

St. Mary's University

SCHOOL OF GRADUATE STUDIES



**HIDES AND SKINS MARKETING PRACTICES AND
CHALLENGES IN ETHIOPIAN LEATHER INDUSTRIES:
CASE OF ADDIS ABABA ABATTOIRS ENTERPRISE**

BY

EPHREM GIZAW

JUNE, 2021

ADDIS ABABA, ETHIOPIA

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ID: SGS/0269/2012A

**A THESIS TO BE SUBMITTED TO THE DEPARTEMENT OF
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DECLARATION

I, the undersigned, declare that this thesis entitled “Hides and skins marketing practices and challenges in Ethiopian leather industries: case of Addis Ababa abattoirs enterprise”, is my original work and has not been presented for a degree in any other university or organization, and that all sources of materials used for the thesis have been duly acknowledged.

Declared by: EPHREM GIZAW

Date: _____

Signature: _____

CERTIFICATION

This is to certify that EPHREM GIZAW done the study on the topic of “Hides and skins marketing practices and challenges in Ethiopian leather industries: case of Addis Ababa abattoirs enterprise” Submitted to St. Mary’s University, school of graduate studies a research thesis for partial fulfillments of the requirement of degree of Masters of Art in Project Management done by Ephrem Gizaw, ID No SGS/0269/2012A. Therefore; the study is original and has not been done before by any other researcher at the same topic.

Adviser name

signature

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LIST OF ABBREVIATION

GDP	Gross domestic products
MOA	Ministry of Agriculture
FDI	Foreign direct investment
UNDIO	United nation development of industry's organization
PH	Power of hydrogen
ELICO	Ethiopia leather Industry Company
SLDP	Second Livestock Development Project
LMA	Livestock Marketing Authority
FAO	Food and Agriculture industry
LIDI	Leather industry development institution
TVTE	Technical and vocational education and training
EDRI	Ethiopian Development Research Institute

ABSTRACT

The current study was conducted with the objective of assessing hide and skin marketing practices and its challenges in Addis Ababa abattoir enterprise. Both qualitative and quantitative data's were collected with an exploratory research design. The population of the study were sampled by using stratified probability sampling with total sample size of 192. A questionnaire survey and interview was done with 151 respondents with full respondent rate to assess the marketing situation of raw hide and skins. The general findings show that according to Addis Ababa abattoir enterprise, backyard slayers and central collectors the major quality defects found are scratch, brand marks, scar from wounds and tick mark, ripping defect and animal disease. The analyses of the study conducted with the assessing respondents' shows marketing practices have four lines of market channels for hides and skins. This starts from producers (Addis Ababa abattoir enterprise and households) followed by middlemen, central collectors and tanneries. Also between this marketing channels Production problem such as diseases and quality defects as well as market problems such as lack of competitive market, price fluctuation and limited market information were identified. Accordingly, the end selling access goes to tannery factories of Waliya, ELICO and LIDI. As many as one-quarter to one-third of all skins processed at tanneries of ELICO, LIDI and Waliya was found that majority quality defects. Due to natural quality defects, processing defect, lack of cheap west management system and lack of foreign currency to buy chemical, tannery company are facing limitation of capacity to sock needed quantity and to receive the total amount produced and collected by the enterprise. Due to this and several reasons a number of hide and skin products do not reach to the market. Moreover, most respondents are aware of some of the criteria for determining quality of hide and skins but due to uncontrolled defects, environmental pollution, government policies, foreign currency shortage, seasonality of the product need and poor marketing systems the sector shows declination from time to time. However, they can easily be minimized through creating price incentive based marketing, creating technology based programs and project work that implement the goodwill of the sector through managing environmental pollution, infrastructure and continuous awareness creation and training and provision of more access to market and better price.

Key words: Marketing, quality, hide and skin, Addis Ababa abattoirs enterprise

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Ethiopia is believed to have the largest livestock population in Africa. An estimate indicates that the country is home to about 54 million cattle, 25.5 million sheep, and 24.06 million goats (Bekele, Lamaro, Berhe & Berhe, 2017). From 1995/96 to 2012/13, the cattle and goat populations grew from 54.5 million to over 103.5 million, with an average annual growth of 3.4 million (CSA, 2013). In 2024/25, the cattle, sheep, and goat populations in the sedentary (people that are not travel from place to place) areas of Ethiopia are estimated to reach 75, 42.8, and 39.6 million heads, respectively (Leta & Melese, 2014). These livestock subsectors also majorly contribute to the overall economy. The livestock sector accounts for 19% of the GDP and generates 16–19% of the foreign exchange earnings of the country. It also accounts for about 35% of the agricultural GDP (or 45% if indirect contributions are taken into account). Furthermore, the country's foreign exchange from livestock product has seen an increase, especially by supplying red meat to the Gulf and within Africa, as well as by providing leather and other livestock product to Europe (MOA, 2012).

Cattle, sheep, and goats are important sources of income for the agricultural community and together comprise one of Ethiopia's major sources of foreign currency earning through export of live animals, as also meat, hide, and skin. Export commodities of Ethiopia are mainly agricultural outputs like coffee, hides and skins, and oil seeds and nuts. As these are the main sources of foreign earnings, they automatically define the country's capacity to import other materials used in manufacturing. Hides and skins as important economic components contribute significant amount to the national economy by providing 14-18% of the foreign exchange earnings (Bekele M, Ayele G 2008).

There are 34 tanneries in Ethiopia and two of them are under establishment. All of them except LIDI are owned by private sector. Tanneries are owned by both local and FDI. Till present they contribute major share of export. More than 6000 workers are involved in this sector. In average per year 20 million skins and 2 million hides are consumed. They supply also finished leather to the leather product manufacturers (UNDIO, 2017). But since there establishment the benefit they are getting is not that much importance due to lack of quality, strong police and price of the raw hide and skin they collect from local market which is

collected from door to door slaughter production and enterprise production. This causes backwardness in the production of leather and other products out of this sector.

1.2. Statement of the problem

The livestock production system is greatly traditional but still contributes to both subsistence and cash generation. Animals are sold or slaughtered only at an advanced age, or in the case of urgent need. Self-sufficiency in animal raw hides and skin production and increase in rural income and foreign currency earning of the country through improving the quality and quantity of export items are among the main objectives of the current agricultural development policies of Ethiopia. But we are not getting what we need out of this sector (MOA, 2012).

Hides and skins are important by products of livestock playing significant role in the Ethiopian economy. There are several study's under taken in the leather and related sector specially most of the study's consider the quality aspect of a raw hide and skin collection at the stage of pre-slaughter, slaughter and post slaughter (Sammy.L 2012). However, the potential of the sector is not adequately exploited due to factors limiting quality of the products and other reasons, which cause the raw hides and skin products price (raw leather price) to be costing as very cheap (unreasonable price).

The importance of addressing this study is that now days there are different leather industries and abattoir enterprises that will increase the production rate by double digit. This will contribute a lot in terms of job opportunity, export, brand building, and means of foreign and local cash generation. So by understanding the reasons why time to time the price of a raw hide and skin product is falling in price and the challenges in this sector on marketing practices help the society to build a concrete support to develop this sector.

1.3. Research question

This thesis tries to address different questions that need to be answered in order to fulfill the required result. The following are some basic questions the research aim to answer;

- What does the existing hides and skin marketing practice in Addis Ababa abattoirs enterprise look like?
- What are the trends of hides and skin price in Ethiopian leather industries?
- What are the challenges in the existing hides and skin marketing practices?

1.4. Objective

1.4.1. General objective

Hides and skins marketing practices and challenges in Ethiopian leather industrie:
case of Addis Ababa abattoirs enterprise

1.4.2. Specific objective

- Analyzing the challenges in the marketing practices of animal raw hide and skin
- Finding out the existing market practices of animal raw hide and skin

1.5. Significance of the study

There are many opportunities in the animal raw hides and skins sectors in Ethiopia. These are raw material availability due to the large livestock base in pastoral areas, ready market, the growing national and international markets for hides, skins, and leather products, use of wet salting technology to improve curing and preservation by using simple and effective technology of preserving hides and skins using salt with a potential of increasing profits many fold local processing and value addition in community-based tanneries, and government willingness in revitalizing the hides, skins, and leather sectors through public/private partnerships (Mwinyihija,2011). Therefore through this process and other hide and skin contribute to our country as foreign exchange- and employment-creating opportunity. Hide and skin are animal by-products that generate high revenue. They are produced jointly with meat and possibly milk, but generally account for less than 5% of the values of the animals. Although leather gained from the hides of large ruminants is used mainly for shoe-making, is the most important of world trade in hides and skins, these small scale may also be of value. Sheep skins are often traded with wool attached, including the special case of karakul, best known as astrakhans, while goat fibers such as mohair and cashmere are highly valued. Goat skins provide delicate leathers, where their main importance today is in clothing, particularly coats (Mekonnen and Gezahegn, 2008). This all aspects will generate cash and made Ethiopians life more incredible specially the slayers and butcher life. Most of Ethiopian rural area use the wrong side of the material (hides and skin) as households materials for beauty purpose only but it has more vital role as mentioned above, so this study will contribute a lot to manage the Ethiopian cattle's, sheep's, goats and other animals which contribute to the fashion industries so as to use their semi-finished and finished product as an end product use or cash (local or foreign) generation.

