ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Factors Affecting Coffee Export Performance: The Case of Oromia Coffee Farmer Cooperative Union Ethiopia

By:

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March 2023

Addis Ababa, Ethiopia

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A Thesis Submitted to St. Mary's University, School Of Graduate Studies In Partial Fulfillment Of The Requirements For The Degree Of Masters Of Business Administration

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ID.No: SGS/0052/2012B

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DECLARATION

I, Kidist Aschalew hereby declare that the thesis work entitled **"Factors Affecting Coffee Export Performance: The Case of Oromia Coffee Farmers Cooperative Union"** submitted by me for the award of the Degree of Master of Business Administration at St. Mary's University, is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

Name: Kidist Aschalew_____ Advisor's Name _Dr. Yibeltal Nigusie

Signature: _____ Signature: 

Date: _____ Date: _15/03/2023

ACKNOWLEDGEMENTS

First, all praise goes to the Almighty God who helped me to accomplish this paper successfully. I am deeply indebted to many people for their contributions in diverse ways towards the successful completion of this thesis. Secondly, I pay my gratitude to my advisor, Dr. Yibeltal Nigusie, for his comprehensive support, unreserved commitment, and constructive comments from the beginning to final stage of my work. Thirdly, I would like to take this opportunity to express my deepest regards and appreciation to my beloved family who had shown their holistic willingness to sponsor my academic carrier. Fourthly, I would like to extend my sincere gratitude to all participants and respondents of the study for their contribution. Finally, I thank all those who have helped me directly or indirectly in the successful completion of my research.

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Abbreviations and Acronyms

FDRE	Federal Democratic Republic of Ethiopia
FLO	Federal Labeling Organization
GDP	Gross Domestic Product
HRM	Human Resource Management
ICO	International Cooperative Alliance
ICT	Information Communication Technology
IT	Information Technology
OCFCU	Oromia Coffee Farmers Cooperative Union
RBV	Resource Based View
SCP	Structure Conduct Performance
SPSS	Statistical Package for the Social Sciences
US	United States
VIF	Variance Inflation Factor

Abstract

This study seeks to examine the factors affecting export performance of Oromia coffee farmers' cooperative union. To address the objective, descriptive as well as explanatory research design employed. To acquire the intended information the study used different data collection instruments mainly self-administer questionnaire and semi-structure interview. The study sample covered 138 respondents that randomly selected from members of representatives of general assembly and permanent employees found in OCFCU head office in Gelan, Oromia. The data collected analyzed with the aid of descriptive statistical techniques and regressions analysis using SPSS Version 22. The study found that the coffee export performance of the OCFCU is moderate and not significant changes were observed on export performance of the OCFCU during the last five years (2017/18 – 2021/22). The results showed that export-marketing performance of OCFCU critically hampered by lack technology innovation, the problem of meeting importers quality standards, low value addition to exportable coffee and export barriers. As well as lack of access to better coffee varieties, inefficiency in gov't institutions in improving export procedures, lack of good agronomic practices among union members, the presence of lower price in world coffee market, coffee price movements, climate change and coffee wilt disease. According to the findings, six of the nine factors examined in this study (product characteristics, union-specific characteristics, export marketing characteristics, environmental factor and financial access) are significant in predicting the export performance of the union. More so, despite aforementioned challenges, the study identified prospects concerning the future coffee export performance of union that among other include, the potential of the country to produce and supply differentiation coffee products like, fine specialty, relatively low labor costs, the recent economic reform and process of liberalization. As well as increasing in coffee demand, the commitment and strength of management of the union are opportunities identified by respondent in relation to coffee export performance of union. Based on the finding the study recommends the union to maximize the existing opportunities at hand and address the aforementioned challenges through collaborative and deliberate action.

Key Words: *Export marketing, cooperatives union, Challenges, export performance,*

CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

Coffee is mostly traded agricultural commodity in the world. Coffee plays a pivotal role in the socio-economy of Ethiopia. It employs above 20 percent of the economically active population and contributes more than 25% of the country's foreign exchange earnings. It is cultivated by over 4 million primarily smallholder farming households who earn their income directly from coffee production and has created job opportunity for many urban populations. (ET Buna, 2021). Coffee Arabica, the only type of coffee grows in Ethiopia and Ethiopia produces varieties of coffee that have rich original flavors and exports coffee of different types and grades. (ET Buna, 2021).

The coffee industry in Ethiopia dominates the agriculture sector in its contribution to the national economy in general and exports in particular (Birhe, 2010). Ethiopia is hugely reliant of coffee as a major source of revenue: it accounts for close to 70% of all export earnings and around 60% of foreign income comes from coffee, with an estimated 15 million of the population relying on some aspect of coffee production for their livelihood. The country produces almost 200,000 metric tons of coffee every year. Ninety five percent of the coffee produced in the forest area and claimed to be organic. A major part of the Ethiopian coffee exported in green coffee beans form, to the Rest of the World. (Sidmartinbio.org.Dec 2020).

Coffee, Ethiopia's largest export crop is the backbone of the Ethiopian economy. Ethiopia has not yet fully exploited its position as the producer of some of the best coffees in the world. Coffee sector is highly dependent on international prices and affected by the structure and workings of the world coffee market. Ethiopia is one of the countries mostly affected by the crisis in world coffee prices (Nicolas, 2007). Notwithstanding the severe price shocks that have been shocking its value chain, coffee remains a fundamental component of the Ethiopian economy and export. Nevertheless, the prolonged price decline has substantially weakened its production basis and prospects so that appropriate financial services urgently needed to sustain rural communities (Bastin and Matteucci, 2007).

Ethiopia is the largest producer of coffee in Africa and the fifth in the world. Despite the abundant opportunities and continuous efforts made to enhance its production, it often said that the productivity of Ethiopian coffee remains far below its potential. Yet, empirical data

on the status of coffee production over time in Ethiopia is scant. (Heliyon, 2021). Coffee production in Ethiopia has grown steadily over the past three years and, with suitable growing conditions, forecasted to reach to 7.62 million bags (457,200 MT) in 2021/22. 50-55% of Ethiopia's production consumed domestically. Local consumption estimated to increase to 3.55 million bags in MY 2020/21. Exports from October 2019 to September 2020 reached to 4.135 million bags (248,129 MT), 2326 MT lower than MY 2018/19. Ethiopia's primary export destinations in 2019/20 were Saudi Arabia, Germany, the USA, Japan, and Belgium. (Abu Tefera, 2021). For the 2019/20 marketing year, experts say Ethiopian exports will reach around 3.9 million bags of coffee (234,000 metric tons). This export downturn is due to the COVID-19 crisis causing reduced orders from importers and a slowdown in local and international transport. Coffee is Ethiopia's most important export commodity. (Coffee Annual, 2020).

Moreover, Ethiopia is the largest producer of coffee in Africa and the fifth in the world, next to Brazil, Vietnam, Colombia, and Indonesia, contributing to about 4.2% of the global coffee production (ICO, 2016). Which is very low compared to the previously mentioned countries. Despite the abundant opportunities in the country for increasing coffee production and productivity, such as a suitable growing environment and an adequate labor force, the country's average coffee productivity (0.71 t/ha) is consistently lower than that of other coffee-producing countries, such as Brazil (0.78 t/ha), Vietnam (1.31 t/ha) and Colombia (0.76 t/ha) (FAOSTAT, 2020). This could be due to several factors, which include biotic factors (e.g., diseases and pests), climatic factors (e.g., recurrent drought and rainfall fluctuation), low soil fertility (Tadesse et al., 2020) and traditional coffee management (lack and slow adoption of improved coffee varieties and agronomic practices) (Jezeer et al., 2018; Amarasinghe et al., 2015). Smallholder farmers produce about 90% of the Ethiopian coffee on less than two ha of land by using a traditional coffee management system (Worku, 2019).

Despite secular decline in the international coffee price, coffee remains the country's dominant export commodity. In rural areas, smallholders often geographically dispersed; roads and communications are poor, and the volume of business is insufficient to encourage private service provision. In other words, there are high probabilities of market failure. Inefficient and underdeveloped markets will result in low and variable prices thereby reducing the profitability of farmers (Mulat and Tadele, 2001) In this regard (Kaddar, 1975) Cited in Barker (1989) claims that only a few farmers understand the necessity of producing

to meet the market and of finding a market for their produce. His solution to this dilemma is to encourage the growth of cooperatives to undertake the marketing responsibilities. Ethiopian government took the initiative to establish Coffee Farmers Cooperative Unions since 1999 to manage coffee export business on behalf of primary coffee cooperatives that lacked human resources and logistical capacity (Dessalegn, 2002). As a result, today coffee farmers are in a situation where lack of information and infrastructure make them victims of market failure such as creation of cartels (Milford, 2004).

Oromia Coffee Farmers Cooperative Union (OCFCU) is a small farmer has owned cooperative union. OCFCU was established in June 1, 1999 OCFCU works exclusively in Oromia Regional State, which accounts for more than 65 % of the country's total coffee growing land. OCFCU is a democratic member has owned business operating under the principles of International Cooperative Alliance and fair trade. Members of Oromia Coffee Farmers Cooperative Union are the growers, processors and suppliers of high quality, organic Arabica coffee for the direct export. (OCFCU, 2021) According to the company's annual report, the Oromia coffee farmer's cooperative union's coffee export remains unstable. When we see the annual plan from 2009 to 2014, for 2009-planned production is 11,436,750.00kg and the production is 9,581,350.00 kg, and the planned export performance is 40,813,664.46 USD and the gained export performance is 40,288,703.45 USD. In addition, for the year 2013 planned production is 10,376,053.61 kg, the production is 6,613,942.00 kg, planned export is 33,240,581.65, and export performance is 20,131,883.74. As a result, I would like to investigate and analyze the impact of those potential major determinants that hinder the growth and overall performance of the coffee export sector, with the goal of addressing issues that will improve export growth and make it more sustainable, competitive in international markets, and ultimately maximize the benefit that the coffee sector can provide. Therefore, the focus of this study concentrates on Oromia coffee farmers cooperative union coffee export performance.

The overall effectiveness of any strategy to expand coffee export supply will be determined by understanding what drivers limit growth and exporters' reaction to changes in both price and non-price conditions. As a result, a deeper understanding of the factors that influence past performance, as well as the size and direction of the relevant elasticity, is desirable. So far some studies have been undertaken in Oromia coffee farmers' cooperative union related to the export performance of coffee, (Tamiru deresa, 2016) study on export marketing practices,

problems and prospects of OCFCU. The major finding of his study indicates that the factors, which influence union's export performances, are competition, long duration of export document process, coffee quality and export barrier from country destinations. As well as delay in transportation, communication barrier, lack of international market knowledge, export administrative procedures, unofficial fee in export documents processing, incapable to supply coffee in time by members, private trader's intervention and delay of shipping. So the focus of this study was to concentrate on Oromia coffee farmers cooperative union coffee export performance.

1.2. Statement of the Problem

Despite the fact that the development of various agricultural cooperatives is critical to the farmers' well-being, they confronted with a variety of issues. Coffee cooperatives are in the same boat because primary coffee cooperatives lack the necessary human and logistical resources. The Ethiopian government took the initiative to establish Coffee Farmers Cooperative Unions to manage coffee export business on behalf of primary coffee marketing cooperatives (Anteneh, et al., 2011).

Today there are 407 cooperatives with 370,668 Members and $23,801,940 Capital. From the total 63 primary cooperatives with 52,442 farmers are Fair-trade certified and selling their coffee under Fair-trade term. OCFCU is a democratic member has owned business operating under the principles of International Cooperative Alliance and Fair-trade. Members of Oromia Coffee Farmers' Cooperative Union are the growers, processors, and suppliers of high quality, organic Arabica coffee for the direct export. The general objective of the union is to export the farmers' coffee by passing the auction. OCFCU promotes Fair-trade for socially and environmentally sustainable techniques and long-term relationships between producers, traders, and consumers. It also aims to help small-scale coffee farmers to take advantage of the Fair-trade coffee market. (OCFCU, 2021).

Coffee being the largest export crop of Ethiopia and means to link rural farmers to consumers of worldwide that smallholder farmers have traditionally been undeserved. even exploited and marginalized.to help coffee farmers get price information, capital and transportation as well as necessary skills in production, processing and supply of coffee, there was no other alternative than establishing.(OCFCU, 2021) the union was first founded by 34 primary coffee farmers cooperatives representing 23,691 members. The union is the largest and groundbreaker coffee for coffee fair trade producer in Ethiopia. (OCFCU, 2021).

The union offers the globe high-quality coffee that can be trace back to its origins (OCFCU, 2020). However, because the performance is insignificant, the country does not benefit from this coffee kind as planned (OCFCU, 2020). Since then, the union has worked hard to become Ethiopia's top highland Arabica coffee farmer, processor, and exporter, but its capacity has been limited due to a lack of finances to purchase beans.

Another limitation to the expansion of cooperative activities in the coffee export performance is the difficulty of market acquisition due to the small size of the fair-trade market. The union also received assistance from the government and international aid organizations such as USAID.

Some studies (Tadesse, 2015 and Demeke, 2018) has conducted on the performance of coffee exports at the national level. However, to the best of the researcher's knowledge, there are gaps in previous study in terms of conducting conclusive study concerning the challenges of coffee export trade and determinants of coffee export performance, specifically with respect to Oromia coffee farmer's cooperative union. For instance, Tamiru (2017), has done research related with practices and prospects of Oromia coffee farmer's cooperative union but his research is only related with assessing the practices and identifying prospect and opportunities and did not give much attention to the challenge faced during the process coffee export and not focused on identifying factors that affect export performance of union. Bultuma (2015) has also done research but his study was limited in sample size to reach in to the final conclusion as it only focused on investigation of factors affecting coffee export performance in the case of limmu coffee farmers' cooperative union. His study also did not consider some important factors like environmental and export marketing factors that can affect export performance.

In this study, the researcher tries to fill aforementioned gaps in literature by providing more study on challenges and factors affecting coffee export performance of Oromia Coffee Farmer Cooperative Union. More so, the present study analyzes union specific, environmental and export marketing factors, which are the missing element in most of previous studies specifically within the context of determinants of export coffee performance in Ethiopia. Furthermore, with specific context of Oromia Coffee Farmer Cooperative Union (OCFCU), the coffee export performance is insignificant and not reached to the required level. Because of the aforementioned problems, it is timely to assess the coffee export

performance, identify the opportunities, challenges and factors affecting the coffee export performance in this particular union.

1.3. Research Questions

Based on the problem, the study framed to answer the following research questions:

1) Does OCFCU have been successful in exporting coffee?
2) What are the major challenges of coffee export in the union?
3) What are the prospects of coffee export in the union?
4) To what extent that external factors like export marketing, environmental factor, competitive pressure, supportive institutional and government policy & regulation affect the export performance of the union?
5) To what extent those internal factors like product characteristics and union-specific characteristics affect the export performance of the union?

1.4. Objectives of the Study

The objective of the study details in to general objective and specific objective.

1.4.1. General Objectives

The general objective of the study was to examine the factors affecting coffee export performance of Oromia Coffee Farmers' Cooperative Union (OCFCU).

1.4.2. Specific Objectives

The specific objectives of the study were:

1) To assess the coffee export performance of the union.
2) To investigate the major challenges associated with coffee export in the union.
3) To identify the prospects of coffee export in the union.
4) To examine factors affecting coffee export performance.

1.5. Significance of the Study

The purpose of this study is to examine the corporation's current coffee export performance and to provide relevant information about the coffee export performance. This would aid in demonstrating the various measures that corporate management should take to avoid problems connected to coffee export performance, as well as indicating appropriate alternatives for the corporation's coffee export profitability and sustainability. The findings of

the study will provide valuable information to the organization, allowing it to make the required modifications and improvements based on the study's suggestions.

1.6. Scope of the Study

The scope of this study delimited in terms of subject (concept) and area (geography). The conceptual scope of this study was focus on the factors affecting coffee export performance of Oromia Coffee Farmers' Cooperative Union (OCFCU). The study concentrated solely on coffee export, which delivers a large quantity of foreign cash to the country's economy, among the corporation's trading activities and export. The study's geographical scope was limited to Oromia coffee corporation union, which its head quarter is located in Gelan town, Oromia. Regarding the methodological scope, the study adopted mixed research approach, in which both quantitative and qualitative data collected from questionnaire and semi-structure interview, respectively.

1.7. Limitation of the Study

Even though the study was design to enable the researcher collect accurate and reliable data that can use to make some inferences, it is however not free from limitations. First, the results of the study could limited by certain factors such as lack of previous research studies on the topic and limited access to data. In addition, not all questions in the questionnaire were answered and not all respondents responded in a timely manner, which may affect the outcome of this investigation. More so, as the study targeted only Oromia Coffee Farmers' Cooperative Union (OCFCU), other coffee export unions outside Oromia regions are omitted in this study as finances and distances are the limiting factors that inhibit collecting the data from all over the country. Thus, the finding of the study may not be inferred to the whole coffee exporter around the country.

1.8. Organization of the Study

The study was organized into five chapters. Chapter 1 discusses the introduction part. It contains the background to the research study, presents the statement of problem, and research objectives. In addition, the chapter has the significance, scope, and limitations of the study. Chapter 2 contains theoretical review, empirical review of previous studies and conceptual framework of study. Chapter 3 outlines the research methodology adopted in this study. Chapter 4 discusses about the data analysis and interpretation of the outputs. Chapter 5

outlines the summary of the finding, conclusions, recommendations and further research suggestions.

Definition of key terms

Export marketing: - is a systematic process of developing and distributing goods and services in oversees market.

Cooperatives union: - is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Challenges:- Something that by its nature or character serves as a call to make a special effort, a demand to explain, justify, or difficulty in an undertaking that is stimulating to one engaged in it.

