809, and 0.924 respectively implying that vegetable exporters agreed with the perceived export advantage as influenced by the production method they used; for example the use of organic fertilizer and the rest two. This method is influential especially in meeting the high amounts of production. Regarding proximity to export market has the mean of 3.36 and std. deviation of 1.12. Degafe (2013), also asserted that vegetables greater portion is exported to nearby bordering countries with lower price due to different reasons and have a great deal of impact on individual exporters and the county's overall export performance.

4.3.5 Export Marketing Strategy

Table 4.11 Export marketing strategy

Description	Fruit exporters			Vegetable exporters		
	N	Mean	Std. deviation	N	Mean	Std. deviation
We have a clear pricing objective for the export market	3	3.67	0.577	11	3.45	0.688
My company is ever pursuing vigorous brand management	3	3.67	0.577	11	3.27	0.905
We carefully choose importers with a strategic distribution system to maximize benefits for the company	3	4.67	0.577	11	4.00	0.632

Source: Own Survey, 2014

As indicated in table 4.11, fruit exporters responded that they have a clear pricing objective for the export market and also the company is pursuing vigorous brand management, both having mean of 3.67 and std. deviation of 0.577. This implies that with a clear pricing objective the exporters will have a prior sympathetic and speculation ability about their profit and future respectively. However it has been also noted that due to lacks in grading and standardizing in most markets buyers decide the price of fruits and vegetables. (Wiersinga R., et. al, 2008)

Furthermore, fruit exporters replied that they carefully choose importers with a strategic distribution system to maximize benefits for the company; it has the largest mean of 4.67 with

std. deviation of 0.577. The respondents replied that they strongly agree with the choices they make in employing importers with a strategic distribution. That is, the choices the exporters make regarding importers with strategic distribution system is highly significant in that most fresh fruit products by nature are highly perishable, and as long as they are not distributed among consumers on time their value will diminish.

Similarly vegetable exporters revealed that they have a clear pricing objective for the export market, with mean of 3.45 and std. deviation 0.688. The study found out that vegetable exporters are ever pursuing vigorous brand management which has a mean of 3.27 and std. deviation of 0.905.

In concomitant to this, the exporters choose importers with strategic distribution having the largest mean of 4.00 and std. deviation 0.632. This all clearly show that vegetable exporters like that of fruit exporters have analogous strategies regarding the three issues to enhance their exporting performance and to gain more benefits from the world market. Moreover, the more they give an emphasis on building their brand will enable them to attract more consumers to their products. Divulging people to a brand, especially when a brand is connected to positive past experiences, it will make the brand more stronger (CDC, 2013). Finally, majority of the respondents in the fruit and vegetable exporters replied that they use internet constantly, Ethiopian Horticulture Agency, and other different research agencies and consultancy for obtaining information to enhance their export performance.

Table 4.12 Export marketing strategy regarding market information

Description	Fruit exporters			Vegetable exporters		
	N	Mean	Std. deviation	N	Mean	Std. deviation
1. We are committed to knowing more about our customers in the export market	3	4.00	1.000	11	4.00	0.775
2. We deliberately collect information about our customers in the export market	3	3.33	0.577	11	3.27	0.905
3. We carefully select which segment to target our customers in the export market	3	3.33	1.155	11	4.09	0.944
4. We actively seek market information to enter new export markets	3	3.67	0.577	11	4.18	0.982
5. We rarely use market information in making export decisions	3	3.33	0.577	11	2.82	0.874

Source: Own Survey, 2014

According to the table 4.12, majority of fruit exporters agreed that they are committed in knowing more about their customers in the export market, it has a mean of 4.00 with std. deviation of 1.00. The mean is between 3.41 and 4.20 which indicates that the fruit exporters know the demands of customers in the export market which will have a positive impact on the overall export performance of the exporters. That is, when the exporters clearly know to whom and how the fruits are exported they will have a clear sympathetic on the quality and exported amount of the fruits accordingly with consumers' needs.