1.6. Scope of the study

The study focus on the basic reason for the fall of animal raw hides and skin price from time to time which lead the fall of slayers and butcher's living standard and tannery industries regarding the expected cash generation. The study focus on the price fall regarding quality, policy and slaughter practices and somehow it address on the distribution mechanism used in the sector to the market and its limitation towards the growth of the sector and gives some recommendation to fulfill the gap and bring the sector towards benefits and profit for the community.

The place where the study conducted is Addis Ababa abattoirs enterprise. The area used as a sample to address the overall Ethiopian leather industries and commercial slaughterhouse activities and related market chain practices.

Mostly when we see the raw material for our tannery industries are collected from different kinds of animals like ostrich, elephant, buffalo, rabbit, pig, sheep, goat, and cattle's. But this study focus on the most used domestic animals specially the animals like cattle's, sheep and goat.

1.7. Limitation of the study

The most challenging thing is the corona virus pandemic to address all areas and collect sufficient data to implement and analyses. In addition to this, unwillingness of some respondents due to shy or other reason to respond to some questions which focus on their income. Some industries show coyness to give their working capacity and procedures due to unconvinced reason.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Animal raw hide and skin

The words hides and skins are often used interchangeably; however, according to the British standard definitions, hide is the raw skin of mature animals of larger kinds, such as cattle, horse, and other such large animals. Skin is the skin of fully grown animals of smaller kinds, such as shoat, pigs, reptiles, birds, and fishes or of immature animals of the large species like calves and colts (Teame, 2017). Common commercial hides include leather from cattle and other livestock animals, buckskin, alligator skin and snake skin. All are used for shoes clothes, leather bags, belts, or other fashion accessories. Leather is also used in cars, upholstery, interior decorating, horse tack and harnesses. Skins are sometimes still gathered from hunting and processed at a domestic or artisanal level but most leather making is now industrialized and large-scale. Various tannins are used for this purpose. Hides are also used as processed chews for dogs or other pets.

Hides are categorized based on the age and weight of animals. Accordingly, calf skins usually weigh from 0 to 6 kg in green conditions. Adult animals 'hides can be categorized into three categories: light, medium, and heavy. Light category hides are from young heifers/bulls with a weight of 6–11 kg in the green state. Medium category hides are from young cows and bulls that weigh 11–17 kg. Heavy hides are from full-grown cows or bulls that weigh more than 17 kg. Sheep skins are divided into hairy and wool types depending on the types of the hair coat. These hides and skins are the end products of animal production, as an end product although more correctly they are by-products; they are important and valuable resources. In the developing world they are almost never exploited to anything like their full potential. Hides and skins are often intrinsically and up discarded or wasted because of ignorance or misinformation.

2.2. Market and Marketing Concepts

The concept of exchange and relationships lead to the concept of market. It is the set of the actual and potential buyers of a product (Kotler and Armstong, 2003). Conceptually, however, a market can be visualized as a process in which ownership of goods is transferred from sellers to buyers who may be final consumers or intermediaries. Therefore, markets involve sales locations, sellers, buyers, and transactions. Marketing is managing markets to bring about profitable exchange relationships by creating value and satisfying needs and

wants. “Marketing includes all activities from the farm gate to the final consumer (Kotler and Armstrong, 2003). Definition of marketing is widely known as "the 21 century definition of marketing” which runs as follows a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others (Kotler, 2003).

2.2.1. Marketing system

The concept of marketing system includes both physical distribution of economic input and products and the mechanism of process or coordinating production and distribution (Andargachew, 1990). In broad terms, marketing system may be defined as the totality of product channels, market participants and business activities involved in the physical and economic transfer of goods and services from producers to consumers. Marketing system operates through a set of intermediaries performing useful commercial functions in chain formations all the way from the producer to the final consumers (Islam et al., 2001). Three local market tiers are present in the hides, skins and leather subsector;

Primary market:-: through local markets in the study area by livestock traders, butchers and local buying groups.

Secondary markets: – Main collection center’s both in the study area and high potential areas. This is characterized by hides and skins traders.

Tertiary market: – this is the highest market level possibly the terminal market locally. This is characterized by exporters, tanners and major buyers in urbanized localities (Mwinyikion et al., 2010).

2.2.2. Marketing chain

Formally, a marketing channel is a business structure of interdependent organizations that reach from the point of product origin to the consumer with the purpose of moving products to their final consumption destination (Kotler and Armstong 2003). Marketing chain may be short or long depending on kind and quality of the product marketed, available marketing services, and prevailing social and physical environment (Islam et al., 2001). The marketing of hide and skins starts at the producer/consumer level and passes through a chain of middlemen until it reaches the tanneries (Ahmed, 2000).

The marketing chain is principal from primary producer (rural farmer and pastoralist) to rural markets; to small dealers and agents/collectors; to town traders and shed owners (where hides

and skins are frame-dried and/or wet-salted); to the big traders and finally to tanneries (Ahmed, 2000).The tanneries can be supplied directly from the slaughter premises, regional big traders. The tanneries process the hide and skin received from their suppliers either in the green (fresh), air-dried or wet salted states to semi-finished or finished stages for both local and exports markets (Ahmed, 2000).

2.2.3. Marketing structure and conduct

Market structure depicts the institutional environment among others in which transactions take place, which influences competition and pricing is considered to be fixed in the short run for actor in the marketing channels. Market structure is defined as characteristics of the organization of a market, which seem to influence strategically the nature of the competition and pricing within the market. Elements of market structure include: type of intermediaries, type of marketing channels and type of markets, number of actors, instruments quality standards, physical market infrastructure and regulation of entry and exit (Scott, 1995).

Market conduct refers to the patterns of behavior that firms follow in adopting or adjusting to the markets in which they sell or buy. Such a definition implies the analysis of human behavior patterns that are not readily definitely, obtainable, or quantifiable. In other words, conduct focuses on trader's behavior with respect to various aspects of distinctive elements characterizing the functioning of agricultural commodity market. It is the patterns of behavior which enterprises follow in adapting or adjusting to the market in which they sell or buy, or in other words, the strategies of the actors operating in the market. Elements of marketing conduct include: buying, selling, transport, storage, information and finance.

2.2.4. Marketing price

A price is the (usually not negative) quantity of payment or compensation given by one party to another in return for one unit of goods or services. In some situation, the price of production has a different name. If the product is a "good" in the commercial exchange, the price of this product will likely to be called "price". However, if the product is "service", there will be other possible names for this product's name. For example, the graph on the bottom will show some situations (Schindler, Robert M. 2012). A price is influenced by production costs, supply of the desired item, and demand for the product. A price may be determined by a monopolist or may be imposed on the firm by market conditions. Market price is the economic price for which a good or service is offered in the marketplace. It is of

interest mainly in the study of microeconomics. Market value and market price are equal only under conditions of market efficiency, equilibrium, and rational expectations.

2.3. Hide and skin quality

The problem is that quality means different things to different people because they have different expectations or requirements (Leach, 1995). The production of good quality leather depends on the quality of the raw material. Defects in leather implicate higher cost in production and greatly reduce the selling value for the leather. In Kenya, the economic loss due to hides and skins defect is very high. These defects are encountered from the time the animal is butchered until the leather processing is completed. It is practically impossible to find out perfect animal hide or skin. Defects come from carelessness in breeding, feeding, living condition, diseases, parasites, handling, slaughtering, preservation, storing and transportation (Chabarin, 1994).

Quality is the most important factors in the improvement of skin production as a whole system of collection, which is far from efficient or complete (UNIDO, 2004). The quality of hides and skins for production of different types of leather is determined by certain characteristics of the raw material. These are the thickness and evenness over the surface, the weight, the density and the presence of defects (Pic 1990).

Hides and skins differ in their structure depending upon the habit of life, season of year, age, sex, and breeding. The various operations involved in the preparation of hides and skins are most easily classified according to when they occur with respect to the time of slaughter. Accordingly, the first of three such periods is designated pre-slaughter. It covers the greater part of the animal's life, from its birth to about the time it is collected for delivery to the butchery (Russell et al., 1980).

The size of the skin is considered and hence graded into extra small, small, medium, large and extra-large. The squared method was used to measure the size (surface area) of each skin. The number of hides may be confusing since the sizes of most common hides and skins differ considerably. The weight of a hide or skin is determined by the structure of the collagen fibbers of the skin. Physic-chemical qualities of skin are tensile strength, percentage elongation at break, tear load and distension, thickness. Venire caliper is used to measure the width and thickness of each test sample to the nearest 0.1 mm at areas between the grain side and the flesh side (ISO, 2002).