Export performance: - is the relative success or failure of the efforts of a firm or nation to sell domestically produced goods and services in other nations

CHAPTER TWO
LITERATURE REVIEW

Introduction

In this chapter, the researcher reviews relevant literature on theoretical, empirical and conceptual framework issues, which found to be essential to the research inquiry. Thus, the first section discussed theoretical framework related to the study variables, which considered in order lying solid foundation for the research. The theoretical literature review explains concept of export performance and its dimension as well as its determinants, assessment of export performance, coffee production and export in East Africa, coffee production in Ethiopia, importance of cooperatives sector, and cooperatives in Ethiopia and so on. Then a brief summary of some of the related previous work on this study were discussed. The source considered in the review includes books, websites, past article journals and previous thesis.

2.1. Theoretical Review

2.1.1. The Concept of Export Performance

Export performance of a firm reflects a firm-specific behavior in leveraging its resources and capabilities in an international context at a given point of time. Firm export performance is regard as one of the key indicators of the success of a firm's export operations, and as such, it has been an extensively studied phenomenon (Beleska- and Elena, 2014). Diamantopoulos, (1998), states that export performance are the reflex of the results of export behavior when exposed to different firm-specific and environment-specific circumstances. (Cavusgil and Zou, 1994) define export performance "as a strategic response by management to the interplay of internal and external forces". Furthermore, these authors establish it as "the extent to which a firm's objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of marketing strategy".

Shoham (1998) defends that "export performance is conceptualized as a composite outcome of a firm's international sales". This way he thinks the concept in as a three-dimensional construct, whose dimensions are export sales, export profitability and performance change. Furthermore, export performance is "multifaceted and cannot be captured by any single performance indicator". Diamantopoulos (1998), which reveals the need of following a multidimensional approach when defining the measurement for assessing export

performance, instead of using single-items measures, because they are insufficient for any solid assessment (Shoham, 1998).

All things considered, it can be assumed that export performance is an idiosyncratic concept for each conceptualization, operationalization and measures' definition are tailored-made to the reality in study, the type of firm considered and its settings (Greve, 1998; Katsikeas et al., 2000, Sousa, 2004).

2.1.2. Dimension of Export Performance

According to reviews on the topic of export performance, the authors consider performance as a complex, multidimensional phenomenon, which comprises three main dimensions: effectiveness, efficiency, and adaptiveness (Katsikeas et al., 2000; Oliveira et al., 2012; and Walker and Ruekert, 1987). Walker and Ruekert, (1987) define these three concepts as follow: effectiveness is a measure of the firm's success, when compared to its competitors. Efficiency is the outcome of a firm's policies, in comparison to the resources involved in its implementation, and finally, adaptiveness is how the firm successfully responds to the environmental changes (Styles, 1998). Cavusgil and Zou (1994). in their scale to assess the business performance of the export venture, apply these three dimensions, as well as "economic and strategic considerations" (Styles, 1998). (Clark, 2000) also uses the three above-mentioned dimensions.

Diamantopoulos and Kakkos (2007) follow the line of thought of (Al-Khalifa and Morgan, 1995) and (Walker and Ruekert, 1987) and argue that export sales is related to effectiveness, profits are akin to efficiency, and new products are linked to adaptiveness. Morgan et al., (2012) emphasize the importance of the effectiveness of the implementation of export marketing strategy to the success of the performance of the venture of the exporting firm. To sum up, a considerable number of authors apply at least one of these dimensions': effectiveness, efficiency and adaptiveness even if implicitly, in order to assess their performance

2.1.3. Determinants of Export Performance

According to the Cambridge Advanced Learner's Dictionary, determinants are "something that controls or affects what happens in a particular situation". In this context, determinants of export performance are the factors that will determine whether the exports (from an export venture-level, to the overall exports) of a firm are successful, or not. Sousa et al. (2008), in

their literature review, consider that the determinants of export performance can be classified using two different approaches: the resource-based paradigm, which focus in the internal determinants of the firm, and the contingency paradigm, which focus on the external ones. The resource-based paradigm is focused on the creation of competitive advantage using a set of resources, i.e., all the "assets, capabilities, organizational processes, firm attributes, information, and knowledge, etc. controlled by a firm" (Barney, 1991).

In other words, what Barney (1991), sustains is that "sources of competitive advantage are firm resources that are valuable, rare, imperfectly imitable, and non-substitutable." Dhanaraj and Beamish (2003), sustain that "superior performance results from acquiring and exploiting unique resources of the firm", which, according to Sousa et al, (2008) represents the internal determinants of export performance. The contingency theory approach is built on the proposition that environmental/external factors to the firm affect its performance (Donaldson, 2001, Sousa et al., 2008). It is supported by the structure conduct performance (SCP) of industrial organization (IO), which posits that the competitive intensity of a firm is determined by the structural characteristics of the market, and that positional advantage can only be achieved and sustained if the competitive strategy plan is efficiently and effectively carried out (Morgan et al., 2004; Sousa et al., 2008).

Ruekert et al. (1985), suggest, "The kind of performance that results from marketing activities is dependent upon the nature of the task, the way in which the task is organized, and the nature of its environment." Robertson and Chetty (2000), defend that "export performance is determined by the extent to which a firm's behavior matches or fits its internal and/or external context".

2.1.4. Assessment of Export Performance

When assessing export performance one can use the internal vs. external variables/factors dichotomy, whose interrelationships influence the performance of exports (Katsikeas et al., 2000; Leonidou et al., 2002; and Sousa et al., 2008). The internal variables are the ones intrinsic to the variables that the firm may control (Sousa et al., 2008). According to (Sousa et al., 2008) they subdivided into:-

- **Managerial characteristics: -** concerning the decision-maker and his personality, level of education, behavior, attitudes, (international) experience, innovativeness, international experience export commitment, and support, and other traits;

- **Organizational characteristics: -**regarding the resources, capabilities, competencies, operations, and the company's goals.
- **Targeting: -** which involves identification, selection and segmentation of international markets.
- **Firm characteristics: -** size of the firm, ownership structure, firm capabilities and resources.
- **Marketing-mix strategy: -** which are product, pricing, promotion, and distribution.

The external variables are those determinants/factors that are beyond the firm control. The external variables concern the environmental aspect, i.e., the ones that the firm cannot control and that shape the macro-environment of both the domestic and international markets (Sousa et al., 2008). According to Sousa et al. (2008), these variables may be divided into: (i) *Foreign market characteristics*: - including legal regulations, cultural (dis)similarity, local business conventions, channel accessibility and market competitiveness and (ii) *Foreign environmental characteristics:* - like cultural (dis)similarity and political and legal aspects; *and (iii) Domestic market characteristics:* - like export assistance and environmental characteristics. Therefore, one may consider that export performance be affected by both internal and external factors

2.1.5. Coffee Production and Export in East Africa

Coffee plant is native to Africa country and it was in Ethiopia that the custom of drinking coffee primary expanded, Robusta and Arabica are the two botanical varieties, originate from Africa. Robusta coffee grown at lower altitudes whilst Arabica coffee grown at higher altitudes and often on volcanic soils. Robusta coffee is easy and less costly to cultivate than Arabica. Coffee is one of cash crop for the economy of developed and developing country. It is the main source of income for more than10 million 8 households in 25 African coffee-growing countries. A number of this countries-based coffee as chief source of foreign exchange revenue. According to Moleketi (2016), coffee is a fundamental source of export earning of the country besides to contributing a major share of tax income and Gross Domestic Product.

Africa is the region with the largest number of coffees producing countries: 25 as opposed to 11 in Asia &Oceania, 12 in Mexico & Central America and 8 in South America (International Coffee Organization, 2015). In Africa production of coffee showed negative increase over the

last 49 years. During the period between 1965/66 and 1988/89 average production were 19.4 million bags per crop year when the coffee market regulated under the export quota system. In the period between 1989/90 and 2014/15 under the free-market economy system, average production per crop year was 16 million bags. Throughout those two periods, Africa share of coffee production in the world market has therefore reduced from 24.9% to an average of 14%. Production during crop year 2014/15 was around 16.9 million bags, or 12% of the estimated world production of 141.7 million bags. Of this, an estimated 10.4 million bags produced by just two countries (Ethiopia and Uganda) (Ibid, 2020).

Through the period from 1965/66 to 1988/89, 8 African countries were among the top 20 coffee producing countries that accounted for 91% of world production. Moreover, the average volume produced by those 8 countries accounted for 21.5% of world production. The countries are C**ô**te d`Ivoire (5.1% of world production), Ethiopia (3.7%), Uganda (3.6%), Angola (2.2%), Cameroon (2%), Democratic Republic of Congo (1.8%), Kenya (1.8%) and Madagascar (1.4%). However, during the period between 1989/90 and 2014/15, only 4 African countries ranked among the top 20 producing countries that account on average for 93.7% of world production.

As International Coffee Organization, (2015) the four African countries in question, which account for only 9.9% of world production, are Ethiopia (3.9%), Uganda (2.6%), C**ô**te d`Ivoire (2.5%) and Kenya (0.9%) . It is clear that all African countries except Ethiopia and Uganda experienced declining coffee production after the period from 1965/66 to 1988/89 (International Coffee Organization, 2015). The cause would be the introduction of free market, mainly because of decreased government involvement. The major countries influenced involve Angola, which accounted for on average 5% of annual world production until the mid-1970s, and has lost its place among the region's leading producers, with an estimated production of just 35,000 bags in the crop year 2014/15 compared to 3.5 million bags in1970/71. The Democratic Republic of Congo and Madagascar have also lost significant market share, with 335,000 and 621,000 bags respectively. However, coffee rehabilitation programs practiced in these countries, mainly in Angola, may help to reverse the downward trend (Ibid, 2020).

The most dynamic growth in African production was viewed in Ethiopia, which has recorded an average annual growth rate of 2.2% over the past 50 years, increasing to 2.7% since crop year 1989/90 (ICO, 2013). The country's production tendency is usually upward regardless of

some downward disruptions, attaining about 6.6 million bags in 2014/15. Our country is sole in Africa as far as it has a strong domestic coffee consumption culture, which frequently accounts for over half of production. Other African producing countries proofed low production levels that were aggravated by the introduction of the free market, predominantly as effect of decreased government participation. Nevertheless, coffee is still very important source of foreign revenue and as well accounts for a major share of tax revenue and gross domestic product for many countries in Africa (Ibid, 2020).

2.1.6. Coffee Production in Ethiopia

In Ethiopia, coffee is cultivated in numerous ways. First, there is forest coffee, which grows freely in the forest. Semi-forest coffee harvested from wild coffee plants that grow on private land and receive little or no cultivation. Smallholders on small plots cultivate garden coffee. Finally, plantation coffee grown on large plantations, almost all of which were formerly state-owned farms. Traditionally, coffee grown in the shade of trees, and coffee grown in this manner referred to as "shade grown "coffee. An increasing number of farmers are choosing to use sun cultivation, a method in which coffee grown in rows, fully exposed to the sun with little or no protection from forest canopy. This causes berries to ripen more rapidly, which produces higher yields. However, this method necessitates the clearing of trees and use of fertilizer and pesticides, thereby forfeiting the eligibility of the crop for organic or eco-friendly specialty status (Abu, 2021).

Deforestation, pesticide pollution, habitat destruction, and soil and water degradation cited as undesirable side effects of sun-cultivated coffee. Sun cultivated coffee is also widely regarded to be of inferior quality compared to shade-grown coffee. Smallholders, either running garden farms or picking wild and semi-wild coffee, primarily perform cultivation of coffee in Ethiopia. Approximately two thirds of the land cropped with coffee is under smallholder cultivation, whereas just under a third produces wild or semi-wild coffee. Large plantations account for a very small proportion of coffee producing land (Mechal, 2013).

Most of Ethiopia's coffee either cultivated by smallholders or grow wild it is a labor-intensive industry and therefore does not require large quantities of capital. Land provided to farmers by the government, so this does not constitute a financial hurdle for most producers. One significant cost that should highlighted, however, is the opportunity cost of cultivating coffee. Once planted, coffee plants take four years to mature to the point where they start producing a harvestable crop. The loss in revenue that could earn by using the land to grow

alternative crops during the maturing period is therefore the most significant fixed costs for most coffee farmers. That said, garden coffee could be successfully intercropped to diversify income streams. Smallholders require very little working capital, as the input supplies are limited to small quantities of fertilizer and perhaps the occasional replacement of tools. Farmers are generally not obliged to remedy environmental degradation arising from their production and so do not incur costs of environmental renovation. Owners of larger farms and plantations do require working capital, mostly to hire labor, as coffee production is labor intensive. In terms of input supply, the private sector is weak. Opportunities lie in promoting nurseries that develop and distribute newer disease resistant strains cost-effectively (Anteneh, Et al., 2011).

2.1.7. Determinants of coffee Exports Performance in Ethiopia

Exports diversification has been the concern of Ethiopia since the mid-20th century where the first five-year development plan (1957-1961) was developed by the late Emperor Haile Selassie, which recognized the persistent domination of two-three commodities (Lakew, 2003). However, the domination of agricultural commodities in general and coffee in particular has not changed to a major extent, and concentration of exports of few commodities is continuing to be a challenge. According to (Lakew, 2003) exports performance could not fill the fiscal gaps to imports, and it has shown lower exports to GDP ratio and declining terms of trade.

Ezezew (2015), has analyzed the determinants of export performance using time series data and arrived at insignificant contribution of exchange rate devaluation and volume of imports. According to him, the effect of devaluation of the exchange rate did not reduce the deficit trade balance due to income effect and other factors. However, this could be a short-run problem and, importantly, there are other factors that could have an offsetting impact, such as structural and supply-side problems. For instance, there is a supply of only little containers that existing factories are capable of exporting to foreign markets per month (ESL, 2010).

The challenges of Ethiopia's exports performance are rather institutional and structural, such as lack of access to the sea, slow move to regional and multilateral integration, low technological progress and dependency on commodities' exports (Ciuriak and Preville, 2010. Ezezew, 2015). In general, the relevance of exports to economic development is undoubted. However, the answer for what factors determine exports performance and diversification is different for different researchers. For instance, Agosin et al, (2011) studied the factors that

determine export diversification, using Generalized Method of Moments (GMM), and found that human capital accumulation (positively), economic distance (negatively), trade openness (negatively), and improvement in terms of trade (negatively) affect diversification or exports concentration while financial development and exchange rate volatility have no effect on exports concentration.

Other researchers (Martinez, 2003; Marquez, 2007; Armstrong, 2007; Butt, 2008; Yohannis, 2014) have used the Gravity Model to distinguish factors that determine trade, and listed factors ranging from micro (import demand and export capacity) to macro (GDP, population size and geographic distance) elements. Tripathi and Carlos (2013), have also agreed with the positive impact of political globalization and cultural proximity to the bilateral trade between countries. However, the weakness of such researches is that the Gravity Model could not be the right methodology to analyze the dramatic increase in exports, which is currently the case in Ethiopia. The Gravity Model intended to analyze the amount of bilateral trade between two parties; it could not be the right way to identify the factors affecting exports performance using this model, especially with Ethiopia's data.

2.1.8. Importance of Cooperatives Sector

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperatives Alliance, 2017). The contribution of the sector was immense for the past economic development of different countries in the world. According to data collected by the International Cooperative Alliance (ICA), indicate that the cooperatives movement brings together over one billion people around the world. In 1994, the United Nations estimated that the living of nearly three billion people, or half of the world's population, made secure by cooperatives enterprise. These enterprises keep contributing in social and economic activities of the communities.

Here is a brief summary illustrating the significance of the cooperatives for the economies of several countries. The relevance and contribution of the cooperatives' movement to economic and social development seen from the evidences given below. Cooperatives create and maintain employment

- In France, 21,000 cooperatives provide over 1 million jobs representing 3.5% of the active working population in 2010.

- In Kenya, 63% of the population derives their livelihoods from cooperatives. Approximately 250,000 Kenyans gain most of their income from cooperatives in 2009.
- In Colombia, the cooperative movement provides137, 888 jobs through direct employment and an additional 559,118 jobs as worker-owners in workers cooperatives- providing 3.65% of all jobs in the country.
- In Indonesia, cooperatives provide jobs to 288,589 individuals in 2004
- In the United States, 30,000 cooperatives provide more than 2 million jobs.
- In Ethiopia, 50% of the population directly benefited from the service of cooperatives. Exactly 805 thousand Ethiopian gains most of their income from cooperatives. That means a member on average may have five family, cooperatives serving for 45million of the population. Cooperatives are significant economic factors in national economies
- In Denmark, consumer cooperatives in 2007 held 36.4% of consumer retail market.
- In Japan, the agricultural cooperative report states outputs of USD 90 billion with 91% of all Japanese farmers are in membership. In 2007, consumer cooperatives reported a total turnover of USD 34.048 billion with 5.9% the food market share.
- In Mauritius, in the agricultural sector, cooperatives play an important role in the production of sugar, vegetable, fruit and flower, milk, meat and fish. Nearly 50% of sugarcane planters grouped in cooperatives.
- In C**ô**te d`Ivoire, cooperatives invested USD 26 million in to setting up schools, building rural roads and establishing clinics in 2002.
- In New Zealand, 3% of the gross domestic product (GDP) generated by cooperative enterprise in 2007.
- In Uruguay, cooperatives are responsible for 3% of the GDP. They produce 90% of the total milk production, 34% of honey and 30% of wheat. 60% of the production is exported to over 40 countries in the world. Large segments of the population are members of cooperatives
- In Canada, four out of every ten Canadians are members of at least one cooperative. In Quebec, approximately 70% of the populations are members of cooperatives. While in Saskatchewan, 56% are members.
- In Malaysia, 6.78 million people or 27% of the total population are members of cooperatives in 2009.

- In Norway out of the population of 4.8 million people, 2 million are members of cooperatives.
- In Paraguay, 783,000 people or 18% of the population are members of 1,047 cooperatives. These coops have a direct impact on the livelihoods of over 6 million people.
- In Spain, 15 % of the population or 6.7 million people are members of cooperatives in 2008.