The above survey reveals that, fruit exporters are neutral in collecting information about their customers in the export market; it has a mean of 3.33 with std. deviation of 0.577, the mean indicates that the exporters neither agree nor disagree with collecting information about the customers in the export market. Similarly, about selecting which segment to target the customers in the export market; it has a mean of 3.33 with std. deviation of 0.577 and this indicates that the fruit exporters neither agree nor disagree in selecting the segment.

Looking at the survey above, regarding about actively seeking market information to enter new export markets; it has a mean of 3.67 with a std. deviation of 0.577. This indicates that the fruit

exporters seek information vigorously in their rummage around to enter to new export markets where this may have a positive impact on the overall export performance through increased sales growth. However, in interview with EHDA higher official, it has been noted that most of fruit and vegetable exporters go for a long term contractual agreements with limited number of importers which leaves them with huge treats whenever there are new market openings with better price.

Moreover, about the exporters looking for new markets to achieve their objective has a mean of 3.33 with std. deviation of 0.577. This implies that the exporters are neutral that they are seeking new markets to achieve their objective. The last part is regarding the way fruit exporters are using the market information in making export decisions has a mean of 3.33 with std. deviation of 0.577. This indicates that the exporters are neutral in making export decisions by using market information.

Coming to vegetable exporters, majority of the respondents agreed that they are committed in knowing more about their customers in the export market, it has a mean of 4.00 with std. deviation of 0.775, the mean is between 3.41 and 4.20. This indicates that the vegetable exporters strive to know more about their customers in the export market. This on the other hand will have a positive impact on their export performance.

In addition, on the way they are collecting information about their customers in the export market; it has a mean of 3.27 with std. deviation of 0.905. This indicates that the exporters neither agree nor disagree with collecting information about the customers in the export market. The third thing is about selecting which segment to target the customers in the export market; it has a mean of 4.09 with std. deviation of 0.944. It indicates that the vegetable exporters agreed in carefully selecting the segment can enhance their export performance. If the vegetable exporters know the target market, they can easily boost the quantity of vegetable exported through enhancing their sales.

The way vegetable exporters are seeking the market information in order to enter new export markets has a mean of 4.18 with a std. deviation of 0.874 which indicates that the vegetable exporters are actively on a consistent quest to enter to new export market, implying that the vegetable exporters have the potential of increasing their export base to new markets. Finally, regarding the way the vegetable exporters are using the market information in making export

decisions has a mean of 2.82 with std. deviation of 0.874. This indicates that the exporters are neutral in making export decisions by using market information.

4.3.6 Managerial attitude

Table 4.13 Managerial attitude of the exporters

Description	Fruit exporters			Vegetable exporters		
	N	Mean	Std. deviation	N	Mean	Std. deviation
My company involves deliberate planning for the export market	3	3.67	1.155	11	4.27	.786
We ensure there is a carefully designed export market strategy	3	4.00	1.000	11	4.00	.775
We regularly measure our performance against set export targets	3	3.67	.577	11	4.18	.603
We regularly develop carefully forecasts to help us in exporting	3	4.00	1.000	11	4.27	.905
Exporting is done as need arises since we don't usually plan for it.	3	3.33	.577	11	1.64	.924
Our planning department is well developed	3	3.67	.577	11	4.00	1.000
We usually conduct planning sessions/training/seminars for most of our staff	3	4.33	.577	11	3.73	.905
We have experienced staff in the planning department	3	3.67	.577	11	3.91	.831

Source: Own Survey, 2014

According to the survey above, majority fruit exporters replied that their companies involve deliberate planning for the export market which indicates they have a careful plan for the export market before making any decision. That is a deliberate forethought which involves rigorous thinking and harmonization of activities will help the exporters to achieve their desired goals as well as to improve their exporting performance. Similarly, in the case of vegetable exporters, it has a mean of 4.27 with std. deviation of 0.786 indicating that the exporters strongly agreed that

there is a deliberate planning for the export market; it will have a positive influence on the export performance of the exporters.