The tensile strength (T_n^2) is measured (kg force/mm) using tensile testing machine (model 4001 intone) with cell force of 100 kg (IOS, 2002). In order to measure tensile strength grain crack is primarily considered as a measure of the strength of the grain layer within the tested material as physical quality parameter (Craig et al., 1987). According to the standards for the leather cloth, the value of tensile strength must be about 150 kgf cm² (British Standards, 1984). For the tensile strength of goat skin ranges from 203 to 255kgfcm² and 153to204kgfcm² for the parallel and perpendicular samples, respectively and for cattle hide these amounts were 255 to 306 kgfcm² and 204 to 255 kgf cm, respectively. The elongation (maximum stretching without breaking) of leather can be controlled (15– 73%) by selecting the tanning and fat liquoring processes. Leather also has excellent flexibility over wide temperature and moisture range, making the product suitable for harsh environments (Gordon, 1995).

2.3.1. Hide and skin quality grading

The quality of skins and hides is defined by its grade through a process called grading. Grading of hides and skins refers to the number of defeats it has. A hide or skin with no defeat would be designated Grade I (perfect), while another with many serious defeats would be graded IV (imperfect) and is simple discarded. Anything of intermediate quality is grade II or III (Delgado e t a i 1999).

The position of a defect is also significant, at least in hides. For example, defects in the butt are considered more serious than those in the shoulders, because the butt is normally expected to provide the best physical characteristics. Conversely, a defect in the belly or shanks would not be considered very serious because these parts provide softer, weaker leathers, and defective areas here are easily removed by trimming. A third and final aspect of grading is the intensity of the defect. For example, a shallow butcher's cut on the flesh surface may be dismissed as unimportant, but if the cut penetrates and perforates the dermis, it would be considered more serious.

2.4. Empirical literature regarding animal hide and skin

This research mostly deals about the animal raw hide and skin marketing practices and challenges mostly it focus on the perspective of respondents regarding animal raw hide and skin. There are plenty of researches which are done on the aspects of leather industries international, regional and locally but there are few researches done on quality and price aspects for instance we can mention a research which is done assessment of post slaughter hide and skin defects and market analysis in arsi negele and shashemene woredas, west arsi, oromia regional state (selamawit terefe, 2015), which focus on slaughters activity and its quality parameter which cause the irrelevant usage of resources in the mentioned region of Ethiopia. Generally it tries to elaborate a cross sectional study conducted from November 2014 to March 2015 on post slaughter hide and skin defects and market chain analysis in Arsi Negele and Shashemene woredas of west Arsi Zone Oromia Regional state. The result showed 94% of Arsi Negele and 97% of Shashemene house hold respondents had experience of slaughtering livestock at home. Respondents perceive that absence of flay cut, Freshness, Size and weight of the skin are major criteria for quality of hide and skin.

Hide and skin production is commonly practiced as an additional activity, and none of the respondents specialized in this activity. The emergence of modern tanning in Ethiopiadates back to 1918 and 1927 with the establishment of the then ASCO (currently Addis Tannery) and Darmar/Awash (currently ELICO) tanneries, respectively. Between 1954 and 1976, Dire, Modjo, and Kombolcha tanneries were established (Darge, 1995). The leather industry sector is one of the growing economic sectors in Ethiopia. However, the sector is constrained by different issues like external parasites, inappropriate management of animals, and faults during slaughtering, and improper handling of skin before reaching the tannery, due to which the sector is losing a large amount of money due to the decline in quality and the fall in export price. Currently, 27 tanneries in Ethiopia produce all forms of hides and skins and finished leather for the domestic and export markets. These tanneries have an average daily soaking capacity of 107,850 pieces of sheep skin, 51,550 pieces of goatskin, and 9,800 pieces of hide. The annual capacity reaches approximately 48 million (32.4 million sheep and 15.5 million goat) skins and 2.9 million hides (CSA, 2007). Therefore the emerging and development of this industries required high rate need of animal hide and skin this lead the emerging of animal skin traders for local and foreign market.

Regarding collection of hide and skin market practices, According to Amistu Kuma and Feleke Assefa majority of the household respondents sold hide and skin to market after

backyard slaughter in fresh (unpreserved state), whereas the rest practice different types of hide and skin preservation techniques from which ground drying (57%) and smoking (24%) were common. 85% of hide and skin producers sell unpreserved hide and skin. These techniques of hide and skin curing are worse in maintaining the quality of hide and skin. As reported by the respondents, ease of using and material availability were the common reasons why the households preferred ground drying and smoking as methods of hide and skin preservation. In addition, 75% and 25% of butcheries in some part of Ethiopia districts sold fresh and salted hide to the market, respectively.

The main constraints adversely affecting the production and marketing of hides and skins are shortage of raw material, quality deterioration, lack of incentive to supply good-quality raw material to suppliers, and inadequate numbers of slaughterhouses and slabs (Mohammed, 2000). However, for Girma Admasu, 2002, the gap between demand and potential supply is the factor that affects the production and marketing of hide and skin in Ethiopia. According to Devassy (1990), apart from the problems that stemmed from the system, the main constraints in the marketing of hides and skins included an inadequate network of primary buyers, lack of facilities for slaughtering, preservation, storage, and transportation,” lack of incentives for improvement, “and limited effectiveness of government extension service. Factors adversely affecting the production and utilization of hides and skins were insufficient slaughtering houses and facilities, poor slaughtering system, poor animal husbandry practices, and lack of training on production and marketing of hides and skins as extension service with their decreasing index values of 0.208, 0.171, 0.153, and 0.136, respectively (Feleke and Amistu, 2016).

From the regional aspect there is a study conducted in Kenya regarding factors influencing the quality of hides and skins, a case of kajiado county of Kenya (Sammy .N, 2012). This also tries to implicate the causes and factors which cause quality issues and degradation in prices in kajiado Kenya.

2.5. Synthesis of reviewed literature

It is well known that animal raw hide and skin goes through different processes to accomplish a given quality. All aspects will contribute to the end usage of the material according to its quality, cost and material type (whether it is hide or skin). According to Selamawit Terefe (2015), research shows that quality focuses on pre and post slaughter activities, which account for 65% of the defect causes. According to Sammy .N. (2012), quality defects are mostly due to the handling system of the animals during breeding and caring. Other researches show that in Africa, defects are caused by poor utilization of sector resources, which results in the failure of the leather industries in Ethiopia. This research aims to provide a comprehensive view of individuals and companies regarding the fall of prices and its related problems in the Ethiopian leather industry sector.

2.6. Company background

Addis Ababa Abattoirs Enterprise is one of the oldest abattoirs enterprises that contributed more than 1000 employees in Addis Ababa. Its main contribution is providing meat to the local and foreign market. Additionally, it provides surplus products like hide and skin, bones and other products to local and foreign industries as raw materials. The organization has three large slaughterhouses and is a slaughter room for Christians, Muslims and European slaughterhouses. The history of Addis Ababa Abattoirs Enterprise began with providing slaughter services in Addis Ababa as the "Ethiopian Abattoirs Share Company," established in November 1957 with an initial capital of Birr 1,367,000.00. At the time, the shareholders were Addis Ababa Municipality (41.6%), Local Investor (42.4%), the Royal Family (12%), and Foreign Investor (4%). The Share Company's objective of opening a meat processing business in 10 towns of the country failed, and its services were restricted to Addis Ababa City Dwellers. The abattoir was started to be administered under the city municipality, but it was fully nationalized in January 1975 and in August 1998 as a result of the adoption of a new market economy policy by the Federal Democratic Republic of Ethiopia. The Abattoirs were reestablished as a public enterprise and named "Addis Ababa Abattoirs Enterprise." It provides animal slaughtering services, meat distribution, and animal by-product processing & selling for consumers for meat animals and delivering raw hide & skin for tanneries.

CHAPTER 3

3. RESEARCH METHODOLOGY

3.1. Research design and approach

This chapter gives an overview of research design, the methods used for data collection and analysis. It also describe target population, sample size and sampling procedures used and a map of the study area. After having set the objectives of research, next step is to decide the research design which best suits the research objectives. It is on the basis of the research design that the research methodology and sampling procedure are selected (Abhijeet Pratap, 2019). A survey has been used as a research design for this study utilizing available data and information relating hides and skins in enterprise and concerned market chain. A research study is a research design that intends to provide sufficient details and disclosing complexity of a given process and relationship by looking at an individual case at a given situation. The case study design helped yield the broadest base of information possible on which to make necessary recommendations for further study. The case study assembles more detailed both qualitative and quantitative information from sampled households, slaughter houses, skin traders and tanneries. Since the research addresses the above mentioned research question in the introduction part like the marketing practice, trends of hides and skin price and existing challenges in the hides and skin marketing practices this requires both qualitative and quantitative research design.

Exploratory research has been conducted since its very useful to conduct an ambiguous problem more precisely like why sales of a specific product are declining, To gain a better understanding of an issue and to determine if some research would be practical and to set priorities for future like we must focus on these two product categories because as per research interest in other categories has waned and they are not profitable nay more (Abhijeet Pratap, 2019).