In Ethiopia, 9.2 million people or 10% of the population are members of cooperatives in 2020. The International Cooperative Alliance (ICA) represents close to one billion individual members. These statistics have been calculated from 94 ICA`s member countries (as of October, 2013). Therefore, the country with the largest number of individual members indirectly represented by the ICA is the United States with 256 million members. There are nearly 30,000 cooperatives in the US. The next countries are in Asia, with India following next behind the US with 93.7 million individual members. Then Japan with 77 million individual members. The fourth largest number of members is in Iran with 36.9 million individual members. Overall, five of the top ten countries, by membership, that the ICA represents- are in Asia. Italy is the first European country with 22.5 million individual members, represented through their organizations by ICA.

2.1.9. Cooperatives in Ethiopia

Cooperatives, as economic enterprises and self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. The people of Ethiopia have a very long social history of working together to fulfil their socioeconomic needs. Many social events are still taking place in rural Ethiopia through collective effort. The Government of Ethiopia has identified the cooperatives form of business organizations as instrumental to socio-economic development and has paved the way for better cooperatives development in the country by creating the legal basis and expansion of human resource development at higher institutions (Tamiru, 2015).

In countries where a cooperatives activity is, developing strong cooperatives are backbone for the economy of the country. In our country, the establishment of modern cooperatives took more than five decades. According to Federal Cooperative Agency, complied report up to December 30/2009 E.C totally there are 15,482,168 (Male 11,041,619 and Female 4,440,549) members and 79,038 primary cooperatives within capital of 13,874,369,638.00.

In addition, currently 370 cooperatives union are performing their activities and earns 3,808,433,565.00 capital. In general, the cooperatives sector earns 17.68 billion capitals. Furthermore, the saving culture of the cooperatives is growing from time to time and it became 7.9 billion birr and credit distribution riches 6 billion birr. Cooperatives have played a considerable role in improving smallholders‟ access to inputs; services, information and markets, yet the cooperative movement in Ethiopia faced a number of problems in the past. The current free market economy of the country is conductive to cooperatives development, but their limited capacity has inhibited them from making full use of the existing opportunities (Federal Cooperative Agency Report, 2020).

Coffee unions privileged to skip coffee auctions in which private traders are obliged to participate. The typical marketing channel of the coffee cooperatives and unions is very simple. (Yuka Kodama, 2007). According to Tamiru (2015), the payment system of coffee cooperatives and unions in Ethiopia is as follows:

- A cooperative purchases coffee from farmers at the market price. The price is determined based on competition between cooperatives and private traders. The payment by the cooperative made immediately or around one week after the farmers delivers the coffee. The timing of the payment depends on the financial status of the cooperative.
- The coffee purchased by the cooperative delivered to a union. The union purchases coffee from cooperatives at a price equivalent to the domestic auction price at that time. The payment usually made immediately or after a couple of weeks following coffee delivery; the exact payment time depends on the financial status of the union. In some cases, the union might suggest that cooperatives sell their coffee to auctions instead of to unions due to reasons.
- Unions export coffee through a Fairtrade route or conventional route.
- After completing the audit of unions' finances, the amount of the dividends to pay out to the cooperatives decided. The dividends calculated after deducting 30% of the net profit for the unions.
- Whereas 30% of the net profit, including the dividends from the union, is reserved for the primary cooperatives, the remaining 70% distributed as dividends to farmers after auditing procedures are complete. The mode of dividend distribution based on the volume of coffee and the size of the share purchased by farmers. The exact mode of

distribution (e.g., the ratio between volume contribution and share amount) left to the general assembly of the cooperative to decide (Proclamation No. 402/2004).

In reality, unions often advise cooperatives to sell their coffee through auctions, rather than to the unions. The reasons for this are: (i) the coffee volume has exceeded the amount the unions are able to sell; (ii) the quality of the coffee does not meet the unions' standards; and (iii) the auction price is higher than the unions' price.

The financial constraints of primary cooperatives also limit the amount they purchase. As the next section shows, although farmers tend to be satisfied with the price offered by the cooperatives and are willing to sell more to them, cooperatives cannot buy all the volume farmers produce. Farmers sell the remaining volume to private traders (Tamiru, 2015).

2.1.10. Cooperatives and Fairtrade

The motivation behind Fairtrade is to build "a system of trade in which the partners seek deliberately to establish a more direct relationship between groups of producers and consumers in the two worlds and a greater understanding among consumers of the need of the producers for support for their independent development" (Barratt Brown, 1993). Fairtrade often called "alternative trade" because it aims to establish an alternate trade network to the commercial market. Fairtrade in the world's marketplace still has a small share compared to the conventional market. For example, Fairtrade coffee in Europe and the US accounts for only 1–2% of sales, with the notable exceptions of 20% in the United Kingdom and 6% in Switzerland in 2004 (Krier, 2005).

The worldwide Fairtrade sales volume, however, continues to increase. For example, the volume increased by 40% in 2005 over the volume in 2004 (FLO, 2007). The rapid expansion can partly attributed to the introduction of the labeling system in 1988. The idea has been widely accepted; in 1997, Fairtrade labeling organizations in several countries formed an umbrella organization called the Fairtrade Labeling Organization International (FLO). The labeling system aims to increase Fairtrade sales by expanding the market to mainstream retailers such as supermarkets. It is effective in the standardization and systematization of Fairtrade certification.

For standardization through labeling, the FLO has several conditions. Of these, two affect small-scale coffee farmers. First, producers have to establish a democratic organization aiming at social, economic, and environmental development. The condition means that a

general assembly must established at cooperatives to direct and monitor democratic, participatory, and transparent organization, with the capacity to manage the administration of export and usage of Fairtrade premiums while promoting social development. Another condition concerns trade standards, a requirement directed at traders, rather than farmers (Yuka, 2007).

Trade standards incorporate long-term and stable relationships and require payment of a Fairtrade minimum price set by the FLO, including a US$0.05 per pound Fairtrade premium. Organically grown coffee receives an additional premium of US$0.15 per pound. In case the market price is higher than the minimum price, the market price will be the minimum price, in addition to the Fairtrade premium. This price setting is attractive to producers. For example, US$1.15 per pound of the Fairtrade price applied to Ethiopian no washed sundry coffee was 135% and 79% higher than the international average price in 2004 and 2005, respectively (ICO, 2007). In this paper, I refer to Fairtrade through the FLO system simply as "Fairtrade" because most of Ethiopia's Fairtrade coffee has sold with FLO certification.
Fairtrade certificates granted to primary cooperatives, not to unions. The number of certified cooperatives is still few, at only 24 of 165 primary cooperatives of the OCFCU, YCFCU, and SCFCU as of May 2006. In 2005, the shipment of Fairtrade coffee assumed to about 2% of the total national export. More primary cooperatives want to obtain FLO Fairtrade certificates because of the attractive price setting; however, the speed of admission by the FLO is slow. The main reasons for this include the general lack of administrative ability of the candidate cooperatives themselves, as well as the FLO's unwillingness to issue too many certificates due to the limited market for Fairtrade products (Kodama, 2017).

2.2. Empirical Literature Review

From many factors only four factors "competition"," commitment", "export market characteristics" and "product characteristics" as having a significant influence on the export marketing performance of OCFCU (Tamiru, 2015). findings the factors which influence union's export performances are competition, long duration of export document process, coffee quality, export barrier from country destinations, delay in transportation, communication barrier, lack of international market knowledge, export administrative procedures, unofficial fee in export documents processing, incapable to supply coffee in time by members, private traders' intervention and delay of shipping (Tamiru, 2015).

Mechal (2013), examine the major determinants of Ethiopian coffee export performance in the major importing countries and his findings explains Coffee has remained the dominant export commodity of Ethiopia. However, Ethiopia irrespective of its being the origin of coffee Arabica and a traditional exporter, the volume of coffee exported rose by less than 8 percent for the last two decades. This is due to low coffee yield, quality inconsistency, and low return for farmers etc. On the contrary, Ethiopia's competitors have increased their volume of coffee exports aggressively by improving their production and productivity.

Yuka (2007) investigated new cooperative roles in Ethiopia, focusing on Ethiopian Coffee Farmers Cooperatives in general and Yirgacheffe Farmers' Cooperative Union (YCFCU) and its core cooperatives in particular. The report states that it is too early to evaluate the operations of coffee cooperatives because they only started in 1999, however at this time, the cooperatives' effects on growers appear to be good, particularly in terms of pricing. Finally, the study concluded that increasing cooperative management and accounting skills is crucial for the growth and sustainability of cooperative operations.

Policy Analysis and Economic Research Team (2008) conducted a study on the analysis of coffee supply, production, utilization, and marketing issues and challenges in Ethiopia, which explains the coffee supply, quality, and standard patterns; demand side and marketing issues; and the actual and potential problems encountered in the supply and marketing of Ethiopian coffee. The study examined various methods to optimize revenues from Ethiopia's "green gold," coffee, by assessing bottlenecks and/or problems in the country's coffee export activities. Because this is a macro-level analysis, concerns with coffee supply and marketing at the regional, zonal, and grass-roots levels were not visible. Thus, for more understanding and deeper investigation of the problems and potential solutions, the team recommended analysis have to continue until Wereda levels including the institutions involved in coffee marketing and inspecting.

Besides Aslihan, et al. (2011), conducted study entitled "The impacts of the coffee trade marking program and Starbucks publicity on Ethiopian coffee export prices". Following these treatments, they discovered that the cost of trademarked coffees increased by around 10% compared to non-trademarked coffees. The amount of this change is equivalent to farm gate prices reported in the literature; nevertheless, the study cannot prove causation or see pass-through into farm gate pricing.

Susan (2011) also did study on how to solve the "coffee paradox" by using Elinor Ostrom's Theory of the Commons to analyses Ethiopia's coffee cooperatives. Both the design principles identified by Ostrom for governance norms and the list of predictors for successful common property resource management institutions suggest that Ethiopia's coffee cooperatives may be in jeopardy, according to the study. The study concluded that by broadening Ostrom's governance paradigm to include a broader enabling role for governments as well as supportive roles for civic groups, NGOs, and social movements, the Oromia Coffee Farmers Cooperative Union would have a better chance of succeeding.

Karthikeyan (2015), conducted research on the effectiveness of cooperatives in the coffee value chain: an analysis in the Sasiga District of Oromia Region, Ethiopia, and found that variables like trust, technology, market information, training, timely product delivery, and financial support were critical factors influencing the effectiveness of cooperatives in the coffee value chain. According to the findings, all stakeholders should pay more attention to developing strategies for smoothing their relationships and avoiding bottlenecks such as a lack of trust, bribery, and designing effective customer service. In addition, training should be a major component of the service provided to members, sufficient credit facilities should be available to cooperative members in a timely manner, efforts should made to link farmers to the market and appropriate infrastructure should be in place. Prices paid by cooperatives to their members should be fair enough to compensate farmers, and greater care should take in the recruitment and selection of these committees, particularly in the recruitment and selection of women.

Girma (2011), conducted a study on marketing information operations in Ethiopia, with a focus on the Ethiopia Commodity Exchange (ECX) Coffee Trading, and discovered that there are insufficient information centers and information on coffee supply, characteristics, pricing, and roasters. Many coffee producers have turned to high-value cash crops such as "khat," a narcotic plant extensively consumed in east Africa but outlawed in the United States and much of Europe, due to the low price of coffee provided to farmers. Because of the government's control over smallholder coffee producers, they are unable to create "khat," encouraging the growth of an illicit business trend.

In addition, Zekarias et al. (2012), found that producers, assemblers, and distributors are the primary actors in the coffee market chain in the Belete-Gera Forest in south western Ethiopia. The study recommended the following measures to improve the efficiency and performance

of the existing marketing system: improved transportation, producer's cooperatives, a price premium system for high-quality products, and a strong and participatory forest management strategy.

Muhabie (2015) also conducts research on evaluating the success of Ethiopian coffee marketing cooperatives, with a particular focus on Yirgacheffe Woreda. According to the findings, coffee cooperatives in the research area are making moderate improvement in terms of strengthening their financial positions and supporting their members. They are nevertheless, still confronted with a variety of impeding issues. Finally, the report recommended that cooperatives identify solutions to help them get out of their current financial binds. To achieve this, financial institutions, which are the mainstays of cooperatives' supply of money, must be cooperative in distributing credits at the appropriate time and location. Furthermore, cooperative societies should devise methods that would have freed them from financial dependence on lending banks. In the end, cooperative banks may be one of the most viable answers to this challenge. The promotion office's function in facilitating credit, labor training, and performing research should not overlooked.

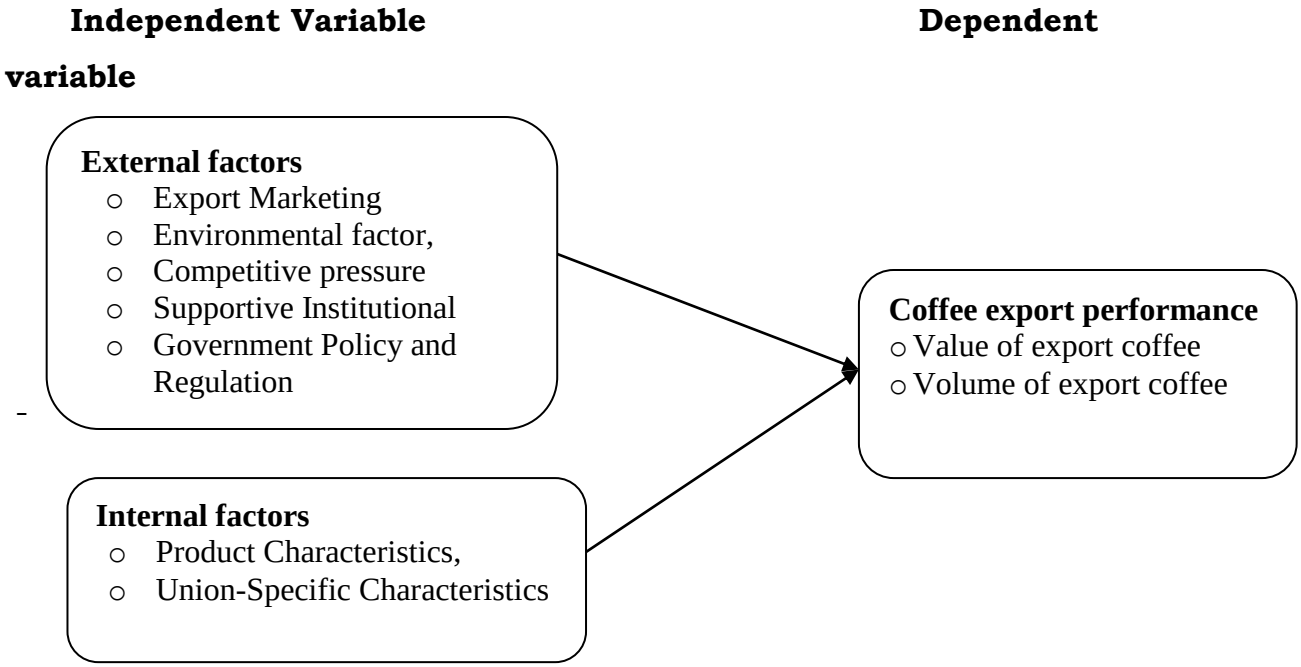
Furthermore, Delelegne et al. (2016) found that the impact of commercialization on farmer wellbeing is still equivocal in their review of agricultural co-operatives in Ethiopia: evolution, roles, and repercussions. Adapting to changing economic conditions is difficult for both the institutional environment and the internal governance structure.

Fethi et al, (2016), conducted a study to examine the elements that influence the market performance of Melka coffee farmer cooperatives. He Found that sample cooperatives were characterized by a lack of marketing facilities, a shortage of land, poor road infrastructural problems, the prevalence of diseases that influence farmer market performances, and also traders business were lack of road, lack of transportation, and also the constraints indicated by wholesalers and retailers with respect to coffee marketing included. Based on the findings, the researcher will make the following recommendations: improve land and livestock productivity through the introduction of feasible innovations and other means, and create off-farm and non-farm employment opportunities for farmers to reduce their reliance on land. the government should focus on improving decentralization of highly centralized coffee inspection and grading centers, as well as modern storage and processing facilities.

2.3. Conceptual Framework of the Study

The research framework, also known as the conceptual framework, attempted to depict the researcher's worldview on the topic under investigation by presenting the input–process–output relationship of coffee export performance, demonstrating the integration of the various components that make up coffee export performance, and linking the literature review with the methodology. The conceptual framework also attempted to depict the stakeholders involved in each stage of the coffee export system, as well as their contribution to the system's final product. Furthermore, the framework aided in determining who was involved, in what area of the process, and how they interacted within the system. It was also beneficial to show how data gathered for the topic's analysis. The conceptual framework of the study illustrated in figure 2.1 below.

Figure 2.1: Conceptual Frame Work of the Study



Source: Developed by the researcher based on of literature (2022)

In this study, coffee export performance is the dependent variable, which measures in terms of value of export coffee and volume of export coffee. Documentary examination and secondary data sources, such as yearly reports of OCFCU, were used to analyses the coffee export performance. Export marketing, environmental factor, competitive pressure, supportive institutional, government policy and regulation, characteristics and union-specific

characteristics are independent variable (external factors) that affect coffee export performance.

CHAPTER THREE
RESEARCH METHODOLOGY

Introduction

In this chapter, the researcher describes the procedures to ensure a methodical and well-informed investigation, focusing on sampling procedure, data collection and analysis methods. Data collection instruments and procedures discussed as well as the target population and sampling procedures. Research methodology described as method of illuminating scientific procedures in a way suitable for the purpose. It is the general standard which direct the description of the methods applied in conducting the research study, how to and what analysis to be done to the data so collected (Akinyele, 2016). These realized in address research methods that will used for the study, the data collection and how the fieldwork for the study conducted.