The way both fruit and vegetable exporters ensure the presence of a carefully designed export market strategy showed. In case of export market, world market is changing constantly and thus business organizations must also have a mechanism to cop up with the nonstop changing market. Thus having a carefully designed export market strategy will ensure the exporters to satisfy stakeholders properly and to have a vision that can innovate at the same time.

In concomitant to the above, regarding consistent measurements of fruit exporters on current performance with the export targets set has mean of 3.67 with std. deviation of 0.577 which indicates that they agreed that they regularly measure the performance against the set export targets. Similarly, the vegetable exporter's survey shows a mean of 4.18 and std. deviation of 0.603. In both cases, it will enable exporters in comparing their actual performance with that of their potential, i.e. it will clearly delineate where actually they are in comparing to the targets set to be accomplished. This on the other hand will help by how much further they have to perform to accomplish the targets set, where it will have a positive impact on general export performance.

Moreover, the regularity in developing careful forecasts to help fruit exporters in exporting has a mean of 4.00 with std. deviation of 1.00. This implies that the exporters agreed that they develop carefully predictions to assist them with them in exporting. Similarly, vegetable exporters' survey also revealed on the issue a mean of 4.27 with std. deviation of 0.905. This indicates that the exporters strongly agreed that they prepare careful forecasts to assist them with vegetable export issues. Therefore, it indicates that as long as they are making well designed and carefully carried out predictions, it will have a positive impact on the export performance of the exporters. E*xports forecasts* play an *important role to lead to indications on exports' behavior, variations in export and monitoring economic activity. (*Fatima C., 2006)

Regarding the issue, if exporting is done as need arises since they don't usually plan for it, the fruit exporters survey has a mean of 3.33 with std. deviation of 0.57 indicating that the exporters are neutral on the issue. On the other hand, vegetable exporters' survey indicates a mean of 1.64 and std. deviation of 0.924 which indicates that the vegetable exporters disagree with the issue and shows that vegetable exporters usually plan for the export rather than basing as need arises.

The other issue on how the planning department is well developed and fruit exporters survey shows a mean of 3.67 and std. deviation of 0.57 and same goes for the vegetable exporters having a mean of 4.00 with std. deviation of 1.00. This implies that the fruit and vegetable exporting companies have a well-developed planning department which will assist the exporters to have an effective and comprehensive plan on time. This on the other hand will enhance the export performance of the exporters.

Regarding the intermission of conducting planning sessions, trainings and seminars for their stuffs, both fruit and vegetable exporters revealed that they strongly agree that they usually conduct them. Finally, about having experienced staff in their planning department, both fruit and vegetable exporters agreed that they have a well experienced staff in their planning department.

4.4 Major challenges face the fruit and vegetable exporters

Table 4.14 Major internal challenges

Internal challenges faced	Fruit exporters		Vegetable exporters	
Rank Response	Frequency	Percentage	Frequency	percentage
Lack of managerial skill	2	33.33	7	35
Lack of work commitment by employees	1	16.67	8	40
Lack of refrigerators to preserve fruits/ vegetables	2	33.33	2	10
Soil borne diseases	1	16.67	3	15

Source: Own Survey, 2014

As indicated in the survey above, the first major problems of the exporters are lack of managerial skill and lack of refrigerators to preserve the fruits and vegetable which is similar to Degafe (2013) which utters that most fruit and vegetable exporters in Ethiopia have a low quality productivity and deficiency in post-harvest handling services. Regarding the managerial problems of the sector, Degafe (2013) similarly revealed that majority of the fruit and vegetable exporters are facing with lack of skilled manpower especially horticultural specialists. He also noted that even though higher education institutions have begun to train students in the area in the past few years, they are small in number and also he asserted that the students lack practical knowledge.