3.2. Sample design and techniques

At the beginning of the study, pilot survey was undertaken to understand and update the existing information about hide and skin production and price. During the survey, concerned offices, private hide and skin collectors, slayers and hide and skin merchants were involve. Since it is mostly a quantitative data research and needs exploration research especially for the second mentioned research question, so it is better to use a probability sampling method. Therefore one of the probability sampling methods called multi-stage sampling was employed for over all sampling procedure. From the total categorized representative some

were purposively selected based on the information obtained (population, local merchant of hide and skin and number of hide and skin warehouses).

Stratified sampling divides the population into groups called strata. This sampling techniques categorized them by some characteristic. The strata are randomly selected, and each element in the selected strata is used. They are grouped in to tannery industries, commercial slaughter household, backyard slayers, local traders and government officials.

The target population in Addis Ababa abattoirs enterprise, slayers or slaughter households, government officials, local hide and skin merchants and tannery industries in order to gather information related to hide and skin market practices and price. Therefore there are 34 turnery industries in Ethiopia with workers capacity 6000 according to UNDIIO 2019. From this tannery industries by stratified sampling techniques those who are the receptors of raw hide and skin from Addis Ababa abattoirs enterprise were selected, namely ELICO a member of MIDROC Ethiopia Technology Group, LIDI tannery, and Waliya tannery industry. These tannery factories collectively have 2476 employee but among those only middle management and above are the concerned officers who have direct contribution to the selection of hide and skin and marketing practices so this implies that total population size to be 194. According to MOARD, 2005 there are 175 commercial, medium and rural slaughter slabs in Ethiopia. Among those this research studied on Addis Ababa abattoir enterprise. And from government officials who are concerned to make polices and organize the intermediate facilities one to other, namely leather industries development institute (LIDI). Animals are sold or slaughtered only at an advanced age, or in the case of urgent need (MOA, 2012). Most of the reason animals are slaughtered at the back yards of most households is for the purpose of finding a raw meat(urgent need) this is done by slayers found nearby and the skin and hides of this animals will be sold to a skin and hide traders. This research collects basic information from this slayers and skin traders which are found in Addis Ababa abattoir enterprise area. According to small enterprise office data there are around 84 backyard slayers and small traders of hide and skin of sheep, goat and cattle on that area (kera) which are recognized by the area sub city administration. From this the total population size of these companies and woreda slayers and raw hides and skin collectors are 382. The number of respondents that are involved in the questioner survey and interviews are determined by using the formula recommended by slovin's for formal survey studies. Therefore the sample size used to conduct the questioner and interview by using slovin's formula:

$n = N / (1 + Ne^2)$, where

- n= is number of sample.
- N is total population.
- E is error margin

Standard error assuming the standard error of 5% at a precision level of 0.05 and the confidence interval of 95%, According to this the sample size is 192.

According to this the proportional sample size for each strata is as follow;

Table 1 Sample size proportion

R/no	Respondent's strata	Proportion sample size
1	Tannery factories	97
2	Addis Ababa abattoirs enterprise	32
3	Government officials	21
4	Back yard slayers and traders	42

3.3. Data collection techniques and procedures

Various data collecting techniques and sources were applied; it included interviews with the help of structured questionnaires, direct observation, key informants and stakeholders(primary sources) and literature reviews, journals and researches(secondary sources).

3.3.1. Data source

3.3.1.1. Primary data source

Direct observation

The method was used to acquire data on different methods, the research visits sampled slaughter houses and hides and skins stores. Methods of curing hides and skins, slaughter houses and collection centers where hides and skins are stored are visited and observed during the study.

Interview

Structured interview was used to collect information from hide and skin producers, traders and tanneries. The interview includes data on perception of major criteria for quality of hides

and skins, market chain of the products from producers to tannery level and price of hide and skin for those who couldn't read and write because of most of traditional slayer's maker are illiterates.

Questionnaire survey

Structured questionnaire survey was used to collect information from hide and skin producers (slayers), traders and tanneries. The questionnaire includes data on perception of major criteria for quality of hides and skins, market chain of the products from producers to tannery level and price of hide and skin.

3.3.1.2. Secondary data source

The basic used tools to collect secondary data's are from journals made on aspects of animal raw hide and skin production, quality and prices. This journal where collected from several websites and book sites to analyses their finding and used them as a starting point and supporting evidence for the study.

3.4. Description of study variables and measurement

Here the study conducts different variables which are dependent variables to one another like quality and cost. The research mostly focus on nominated variables specially quality defect items and tries to tell us the exact value between units, and have an absolute zero, which allows for a wide range of descriptive to be applied. Therefore it uses nominal and percentile measurement to be applied during data analysis. It also uses a questionnaire variables measured using Likert- scale which is a type of psychometric response scale used to measure attitudes or opinions and it is a five (or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement (Likert, Rensis, 1932). According to Likert scale, to determine the minimum and the maximum length of the 5-point Likert type scale, First method is calculated by $(5 - 1 = 4)$ then divided by five as it is the greatest value of the scale $(4 \div 5 = 0.80)$. Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. Therefor this will be obtained from 1 to 1.80 represents strongly disagree, from 1.81 until 2.60 represents (disagree), from 2.61 until 3.40 represents neutral, from 3.41 until 4.20 represents agree and from 4.21 until 5.00 represents strongly agree. Therefore with this scale respondents are asked in which specify their level of agreement to a statement typically in five response categories. (Strongly agree =5, agree=4, neutral=3, disagree=2, strongly disagree=1).

3.5. Data analysis techniques

Cleaning, transforming, and modeling data to discover useful information for business decision-making. The purpose of data analysis is to extract useful information from data and taking the decision based upon the data analysis. Descriptive statistics such as means, frequency distribution, and percentage is used to analyze categorical data. Data which have multiple response such as the collection of hide and skin after slaughter, perception on major criteria for quality of hide and skin, data on major hide and skin management problem during and after slaughter and hide and skin marketing constraints were analyzed using descriptive statistics. Quantitative data associated with physical measurement of hide and skin, average selling and buying price of hide and skin were also analyzed through descriptive statistics.

3.6. Validity and reliability

Validity indicates the accuracy of the instruments in relation to what they intend to measure. Checking the validity of data collecting instruments before providing to the actual study subject is the core to assure the quality of the data (Creswell. 2009). To secure the content validity of the instrument, the researcher referred previous researcher's questionnaires that fit the purpose, review the instrument before distributing to the respondents and also the questioners were translated to Amharic language in order to be addressed easily for those who have low educational background.

To achieve reliability, respondents were given awareness on the objectives of the investigation and that there should be a consistency there feedback if the study was repeated as the same time the conclusion drawn from the feedback where considered the average or consolidated one.

3.7. Ethical consideration

The researcher address ethical considerations of confidentiality and privacy. A guarantee is given to the respondents that their names should not be revealed in the research report. Finally, a copy of the final report will be available to the schools if necessary.

CHAPTER FOUR

4. DATA ANALYSIS, RESULT AND DISCUSSION

4.1. Introduction

This chapter focused on data analysis, interpretation and presentation. The purpose of the study was to find Hides and skins marketing practices and challenges in Ethiopian leather industries: case of Addis Ababa abattoirs enterprise. The research assessed what does the existing hides and skin marketing practice look like, what are the factors of hides and skin price fall and what are the challenges in the existing hides and skin marketing practices. The researcher made use of frequency tables, graphs and percentages to present data.

4.2. Response rate

This research study had a sample size of 21 government officials from industries minister and ITDI, 42 hides and skins traders and backyard slayers, 32 commercial slaughter from Addis Ababa abattoirs enterprise marketing and surplus product department workers and 97 employees from 3 different tanneries. Out of the 21 government official's questionnaires, 16 were fully filled and returned to the researcher which represents 76.19% response rate. For hides and skins traders and backyard slayers 30 questionnaires were fully filled and returned and 7 interviews this represents 80% of slaughter houses supervisors were interviewed. For commercial slaughter from Addis Ababa abattoirs enterprise marketing and surplus product department workers 30 were dully filled and returned to the researcher which represents 93.75% response rate and for tanneries 68 were fully filled and returned to the researcher which represents 70% response rate. So generally from the total sample size 192, 80% has given a respond to the researcher. The response rate was adequate for this analysis and conforms to Babbie (2002) stipulation that any response of 50% and above is adequate for analysis.

4.3. Characteristics of Study Participants

In this regard, producers, middle men, tanneries and government officials were identified as major actors in the hides and skins production and marketing practices. The below table indicates that the majority of the sampled slayers, tannery workers and middle man or traders were headed by males therefore it can be concluded that the research majority respondents were men. The educational background of the respondent is believed to be an important feature that determines the readiness of the sector actors to accept new ideas and innovations. In this regards, above 53% of the sampled respondents have TVTE diploma or above. The selection of this characteristic criteria's are basically to the reason of marketing practices and

the idea of involving new ideas can be accepted or not since here more 75% have some knowhow of education is the key to solve problems this can make for future study's that the new ideas can be implemented easily and successfully. The other characteristics is work experience, this has a vital role to conduct a given study in order to develop different ideas and problem solving techniques through understanding of work area experiences of how things goes.