3.1. Description of the Research Area

Oromia is the region where coffee first originated. Oromia is approximately located between 3 degree and 15-degree North latitude and 33 degree and 40-degree longitude. The region known for its unique native vegetation as well as for being the center of diversity for many different species of plant. The region is the birthplace of coffee, The Oromo's use coffee as food, drink, trade, spiritual nourishment and as a tool for peacekeeping.

The Oromia Coffee Farmers' Cooperative Union (OCFCU) is a smallholder farmer owned cooperative union based in the Oromia region of south, central and west Ethiopia. Coffee accounts for approximately thirty-two percent of the value of all merchandise exports and Oromia accounts for more than sixty-five percent of the country's total coffee growing lands. Furthermore, Oromia is the region where coffee first originated. The region characterized by its unique native vegetation and tropical climate conducive to coffee bean growth. OCFCU is a democratic; member has owned business operating under principles of International Cooperative Alliance and Fair trade and the Union plays a central role in the Ethiopian coffee marketing chain. The members of OCFCU grow process and supply organic Arabica coffee for export.

3.2 Research Approach

Generally, literatures have identified three types of research approach, which include qualitative, quantitative and mixed research approach. For the purpose of this study, a mixed

method approach (both quantitative and qualitative methodologies) used to gather detailed and diverse information on the same topic. It also aids in the triangulation of the information gathered credibility. According to Sarantakos (1998), it is common for researchers to use mixed method designs to explore multiple elements of the same phenomenon. Accordingly, qualitative methods were useful for deepening our understanding of the local situation within the cooperative union operations, whereas quantitative tools were useful for determining the breadth to which observed behavioral practices, resources, or problems distributed within the operation unit. As a result, both qualitative and quantitative data used to identify the cross-sectional problems of the obstacles on Oromia coffee farmer cooperative union export performance, specifically on the Coffee Trading Business unit in the study

3.3. Research Design

Newing (2011) defined research design as the arrangement of conditions for collection and analysis of data in a way that intend to combine importance to the research purpose with economy in procedure. The choice of research design depends on objectives that the researchers want to achieve (Newing, 2011). The primary aim of this study was to examine factors affecting coffee export performance of Oromia coffee farmers' cooperative union. To achieve this objective, the descriptive research design used. Lavrakas (2008) describes a descriptive survey research design as a systematic research method for collecting data from a representative sample of individuals using instruments composed of closed-ended and/or open-ended questions, observations, and interviews. It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the targeted population.

3.4. Sampling Design

3.4.1. Target Population of the Study

The study population defined as the entire collection of cases or units about which the researcher wishes to draw conclusions (Castilo, 2009). The general assembly, board members and permanent employees who are working in OCFCU selected as a population frame for the study. The OCFCU head office is located in Oromia region Gelan town. In the OCFCU, there are 197 members of representatives of general assembly, the apex being the ultimate decision-making body composed of representatives from member cooperatives, 9 members of board of directors, 3 members of controlling committee and 84 permanent employees. Therefore, the target populations of the study are employees of the cooperatives, marketing

department, planning department and other cooperative workers, which directly connected with the export performance of the cooperatives. Thus, the target population of the study was 281 including 197 members of representatives of general assembly, (with in which there is nine members of board of directors and three members of controlling committee) and 84 permanent employees found in OCFCU.

3.4.2. Sample Size

Lavrakas (2008) explains a sample in survey research as a subset of elements drawn from a larger population. Obviously, such a sample should be typically identical with the population thus provide adequate representation. If a sample is not precise and inadequate both in characteristic and in size, it may lead to rejection of false null hypothesis, wrong result and therefore a waste of resources (Gerstman, 2003). Likewise, a study that collects too much data is wasteful. Therefore, it is essential to establish adequate sample size before going on data collection for a study. In recognition of this fact, to determine sample size of the study, the researcher uses a method developed by Taro Yamane's formula. Therefore, the following formula used to determine the sample size.

That is $n= N/1+ N (e)^2$ where: n is the sample size, N is the population size and e is the error of sampling. For this study, the error of sampling is set at 0.05.

$N = 281/1+ 281(0.05)^2$

$= 281/1.7025 = 165$ respondents

We can see from the result above that the sample size was 165 from the total study population of 281 to maintain a 95% confident interval.

3.3.3. Sampling Technique

For the purpose of this study, the researcher was used concurrent/parallel mixed method sampling strategy. Mixed methods sampling techniques entail "the selection of units or cases for a research study using both probability sampling (to increase external validity) and non-probability sampling strategies (to increase transferability)" (Teddlie and Fen Yu, 2007). These sampling procedures occur independently.

For the quantitative strand, the researcher was used probability sampling technique to select sample participants. Specifically, the selection and distribution of questionnaires among respondents made based on stratified random sampling. According to Kothari (2004), if a population, from which a sample is to be drawn, does not constitute a homogeneous group,

stratified random sampling technique generally applied in order to obtain a representative sample. Under stratified random sampling the population first divided into several sub-populations that are individually more homogeneous than the total population, (the different sub-populations called 'strata') and then we select items randomly from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get estimates that are more precise for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole.

In recognition of the above fact, the researcher was used stratified random sampling technique on which the respondents structured into two strata (members of general assembly and permanent employees). This was because each group of the respondents is required to have its own representative from the total sample size. Stratified sampling guarantee specific groups within a population adequately represented in the sample. Samples from each stratum selected by using the following equation:

NH = (NH/N)*n

Where;- NH is the sample size for stratum h, NH is the population size for stratum h, N is total population size, and n is total sample size. The lists of the participants or respondents taken from sample frame, which taken from Human Resource Department of OCFCU office in Gelan. Therefore, the sample size for each stratum presented in the following table. Simple random sampling technique used to select respondent from each stratum.

Table 3.1: Population and Sample Size

NO.	Strata	No. of employees	% of the total employees.	Numbers of sample respondent
1.	Members of general assembly	197	70.0	115
2.	Permanent employees	84	30.0	50
	Total	281	100	165

For qualitative strand, the researcher was utilized purposive sampling techniques. Purposive sampling technique used to draw samples for interviews. In this study, the researcher conducted 10 key informant interviews. They were 3 purposively selected member of board of directors, 1 controlling committee member and three managers and three senior export officers. These subjects selected because the issues under the research directly or indirectly involve them.

3.5. Data Source and Types

Dawson (2009) states that secondary research data involves the data collected using information from studies that other researchers have made of a subject. Both sets of data used in this study.

Primary and secondary data sources employed to perform this research. With a focus on general information and subjective specific situations of Oromia cooperative union activities, as well as other vital information related to the research objectives, data was collected from the union; marketing department, planning department employees, and concerned management body.

3.5.1. Primary data

For this study, primary sources of data used. Kothari (2004) describes primary data as those, which are, collected a fresh and for the first time and thus happen to be original in character. In collecting primary data, both structured personal interview and questionnaire employed. Schwab (2005) defined questionnaire as measuring instruments that ask individuals to answer a set of questions or respond to a set of statement. The study utilized questionnaire as major instrument for collecting primary data. A questionnaire is research instrument that is used in data collection when dealing with a large sample (Kombo, et a1.2002). A questionnaire is preferred because of its convenience and ease of administration. Kothari (2004) stated that questionnaires have various advantages like; it is free from the bias of the interviewer, it is low cost even when the universe is large and is widely spread geographically, respondents have adequate time to give well thought out answers and respondents who are not easily approachable can also be reached conveniently. Large samples can made use of and thus the results can made more dependable and reliable. In view of the advantages and the need to gather more information, questionnaires were administered to sample respondents and to solicit their views concerning the export performance, problems and prospects of Oromia coffee farmers' cooperative union.

The study employed both close-ended questionnaire and open-ended questionnaire. The study was used closed-ended questions. This was because closed-ended questions are often good for surveys, because one can get higher response rates. Besides, answers to closed-ended questions can easily be coded and analyzed makes them particularly useful when trying to prove the statistical significance of a survey's results. The open-ended question also used as it helped the researcher to obtain information about the feelings and intentions of

respondents. Furthermore, structured Personal interview has conducted from knowledgeable key informants such as planning directorate director, coffee export planning team leader, senior purchasing experts, senior buyer experts, coffee quality control professionals to supplement the survey data.

In this study, to obtain additional information to the data gathered through questionnaires, interview used. To this end, semi-structured interview was prepared to probe views and opinions of three purposively selected member of board of directors, one controlling committee member and three managers and three senior export officers. Semi-structured interview used, as it was helpful in answering questions related to the study objectives. It also used because of the fact that it offers the merit of using a list of predetermined themes and questions as in a structured interview, while keeping enough flexibility to enable the interviewee to talk freely about any topic raised during the interview. The interview was prepared based on the review of related literature important to the subject of the study.

3.5.2. Secondary data

In addition, the study was used secondary data. Dawson (2009) states that secondary research data involves the data collected using information from studies that other researchers have made of a subject. Secondary statistical data also collected to supplement the primary sources from the annual reports of the Oromia cooperative union, report, manual, books, magazines, journal articles, websites, research findings and any other concerned bodies.

3.6. Data Collection Procedure

Primary data collected through the administration of questionnaires to sample respondents at OCFCU head office in Gelan. Before the full-scale survey, pilot survey undertaken for a sample of respondents. The objective of the pilot survey was to check whether the desired result using the questionnaire was obtained or not and to identify and exclude potential problems associated with content in the questions and wordings. During the full-scale survey, the questionnaire administered the target population through personal contact by the researcher at OCFCU head office Gelan. Respondents kindly requested to fill the questionnaire. Organizations and staffs' permissions to do this sought and approval received.

3.7. Instrument Validity and Reliability

There is always more than one way to measure any variable, a researcher has to attempt to construct the best measure or measures for each variable. Considering this, data should first

analyze to ensure instrument quality. Reliability and validity used as the major criteria used to evaluate measurement. Reliability used to ensure consistence of data whereas validity used to test the accuracy of the measurement process.

3.7.1 Instrument Validity

Validity refers to the extent to which the scores from a measure represent the variable they are intended (Gakure, 2010). The scores from a measure signify the variable they intended to the extent. In recognition of this fact, therefore, a validity test of the questionnaires done on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items to confirm adequate coverage of the scope of the study by the measuring instrument (Oyerinde, 2011). In order to ascertain the relevance of each question to variables measured and to ensure that, the content of the instrument provide answers to the objectives of the study, content validity of the pilot questionnaire was tested. The response of the pilot administration of the questionnaire used to improve the content values of the questions used in the main administration. The feedback from expert opinion also used to ensure the validity of the questionnaire.

3.7.2 Instrument Reliability

In addition, reliability test carried out in order to ensure the consistency of the instruments used in main administration. The reliability is consistency of the measurement; that is, to what extent a measuring device will produce the same results when applied multiple times to the same person under similar conditions (Gakure & Ngumi, 2010). The study was employed Cronbachs' alpha to assess reliability of the questionnaire. Cronbachs' co-efficient alpha is the most common way of measuring internal consistency. Cronbachs' coefficient (alpha) may range between 0 to 1, with 0 indicating an instrument full of errors and 1 indicating total absence of error. The closer Cronbach's alpha coefficient is to one, the higher the internal consistency reliability (Oyerinde, 2011). A reliability coefficient (alpha) of 0.70considered acceptable, reliable and recommended for new questionnaire. The reliability of the questionnaire tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software. The descriptive analysis of primary data showed that a high reliability attained by questionnaire instrument with acceptable range of reliability coefficients. Accordingly, the Conbachs' Alpha values are test for all the variables and the result presented in Table 3.2.

Table 3.2: Reliability Test Result

Variables	Cronbach Alpha	No. of Items
Product Characteristics,	0.832	6
Union-Specific Characteristics	0.734	6
Export Marketing	0.875	6
Environmental factor	0.789	4
Competitive pressure	0.897	4
Financial access	0.786	4
Supportive Institutional	0.837	6
Government Policy and Regulation	0.896	6
Export performance	0.876	5

Source: (Field Survey, 2022)

As Tavakol (2001) stated that, there are different reports about the acceptable values of alpha, ranging from 0.70 to 0.95. Hence, the Cronbachs' alpha coefficient of all the variables was fall within the stated range and concluded that there is consistency among each variable in the questionnaire.

3.8. Methods of Data Analysis

As stated above, the study used both qualitative and quantitative data to give clear understanding about the problem. For the purpose of this study, the researcher was adopted parallel mixed methods data analysis (Graff, 2013) that involved quantitative analysis of data using statistical techniques appropriate for the variables, and qualitative analysis of data using qualitative analysis approaches appropriate for the data and the research question. The two analyses concurrently conducted independent of each other and provide information about the phenomenon through connecting, combining, or integrating the findings from the quantitative analysis and from the qualitative analysis.

In this study, the primary data collected from sample respondents via questionnaire. Once the questionnaires are gathered, the next step was to edit, clean, encode and look for errors in the data. This was the question of data processing. Data processing is a series of actions or steps performed on data to verify, organize, transform, integrate, and extract data in an appropriate output form for subsequent use. In recognition of this fact, therefore, the data processing of collected questionnaires rigorously done. This helped in compressing and arranging the data into small sets for easy examination and analysis.

Next, the collected and processed primary data from the questionnaire analyzed by descriptive statistics and explanatory. The primary data collected presented and analyzed in descriptive and narrative form using different methods of simple statistical tools like mean scores, percentages, frequency distribution and tabulation to assess factors affecting coffee export performance and identify challenges and prospects of export marketing practices in Oromia cooperative union.

Whereas there are rules how to analyze quantitative data, there are no such explicit rules for qualitative ones (Bryman A. & Bell, 2011). Data analysis in qualitative research is an ongoing process that undertaken concurrently with data collection, interpretation and report writing (Creswell, 2009). Considering this fact, in this study, the qualitative data that obtained primarily through semi structure interview subjected to in-depth scrutiny using thematic analysis. In this approach, the data that collected through semi-structured interview analyzed by identifying patterns and relationships through scanning the interview information and then combining and summarizing the results accordingly.

3.9. Ethical Consideration

The researcher made her best to address ethical consideration of confidentiality, privacy, and informed consent. Consent obtained from the administrative of the enterprise after explaining the relevance of the study. All the study participants informed about the purpose of the study and verbal consent of all study subjects obtained before data collection. Participants also informed that they had full right to discontinue or refuse to participate in the study. To ensure confidentiality, the name of interviewee not written on the questionnaire.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This chapter deals with organization, analysis and presentation of data collected from respondents using questionnaires. The data collected was analyzed and interpreted in line with the objective of the study which was to examine factors affecting the export performance of Oromia coffee farmers' cooperative union. It gives the empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

4.1 Response Rate

The researcher distributed 165 questionnaires. Out of these, 138 were completed and returned. This represents a response rate of 83.6%. According to Mugenda (2003), a response rate of 50% considered good and response rate greater than 70% considered very well. The 83.6% response rate considered a very good representative of respondents to provide enough information for analysis and to derive conclusions.

Table 4.1: Response Rate

Response rate	**Sample size**	**Percentage (%)**
Returned questionnaires	138	83.6
Un-returned questionnaires	27	16.4
Total	**165**	**100**

Source, (Survey data, 2022)

4.2 Demographic Characteristics of Respondents

This section assesses demographic characteristics of respondents. Respondents asked about their gender, age, level of education attained, and tenure in present organization. Demographic characteristics of respondents provided important information that helps the researcher to determine the ability of the respondent to contribute meaningfully to the investigation. The result presented in Table 4.2.

Table 4.2 General Information of the respondent

Factor level	Frequency	Percentage
1. Gender		
Male	102	73.9
Female	36	26.1
Total	138	100
2. Age		
18 – 29 years	9	6.5
30 - 40 years	61	44.2
41-50 years	53	38.4
Over 50 years	15	10.9
Total	138	100
3. Educational qualification		
Primary	18	13.1
Secondary	38	27.5
Diploma	20	14.4
Degree	46	33.3
Master and above	16	11.6
Total	138	100.0
4. For how long have you been employed in coffee sector?		
Under 5 years	10	7.2
5 - 10 years	23	16.7
10 - 15 years	37	26.8
above 15 years	68	49.3
Total	132	100.0
5. Roles/department in the OCFCU?		
Members of general assemblies	85	61.6
Members of board of directors	9	6.5
Support staff/permanent employee	44	31.9
Total	138	100.0

Source, (Survey data, 2022)

Table 4.2 above shows the gender distribution of the respondents who participated in the study. From table 4.2 show that 73.9% were males while 26.1% were females. The findings showed that male respondents were more than with female a representation and this finding is the reflection of the total gender structure of members of Oromia Coffee Farmers' Cooperative Union where male are dominants in the union.

Concerning age distribution, respondents represented from a range of ages. The age distribution was 61 respondents (44.2%) age between 30 - 40 years, 53 respondents (38.4%)

were age between 41 - 50 years, 15 respondents (10.9%) were above 50 years and the remaining nine respondents (6.5%) were age between 18 - 29 years. The different age groups therefore well represented in the study though majority of respondents were aged between 26 -50 years.

Regarding the educational qualification, 46% of the respondents have First Degree and 27.5% respondents complete secondary education, 14.4% have Diploma, 13.1% complete primary education and the remaining 11.6% have Second Degree and above. This indicates that approximately around two-third of the respondents have achieved Diploma or above education and thus most of the respondents who participated in this study were able to easily fill the questionnaire and able to give their insight about the problems and prospects of coffee of production and export.

Respondents were also asked their work experience in coffee sector, accordingly, 49.3% of the respondents have more than 15 years of experiences, 26.8% of respondents are 10 -15 years of experience, 16.7% of respondents are 5 – 10 years of experience, while the remaining 7.2% of respondents are less than five years of experiences. This may have implied that above 90% of respondents are working more than five years in coffee sectors and have an important insight about the problems and prospects of coffee export.