Moreover, vegetable exporters revealed that their major internal constraints are lack of work commitment by employees followed by lack of managerial skill, soil borne diseases and lack of refrigerators to preserve the vegetables.

Table 4.15 Major external challenges

External challenges faced	Fruit exporters		Vegetable exporters	
Rank response	Frequency	percentage	frequency	Percentage
Lack of credit facilities and supply of inputs	2	33.33	7	25
Lack of organized information in the market system	1	16.67	5	17.86
Government regulation	-	-	4	14.28
Land availability	-	-	2	7.14
Water access	1	16.67	-	-
Lack of infrastructure (road, air)	2	33.33	6	21.44
Lack of access to network	-	-	4	14.28

Source: Own Survey, 2014

According to the above survey, fruit exporters' major external challenges are lack of credit facilities and supply of input, and lack of infrastructure are the major challenges. Moreover lacks of organized information in the market system and water access are also internal constraints for the export of the fruits. Information on factors that affect competitiveness of fruit and vegetable market is essential for the design of any strategy or policy that has an objective of intervention. (Sreepada H., 2013)

However in the vegetable exporters the major external challenges are lack of credit facilities and supply of inputs, lack of infrastructure (road, air) and also lack of organized information in the market system are the major constraints of the vegetable export. According to Degafe (2013), the major constraints of the Ethiopian fruit and vegetable sector are low volume and quality of production, low productivity due to diseases and pests, lack of storage, lack of improved technologies, inadequate supply of input and lack of credit facility. Presently, many of the highest producer and exporter countries have advantages in terms of experienced management,

better infrastructure, and cheaper airfreight. For instance, airfreight out of Ghana (at $0.70/kg) is by half less than that of Ethiopia (World Bank, 2004)

Finally, interview with EHDA higher official it has been noted that;

> *"The major challenges and reasons for fruit and vegetable exporters, and a discourager for emerging investors in the sector is market shortage problems and lower market price for their products where in some cases it cannot even cover their cost of production and distribution"*

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

This chapter includes key findings of the study and recommendation. Accordingly, major finding of the study are presented followed by possible recommendation forwarded by the researcher to the concerned bodies.

5.1 Conclusions

In Ethiopia, there are 3 fruit and 11 vegetable exporters spatially distributed in different regions of the country where most of them are concentrated in the nearby surrounding cities of the capital city; Addis Ababa. The sector has been well emphasized and there is a growing interest in the sector by the government as one of the crucial areas for the expansion of foreign exchange earnings. On the other hand, the overall export performance of the country will be affected due to petite number of exporters especially in the case of fruit exporters. Similarly, there are limited varieties of exports; i.e. strawberry from fruit exporters and beans and snow peas, and potato, cabbage, chilies and tomatoes from vegetable exporters, where in case of market fluctuations, it would be difficult for the exporters to cop up with the changing market with a single variety of product especially for fruit exporters.

Majority of the fruit exporters export to Middle East followed by Europe, where as for the vegetable exporters, their major destination is the European market, Middle East and some other nearby bordering African countries primarily Djibouti. Ethiopian exporters are relatively advantageous due to their location proximity to the big markets of Europe and Middle East, leaving them with one positive point for their export performance instigation and encouragement. The overall management experience of the exporters in business management and participation in exporting is found to be 5 to 10 years and 4 to 5 years respectively. This is also similar result where most of the exporters have been established in the past few 4 to 5 years. In concomitant, majority of managers have had training on marketing, exporting and sales management however it is found that they have no training experience in international business management.

The export sales trend of fruit and vegetable exporters has shown a colossal fluctuation from the year 2008/09 to 2012/13. However, the variation was found to be insignificant to the total export sales gain of the country from the sector where there was only USD 1,866,843 from the year

2008/09 to 2012/13. The major vegetable exporters are Ethio Vegfru, Jittu D/zeit and Upper Awash, and Jittu Holeta from fruit exporters. It is also found that majority of the exporters have limited number of office workers as compared to their field workers where the proportion among them should be adequate enough so as to have a good control on both the management of office and field work. In addition, majority of the exporters revealed that range/variety of export, price competitiveness and personal contact with oversea distributors are highly significant in their capability and competency in the international arena.