Table 2 Characteristics of respondents

Characteristics		Government officials	Tannery workers	Back yard slayers and traders	Addis Ababa abattoir enterprise	Overall respondent information
Gender	Men	75%	84%	94.5%	56.6%	63%
	women's	25%	16%	4.5%	43.4%	37%
Educational background	Illiterate	8%				
	Primary school	14%				
	Secondary school	25%				
	TVTE diploma	21%				
	University degree and above	32%				
Work experience	Less than a year	18%				
	2 to 4 years	35%				
	5 to 10 years	32%				
	More than 10 years	15%				

4.4. Animal hide and skin quality defect type according to respondent's

According to study respondent's there are different quality parameters that they follow starting from the producers to the end users. Since the first producers are mostly or more than 95% are farmers and households, according to tannery factories and traders. According to back yard slayers, hide and skin merchandizers and Addis Ababa abattoirs enterprise feedback most defects are as follow:

Table 3 Basic quality defects identified by respondents

Defect type	Frequency (based on respondent's feedback)	Percentages
Scratch	39	26%
Brand marks	25	17%
Scar From wounds and Tick mark	16	10%
Ripping defect	45	29.3%
Animal disease	18	12%
Other	8	5.2%
Total	151	100%

In addition to this the other basic quality defects according to tannery factories is the bad preservation method. This quality issues is the timely sale of raw hide and skin to the market, this cause's total damage of the material. The preservation is done by through a traditional method by using sun during lack of salt in rural areas. According to merchandizers (who work as a collector and trader) 5kg salt is used per 1kg hide. According to Kera area slayers and hide and skin collectors 68% is collected within 12 to 24hour after slay but the rest is brought after long stay of animal slay. And those which are collected from Addis Ababa abattoirs enterprise have basic defects which are mentioned above. The collectors and tannery factories give a grading system according to its quality. The grading system is categorized in to 5 scales which is grade 1,2,3,4 and 5. According to respondent's suggestion more than 47% says the hide and skin product grade falls in grade 2 and 3 scale. According to Addis Ababa abattoirs enterprise the animals have its own type which is needed for the tannery factories.

4.5. Animal hide and skin Marketing Practice and Constraints regarding Addis

Ababa abattoirs enterprise and its marketing chains

The various agents involved in the marketing process of hides and skins include producers, middle men (traders), collection centers (merchandizers) and tanneries. Producers are the initial sources and consist of individual meat consumers, butcheries, abattoirs enterprise and woreda slayers. Based on the survey result of Addis Ababa abattoirs enterprise the surplus products of animals, among those hide and skin most of them sold to tannery factories and the rest may have some defects during slaughter or due to the animal health condition. So from this some portion will be given to leather industries development institute to formulate a wood product like door, windows and household materials. This is a new developed technology for Ethiopia and as the same time kera area slayers collect the hide and skin and give to center collectors (merchandizers) and these merchandizers give the product direct to tannery factories or Addis Ababa abattoir enterprise to sell it to tannery factories through tender.

4.5.1. Market constraints regarding Addis Ababa abattoirs enterprise

According to council of ministers regulation to provide for raw hides and skins marketing, of the raw hides and skins marketing proclamation regulation No 567/2008339/2015 says raw hide and skin and semi-finished leather products, tax shall be payable on export of the hides and skins in accordance with this Proclamation 150% of its value to export to foreign countries. Since this time of frame (2008) the surplus product of Addis Ababa abattoirs enterprise market practices became weaker and weaker due to the rate of the taxation. On the previous time this enterprise will directly export raw hides and skin from its surplus products without tax even by buying from central collectors or animal raw hide and skin collectors.

According to council of ministers regulation to provide for raw hides and skins marketing of raw hides and skins marketing proclamation regulation 339/2015 says raw hide and skin and semi-finished leather products is forbidden to export directly to the foreign country's only finished garment is allowed to export. This process made the income generation to be through only one way by selling to local tannery factories this causes lack of foreign currency and high profit loses from surplus products. The other mentioned problem is the supplying rate of animal raw hide and skin for tannery factories depends on seasonally; these happens due to holiday times, fasting time and weather conditions. According to Addis Ababa abattoir enterprise marketing department, tannery factories have also limited quantity to take the surplus product from them sometimes this loading goes down more than 4 times what they

have on hand. This causes improper management of the animal raw hide and skin to the market, since it needs high cost for the preservation selling in cheap cost will be more advantageous. And also sometimes the enterprise will lose more than 72% its surplus product without benefit.

4.5.2. Market constraints regarding tannery factories

Since the study focuses on the area of marketing practices regarding Addis Ababa abattoirs enterprise, there are three tannery factories and plenty other surplus product receivers from the enterprise but our focus is only on the tannery factories because the direct consumers from Addis Ababa abattoirs enterprise are ELICO, Waliya and LIDI tannery factories. ELICO is a private limited company which has an experience of more than 25 years in this sector and Waliya is the other which is a share company and Leather industry development institute which is a government institution which is made to support the sectors and make scientific studies and at the same time it runs its own tannery factory. Both Waliya and ELICO tannery factory give the similar issues which are shortages of currency and government policies regarding environmental issues. ELICO, LIDI and Waliya mention 65%, 53% and 78% respectively that the major problem is lack of supporting industries like chemical manufacturing companies, accessory and component manufacturers and almost all supporting inputs are imported. This requires a high amount of foreign currency to import the chemicals like Alum, Syntans (man-made chemicals), formaldehyde, glutaraldehyde, and heavy oils. On the other hand, the government does not give priority to give foreign currency for these sectors. According to tannery factories respondents of ELICO, LIDI and Waliya mentioned 18%, 34% and 20% respectively say that the other basic problem they have is the pollution problem of tannery wastes and their high treatment costs. According to government police these factories will be required to have good waste management and mostly government is expected to run the factory with standard and good waste management policies. This waste management process requires again huge investments. According to factories respondents other than these two basic problems there are other problems like quality issues (both pre-slaughter and post-slaughter quality issues), COVID-19, since the factories are not in industry zone the amount of wage they need to pay, time duration for suppliers to supply raw hide and skin will decrease the quantity at fasting duration specially on Easter fasting, etc. All these mentioned problems cause the factories not to stock the raw hide and skin materials with their full capacity so this causes them to collect averagely one third of their capacity from raw hide and skin suppliers and this leads the price to fall comparing from the previous times.