4.3 Descriptive Analysis of Factors Affecting Coffee Export Performance

During the survey to evaluate factors affecting coffee export performance in OCFCU, the researcher divided the challenges into the internal and external barriers. Accordingly, the internal barriers categorized into union specific barriers, product barriers, and the external barriers analyzed under seven factors; institutional support environment, state policy and regulatory environment, export market barriers, financial access, competitive pressure, environmental issues and infrastructural challenges.

Descriptive statistic used to explain the basic features of the data that collected from the field. With the aim of understanding the major opportunities and challenges with respect to the adoption of coffee export performance, employees asked to give their extent of agreement to the statements in a five-point Likert scale and then analyzed with descriptive statistics of mean score in addition, standard deviation. Accordingly, the composite mean value shows the average of all respondents' perceptions on each question. According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to

3.79 was considered as moderate and mean score above 3.8 was considers as high. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to 'Strongly disagree', 2 points as 'Disagree', 3-point as 'Neutral', 4-point as 'Agree', and 5-point as 'StronglyAgree'. While, standard deviation shows how diverse are the perceptions of respondents for a given questions. Thus, detail of the analysis presented as follows.

4.3.1. Product Characteristics as Barrier to Coffee Export Performance

The Table 4.3 below illustrated the summary of descriptive statistics about the product characteristics as coffee export performance of the OCFCU.

Table: 4.3. Summary of descriptive statistics for product characteristics

items	Mean	Stdv
Low value addition to exportable coffee have affected our export performance	3.98	0.78
Our products have been a subject to reject, renegotiation, repricing, or other things due to quality issues	3.78	0.91
We face a problem of meeting importers quality standards	4.22	0.57
Poor quality control techniques affected our union's export.	3.95	0.86
Poor harvesting, handling, processing and storage techniques.	3.82	0.85
Our packaging and labeling are inadequate compared to the requirement of the quality standards	3.88	0.84
Grand Mean	**3.93**	**0.80**

Source: (Field Survey, 2022)

As shown in table 4.3, the grand mean score for product characteristics is 3.93 with standard deviation of 0.80. This in turn indicated that the most of respondents perceived that issues related with product characteristics are create constraints on coffee export performance of OCFCU. According to the results, the central location of the data (mean) shows most of the respondents believe on the barriers; little added value, in rejecting exportable coffee, the problem of compliance with importers' quality standards, poor quality controls and inadequate packaging and labeling. The product characteristic has 0.80 standard deviation, which is an indication there are more consensus on the response among respondents regarding the role of product characteristics in coffee export performance.

In terms of individual item, the responses vary from the highest 4.22, for item measuring

whether the unions face a problem of meeting importers quality standards to the lowest (3.78) for item measuring whether the union's products have been a subject to reject, renegotiation, re-pricing, or other things due to quality issues. In general, the finding revealed that issues related to product characteristics like, poor value addition, the problem of compliance with importers' quality standards, poor quality controls and inadequate packaging and labeling issues are create constraints on the export performance of Oromia Coffee Farmers' Cooperative Union (OCFCU).

4.3.2. Union-Specific Characteristics

The Table 4.4 below illustrated the summary of descriptive statistics about union-specific characteristics. Specific characteristics of union like their marketing knowledge and information, their commitment, financial resources, the union's marketing strategy, the union's ability to identifying potential buyers and distributors overseas, and trained human capital all may affect the coffee export performance. Table 4.4 below shows the items asked to explain the union-specific characteristics that may affect coffee export performance of OCFCU.

Table: 4.4. Summary of descriptive statistics for union-specific characteristics

Items	Mean	Stdv
Lack of technical know-how among union members about coffee production and processing affect coffee export performance	3.66	0.96
Lack of adequate working capital affect our coffee export performance	3.52	0.64
Lack of competitive export pricing and marketing strategy	3.92	0.89
Low level of technology adoption has adversely affected us in providing quality coffee for the international market	4.18	0.58
Lack of knowledge and information about export marketing affected the union export performance	3.98	0.72
Grand Mean	**3.85**	**0.75**

Source: (Field Survey, 2022)

As shown in table 4.4, the grand mean score for union-specific characteristics is 3.85 with standard deviation of 0.75. This in turn indicated that the most of respondents perceived that union-specific characteristics are important factor in coffee export performance of OCFCU. According to the results, the central location of the data (mean) shows most of the respondents believe on the existence of lack of technical know-how, lack working capital,

lack of competitive export pricing and marketing strategy and low level of technology adoption had adversely affected in providing quality coffee for the international market. The union-specific characteristics has 0.75 standard deviation, which is an indication there are more consensus on the response among respondents regarding the role of union-specific barriers in coffee export performance.

In terms of individual item, the responses vary from the highest 4.18, for item measuring whether low level of technology adoption has adversely affected unions in providing quality coffee for the international market to the lowest (3.52) for item measuring whether there is lack of adequate working capital affect coffee export performance of the unions. In general, the finding revealed that issues related to union-specific barriers like, unions' marketing knowledge and information, their commitment, financial resources, the unions' marketing strategy, the unions' ability to identifying potential buyers and distributors overseas, and lack of trained human capital all pos challenges on the export performance of Oromia Coffee Farmers' Cooperative Union (OCFCU).

4.3.3. Supportive Institutional Environment

Export is a specialized economic activity in each country that necessitates continuous government corroborate at multiple stages; such as support in choice of export products, detection of overseas markets, identifying market segments, setting up distribution channels, providing economic support and organizing sales and support services. Therefore, the policies and institutions of government should offer a supportive and motivating environment for the exporting community, both nationally and internationally. In recognition of this fact, from the external barriers, the respondents of the study were asked to rate to what extent they agree with the statements identified under institutional support environment barriers. Table 4.5 below illustrated the summary of descriptive statistics about the supportive institutional environment.

Table 4.5. Summary of descriptive statistics for supportive institutional environment

Items	Mean	Stdv
There is inefficiency in the institutions in the improvement of coffee quality, delivery and price discovery	3.78	0.84
There is a corruption and unnecessary legal bureaucracy in export supporting institutions of Ethiopia.	3.42	0.91
There is inefficiency in gov't institutions in improving export procedures, export training and conducting market research	3.98	0.72
There is a poor and inefficiency in transparency of domestic and international coffee market information.	3.79	0.74
There is weakly organized agricultural product marketing structure that leads to unfair distribution of coffee export.	3.24	1.01
Inadequate technology transfer & research (coffee genome, conservation, biodiversity etc.) among supportive research institution.	3.78	0.87
Lack of access to better coffee varieties remains an issue which create constraints in coffee export	4.02	0.58
Grand Mean	**3.70**	**0.84**

Source: (Field Survey, 2022)

As shown in table 4.5, the grand mean score for supportive institutional environment is 3.70 with standard deviation of 0.84. This in turn indicated that the majority of respondents perceived that most identified issues related with supportive institutional environment are actually challenging the coffee export performance of OCFCU. According to the results, the central location of the data (mean) shows most of the respondents believe in inefficiency of the institutions in the improvement of coffee quality, delivery and price discovery, inefficiency in gov't institutions in improving export procedures, and inadequate technology transfer & research had adversely affected in providing quality coffee for the international market. The supportive institutional environment has 0.84 standard deviation, which is an indication there are less dispersion on the response among respondents regarding the role of supportive institutional environment in coffee export performance.

In terms of individual item, the responses vary from the highest 4.02, for item measuring whether there is lack of access to better coffee varieties remains an issue which create constraints in coffee export to the lowest (3.24) for item measuring whether there is weakly

organized agricultural product marketing structure that leads to unfair distribution of coffee export. In general, the findings showed that problems with export-supporting institutions in Ethiopia, such as inefficiency, corruption, and needless legal complexity, all pose challenges to the export performance of Oromia Coffee Farmers' Cooperative Union (OCFCU).

4.3.4. Government Policy and Regulation Environment

According to Julian and Ahmed (2005), the extent of government intervention in the market could also in itself be viewed as a separate barrier if government policy, regulation and lack of government support in overcoming export barriers are taken into account. Taken into account this fact the study assesses the issues related with government policy and regulatory environment associated with coffee export trade and the Table 4.6 below illustrated the summary of descriptive statistics about government policy and regulatory environment.

Table: 4.6. Summary of descriptive statistics for government policy and regulation

Items	Mean	Stdv
Low level of legal enforcement to minimize illegal coffee trade affects the coffee export performance in OCFCU.	2.72	1.06
There is inconsistency of government policy (National Bank directives, Exchange Rate, Tax and Trade Policy).	2.85	1.02
The support from the government in providing export incentives and financing export activities is inadequate.	3.78	0.74
There is inefficiency of government policy and regulation that promotes market linkage of coffee trade.	4.02	0.65
There is lack of export risk management tools exporters, coffee farmers, and coffee suppliers are vulnerable to risks.	3.81	0.87
Low levels of public investment in agriculture	3.86	0.78
Grand Mean	**3.50**	**0.85**

Source: (Field Survey, 2022)

As illustrated in table 4.6, the grand mean score for government policy and regulatory environment is 3.50 with standard deviation of 0.85. This in turn indicated that the majority of respondents are perceived that there are problems and inefficiency associated with coffee export supportive institutional. Specifically, the central location of the data (mean) shows most of the respondents believe in lack of export risk management tools, inefficiency of

government policy and regulation in coffee export and low level of public investment in agriculture.

In terms of individual item, the responses vary from the highest 4.02, for item measuring whether there is inefficiency of government policy and regulation that promotes market linkage of coffee trade to the lowest (2.72) for item measuring whether there is low level of legal enforcement to minimize illegal coffee trade affects the coffee export performance in OCFCU. The results generally demonstrated that there are constraints or shortcomings with regard to the provision of export risk management tools, the initiation and implementation of policy and regulation that promotes market linkage of the coffee trade, the provision of adequate export.

This finding is consistent with Girma (2017), who found that the role of existing government policies and regulation, as well as assisting financial institutions in the performance of the coffee value chain in improving the quality and adequate supply of coffee. In addition, promoting the availability of means of production and promoting market connectivity is at a modest stage and access to market information, financial support for investments related to the coffee trade and access to actors in the value chain created barriers on coffee export performance. Similarly, Tamiru (2015) point out that in Ethiopia there is no supportive policy that allows coffee value chain actors and traders to reach out market destinations and the ongoing market structure does not enhance coffee production in terms of giving the required attention to all coffee growing areas. The existing government policy and regulation in place moderately enhances and supports adequate supply of coffee production inputs, coffee outputs, and quality of coffee (Girma, 2017).

4.3.5. Export marketing characteristics

The export market barriers categorized into customer and procedural barriers. Customer barriers result from the customer's perception of the product properties. An important issue here is that exporters from developing countries confronted not only with specific quality problems but also with a poor goodwill in their country. In addition, the products' poor image on the foreign market and insufficient foreign demand; Language and culture differences; and country of origin effect are the main problems with customer preferences (Ford et al. 1996). Procedural obstacles during export require knowledge of export procedures. The time and paperwork required to comply with domestic and international regulations is usually tedious. Taken into account this fact, the study also assesses the issues related with foreign market

barriers associated with coffee export trade. Accordingly, the Table 4.7 below illustrated the summary of descriptive statistics concerning export-marketing characteristics.

Table 4.7: Summary of descriptive statistics for export marketing characteristics

Items	Mean	Stdv
Presence of lower price in world coffee market affect export performance of the union.	3.92	0.86
We various trade barriers face in foreign countries affected our export performance.	3.85	0.92
The export documentation, paperwork and procedures are complex.	3.41	0.87
There are export payment delays.	3.68	0.98
Poor access to foreign market adversely affected coffee export performance in OCFCU	3.73	0.89
Grand Mean	**3.72**	**0.90**

Source: (Field Survey, 2022)

As illustrated in table 4.7, the grand mean score for export marketing characteristics is 3.72 with standard deviation of 0.90. In terms of individual item, the responses vary from the highest 3.92, for item measuring whether presence of lower price in world coffee market affect export performance of the union to the lowest (2.72) for item measuring whether the export documentation, paperwork and procedures are complex. Specifically, the central location of the data (mean) shows most of the respondents believe in the existence of various trade barriers, complexity of export procedure, payment delay and poor access to foreign market.

4.3.6. Infrastructural Challenges

The domestic infrastructure is the decisive determinant for the supply capacity. Domestic transportation infrastructure is the size and growth of a country's supply capacity crucially relies on the accessibility of physical infrastructure, which spans from roads and ports to energy and telecommunications. The government plays a role in building the required infrastructure in the country to facilitate export. Infrastructure problems are still widespread even in relatively well-developed exporting countries. A well-designed and manufactured product will not conquer export markets if it cannot be safely, punctually and consistently transported and delivered to import markets (UNCATD, 2005). Taken into account this fact,

the study also assesses the issues related with infrastructure challenges associated with coffee export trade. Accordingly, the Table 4.8 below illustrated the summary of descriptive statistics concerning infrastructure challenges.

Table 4.8: Summary of descriptive statistics for infrastructure challenges

items	Mean	Stdv
Long supply chain and poor logistic performance of Ethiopia adversely affected the coffee export performance	3.95	0.87
Low electric access has a significant affect the coffee export trade.	3.41	1.04
There is inadequate infrastructure in transportation to facilitate coffee export.	3.65	1.12
Grand Mean	**3.67**	**1.01**

Source: (Field Survey, 2022)

As illustrated in table 4.8, the grand mean score for infrastructure challenges is 3.67 with standard deviation of 1.01. In terms of individual item, the responses vary from the highest 3.98, for item measuring whether there is long supply chain and poor logistic performance of Ethiopia adversely affected the coffee export performance to the lowest (2.72) for item measuring whether there is low electric access has a significant affect the coffee export trade. Specifically, the central location of the data (mean) shows most of the respondents believe that long supply chain and poor logistic performance of Ethiopia adversely affected the coffee export performance. Respondents as obstacles to coffee export also recognized additional infrastructure issues related to limited access to electricity and inadequate transportation infrastructure.

4.3.7. Environmental Challenges

Environmental factors like the availability of water, soil, climate condition, sustainable production practices, climate change and coffee waste treatment issues are may influencing coffee export trade performance. In recognition of this fact, the study also assesses the environmental issues associated with coffee export trade. Table 4.9 below illustrated the summary of descriptive statistics about environmental factors.

Table 4.9: Summary of descriptive statistics for environmental challenges

Items	Mean	Stdv
Coffee wilt disease and pest affect coffee export performance of union.	3.85	0.86
Land degradation affect coffee export performance of union.	3.18	0.64
Climate changes create challenges on unions' coffee export.	3.31	1.16
Lack of coffee waste disposal and coffee waste health hazards create constraint export performance of union	3.94	0.61
Grand Mean	**3.57**	**0.82**

Source: (Field Survey, 2022)

As illustrated in table 4.9, the grand mean score for environmental challenges is 3.57 with standard deviation of 0.82. In terms of individual item, the responses vary from the highest 3.94, for item measuring whether there is lack of coffee waste disposal and coffee waste health hazards methods pose challenges export performance of union to the lowest (3.18) for item measuring whether land degradation affect coffee export performance of union. Specifically, the central location of the data (mean) shows most of the respondents acknowledged the environmental challenges associated with coffee wilt disease and coffee waste disposal methods.

4.3.8. Competitive Pressure

The coffee export trade also affected by competition issues like the competitive behaviors of other coffee exporters and competition from local consumption with other coffee exporters. In recognition of this fact, the study also assesses the competitive pressure associated with coffee export trade. Table 4.10 below illustrated the summary of descriptive statistics about competitive pressure.

Table 4.10: Summary of descriptive statistics for competitive pressure

items	Mean	Stdv
There is aggressive competition with other coffee exporters, which affect our coffee export performance.	3.84	.74
Large domestic market for coffee is a threat to improvement of coffee export performance	3.71	0.86
Presences of higher price of product in domestic market adversely affect coffee export performance of the union.	3.80	0.87
Grand Mean	**3.78**	**0.82**

Source: (Field Survey, 2022)

As illustrated in table 4.10, the grand mean score for competitive pressure is 3.78 with standard deviation of 0.82. In terms of individual item, the responses vary from the highest 3.94, for item measuring whether there is aggressive competition with other coffee exporters which affect our coffee export performance to the lowest (3.71) for item measuring whether presences of higher price of product in domestic market adversely affect coffee export performance of the union. In general, the central location of the data (mean) shows most of the respondents acknowledged the presence competitive pressures in coffee export trade associated with aggressive competition with other coffee exporters and large domestic market for coffee created a threat to improvement of coffee export performance.

4.3.9. Financial Access

Export finance offers a way for businesses to release working capital, specifically from overseas transactions, that might otherwise remain tied up in invoices for long periods. This type of trade finance is very specific, tailored to suit the financial demands of unions who export coffee. Thus, access to such kind of finance is important for success of coffee export trade in Ethiopia. In recognition of this fact, the study also assesses the financial access associated with coffee export trade. Table 4.11 below illustrated the summary of descriptive statistics about financial access.

Table 4.11: Summary of descriptive statistics for financial access

Items	Mean	Stdv
There is inadequate access to financial service for coffee export	3.84	1.17
There are too high interest rates on borrowed funds that create constraint in coffee export.	3.97	0.74
There are unfavorable terms of borrowing in coffee export trade	3.83	0.92
There are supply-side constraints like; lack of working capital to produce coffee.	3.72	1.08
Grand Mean	**3.84**	**0.97**

Source: (Field Survey, 2022)

As illustrated in table 4.11, the grand mean score for financial access is 3.84 with standard deviation of 0.97. In terms of individual item, the responses vary from the highest 3.72, for item measuring whether there are too high interest rates on borrowed funds that create constraint in coffee export to the lowest (3.71) for item measuring whether there are supply-side constraints like; lack of working capital to produce coffee. In general, the central location of the data (mean) shows most of the respondents acknowledged the existence of lack of working capital to produce coffee, too high interest rates and unfavorable terms of borrowing in coffee export trade that are created a threat to improvement of coffee export performance.