Moreover, vegetable exporters indicated that the production method they employ is highly significant which is a preliminary stage in exporting chain, whereas for fruit exporters product quality management is a significant segment in exporting. Besides, both fruit and vegetable exporters indicated that there are numerous trade risks which may not be easily avertable to enhance the export performance of existing exporters. Despite high exporting risks, exporters revealed it is feasible to export. Fruit exporters noted that they have an export advantage through proximity to export markets, by the production method they employ and their constant supply to markets where as for vegetable exporters constant supply of the products to the market is found to have a huge influence as their major exporting advantage.

Fruit and vegetable exporters carefully choose importers with a strategic distribution system and also avowed that they have a clear pricing objective for the export market. The study found that they can increase their export quantity and the quality through a rigorous selection of the target market, use of dynamic brand management and strategic choice of distribution system. However it is found that most fruit and vegetable exporters take long term contractual agreements leaving huge treats when there are new market openings with better price. Moreover, majority of fruit and vegetable exporters revealed that they carefully develop forecasts and conduct planning sessions, trainings and seminars to their staff to enhance their export performance.

The major internal constraint in the fruit exporters is lack of managerial skill whereas for vegetable exporter is lack of commitment by the employee's. Externally fruit and vegetable exporters are constrained by lack of credit facilities and supply of inputs followed by lack of infrastructure and lack of organized information in the market system. In addition, the study found out that start up support and follow-up services and integration of supports provided for the exporters are not well gratifying. To conclude the export performance of fruit and vegetable

exporters is in its infancy and there is yet much to be done to increase the gains from the sector and thus solving those challenges could possibly enhance the export performance of fruits and vegetable exporters in Ethiopia.

5.2 Recommendations

Basing on the research findings, the researcher forwarded the following recommendations that can assist in enhancing the export performance of fruits and vegetables in Ethiopia. The following recommendations are for fruit and vegetable exporters, to the policy makers and to Ethiopian Horticulture Development Agency (EHDA) accordingly.

5.2.1 Recommendations to the exporters

- Exporters should improve and sustain firm characteristics (exporting experience, firm technology, firm capabilities and competences). The exporters should have to hire management having a considerable experience especially on export of fruits and vegetables.
- The exporters should employ modern farming technologies (like fertilizers and pesticides) to increase their productivity and quality of products which are competitive in the international arena.
- Managers should use carefully designed export marketing strategy, marketing practices like marketing research utilization and planning & control in order to continuously achieve export sales performance.
- Fruit and vegetable exporters should consider alternative distribution means like sea freight due to its advantage to handle bulky products in lesser cost.
- The fruit and vegetable exporters should have to give incentives for the management and field workers for motivation especially in harvesting times where there are long hours of work.

5.2.2 Recommendation to the policy makers

- The policy makers should smooth further the progress of foreign direct investment so as to attract more investors especially in the fruit exporting sector.

- Majority of the exporters are in need of a well-trained and educated and skilled work force. With few exceptions, vocational and university programs need a major overhaul to focus on unmet demand from the sectors for operational, technical, and managerial advancement of the exporters.

- They should assist exporters in getting more access to finance and inputs. There is also a need to improve basic infrastructure like roads, water access and power to enable the exporters in their technical capacity especially for handling functions.

- Policy makers should design different schemes (i.e. schemes that can increase the accessibility of fertilizers and pesticides) to bring a meaningful improvement in the productivity and production of the exporters to enhance the quality of their products.

- The policy makers should facilitate ways that can decrease the freight cost and increase more cargo spaces; the freight cost of Ethiopian Airlines is too costly and spaces are limited.

5.2.3 Recommendation to the EHDA

- They should give training for the management of the exporters in international business management and trainings on post-harvest handling should be available for exporters.
- EHDA should be in consistent contact with the exporters for a better follow up support.