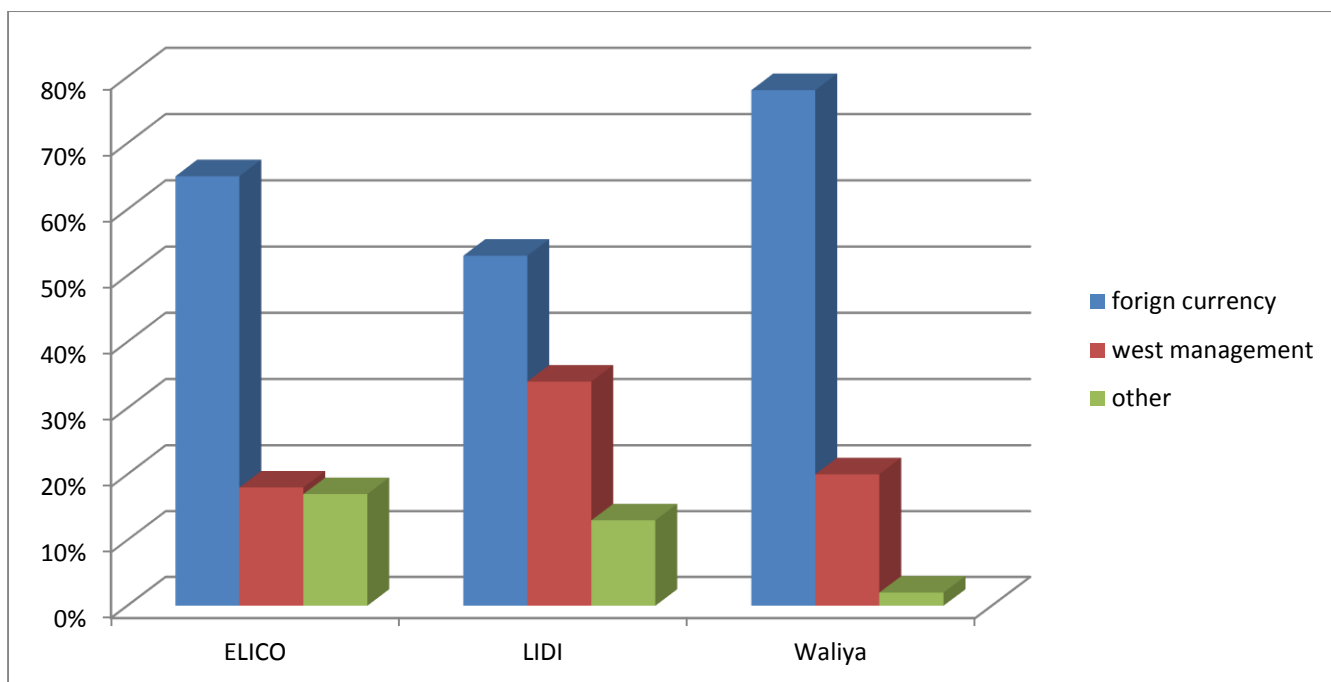


Figure 1 Identified problems of tannery factories

4.5.3. Market constraints regarding central collectors (trader)

Based on the feedback collected from merchandizers (traders or central collectors) there are different issues raised here but mostly more than 67% respondents rise the issues that the wide fluctuations of the price and poor market practices reveals that they resulted from the unusual nature of the demand and supply relationships in the hide and tannery industries and the complexities of production and marketing in these industries. This is because of the ability of the tannery factories to take what we have on our hand based on the required price and needed quantity. Generally this tries to elaborate that there are very few tannery factories which can take small quantity of animal raw hide and skin, this results non computation on the market. In other hand there is much needed time of raw hide and skin during fasting time which is more than our supping capacity.

The other mentioned reason, which waits 75% of respondents number is that the production of meat products and its seasonality. At holiday times the number of hide and skin they received is 10times bigger than at the time of normal days. This causes the marketing practices not to be smooth trough out the year. Based on interview feed backs on July, August and September the price of hide and skin will be very low whereas on February, march and April price will rise due to shortage of supplies.

The other discussed issue is the quality issues. Quality has its own contribution to make the marketing practices wide open and easy (Selamawit Terefe, 2015). Most collected materials have bad qualities due to improper handling of the materials at the householder. And after they received it due to shortage of salts for preservation traditional ways used such as sun drying, this causes bad quality.

4.6. Trends in price of animal raw hide and skin: The case of Addis Ababa abattoirs enterprise and central collectors (traders)

The purpose of price trend is to spot a prevalent trend within a user group and/or to determine how a trend developed/would develop over time. This exercise helps identify new opportunities and ideas for concepts or products. The price of raw hide and skin has different variation from time to time due to different reasons but mostly according to Addis Ababa abattoirs enterprise and local central collectors (traders) is the police followed by government. Since 2015 a police which was made by the government that raw hide and skin is not allowed to be exported directly this change almost the price to decrease by 4 times from the price during the exporting time. The following table shows the price of skin and hides in birr for the past 7 years in average for sheep, goat skin and cattle's hide and average hide weight is 21kg.

Table 4 Last seven years price of animal raw hide and skin

Year	Sheep skin average	Goat skin average price	Cattle hide average price/1kg
2015	60	20	12
2016	50	30	10
2017	40	15	8
2018	20	18	9
2019	25	6	5
2020	25	15	6
2021	20	10	4

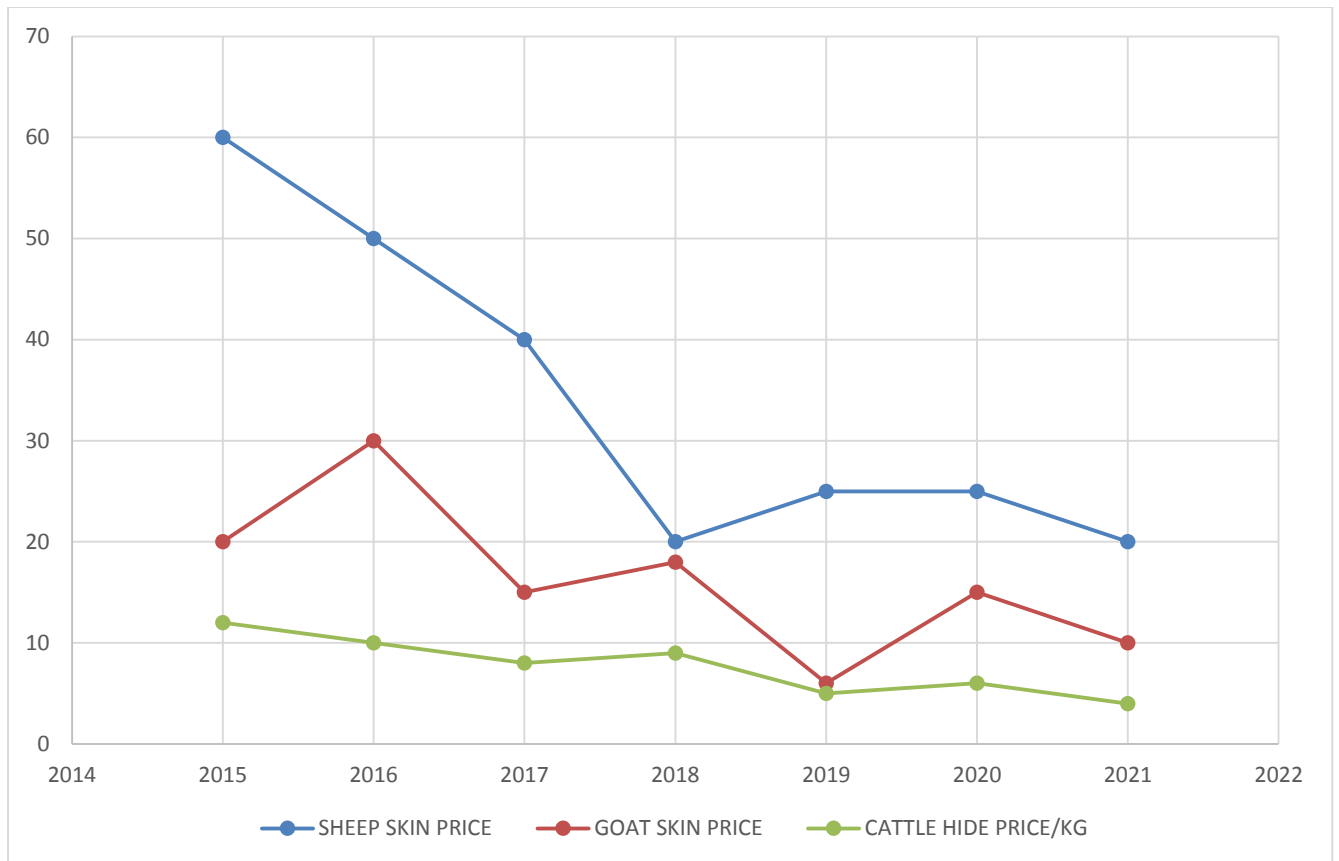


Figure 2 Price trends of the past seven years

From the above figure that we can understand the average selling price of sheep skin, goat skin and cattle hide is 34birr, 16birr and 8birr/kg respectively and it shows that it is decreasing from time to time.

A price trend is the overall direction of a market or an asset's price. In technical analysis, trends are identified by trend lines or price action that highlight when the price is making higher swing highs and higher swing lows for an uptrend, or lower swing lows and lower swing highs for a downtrend. The direction and momentum of a price of material or other asset is going mainly downward with only a few inconsistent gains, it is said to be on a downward price trend (Allen, John W., 1976). According to this the price trend of animal raw hide and skin product is in the downward price trend.

4.7. Factors contributing for marketing challenges and price fall of animal raw hide and skin

This generalizes the overall marketing practices challenges and price fall of animal raw hide and skin based on perspective of involved actors of tannery factory and government officials. Almost all involved respondents are giving the idea that the price of animal raw hide and skin price is falling through time to time due to several issues but from different journals and literature review some was mentioned as an issue parameters and respondents have given feedbacks based on their judgmental view of point.

Table 5 Factors of marketing practices and price trends

Factors	Strongly disagree		disagree		Neutral		Agree		Strongly agree		mean	St.dev
	N	%	N	%	N	%	N	%	N	%		
Lack foreign currency			5	6%	16	19%	42	50%	21	25%	3.94	0.82
Seasonal variation for hide and skin supplying			23	27%	28	34%	33	39%			4.11	0.81
Lack of skilled man power in the sector					13	15%	50	60%	21	25%	4.09	0.63
Wrong forecasting of market demand					55	66%	22	16%	7	8%	3.39	0.69
Low Capacity of tannery's to shock hide and skin	14	17%	45	53%	10	12%	15	18%			2.3	0.95
Government policy regarding marketing practices					16	19%	42	50%	26	31%	4.11	0.70
Lack of advanced Technology			24	29%	32	38%	24	29%	4	4%	3.09	0.87
Environmental pollution police			8	10%	18	21%	36	43%	22	26%	3.85	0.92
Poor Quality							39	46%	45	54%	4.53	0.50
Shortage of raw material to process like chemicals					9	11%	41	24%	34	40%	4.29	0.65

The basic factors were collected from different studies and first hand interviews made and collected from leather engineering department of Bahir dar university lecturers and respondents perspective has been collected.