4.4. Major Challenges in Export of Coffee in OCFCU

One of the specific objectives of the study is to identify major challenges that Oromia Coffee Trade Cooperative Union (OCFCU) face in relation to coffee export trade. Accordingly, major challenges that Oromia Coffee Farmers' Cooperative Union (OCFCU) face in relation to coffee export trade identified through relatively high valid percentage response of "Agree" for the listed factors. The major challenges identified with frequently responded with high valid percentage of "agree". Accordingly, the major challenges identified by the study presented in the Table 4.12 below.

Table 4.12 Major Challenges in Export of Coffee in OCFCU

Major Challenges in Export of Coffee in OCFCU		Valid percentage of agree responses
Product Characteristics	Problem of meeting importers quality standards	**88.5%**
	Low value addition to exportable coffee	**83.2%**
	Poor quality control techniques	**81.2%**
	Poor harvesting, handling, processing and storage techniques	**80.4%**
Union-Specific Characteristics	Low level of technology adoption has adversely affected us in providing quality coffee for the international market.	**87.3%**
	Lack of knowledge and information about export marketing affected the union export performance	**84.3%**
Supportive Institutional Environment	Lack of access to better coffee varieties	**88.1%**
	Inefficiency in gov't institutions in improving export procedures, export training and conducting market research	**83.1%**
Policy and regulatory environment	Inefficiency of government policy and regulation that promotes market linkage of coffee trade.	**85.4%**
Export Marketing Characteristics	Presence of lower price in world coffee market	**81.8%**
	Various trade barriers face in foreign countries market	**80.4%**
Environmental Challenges	Lack of coffee waste disposal and coffee waste health hazards	**83.5%**
	Climate change and coffee wilt disease create challenges on unions' coffee export performance	**82.6%**
Financial access	The existence high interest rates and unfavorable credit term on borrowed funds in coffee export trade	**80.7%**

Source: (Field Survey, 2022)

Concerning the product characteristics, the result revealed that respondents have given high valid percentage (88.5%) of "agree" response to problem of meeting importers quality standards and low value addition to exportable coffee. More so, poor quality control techniques and poor harvesting, handling, processing and storage techniques also get high valid percentage of "agree" responses.

Regarding union-specific characteristics, the result revealed that respondents have given high valid percentage (87.3%) of "agree" response to low level of technology adoption has adversely affected union in providing quality coffee for the international market. More so, statement about lack of knowledge and information about export marketing affected the union export performance also gotten high valid percentage (84.3%) of "agree" responses.

Concerning supportive institutional environment, the respondents have given high valid percentage (88.1%) of "agree" response to the lack of access to better coffee varieties. In addition, statement about inefficiency in gov't institutions in improving export procedures, export training and conducting market research gotten high valid percentage (83.1%) of "agree" responses.

Relating to policy and regulatory environment, respondents have given high valid percentage (85.4%) of "agree" response to statement about inefficiency of government policy and regulation that promotes market linkage of coffee trade. Concerning export marketing characteristics, the respondents have given high valid percentage of "agree" response to statements concerning the presence of lower price in world coffee market and the existence of various trade barriers face in foreign countries market.

Concerning the environmental challenges, the result revealed that respondents have given high valid percentage (83.5%) of "agree" response to statement relating to lack of coffee waste disposal and coffee waste health hazards. More so, statement about climate change and coffee wilt disease create challenges on unions' coffee export performance also gotten high valid percentage (82.6%) of "agree" responses. Lastly, concerning financial support, the respondents have given high valid percentage (80.7%) of "agree" response to the existence high interest rates and unfavorable credit term on borrowed funds in coffee export trade.

In addition to the above quantitative finding and discussion, the study also makes semi-structure interview with ten purposively selected respondents (Managers of selected coffee farmers' cooperative union as well as other key informants), in order to further identified in detail, the major challenges that affect the coffee export performance of Oromia Coffee Farmer Cooperative Union. The following section discusses the major analysis and interpretation from the interview data regarding to the major challenges of coffee export of Oromia Coffee Farmer Cooperative Union. All the interviewees highlighted several

challenges. Various and diversified challenges were pointed out by the respondents. The challenges ranged from production, processing, marketing and other challenges.

As per interviewees' responses, coffee commodity chain faces its own complex set of problems, including various constraints on production, processing and marketing. The constraints most commonly referred by respondents include the high incidence of Coffee Berry Disease (CBD); lack of access to better coffee varieties and shortage of improved cultivars adapted to different localities; lack of good agronomic practices among union members; poor harvest and post-harvest practices reducing coffee quality; and weak linkages between research, extension services and producers.

Respondents most commonly refer coffee price movements as potential challenge in coffee export performance. As respondents indicated during interview, the price of coffee is highly volatile in international market, which could create constraint in coffee export value. Price volatility specially the decrease in coffee price creates low returns for farmers due to low prices paid to them mean lower agricultural households' income, lower agricultural wages and loss of employment. Farmers are always the ones most affected by the international coffee price movements. A reduction in their earnings creates a vicious circle of challenges, since it makes difficult to mobilize investment resources for improving production, especially the introduction of environmentally-friendly production methods. This leads to stagnation in productivity and competitiveness, and in dwindling incomes. Farmers are often unable to use improved seed varieties or to adopt scientific and technical advances (improved technologies). The result is poor crop management, and low yields. Such situation threatens the sustainability of the coffee economy in the country in general and Oromia coffee farmers, heavily dependent on coffee for the bulk of its export earnings.

The interviewees also mentioned the challenges associated with quality inconsistency and deterioration, which is often marked due to some natural calamities, such as drought, irregular rainfall, and improper processing system. This is, particularly, true in areas where unwashed/sun-dried coffee processing method predominantly practiced. Respondents mention challenges related with the lack of good agronomic practices among union members as one reasons for quality inconsistency and deterioration of coffee. According to the interview forwarded for the Senior Agronomist, the status of agronomic practices of the members of the cooperative union is low in doing intensive agronomic activities like intensive pruning, timely weeding, fertilizing, mulching, soil conservation

activities etc.to boost production and productivity. Due to the low agronomic practice by the members of the union, the production system hardly complies with the international standards of coffee certification system. In addition, the agronomist said, it deteriorates quality so that it is uncommon to get comment that is more positive from the buyers. Even though almost the current coffee production is sufficient to sustain the cooperative union in the market, it needs strong effort for strategic decision for further improvement of good agronomic practice to have sustainable production that can stick the customers confidently for a long period.

Problems associated with processing of coffee and ensuring quality identified by most the interviewees as one of the challenges in relation to coffee export. Quality is the major performance requirement for coffee export sector. According to the interview with the quality manager of the union, production, processing and availing quality coffee to its customer is the goal of the union to its best achievement. This was because the quality of coffee has an impact on export price. A good quality coffee can get a specialty grade according to international market grading system so that high amount of premium price achieved for the union. Coffee quality is a cumulative effect of coffee production system that includes seed selection, nursery management, and good agronomic practice, coffee processing (wet and dry) processing and off farm transportation management system. A fell in (wrongdoing) of one of the above production systems resulted in a loss of coffee quality. For the time being, the premium price has been attained by the union for the volume of coffee sold yet not satisfactory, so it needs to work to amend certain prerequisites towards increasing the amount of coffee that can fit the premium grade

Interviewees also mentioned the challenges of getting financial access or loan as constraints for coffee export. As interviewees indicated in the face of ever-increasing coffee prices, domestic suppliers do not get sufficient access to loans. Coffee producers require large sums of money early in the season to purchase input supplies and hire labor. In Ethiopia, regulatory constraints, such as strict lending policies and government mandated collateral requirements, make it nearly impossible for smallholder farmers to obtain financing support without a loan guarantee. This lack of access to capital made it very difficult for smallholders‟ coffee producers' farmers, most of which have limited records of accomplishment where no formal collateral is practiced.

Interviewees were also mentioned that constraints related with export market and trade barriers are created challenge for coffee export performance of the union. Interviewee from

the marketing department added, export market barriers affects export performance adversely, so that the union should regularly analyze the internal and external market environment in order to design and implement robust strategy. This shows that the union should react on the issue on time. Even though it depends on the region of environment, the legal and political environment affect enterprises coffee export performance negatively, because every import country adjusts the legal issues like tariff for the benefit of its own country, that may or may not support the export country and also political instability of import country negatively affects export performance. Export market barriers existing in the exporting country negatively affect the coffee export marketing performance of the union that makes a complex procedure rather than smoothing the export market. Therefore, the union should closely research and act on the legal and political environment of importer countries throughout the world to gain advantage from it. Regarding the socio-cultural environment, the union should analyze the importers' country socio-cultural environment before trade deal to get the benefit by increasing the volume of coffee export, he concluded.

4.5. Prospects of Coffee Export at OCFCU

The study had also an objective to identify prospects for coffee export trade in Oromia Coffee Farmers' Cooperative Union (OCFCU). Accordingly, various prospects/opportunities for future coffee export trade are identified through relatively high valid percentage response of "Agree" for the listed factors. The major opportunities identified with frequently responded with high valid percentage of "agree". Accordingly, the major opportunities identified by the study presented in the Table 4.13 below.

Table 4.13 Prospects of Coffee Export at OCFCU

Items for measuring prospects of coffee export at OCFCU	Valid percentage of agree responses
Suitable altitude, ample rainfall, fertile soil and optimum temperatures create favorable condition for coffee export performance.	**92.8%**
The potential of the country to produce differentiation coffee products like, fine specialty offers prospective condition for coffee export.	**90.9%**
The commitment and strength of management offers union prospective condition for coffee export	**85.8%**
Relatively low labor costs of country offer competitive advantages for coffee export market	**84.3%**

Items for measuring prospects of coffee export at OCFCU	Valid percentage of agree responses
The recent economic reform and process of liberalization promotes coffee export trade.	**76.2%**
Increasing support from agricultural support offices and research institutes.	**74%**

Source: (Field Survey, 2022)

Concerning the prospect for coffee export market, the result revealed that respondents have given high valid percentage (92.8%) of "agree" response to item concerning the existence of suitable altitude, ample rainfall, fertile soil and optimum temperatures create favorable condition for coffee export performance. More so, the potential of the country to produce and supply differentiation coffee products like, fine specialty offers prospective condition for coffee export are also get high valid percentage (90.9%) of "agree" responses. Similarly, the committed and strength of management offers union prospective condition for coffee export get high valid percentage (85.8%) of "agree" responses. Furthermore, opportunities concerning relatively low labor costs of country, the recent economic reform and process of liberalization and increasing support from agricultural support offices and research institutes are also get high valid percentage of "agree" responses.

In addition to the above opportunities, respondents are also identified further opportunities from open-ended question and interview responses. In this regard, the respondent mentions various opportunities, which include the presence of convenient topography, fertile land, good climatic conditions and sufficient rainfall. the potential for product differentiation; support from agricultural office and NGOs; the presence of irrigation cannel; the presence of sufficient and cheap labor, sufficient land is some of opportunities that can be used for further improvement of production and productivity of coffee for export market.

The respondents indicated that the potential of country to produce differentiation and premium coffee as one of the major future opportunities. The interview mentioned that diverse agro-ecology and climatic conditions offer the country to grow diverse Arabica coffees. As respondents indicated during interview, in coffee business, above all, the supply of best quality, coffee seeds in favor of consumers‟ preferences and demand is the most important aspect. In this regard, Ethiopia is gifted, in that, it is endowed with diversity of

quality coffee types, which fetch premium price in the world market. This offers the country well established brand - positive image in the world coffee trade. They indicated that Ethiopia has a distinct advantage when it comes to producing premium coffee for the specialty market. About the potential for product differentiation, one of respondents narrated that: *"Given its wealth of genetic resources and large areas with exceptionally good growing conditions, Ethiopia has the potential to produce large amounts of differentiated high-quality green coffee. In specialty/gourmet segments of the international coffee market, Ethiopia occupies a unique place with an impressive selection of distinctive coffee profiles. There is considerable potential to increase the proportion of specialty coffee exports (used in premium blends or sold as single origins) if quality and consistency are guaranteed."*

The respondents also mentioned the potential of sustainable coffees production and natural advantage of Ethiopia in markets for organic coffee as future prospect. With regards to the potential for natural advantage of Ethiopia in markets for organic coffee, one of respondents narrated that: *"Ethiopia has a natural advantage in markets for organic coffee as more than 90 per cent of production is de facto organic. Furthermore, we are the only country that produces natural forest Arabica coffee, providing scope for the sale of shade-grown coffees, for example, through the Rainforest Alliance certification system. These organic coffees and other sustainable coffees production tend to offer higher prices to our producers in near future."*

The respondents also mentioned the issue of the registration of coffee certification schemes among most of union member as one important prospect. According to the common consent of other key-informants, the union has different types of coffee certification schemes that make the cooperative union to be more competitive in the international coffee market. These were fair trade certification, organic certification, rain forest alliance, 4C certification and the production system comply with the standards of these certification. To expand export markets the union has put in place strategies of two fundamental success factors. First, OCFCU realized early the importance of the export markets and started building a direct communication between smallholder growing coffee and international coffee markets. The second factor has been to focus on establishing and improving the quality of coffee varieties while sourcing the beans from numerous small growers in a way that maintains export market to be sustainable.

Respondents also mentioned the union characterization issues as future prospect for union

export performance. According to the interview held with the management officials to know the firm characteristics of the union, the back response was, Oromia coffee farmers' cooperative union is a well-organized umbrella organization responsible for processing, marketing, and commercializing coffee for its members. The firm has holistic characteristics through which it achieves its organizational objective. These were the long age of the firm, location of the firm, the size of the firm, the financial capability of the firm, level of international a access to infrastructure are some. The union has location advantage because the production area of the farmers has been found in the environment of favorable ecology for coffee known by winy flavor that have more acceptance on international market. Therefore, the union has location advantage to get better market due to its product type or quality.

According to the response of the management and key-informants, the union devotes its efforts to use the resource effectively and efficiently to cope up the competition and maintain the existing market or expand new markets throughout the world by utilizing the research and development efforts. In addition, the level of technology innovation and access to infrastructure/service is a vital issue for the cooperative union in order to produce quality product and avail the product to market on time. However, since the level of technology used by the union is not satisfactory, for the export performance, it needs an effort to improve the use of new technology to increase production and productivity by the member of the cooperative and coffee processing units should use water saving eco pulpier pulping machines to keep coffee quality to the higher grade.

Respondents also mentioned the management characterization issues as future prospect for union future coffee export performance. According to the consensus of the key-informants about the management characteristics of export marketing performance of the union, the management's level of commitment and attitude towards exporting is at a promising level. and also in line with their planned operational activities the management is devoted in implementing the corporate social responsibility for the community in building of certain infrastructures like schools, rural road and some donations to the rural society. The level of management's perception of export advantage as well as export barrier was also higher, because the management know that the OCFCU is profitable enough if and only if the union is engaged in export marketing and the management was active enough to take necessary amendments on export procedures that can tackle export performance of the union.

Regarding international experience of the management in the export business, low dissatisfaction reflected from the interviewees, as coffee business is a dynamic activity it needs professional international experience. but the union lacks more experienced professional personnel, so it needs to recruit and train the right personnel staff to develop their international knowledge, thereby, to keep up the export market performance of the union in a more competitive and reliable way

The above findings supported by the previous studies. For example, Jima et al. (2017) have conducted the same study in Arsi Zone, Oromia regional state and came up with the most important opportunities that can be utilize in the future so as to boost coffee productivity. The mentioned construction of rural road, proximate to Agricultural Research Center and availability of coffee plantation enterprise in the area were among major opportunities for coffee production. They also indicated that developing of improved coffee varieties, enhancing extension services to improve farmers 'skill and knowledge on coffee production system, improving coffee marketing condition, and enhancing infrastructural and institutional facilities were among important factor.

4.6. Coffee Export Performance of the OCFCU

The study also had an objective to assess the export performance of the union. Export performance regarded as one of the key indicators of the success of a firm's export operations, and as such, the study examines the export performance of OCFCU. Coffee Export performance of the OCFCU is measured both in terms of subjective assessment (perception of respondents) and in terms of objectives measurement (annual export performance report).

4.6.1. Descriptive statistics for Coffee Export Performance of the OCFCU

To measure the coffee export performance of the union, the five export performance measures used. Accordingly, the Table 4.3 below illustrated the summary of descriptive statistics about the coffee export performance of the OCFCU.

Table 4.14: Summary of descriptive statistics for coffee export performance of the OCFCU

Items	Mean	Stdv
Volume of exported coffee that union exported increasing during the last five years	3.21	0.92
Value of exported coffee that union exported increasing during the last five years.	3.19	0.99
The percentage of coffee export achieved during the past five years considered very well when compared to the planned export.	2.92	1.08
The export profitability of OCFCU is increasing during the last five years.	3.05	1.16
The competitiveness of OCFCU in export market is improving over the years.	3.19	1.02
Grand Mean	**3.11**	**1.03**

Source: (Field Survey, 2022)

As shown in table 4.14, coffee export performance of the OCFCU is moderate as revealed by the grand mean score (M=3.11 with SD=1.03). In terms of individual item, the responses vary from the highest 3.21, for item measuring whether volume of exported coffee that union exported increasing during the last five years to the lowest (2.92) for item measuring whether the percentage of coffee export achieved during the past five years is considered very good when compared to the planned export. In general, the central location of the data (mean) shows most of the respondents remain neutral on most of the items measuring export performance of union indicating that there are not as such significant change in coffee export performance of union.

4.6.2. Secondary Data Analysis

This section describes the coffee export performance of the union for last five year (2010 – 2014) based on the data from secondary source (the union annual performance report).