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Appendices

APPENDIX ONE

Questionnaire

Mekelle University

College of Business and Economics

Department of Management

The following questionnaire forms part of a study being undertaken on the Assessment of fruit and vegetable export performance in Ethiopia. This is purely an academic exercise and your anonymity is guaranteed.

In this research, success is related to those key factors that will help the fruit and vegetable firms in Ethiopia. Thus the researcher would like to invite you who are in a position to provide valuable information which will help the researcher to achieve the desired fulfillment of the research in progress. Thus, the return of the survey form will constitute your consent to participate in the study.

Thank you in the anticipation of your involvement

Sincerely

Yeabsira Tamerat

Tel: 0913 70 08 89

Email: tyeabsira3@yahoo.com

Date: _____

SECTION ONE – GENERAL QUESTION

PART ONE – COMPANY PROFILE

1. For how long has your company been exporting vegetables?
   1. Less than a year ☐
   2. 2-3 years ☐
   3. 4-5 years ☐
   4. More than 5 years ☐
2. Does your export company "produce" and export the vegetables?

   1. Yes ☐ 2. No ☐

3. If your answer for Qn. 2 is No, where do you get the vegetables you export?

   1. Farmers ☐
   2. Wholesalers ☐
   3. Retailers ☐
   4. If any other, please specify_____
4. What kinds of vegetables are being exported by your company?

   1. Beans ☐
   2. Potatoes ☐
   3. Cabbage ☐
   4. Chilies ☐
   5. Onions ☐
   6. Tomatoes ☐
   7. Snow peas ☐
   8. If other, please specify_____
5. Where are you exporting the vegetables?

   1. Europe ☐
   2. Middle East ☐
   3. Asia ☐
   4. The rest of Africa ☐
   5. Any other, please specify _____

PART TWO – OWNER/MANAGER PROFILE

6. How many years of experience have you been in business management?
   1. Less than 5 years ☐
   2. 5-10 years ☐
   3. 11-15 years ☐
   4. Above 15 years ☐
7. How many years of experience do you have in vegetables exporting?
   1. Less than 2 years ☐
   2. 2-3 years ☐
   3. 4-5 years ☐
   4. 6-7 years ☐
   5. Above 7 years ☐
8. Have you had any training in the following areas? Tick only one.

No	Training experiences	Responses
1	Exporting	
2	Marketing and exporting	
3	Exporting, marketing and sales management	
4	Exporting, sales management and international business management	
5	None of the above	

SECTION 2: STATUS OF VEGETABLES

SALES GROWTH

9. What has been your firm's total value of annual gross sales for the following years

No	Year	Export Sales
1	2008/09	
2	2009/10	
3	2010/11	
4	2011/12	
5	2012/13	

SECTION 3: FIRM CAPABILITIES AND COMPETENCIES

10. How many management/office workers do you have?

1. less than 10 ☐
2. 11- 20 ☐
3. 21-30 ☐
4. 31-40 ☐
5. 41-50 ☐
6. Above 50 ☐

11. If your company produces the vegetables, how many field workers do you have?

1. less than 150 ☐
2. 151-300 ☐
3. 301-450 ☐
4. 451-600 ☐
5. Greater than 600 ☐

12. State how significant or important each of the following is to your business

Where 1: very insignificant 2: insignificant 3: neither significant nor insignificant 4: significant 5: very significant

No		1	2	3	4	5
12.1	Range/variety of vegetables					
12.2	Importers distribution network					
12.3	Company reputation					
12.4	Export marketing knowledge					
12.5	Price competitiveness					
12.6	Personal contact with overseas distributors					

FIRM TECHNOLOGY

13. State how significant or important each of the following is to your business

    Where 1: very insignificant 2: insignificant 3: neither significant nor insignificant 4: significant 5: very significant