Low Capacity of tannery's to shock hide and skin has a mean of 2.3 and a standard deviation of 0.95 and according to likert scale this implicates that the respondents disagree about the mentioned factor to be relevant in affecting the sector.

Wrong forecasting of market demand has a mean of 3.39 and standard deviation of 0.69 this implicates according of likert scale its neutral respondent categories for this mentioned factors.

Lack of currency has been responded with mean of 3.94 and standard deviation of 0.82, Seasonal variation for hide and skin supplying had a mean of 4.11 and standard deviation of .081, Lack of skilled man power in the sector has a mean of 4.09 and standard deviation of 0.63, government policies regarding the market practices has a mean of 4.11 and 0.07 and environmental pollution police has a mean 3.85 and standard deviation of 0.92, all this mentioned factors are agreed to be a core factors.

Poor quality has a mean of 4.53 and a standard deviation of 0.5 and shortage of raw materials like chemicals for processing has a mean of 4.29 and standard deviation of 0.65 this implicates based on likert scale it is strongly agreed factor contributing for the poor marketing practices and the fall animal raw hide and skin.

In general the mean of mean lies on 3.77 the average standard deviation lies on 0.754 shows that it appears in category of agree this indicates that the mentioned factors are the factors for the failure or weak market practices and failure of price from time to time.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1. Summary of findings

Based on analysis made on the previous chapter, the major findings of the study are summarized as follows:

The marketing practices of hide and skin major activities are conducted by Addis Ababa abattoirs enterprise, woreda and central collectors and tannery factories. According to respondents this involvement mostly requires major process starting from producing the raw hide and skin to preserving and identifying the type of defect it contains.

According to Addis Ababa abettor enterprise marketing department, tannery factories have limited quantity to take the surplus product from them, this loading goes down more than 4 times what they have on hand. This causes improper management of the raw hid and skin to the market, since it need high cost for the preservation therefore selling in cheap cost will be more advantages than keeping it. And sometimes the enterprise will lose more than 72% its surplus product without benefit.

Based on the feedback collected from traders or central collectors more than 67% respondents rise the issues that the wide fluctuations of the price and poor market practices reveals that they resulted from the unusual nature of the demand and supply relationships in the hide and tannery industries and the complexities of production and marketing in these industries. According to respondent's, the production of meat products and its seasonality, specially holiday times the number of hide and skin they received is 10times bigger than at the time of normal days. Based on interview feed backs on July, August and September the price of hide and skin will be very low whereas on February, march and April price will rise due to shortage of supplies.

The factors contributing for marketing practices challenges like lack foreign currency, Seasonal variation for hide and skin supplying, lack of skilled man power in the sector, wrong forecasting of market demand, low capacity of tannery's to shock hide and skin, government policy regarding marketing practices, lack of advanced technology, environmental pollution police, poor quality and shortage of raw material to process like chemicals with mean of mean lies on 3.77, this shows that it appears in category of agree.

5.2. Conclusion

The present study was conducted with the objectives of assessing respondents' trends on the price of raw hide and skin, identify involved parties in the process and assess marketing challenges of hides and skins in Addis Ababa abattoirs enterprise, Addis Ababa Ethiopia. Accordingly, it was found that majority of hide and skins produced are brought to the market although there are a significant number of hides and skin that fail to reach the formal market due to bad preservation and quality issues. Moreover, most respondents are aware of some of the criteria for determining quality of hide and skins. These hide and skin sector helps achieve foreign exchange for our country and generate employment. However, the contribution of this sector to the country's economy is not as expected despite the large livestock population in Ethiopia. This is due to uncontrolled defects, environmental pollution, government policies, foreign currency, seasonal variation for hide and skin supplying, lack of skilled man power in the sector and poor marketing systems. Although skin and hide are the most important items that help generate foreign currency for developing countries such as Ethiopia, as many as one-quarter to one-third of all skins processed at tanneries of ELCO, LIDI and Waliya have various defects and are unsuitable for export purposes, where most of these defects occur due to natural cause and some during processing.

Most or more than 95% of animal raw hide and skin is collected from farmers and rural area producers. This implies that most precautions actions should be taken by this people. Poor quality of hides and skins led to low prices which on the other hand discouraged pastoralists from selling their products. The problems faced by hides and skins traders include poor quality, low price offer, administrative problems and unstable prices. Government facilitating and regulatory support, unavailability of salt for preservation, lack of information flow on price, are also reported as problems of traders. Regarding all the mentioned problems the market practices is becoming weaker and weaker from time to time. Since the market practices is weaker the price of the animal raw hide and skin become less, due to this most of households don't bring it to the market instead they trough it to the garbage.

5.3. Recommendations

The study has shown the basic problems of this sector. Based on the result obtained from the study the following recommendation is given:

- Since the basic problems are identified the next stage is focusing on the basic solution comes through brain storming and the most recommended idea is creating a project design to avoid basic problems like environment pollution problem by a project designed to helps bring all the tanneries factories in to one area, in other words creating an industry zone and involve them by providing basic scientific waste disposal mechanisms. This will be done with more focused assistance to a few selected plants to be utilized as pilot plants based on the required standards. The idea was to use this as models and develop best practices for the sector as a whole. The initial design targeted the formal and informal sectors particularly in the leather industries starting from raw hide and skin producers to footwear and garment producers. This process requires the collaboration of all the stakeholders in order to manage pollution and in addition to this the project should aim to change the life of employees and to increase the country GDP.
- To improve the quality of the raw hide and skin, a price incentives based on a quality grading system must be enforced by tanners for central collectors and backyard slayers.
- Carry on continuous capacity building programs for the leather industry especially by LIDI, TVETs, and private sectors to strength and man power development in the area of preserving the resource for the benefit of the overall sector.
- Efforts should be made to improve the quality of hides and skins. All hide and skin producers and collectors need to use proper methods of hide and skin preservation, and slaughtering facilities must be fulfilled by the government to maintain hide and skin quality. Such efforts may include the upgrading of the existing animal slaughter facilities and equipment in those facilities, capacity building of relevant personnel such as flayers on appropriate practices, awareness raising among slayers and traders as to how to brand the live animals without causing too much damage to the hides and skins, and enhancing availability of animal health inputs and services.
- The government and private institutions should organize individual middlemen under micro and small enterprises for the proper management of hide and skin and for producing employment for the people.

- Given the occasional inconsistencies that characterize decisions by regulatory ministries related to the management of businesses in the hides and skins industry, there is a need to develop a harmonized hides and skins industry policy. This should serve to guide the activities of investors and decisions made by regulators. The prevailing situation is not conducive to the good performance of the sector as it only serves to increase uncertainties among private investors.
- The government should allow the tannery factories to collect animal raw hide and skin directly from the society and the farmers door to door.
- Government should support this sector by building or importing new technologies like fabrication of other materials like doors, plastics and other things from west of animal raw hide and skin especially from those damaged on during slaughter or due to disease. This can be done by creating a project for young entrepreneurs to moderately build this sector.
- Since the country has big resource of sheep, goat and cattle so more tannery factories should be built to get the best benefits out of this sector.
- From the study and related conclusions, the researcher recommends that further studies should be undertaken to assess economic benefit of value addition on hides and skins.

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6. APPENDICES

6.1. Appendix 1

RESEARCH QUESTIONER AND CATEGORIES

I. Questioners for Boucher/abattoirs enterprise workers

A. Respondents Demographic

1. Respondent id.....
2. Gender
 - a) Male
 - b) Female
3. Education background
 - a) No education
 - b) Primary school
 - c) High school diploma
 - d) TVTE diploma
 - e) University degree and above
4. Years of experience in this experts zone
 - a) Less than a year
 - b) 2 to 4 years
 - c) 5to 10 years
 - d) More than 10 year

B. Respondent perspective regarding on hides and skin price, quality and market practices

1. What is the past 5 years average sheep skin price
 - a) 5 to 10 birr
 - b) 10 to 25 birr
 - c) 25 to 50 birr
 - d) 50 birr and above
 - e) other specify -----
2. What is the past 5 years average goat skin price
 - a) 5 to 10 birr
 - b) 10 to 25 birr
 - c) 25 to 50 birr
 - d) 50 birr and above
 - e) other specify -----
3. What is the past 5 years average cattle hide price
 - a) 5 to 10 birr
 - b) 10 to 25 birr
 - c) 25 to 50 birr
 - d) 50 birr and above
 - e) other specify -----
4. What is the most needed type in the market
 - a) Skin
 - b) Hide

5. Where does the enterprise supply the animal raw hide and skin?
 - a) To merchandisers
 - b) To tannery factory
 - c) To personal slayers and merchandisers
 - d) Other
6. Which type of quality defect mostly occurs?

a) Scratch	d) Ripping
b) Brand mark	e) Animal disease
c) Scar and tick mark	f) Other(specif)-----

II. Questioners for tannery factory workers

A. Respondents Demographic

1. Respondent Id.....
2. Gender

a) Male	b) Female
---------	-----------
3. Education background

a) No education	c) High school	e) University
b) Primary school	diploma	degree and
	d) TVTE diploma	above
4. Years of experience in this experts zone

a) Less than a year	c) 5to 10 years
b) 2 to 4 years	d) More than 10 years

B. Respondent perception on hides and skin selection criteria

1. What kind of animal raw hide and skin material type use your factory?

a) Hide	b) skin
---------	---------
2. What are the selection criteria for the raw material?
3. At what condition is the raw material will be rejected?
4. Which type of quality defect mostly occurs?

a) Scratch	d) Ripping
b) Brand mark	e) Animal disease
c) Scar and tick mark	f) Other(specify)-----

C. Respondent perspective regarding on hides and skin price

1. What is the measurement to buy the raw hide and skin product?
2. What will be the criteria to accept or reject the material at a given price?