4.6.2.1. Amount/Volume of coffee exported by union for the last five years.

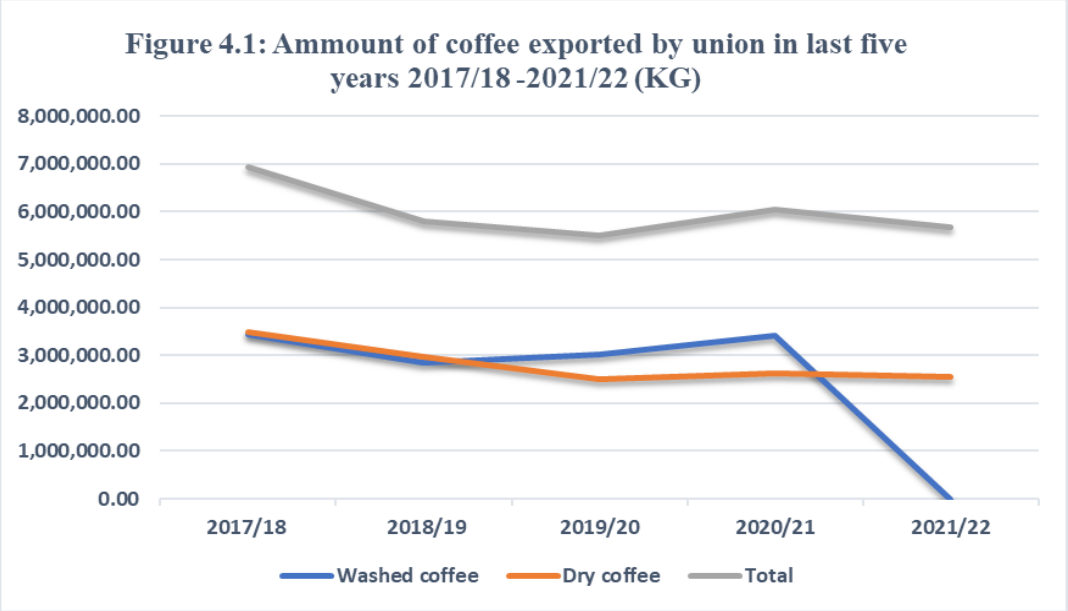
Amount/Volume of coffee exported is one mostly used measure of export performance. Amount of coffee exported by union for the last five years presented in table 4.15 below**.**

Table 4.15: Amount of coffee exported during last four years (2017/18-2021/22) in kg

No	Types of coffee	2017/18	2018/19	2019/20	2020/21	2021/22	Total
1	Washed coffee	3,441,600.00	2,839,500.00	3,014,060.00	3,414,380.00	3,624,876.00	12,709,540.00
2	Dry coffee	3,486,000.00	2,971,500.00	2,491,340.00	2,632,600.00	2,846,876.00	14,428,316.00
	Total	**6,927,600.00**	**5,811,000.00**	**5,505,400.00**	**6,046,980.00**	**6,471,752.00**	**27,137,856.00**

Source: Source: Compiled from Annual Reports of union

As the above table indicates, the union exports a total 27,137,856 kg coffee during the last five years (2017.18 – 2021/22). From the total coffee exported in the five years, dry coffee holds 53.2% while washed coffee holds only 46.8% of the export. The highest (6,927,600 kg) and the lowest (5,505,400.00 kg) export volume were seen in 2018/18 and 2019/20 years respectively.



Source: Source: Compiled from Annual Reports of union

Figure 4.1 above indicate the trend for volume of coffee export performance of the union for the last five years. As the figure illustrate, the union's export volume more or less seems constant though the trend shows little decline in volume of export especially during 2018/19 and 2019/20 years. This shows the amount of coffee supplied to the union by the primary

cooperative lack sustainability due to low production and productivity of coffee. As it confirmed by interview with union's agronomist, lack of good agronomic practice, climate condition, and lack of highly productive coffee variety are the main factors for the fluctuated production of coffee.

4.6.2.1. Value of coffee exported by union for the last five years.

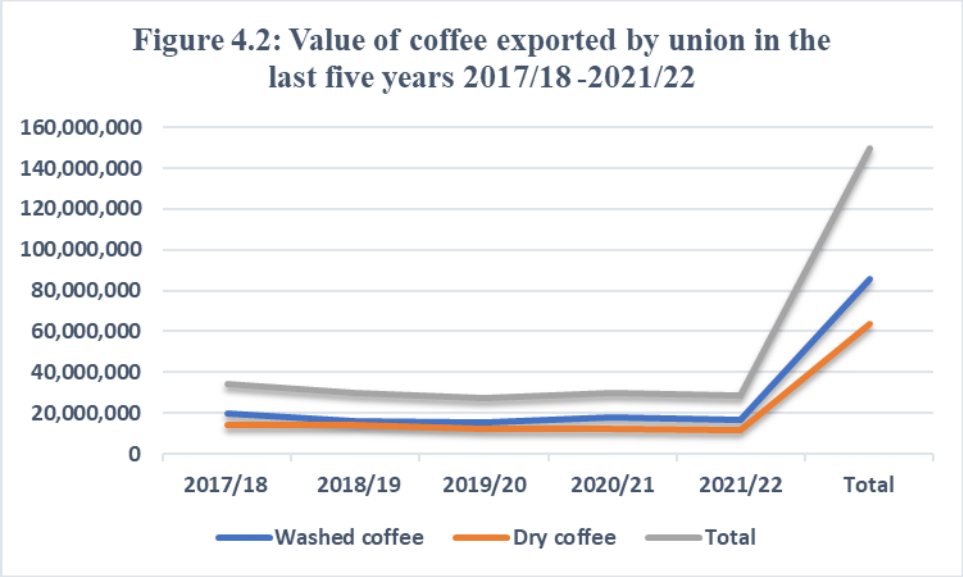
Value of coffee exported is one mostly used measure of export performance. Value of coffee exported by union for the last five years presented in table 4.16 below**.**

Table 4.16: Value of coffee exported for the last four years (2017/18-2021/22) in USD

No	Types of coffee	2017/18	2018/19	2019/20	2020/21	2021/22	Total
1	Washed coffee	19,933,855	15,730,127.1	15,140,418.2	17,974,055.7	16,876,654.8	85,655,111
2	Dry coffee	14,206,413	13,992,349.8	11,965,513.1	11,967,473.4	11,898,987.7	64,030,737
	Total	**34,140,267**	**29,722,476.8**	**27,105,931.3**	**29,941,529.1**	**28,755,642.5**	**149,665,847**

Source: Compiled from Annual Reports of union

As the above table indicates, the union gets 149,665,847 USD from coffee export during the last five years (2017.18 – 2021/22). From 149,665,847 USD that gotten from coffee export during the last five years, washed coffee holds 57.2% while dry coffee holds only 42.8% of the export. But, in terms of volume of coffee export from the total coffee exported in the five years, dry coffee holds 53.2% while washed coffee holds only 46.8% of the export. This is due the fact that the value for washed coffee higher than dry coffee. The highest (34,140,267 USD) and the lowest (27,105,931.3 USD) export value were seen in 2018/18 and 2019/20 years respectively. This due to the volume of coffee exported during the years.



Source: Compiled from Annual Reports of union

Figure 4.2 above indicate the trend for value of coffee export performance of the union for the last five years. As the figure illustrate, the union's export value more or less seems constant during the last five years though the trend shows little decline in especially during the second (2018/19) and third year (2019/20) years.

4.7. Regression Analysis

This section describes the regression statistical analysis that derived from the collected data and models. The purpose of conducting regression is to see identified factors affecting coffee export performance of the union. It starts with results basic assumption test and then precedes to results of the multiple linear regression models.

4.7.1. Assumptions/diagnostic test for multiple linear regressions

Multiple linear regressions based on the assumptions of Ordinary Least Square (OLS). When one decides to analyze data by means of multiple regressions, part of the process involves checking to make sure that the data need to analyze can in fact analyzed using multiple regression. One could do this for the reason that it is only appropriate to use multiple regressions if the data "passes" those assumptions that are required for multiple regressions to give a valid result. Therefore, in the following section necessary diagnostic tests carried out on the variables.

i) Multicollinearity

According to Myers (1990), multicollinearity refers to very high inter-correlation among predicator variables. A perfect linear relationship among the independent variables implies difficulty of computing unique estimates for a regression model. Variance inflation factor (VIF) used to check the seriousness of multicollinearity among explanatory variables. As a rule of thumb, multicollinearity is a potential problem when VIF is greater than five; and, a serious problem when it is greater than 10 (Field, 2013). The results in table 4.15 indicated the observed variance inflation factor (VIF) values from all predictor variables were less than 10, and the tolerance values were below 1.0, indicating an absence of multicollinearity.

Table 4.17: Multicollinearity test for the Study Variables

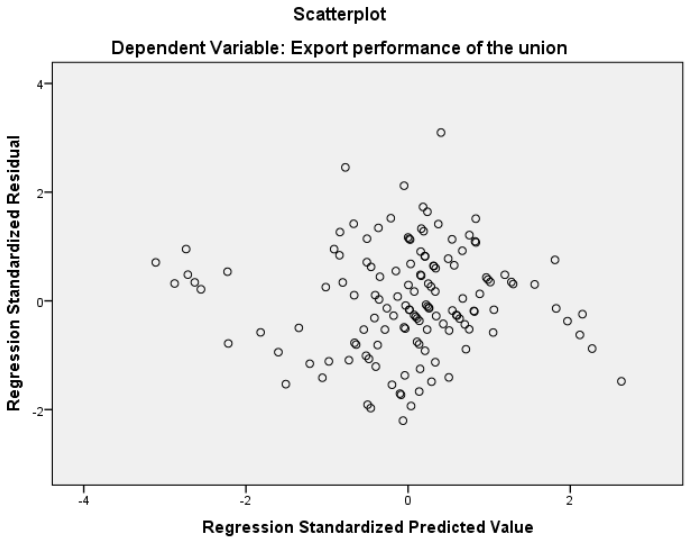
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Union-Specific Characteristics	.533	1.875
	Product Characteristics	.404	2.476
	Export Marketing characteristics	.454	2.204
	Environmental factor,	.507	1.974
	Competitive pressure	.754	1.326
	Financial access	.616	1.624
	Infrastructural Challenges	.927	1.079
	Government Policy and Regulation t	.614	1.629
	Supportive Institutional Environment	.688	1.454

Source: (Survey Data, 2022)

ii) Linearity Test

The linearity assumption of multiple regression analysis assumes that there must be a linear relationship between the dependent variable and each of independent variables, as well as the dependent variable and the independent variables collectively (Asghar & Saleh, 2012). The most commonly used way of checking linearity is creating scatter plots and then visually inspecting these scatter plots to check for linearity. If the figure not has an obvious pattern and the point evenly distributed above and below zero on the X-axis, and to the left and right of zero on the Y- axis, it is an indication of linearity. The figures 4.3 show scatter-plot of studentized residual against linearly predictive value. The figures have a horizontal band of points indicating the linear relationship.

Figure 4.3: a Studentized residual scatter plot dependent variables

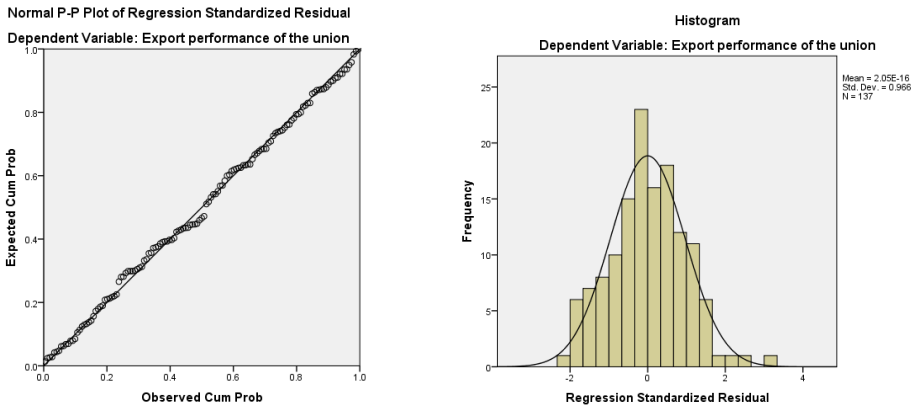


Source: (Survey Data, 2022)

iii) Normality Test

The other assumption of multiple regressions is normality, which assumes that residuals (errors) are approximately normally distributed. In order to make valid inferences from regression analysis, the residuals of the regression should follow normal distribution. A simple way to check this assumption is to plot normal P-P or Histogram for the dependent variable to confirm the obtained result (Asghar & Saleh, 2012). This graphical procedure plots the cumulative probabilities (values range from 0 to 1) on the X-axis and the expected probabilities given the normal curve on the Y-axis. If the sample exactly normally distributed, the points would lie on a straight diagonal line. The figure 4.4 shows Normal P-P Plots for the dependent variables (export performance) in which the points would lie on a straight line confirming the data was normally distributed.

Figure 4.4: Normal P-P Plot and Histogram of residual for dependent variables



Source: (Survey Data, 2022)

iv) Heteroscedasticity test

Heteroscedasticity in a study usually happens when the variance of the errors varies across observation (Long & Ervin, 2000). The most commonly used method is Breusch-Pagan test, which used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables. Breusch-Pagan tests the null hypothesis that heteroscedasticity is not present. If sig-value is less than 0.05, reject the null hypothesis. A large chi-square value greater than 9.22 is an indication of the existence of heteroscedasticity (Sazali, et al., 2010). In this study, as indicated in Table 4.18, the sig-value for fitted values of dependent variable (export performance) was 0.2104 and chi-square value of 1.64, which are indicating that heteroscedasticity was not a concern.

Table 4.18: Breusch-Pagan for Heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity Ho: Constant variance Variables: fitted values of export performance chi2(1) = 1.64 Prob> chi2 = 0.2104

Source: (Survey data, 2022)

4.7.2. Regression Results

One of the specific objectives of the study is to identify factors that affect coffee export performance of the union. To address this objective multiple linear regression performed by making coffee export performance as dependent variable and the nine factors (product characteristics, union-specific characteristics, environmental factor, export marketing characteristics, competitive pressure, supportive institution, government policy and regulation, financial access, infrastructural challenges) as independent variables.

i) Model Summary (the Multiple Coefficient of Determination R^2)

Coefficient of determination explains the percentage of variation in the dependent variable (coffee export performance) that is explained by all the independent variables (product characteristics, union-specific characteristics, environmental factor, export marketing characteristics, competitive pressure, supportive institution, government policy and regulation, financial access, and infrastructural challenges). The table 4.19 below preset the model summary.

Table 4.19: Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.865[a]	.748	.731	2.303	1.520

a. Predictors: (Constant), *supportive institutional, infrastructural challenges, competitive pressure, export market characteristics, financial access, union-specific characteristics, government policy and regulation, environmental factor, product characteristics*

b. Dependent Variable: *Export performance of the union*

Source: (Survey data, 2022)

The result shows that the all-independent variables (product characteristics, union-specific characteristics, environmental factor, export marketing characteristics, competitive pressure, supportive institution, government policy and regulation, financial access, and infrastructural challenges) that were studied explain 74.8% of the variation in export performance of the union as represented by the R^2 value. The remaining 26.9% of the variation of export performance of the union left unexplained by the explanatory variables used in the study.

ii) ANOVA Interpretation

The result in ANOVA table 4.20 shows that the sum of squares of the regression is 2002.194 at 9 degrees of freedom and a mean square of 222.466. The residual sum of squares is 673.310 with 127 degrees of freedom and mean square value of 5.302. The test for the joint significant, which given by the F statistic, is 41.962, it is statistically significant. This imply that the independent variables, that are: product characteristics, union-specific characteristics, environmental factor, export marketing characteristics, competitive pressure, supportive institution, government policy and regulation, financial access, and infrastructural challenges, considered were relevant in explaining variation of export performance of the union.

Table 4.20: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2002.194	9	222.466	41.962	.000[b]
	Residual	673.310	127	5.302		
	Total	2675.504	136			

a. Dependent Variable: *Export performance of the union*

b. Predictors: (Constant), *supportive institutional environment, infrastructural challenges, competitive pressure, export marketing characteristics, financial access, union-specific characteristics, government policy and regulation environment, environmental factor, product characteristics*

iii) Regression Coefficients

The findings in Table 4.21 show the coefficients of the regression. According to the findings, five of the nine factors examined in this study (product characteristics, union-specific characteristics, export marketing characteristics, environmental factor and financial access) are significant in predicting the export performance of the union. since the p values were less than 0.05, while the remaining four variable (government policy and regulation, national infrastructure, competitive pressure and supportive institutional) are not significantly influence the export performance of the union since the p values are greater than 0.05.

Table 4.21: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.951	2.758		-.345	.731
	Product Characteristics	.208	.038	.381	5.436	.000
	Union-Specific Characteristics,	.178	.062	.175	2.870	.005
	Export marketing characteristics	-.149	.074	.132	-1.999	.048
	Financial access	.206	.082	.158	2.522	.013
	Environmental factor	-.226	.044	-.264	-5.148	.000
	Government policy and regulation	.101	.105	.055	.966	.336
	National infrastructure	-.065	.055	-.055	-1.189	.237
	Competitive pressure	-.042	.085	-.028	-.500	.618
	Supportive institutional	.059	.089	.036	.662	.509

a. Dependent Variable: Export performance of the union

Source: (Survey data, 2022)

Product characteristics has positive and significant influence on the export performance of the union with a beta value (beta =.208) and t value of 5.436 which is significant at 0.00. Union-specific characteristics has also positive and significant impact on the export performance of the union with a beta value (beta =.178) and t value of 2.870 which is significant at 0.00. Furthermore, financial access has also significant impact on the export performance of the union with a beta value (beta =.206) and t value of 2.522 which is significant at 0. 013.