No		1	2	3	4	5
13.1	The production method					
13.2	Quality assurance processes					
13.3	Product quality and systems quality management					
13.4	Any other (specify)					

RISK PERCEPTION

14. For the following questions, please respond by ranking on a 1-5 scale where 1 is strongly disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is strongly agree

No		1	2	3	4	5
14.1	My firm considers exporting to be risky					
14.2	Exporting risks are of less concern to us than the opportunities					
14.3	We consider exporting after satisfying the domestic market					
14.4	We feel there are many trade risks to vegetable exporting					
14.5	Despite the trade risk, we feel it is still viable to export					

EXPORT MOTIVATION

15. To what extent is each of the following a motivating factor for you to export? Indicate as either 1: Very Low, 2: Low, 3: Medium, 4: High, 5: Very High

No	Motivator	1	2	3	4	5
15.1	High margins					
15.2	High profits					
15.3	Sales growth					

15.4	Responding to domestic competition					
15.5	If others (specify)					

PERCEIVED EXPORT ADVANTAGE

16. To what extent is each of the following an export advantage to you in comparison to your competitors? Rank on a 1-5 scale, where 1 is very unimportant, 2 is unimportant, 3: neither unimportant nor important, 4: important, 5: Very important

No		1	2	3	4	5
16.1	Proximity to export market					
16.2	Low farm gate prices					
16.3	Production method used, e.g. use of organic methods					
16.4	Constant supply					
16.5	Low price charge for importers					
16.6	Good credit terms with importers					
16.7	Others (specify)					

EXPORT MARKETING STRATEGY

17. For the following questions, please respond by ranking on a scale of 1-5 scale where 1 is strongly disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is strongly agree.

No		1	2	3	4	5
17.1	We have a clear pricing objective for the export market					
17.2	My company is ever pursuing vigorous brand management					
17.3	We carefully choose importers with a strategic distribution system to maximize benefits for the company					

18. Which of the following do you use for obtaining information about export destination? May choose more than one.
    1. Internet ☐
    2. Ethiopia Export Promotion Board ☐
    3. Ethiopia National Chambers of Commerce and Industry ☐
    4. Ethiopia Bureau of Statistics ☐
    5. Ethiopian Horticulture Association/ Agency ☐
    6. Research Agency/Consultant ☐
    7. If other (specify)_____

19. For the following questions, please respond by ranking 1-5 scale where 1 is strongly disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is strongly agree.

No		1	2	3	4	5
19.1	We are committed to knowing more about our customers in the export market					
19.2	We deliberately collect information about our customers in the export market					
19.3	We carefully select which segment to target our customers in the export market					
19.4	We actively seek market information to enter new export markets					
19.5	We are always seeking new markets to achieve our objectives					
19.6	We select importers with strategic distribution networks					
19.7	We rarely use market information in making export decisions					

MANAGERIAL ATTITUDE

20. For the following questions, please respond by ranking 1-5 scale where 1 is strongly disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is strongly agree.

No		1	2	3	4	5
20.1	My company involves deliberate planning for the export market					
20.2	We ensure there is a carefully export market strategy in place					
20.3	We regularly measure our performance against set export targets					
20.4	All concerned managers are aware of how we are performing in the export market on regular basis					
20.5	We regularly develop carefully forecasts to help us in exporting					
20.6	We are aware of the risks associated with exporting					
20.7	Exporting is done as need arises since we don't usually plan for it.					
20.8	Our planning department is well developed					
20.9	We usually conduct planning sessions/training/seminars for most of our staff					
20.10	We have experienced staff in the planning department					

SECTION: 4 CURRENT CHALLENGES FACED

21. What are the internal challenges that are faced by your company? (Rank your answer according to importance; 1, 2, 3 . . .) The first three

No	Internal challenges faced	Rank
21.1	Lack of managerial skill	
21.2	Lack of commitment to work by employees	
21.3	Lack of refrigerators to safe vegetables	
21.4	Soil borne diseases	
21.5	If others (specify)	

22. What are the external challenges which can be set as hindering factors for the good performance of the company? (Rank your answer according to importance; 1, 2, 3 . . .) The first three

NO	External challenges faced	Rank
22.1	Lack of credit facilities and supply of inputs	
22.2	Lack of organized information in the market system	
22.3	Government regulation	
22.4	Land availability	
22.5	Water access	
22.6	Lack of infrastructure (road, air)	
22.7	Lack of access to network	
22.8	If others (specify)	

END!!!