3. What is the acceptable price for a given raw hide and skin separately (according to the source animal)?
4. Does the price your factory buy the raw material has significant change? If it is yes, does it increase or decrease and by what times (2x, 3x, 4x or more)?

D. Respondent perspective view on hides and skin market practices and challenges

1. From where did you buy your hide and skin?
2. Does the price have variation time to time?
3. Does the market is supportive to build the sector?
4. What are the market challenges you face?
5. How is your suggestion to overcome market challenges?
6. Please mark the following listed issues according to your perspective regarding the core reason for the fall of animal raw hide and skin and its market practices?

Factors	Strongly agree	agree	Neutral	Disagree	Strongly disagree
Lack foreign currency					
Seasonal variation for hide and skin supplying					
Lack of skilled man power in the sector					
Wrong forecasting of market demand					
Low Capacity of tannery's to shock hide and skin					
Government policy regarding marketing practices					
Lack of advanced Technology					
Environmental pollution police					
Poor Quality					
Shortage of raw material to process like chemicals					

III. Questioners for privet slayers

A. Respondents Demographic

1. Respondent id.....
2. Gender
 - a) Male
 - b) Female
3. Education background
 - a) No education

- b) Primary school
- c) High school diploma
- d) TVTE diploma
- e) University degree and above

4. Years of experience in this experts zone

- a) Less than a year
- b) 2 to 4 years
- c) 5 to 10 years
- d) More than 10 years

B. Respondent perception on hides and skin selection criteria

1. How many sheep and goat did u slaughter per a month in average? (No holiday seasons)

- a) Less than 5
- b) 5 to 10
- c) 10 to 20
- d) More than 20

2. How many cattle did u slaughter per a month in average? (No holiday seasons)

- g) Less than 5
- h) 5 to 10
- i) 10 to 20
- j) More than 20

3. How many sheep and goat did u slaughter per a month in average? (No holiday seasons)?

- a) Less than 5
- b) 5 to 10
- c) 10 to 20
- d) More than 20

4. How many cattle did u slaughter per a month (no holiday seasons)?

- a) Less than 5
- b) 5 to 10
- c) 10 to 20
- d) More than 20

5. What did you do with the hide and skin you produced from slaughtering your animals?

- a) Sold all
- b) Kept all for household use
- c) Sold some and kept the rest for other purpose

6. Which type of quality defect mostly occurs?

- a) Scratch
- b) Brand mark
- c) Scar and tick mark
- d) Ripping
- e) Animal disease
- f) Other(specify)-----

C. Respondent perspective regarding on hides and skin price

1. According to your view for the past 5 to 10 years does a price of animal raw hide and skin has fallen or rise?
 - a) Rise
 - b) Fall
 - c) Remain same
2. If it rise or fall by what times?
 - a) 2 to 3 times
 - b) 4 to 5 times
 - c) More than 5 times

D. Respondent perspective view on hides and skin market practices

1. Where did you sell your Hides or Skin
 - a) To hide and skin merchants
 - b) To woreda collectors
 - c) to middlemen for factory's
 - d) to local processors
 - e) Other (specify)
2. How much did you sell A) Sheepskin_____, B) Goat Skin _____C) hide_____ to local market or middlemen?
3. Who fixes the price?
 - a) myself
 - b) the buyer
 - c) national price
 - d) negotiation
4. What is the problem you faced in hide and skin marketing?
 - a) fluctuating price
 - b) lack of competitive market
 - c) lack of price information
 - d) inability to provide the desired quality
 - e) Other

IV. Questioners for privet hide and skin merchandisers

A. Respondents Demographic

1. Respondent id.....
2. Gender
 - a) Male
 - b) Female
3. Education background
 - a) No education
 - b) Primary school
 - c) High school diploma

- d) TVTE diploma
- e) University degree and above

4. Years of experience in this experts zone

- a) Less than a year
- b) 2 to 4 years
- c) 5to 10 years
- d) More than 10 years

B. Respondent perception on hides and skin selection criteria

1. What determines best selling price for sheep and goat skin?

- a) Absence of defects such as hole/flay cuts
- b) Color of the skin
- c) Freshness of the skin/hide
- d) size/pattern
- e) weight
- f) Breed of animal
- g) other specify-----

2. What determines best selling price for cattle hide?

- a) Absence of defects such as hole/flay cuts
- b) Color of the skin
- c) Freshness of the skin/hide
- d) size/pattern
- e) weight
- f) Breed of animal
- g) Other specify

3. Have you ever discarded the hide or skin because of sever defect?

- a) Yes
- b) No

4. Which type of quality defect mostly occurs?

- a) Scratch
- b) Brand mark
- c) Scar and tick mark
- d) Ripping
- e) Animal disease
- f) Other (specify) -----

C. Respondent perspective regarding on hides and skin price

1. From whom did you mainly purchase Hides & Skins in the last three month?

- a) From households
- b) From hotels and restaurants
- c) From households slayers
- d) From abattoirs enterprises

2. When the price variation reaches high?

- a) During holidays
- b) Other than holidays
- c) Other (specify)

D. Respondent perspective view on hides and skin market practices

1. What criteria do you use to buy hides?
 - a) Size and Weight
 - b) absence of flay defects
 - c) absence of pre slaughter defects
 - d) freshness
 - e) No criteria used
2. Where did you sell your Hides or Skin
 - a) To hide and skin merchants
 - b) To woreda collectors
 - c) to middlemen for factory's
 - d) to local processors
 - e) Other (specify)
3. How much did you sell A) Sheepskin _____, B) Goat Skin _____ C) hide _____ to local market or middlemen?
4. Who fixes the price?
 - a) myself
 - b) the buyer
 - c) national price
 - d) negotiation
5. Did you face difficulty in finding buyers when you wanted to sell? If yes why

V. Questioners for government officials and LIDI employs

A Respondents Demographic

1. Respondent id.....
2. Gender
 - a) Male
 - b) Female
3. Education background
 - a) Primary school
 - b) High school diploma
 - c) TVTE diploma
 - d) University degree and above
4. Years of experience in this experts zone
 - a) Less than a year
 - b) 2 to 4 years
 - c) 5to 10 years
 - d) More than 10 year

B. Respondent perception on hides and skin selection criteria

1. Which material type most tannery factories use?
 - a. Hide
 - b. Skin
 - c. Other (please specify).....
2. What is the selection parameters set by government to use hide and skin in tannery factories?
.....
.....

C. Respondent perspective regarding on hides and skin price

5. What will be the criteria to buy or reject the material based on government policies? And what are the most quality issues you have faced?
.....
.....
6. Are there any prices set by government to buy any animal raw hide and skin? If yes what is the acceptable price range for a given raw hide and skin separately (according to source of the animal cattle, sheep and goat)?
.....
.....
.....
7. Does the price of animal raw hide and skin material has significant change? If it is yes, does it increase or decrease and by what times (2x, 3x, 4x or more).
.....
.....
.....

D. Respondent perspective view on hides and skin market practices

7. Does the market is supportive to build the sector? If no why?
.....
.....
8. What is the market challenges identified on animal raw hide and skin products by your organization?
.....
9. What is the strategy developed by your organization to overcome the existing challenges?
.....
.....

10. Please give explanation based on your point of view the existing hides and skin marketing practice looks like?

.....

11. Do you think now days the price of animal raw hide and skin is falling? If yes, Why?

.....

12. Please mark the following listed issues according to your perspective regarding the core reason for the fall of animal raw hide and skin price and its market practices?

Factors	Strongly agree	agree	Neutral	Disagree	Strongly disagree
Lack foreign currency					
Seasonal variation for hide and skin supplying					
Lack of skilled man power in the sector					
Wrong forecasting of market demand					
Low Capacity of tannery's to shock hide and skin					
Government policy regarding marketing practices					
Lack of advanced Technology					
Environmental pollution police					
Poor Quality					
Shortage of raw material to process like chemicals					

6.2. Appendix 2

Tannery factories place and some processed skin



Figure 3 LIDI tannery processing room



Figure 4 Semi processed sheep skin



Figure 5 Discarded raw skin