On other hand, environmental factor has negatively and significant influence on the export performance of the union with a beta value (beta =-.226) and t value of -5.148 which is significant at 0.00. Similarly, the study found that export marketing characteristics has also

negative and significant effect on the export performance of the union with a beta value (beta =-.149) and t value of -1.999 which is significant at 0.048.

While the remaining four variable (government policy and regulation, national infrastructure, competitive pressure and supportive institutional) are not significantly influence export performance of the union.

4.8. Discussion of the Finding

The study has an objective to identify factors affecting the coffee export performance of Oromia Coffee Farmer Cooperative Union (OCFCU). According to the findings, five of the nine factors examined in this study (product characteristics, union-specific characteristics, export marketing characteristics, environmental factor and financial access) are significant in predicting the export performance of the union. since the p values were less than 0.05, while the remaining four variable (government policy and regulation, national infrastructure, competitive pressure and supportive institutional) are not significantly influence the export performance of the union since the p values are greater than 0.05.

The study found that internal factors (product characteristics and union-specific characteristics) are significant in predicting the export performance of the union. The study revealed that the union was critically hampered by lack technology innovation (firm characteristics); the problem of meeting importers quality standards and low value addition to exportable coffee (product characteristics). This finding is consistent with (Pallab and Munish, 2013), who found that the product barriers associated with quality and technical adaptability significantly influence the company's export performance. Similarly, (Siringoringo, et al. 2009), found that poor product characteristics like poor quality controls, poor quality of raw material, packaging and labeling requirements, product design and specification are greatly influencing export performance product.

The study also found that export-marketing characteristics has significantly affecting the export performance of the union. As per the results of this study the existence of various export trade barrier, fluctuation of coffee price and procedural obstacles during export are create obstacles to coffee export performance of the union. This finding is also consistent with (Karjaluoto, 2002), who found that export market barriers considered one of the key factors that can affect coffee export performance of Uganda. Similarly, in Kenyan context,

(Mohammad, 2013), found that late payment; procedural complexity of paperwork; and customs refund delays are among the major procedural obstacles affecting the export process.

The study also found that financial access has significant in predicting the export performance of the union. The result of the study revealed the existence of lack of working capital to produce coffee, too high interest rates and unfavorable terms of borrowing in coffee export trade created a threat to improvement of coffee export performance. The finding is consistent with (Tadese, 2015) who found that the lack of financial access influences coffee export performance in Ethiopia. Similarly, in Uganda context, (Dineshwar and Steven, 2013), found that lack of financial access and supportive institution were found to be the main obstacles to coffee export.

The present study also found that environmental factor has significantly affecting the export performance of the union. The result of the study revealed the existence of the environmental challenges associated with coffee wilt disease, drought and waste disposal methods created obstacle export performance of the union. The finding is consistent with (Tesfaye, 2020), who found that environmental factors associated with recurrent drought, frost, fluctuating rainfall pattern, high humidity, high temperature, low moisture, hail, storm, wind and reduced soil fertility were among environmental factors affecting coffee production and coffee export performance of unions in OCFCU.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the study findings, conclusions, recommendations, limitation of the study and future research direction. Based on the key findings and results, conclusions are drawn and recommendations made.

5.1 Summary of Findings

The study was conducted with an aim to examine factors affecting the export performance of Oromia coffee farmers' cooperative union. In order to address the objective, literature on major factors of affecting coffee export performance reviewed and the survey questionnaire was prepared accordingly.

The study found that the coffee export performance of the OCFCU is moderate and not significant changes were observed on export performance of the OCFCU during the last five years (2017/18 – 2021/22). In terms of volume of export, the union export a total 27,137,856 kg coffee during the last five years (2017.18 – 2021/22). The union's export volume more or less seems constant though the trend shows little decline in volume of export especially during 2018/19 and 2019/20 years. The highest (6,927,600 kg) and the lowest (5,505,400.00 kg) export volume were seen in 2018/18 and 2019/20 years respectively. In terms of value of export, the union gets 149,665,847 USD from coffee export during the last five years (2017.18 – 2021/22).

The study identified various challenges associated with the coffee export trade in OCFCU. Concerning the product characteristics, the problem of meeting importers quality standards and low value addition to exportable coffee, poor quality control techniques and poor harvesting, handling, processing and storage techniques are identified as major challenges as they gotten high valid percentage of "agree" responses. Regarding union-specific characteristics, low level of technology adoption among union and lack of knowledge and information about export marketing in providing quality coffee for the international market identified as major challenges. In addition, respondents as major challenges of coffee export in union identify concerning supportive institutional environment, lack of access to better coffee varieties, inefficiency in gov't institutions in improving export procedures and lack of export training. Furthermore, the study identified that lack of good agronomic practices among union members, inefficiency of government policy and regulation, the presence of lower price in world coffee market, coffee price movements, the existence of various trade

barriers face in foreign countries market, the existence high interest rates and unfavorable credit term on borrowed funds in coffee export trade. lack of coffee waste disposal and coffee waste health hazards, climate change and coffee wilt disease are challenges faced by Oromia Coffee Farmer Cooperative Union in relation to their coffee export performance.

Despite the above challenges, the study identified various opportunities and prospect associated with the future export trade in OCFCU. Concerning the prospect for coffee export market for union, the result revealed that respondents have given high valid percentage (92.8%) of "agree" response to item concerning the existence of suitable altitude, ample rainfall, fertile soil and optimum temperatures create favorable condition for coffee export performance. More so, the potential of the country to produce and supply differentiation coffee products like, fine specialty, relatively low labor costs of country, the recent economic reform and process of liberalization. In addition, increasing support from agricultural support offices and research institutes and the commitment and strength of management of the union are further opportunities identified by respondent in relation to future export performance of union.

The study also identified those factors that influence the export performance of the union. According to the findings, six of the nine factors examined in this study (product characteristics, union-specific characteristics, export marketing characteristics, environmental factor and financial access) are significant in predicting the export performance of the union since the p values were less than 0.05. while the remaining three variable (government policy and regulation, national infrastructure, competitive pressure and supportive institutional) are not significantly influence the export performance of the union since the p values are greater than 0.05. The result shows that the all-independent variables (product characteristics, union-specific characteristics, environmental factor, export marketing characteristics, competitive pressure, supportive institution, government policy and regulation, financial access, and infrastructural challenges) that were studied explain 74.8% of the variation in export performance of the union as represented by the R^2 value.

5.2 Conclusion

This study aims at to examine the challenges prospects and determinants of coffee export performance of Oromia coffee farmers' cooperative union. In order to accomplish the proposed objectives of the study mixed research approach employed in the study. Accordingly, based on the findings presented in the above section; the researcher makes some

conclusions on the export performance, problems and prospects of Oromia coffee farmers' cooperative union.

The results showed that export marketing performance of Oromia Coffee Farmer Cooperative Union critically hampered by lack technology innovation (firm characteristics); the problem of meeting importers quality standards and low value addition to exportable coffee (product characteristics). challenges related to export barriers and low management's international experience; lack of access to better coffee varieties, inefficiency in gov't institutions in improving export procedures, lack of good agronomic practices among union members, inefficiency of government policy and regulation. as well as the presence of lower price in world coffee market, coffee price movements, the existence of various trade barriers face in foreign countries market, the existence high interest rates and unfavorable credit term on borrowed funds in coffee export trade, lack of coffee waste disposal and coffee waste health hazards, climate change and coffee wilt disease.

Empirical data clearly showed the influences of factors concerning the internal environment and external environment as well as coffee export performance. Findings revealed that the factors related to product characteristics, union-specific characteristics, export marketing characteristics, financial access and environmental factor are the most influential variable upon coffee export performance of Oromia coffee farmer cooperative union. While indicators of the export performance, union specific characteristics, the product certification and differentiation and the commitment and strength of management have found in a more promising and better competitive status. trends of Oromia coffee farmer cooperative union related to good agronomic practices, processing quality and, more or less, the firm's foreign market characteristics has relatively been areas required better intervention to hold a more competitive status towards the export marketing performance.

5.3 Recommendation

Based on the findings and conclusions of the study, the researcher provides the following recommendations aimed at to enhance the potential of coffee export to bring greater impact on the foreign trade of the nation in general and the overall performance of union in particular.

- OCFCU known to have the capacity and the facilities to produce more of coffee within the country that could be competitive in the market. However, to survive under the present free market economic policy of the country, the union needs to increase its

capacity in export marketing to become more competitive. To affect this achievement, problems identified in the study should be given due consideration. The cooperative union should see appropriate ways of coffee production system that can add a value to enhance coffee export performance. To achieve this top management of Oromia coffee farmer cooperative union requires effectively and efficiently employing working strategies to produce quality coffee for its customer satisfaction.

- Oromia farmers produced more surplus of coffee per capita than other regions coffee producers. If this significant amount of coffee could supplied to the market, a good source of income can created for the inhabitants. There is a need to strengthen extension activities to increase coffee production in the area and to change the attitude of farmers toward coffee supply on time. The establishment of coffee processor machine and marketing infrastructures would encourage them to change these trends. Hence, support must give to improve the attitude of inhabitants through awareness creation.
- The coffee enterprise needs to focus on analysis further factor to consider in formulating the marketing strategy by doing market research on situational analysis in order to retain customer for a long period and to attract new customer with new coffee variety.
- The top management should see the possibility to use leadership as a source of competitive advantage because the union existence for several years in the business, firm's resources and international experience in order to cope up the fierce competition existence in home country's exporters as well as the foreign country's exporters. The top management also needs to give emphasis for export marketing strategy of the enterprise in the long-term basis to cope up the challenges and take the advantage of opportunities those associated with the coffee export performance.
- Export market barriers existing in the exporting country negatively affect the coffee export marketing performance of the union that makes a complex procedure rather than smoothing the export market. Therefore, the union should closely research and act on the legal and political environment of importer countries throughout the world to gain advantage from it. Regarding the socio-cultural environment, the union should analyze the importers' country socio-cultural environment before trade deal to get the benefit by increasing the volume of coffee export, he concluded.

- To sum up, all the problems indicated above, in one way or another related with or could addressed through collaborative and deliberate action of both the members and government. So, from the members' side, high commitment as a principal stakeholder and sense of ownership needed. From the government side, creation of conducive environment through formulation of sound cooperative policy that creates competitive cooperatives which is enough to satisfy their members and customers is necessary.

5.4 Further Research Direction

Although this research provides some significant insights into the export performance, problems and prospects of Oromia coffee farmers' cooperative union, there is still a chance to extend the findings to gain a more comprehensive understanding. This study is limited to Oromia coffee farmers' cooperative union. Even though the sector is homogeneous, it would be more accurate and inclusive if it covers other cooperative unions of the country. In addition, this study may not have exhausted all the factors that affect coffee export performance. It therefore recommended that further research should done to unveil the other factors. Further research could also done to evaluate how coffee export contributes to sustainability of foreign currency reserve of country, and whether coffee export has an impact on exchange rate.

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Appendix I: Questionnaire

ST. MARY'S UNIVERSITY
MBA PROGRAM

The purpose of this questionnaire is to collect data for post graduate study at St. Mary's University for the study entitled **"Assessment of Coffee Export Performance, Challenge and Prospects: The Case of Oromia Coffee Farmers' Cooperative Union Ethiopia"**. This questionnaire is required to assist in determining the objectives of the study. Your privacy will be kept anonymously and, therefore, no one knows who provided the information. Any information provided will be used for academic purpose only and will be treated in strict confidence. Therefore, you are kindly requested to provide your responses to different questions below. Thank you in advance for agreeing to participate in this study.

Part One: Respondents Profiles

Instruction: - Circle your response or indicate "√" in the box beneath for each question. You don't need to write your name.

1.	Sex:	a) Male b) Female
2.	Age:	a) 18-25years c. 41-55 years b) 26-40 years d. over 55 years
3.	Education level	a) Primary school d. First Degree b) Secondary school e. Master Degree & above c) Diploma
4.	For how long have you been employed in coffee sector?	a) 1 – 5 years b) 6 – 10 years c) 11 – 15 years d) > 15 years
5.	Roles/department in the OCFCU?	a) Members of general assemblies b) Members of board of directors c) Support staff/permanent employee

Part II. QUESTIONNAIRES RELATED WITH CHALLENGES AND PROSPECT IN COFFEE EXPORT PERFORMANCE IN OCFCU

Please indicate the extent to which you agree or disagree with each of the following

statements by ticking "√" from 1 to 5 that best represents your level of agreement with the statement. Note: 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree

No		SD	D	N	A	SA
		1	2	3	4	5
I. Internal factors affecting coffee export performance in OCFCF						
a. Product Characteristics						
1	Low value addition to exportable coffee have affected our export performance					
2	Our products have been a subject to reject, renegotiation, repricing, or other things due to quality issues					
3	We face a problem of meeting importers quality standards					
4	Poor quality control techniques affected our union's export.					
5	Poor harvesting, handling processing and storage techniques.					
6.	Our packaging and labeling are inadequate compared to the requirement of the quality standards					
b. Union-Specific Characteristics						
1	Lack of technical know-how about coffee production and processing					
2	Lack of adequate working capital					
3	Lack of competitive export pricing and marketing strategy					
4	Low level of technology adoption has adversely affected us in providing quality coffee for the international market					
5	Lack of knowledge and information about export marketing affected the union export performance					
	External factors affecting coffee export performance in OCFCF					
c. Supportive Institutional Environment						
1.	There is inefficiency in the institutions in the improvement of coffee quality, delivery and price discovery					
2.	There is a corruption and unnecessary legal bureaucracy in export supporting institutions of Ethiopia.					
3	There is inefficiency in gov't institutions in improving export procedures, export training and conducting market research					
4	There is a poor and inefficiency in transparency of domestic and international coffee market information					
5	There is weakly organized agricultural product marketing structure that leads to unfair distribution of coffee export					

6	Inadequate technology transfer & research (coffee genome, conservation, biodiversity etc.).					
	d. Government Policy and Regulation Environment					
1	Low level of legal enforcement to minimize illegal coffee trade affects the coffee export performance in OCFCU					
2	There is inconsistency of government policy (National Bank directives, Exchange Rate, Tax and Trade Policy)					
3	The support from the government in providing export incentives and financing export activities is inadequate					
4	There is inefficiency of government policy and regulation that promotes market linkage of coffee trade.					
5	There is lack of export risk management tools that exporters, coffee farmers, and coffee suppliers are vulnerable to risks					
6	Low levels of public investment in agriculture					
	e. Export Marketing characteristics					
1	Presence of lower price in world coffee market affect coffee export performance of the union.					
2	Various trade barriers we face in foreign countries affected our export performance.					
3	The export documentation, paperwork and procedures are Complex					
4	There are export payment delays.					
5	Poor access to foreign market adversely affected coffee export performance in OCFCU					
	f. Infrastructural Challenges					
1	Long supply chain and poor logistic performance of Ethiopia adversely affected the coffee export performance					
2	Low electric access has a significant effect on coffee export trade					
3	There is inadequate infrastructure in transportation					
	g. Environmental Challenges					
1	Disease and pest affect coffee export performance of union					
2	Land degradation affect coffee export performance of union					
3	Climate change create challenges on unions' coffee export.					
4.	Lack of coffee waste disposal and coffee waste health hazards methods pose challenges export performance of union					
	h. Competitive pressure					

1.	There is aggressive competition with other coffee exporters					
2	Large domestic market for coffee is a threat to improvement of coffee export performance					
3	Presences of higher price of product in domestic market affect coffee export performance of the union					
4	Relatively low labor costs of country offer competitive advantages for coffee export market					
	i. Financial access					
1	Inadequate financial resources for investment					
2	Too high interest rates on borrowed funds,					
3	Unfavorable terms of borrowing					
4	There are supply-side constraints like; lack of working capital to produce coffee and inadequate access to financial service					

2. Please kindly state any other barriers or challenges that can affect the export performance coffee in OCFCU?

_____

_____

_____

_____

_____

Part II. QUESTIONNAIRES RELATED WITH PROSPECT IN COFFEE EXPORT PERFORMANCE IN OCFCU

Please indicate the extent to which you agree or disagree with each of the following statements by ticking "√" from 1 to 5 that best represents your level of agreement with the statement. Note: 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree

No		**SD**	**D**	**N**	**A**	**SA**
		1	**2**	**3**	**4**	**5**
1	Suitable altitude, ample rainfall, fertile soil and optimum temperatures create favorable condition for coffee export performance.					

2	The potential of the country to produce and supply fine specialty offer prospective condition for coffee export.					
3	Relatively low labor costs of country offer competitive advantages for coffee export market					
4	The recent economic reform and process of liberalization promotes coffee export trade					
5	Increasing support from agricultural offices.					
6	The potential for product differentiation					

3. Please kindly state any other opportunities that can an enhance the export performance coffee in OCFCU?

_____

_____

_____

_____

Part III. Questions related to Export Performance measure of the

Instruction: Please tick your answer or level of agreement or disagreement with each of the following statements inside the given table below by ticking (√) on the spaces that specify your choice from the options that range from "strongly agree" to "strongly disagree".

Key: SA=strongly agree N=Neutral SD=Strongly Disagree

A=Agree D=Disagree

No.	**Items**	**Rating scale**				
		SA	**A**	**N**	**D**	**SD**
		(5)	**(4)**	**(3)**	**(2)**	**(1)**
1	Volume of exported coffee that union exported increasing during the last seven years.					

No.	Items	Rating scale				
		SA	A	N	D	SD
		(5)	(4)	(3)	(2)	(1)
2	Value of exported coffee that union exported increasing during the last seven years.					
3	The percentage of coffee export achieved during the past seven years is considered very good when compared to the planned export.					
4	The export profitability of OCFCU is increasing during the last seven years					
5	The competitiveness of OCFCU is improving over the years.					