I thank you for sparing your precious time to answer the questionnaire.

APPENDIX TWO

Questionnaire

Mekelle University

College of Business and Economics

Department of Management

The following questionnaire forms part of a study being undertaken on the Assessment of fruit and vegetable export performance in Ethiopia. This is purely an academic exercise and your anonymity is guaranteed.

In this research, success is related to those key factors that will help the fruit and vegetable firms in Ethiopia. Thus the researcher would like to invite you who are in a position to provide valuable information which will help the researcher to achieve the desired fulfillment of the research in progress. Thus, the return of the survey form will constitute your consent to participate in the study.

Thank you in the anticipation of your involvement

Sincerely

Yeabsira Tamerat

Tel: 0913 70 08 89

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Date: _____

SECTION ONE – GENERAL QUESTION

PART ONE – COMPANY PROFILE

1. For how long has your company been exporting fruit?
    1. Less than a year ☐
    2. 2-3 years ☐
    3. 4-5 years ☐
    4. More than 5 years ☐
2. Does your export company "produce" and export the fruit?
    1. Yes ☐ 2. No ☐
3. If your answer for Qn. 2 is No, where do you get the fruit you export?
    1. Farmers ☐
    2. Wholesalers ☐
    3. Retailers ☐
    4. If any other, please specify_____
4. What kinds of fruits are being exported by your company?
    1. Banana ☐
    2. Strawberry ☐
    3. Mangoes ☐
    4. Orange ☐
    5. Pineapple ☐
    6. If other, please specify_____
5. Where are you exporting the fruits?

1. Europe ☐
2. Middle East ☐
3. Asia ☐
4. The rest of Africa ☐
5. Any other, please specify _____

PART TWO – OWNER/MANAGER PROFILE

6. How many years of experience have you been in business management?
   1. Less than 5 years ☐
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8. Have you had any training in the following areas? Tick only one.

No	Training experiences	Responses
1	Exporting	
2	Marketing and exporting	
3	Exporting, marketing and sales management	
4	Exporting, sales management and international business management	
5	None of the above	

SECTION 2: STATUS OF FRUITS

SALES GROWTH

9. What has been your firm's total value of annual gross sales for the following years

No	Year	Export Sales
1	2008/09	
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    7. If other (specify)_____
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22.2	Government regulation	
22.3	Land availability	
22.4	Water access	
22.5	Lack of infrastructure (road, air)	
22.6	Lack of access to network	
22.7	If others (specify)	

END!!!

I thank you for sparing your precious time to answer the questionnaire.

APPENDIX THREE

FRUIT AND VEGETABLE - INTERVIEW TO EHDA

1. What is the major role of EHDA in the fruit and vegetable exporting sector?
2. What are the requirements to engage in the export of fruit and vegetable?
3. What are the major standards in terms of quality that the fruit and vegetable exporters must fulfill to export out of the country?
4. What kinds of incentives are being provided by your department so as to enhance the export performance of fruit and vegetable exporters?
5. What do you think are the major reasons for the business failures of investments in the fruit and vegetable exporting sector?
6. Does fruit and vegetable export in neighboring countries cause any threat to the fruit and vegetable export performance in Ethiopia?
7. What are the major challenges those investors in this fruit and vegetable sector face?
8. What are the major incentives that the government is working to alleviate the challenges faced in the fruit and vegetable exporting industries?
9. Are there serious problems that the government and the investors jointly have not been able to address? What should be done now in your opinion?