

## Enhancing Export Performance through Marketing Capability: An Empirical Study of Ethiopian Leather Industry

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### **Abstract**

*This study aimed to gain insight into export promotion programs (EPPs) and their effects on export performance (EP). Also, the mediating role of marketing implementation capability is examined. The target respondents were leather and leather product export manufacturing firms in Ethiopia. Convenience and snowball sampling techniques were used. Owners and managers responsible for exporting leather and leather products were identified and selected to participate in the survey. A total of 178 valid responses were analyzed using the Smart PLS Software (version 4.0). The results show that the use of export promotion programs has a significant impact on export performance. Trade fairs, trade missions, foreign offices, and education and training have significant impacts on export performance. Also, marketing implementation capability mediates between government offered EPPs and export performance. However, ownership and experience doesn't have moderation impact. This study contributes to the literature on export performance in emerging nations, where search is scant. In addition, we focused on debate on export promotion programs, marketing implementation capability, and export performance.*

**Keywords:** *Export Performance, Export Promotion Programs, Leather Industry, Marketing Implementation Capability.*

### **INTRODUCTION**

Exporting is a crucial commercial activity that contributes to a country's economic growth, job creation, trade balance, and people's way of life (Subhan et al., 2021; Wei et al., 2014; Nguyen, 2016). Export benefits have also increased in the global environment. Businesses must internationalize their goods and services. Developing and emerging economies must maximize export performance by enhancing their economies. However, the export performance of emerging economies is fraught with difficulty (Krammer et al. 2018; Contractor 2015). As a developing economy, Ethiopia is experiencing difficulties in exporting key export commodities, such as coffee, chat, oilseeds, leather, and textiles.

The industrial policies in most African countries are insufficient to support their comparative advantages (Gelb et al., 2020). Most of these nations failed to use their relative abundance and instead encouraged capital-intensive industries that could not handle it, which led to high production costs, excessive reliance on government assistance, an inefficient production structure, and a lack of competitiveness. The leather industry has been identified as a promising sector that might help the government achieve long-term policy goals and improve its development status by increasing foreign currency earnings, job opportunities, and attracting foreign direct investment (Gorfu 2018; Wakeford et al., 2017). Ethiopia is Africa's largest and tenth-largest livestock producer in the world (Bogale and Erena, 2022; Birhanu, 2019). Ethiopian goats and sheepskins are superior in quality to those in other nations, and they are not just the sheer numbers of cattle, sheep, and goats (Urge et al., 2017).

This massive animal population provides abundant opportunities for the leather industry to grow. However, livestock potential continues to fall behind in terms of its contribution to the country's economic development. Ethiopia experienced a sharp decrease in the export performance of leather and leather products from 2001 to 2017 (Gorfu, 2018). Other African countries with far smaller populations (such as Kenya and Tanzania, both exporting more than \$5 billion per year in 2022) have higher export volumes (Statista, 2022).

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Manufacturing firms that wish to access export markets face several obstacles. The Ethiopian government implements EPPs, such as national and international trade fairs, trade shows, trade missions, and exhibitions. However, EP is hampered by the lack of qualified personnel and advanced information technology to promote products, trade financing constraints, competitiveness, and knowledge (Ayalew and Xianzhi, 2020; Degefa, 2017). Therefore, governments and policymakers should provide more comprehensive EPPs. Export promotion programs have benefited businesses in emerging economies including India (Mishra, 2011), Chile (Weiss and Pérez, 2018), and Malaysia (Mata et al., 2021), especially those in the manufacturing industry.

Increasing research on export performance in international marketing literature indicates the relevance of EP. Different aspects related to EP have been encountered relating to EP such as the determinants of export performance (Katsikeas et al., 1996; Jongwanich, 2010; Chen et al., 2016), export promotion programs, export performance (Ali, 2000; Quaye et al., 2017), export orientation and export performance (Barbosa et al., 2019; Lin et al., 2014; Okpara, 2009), the export performance of SMEs (Oura et al., 2016; Voerman, 2003), innovation and export performance (Roper and Love, 2002; D'Angelo, 2012; Peynirci et al., 2020), and entrepreneurial orientation and export performance (Monteiro et al., 2017; Kalinic and Brouthers, 2022). Among these, EPPs are effective in increasing export performance. Previous studies have empirically demonstrated the role of different export promotion programs on export performance, such as information support (Catanzaro and Teyssier, 2021), trade fairs (Pérez and Weiss, 2020), trade missions (Comi and Resmini, 2020), trade shows (Wilkinson and Brouthers, 2006), education and training-related support (Quaye et al., 2017), financial support (Mata et al., 2021), and other miscellaneous promotion programs. Most of these studies have measured the direct effect on export performance. Coupling EPPs with a firm's implementation capabilities results in better export performance (Wang et al., 2017; Imiru, 2021). Therefore, there is a need for more research that analyzes the effects of EPPs at a more granular level, such as the business or industry level, even though these studies have offered insightful information about the overall influence of EPPs on export success.

This gap in the literature is important because it can provide more nuanced and context-specific insights into the effectiveness of EPPs when impacts are examined at a finer degree of granularity. Furthermore, many nations have export promotion programs, but there are frequently no thorough assessments of their effectiveness. Research is required to determine the best practices for maximizing the success of various export-promotion activities. A model with a detailed identified construct was proposed for the current study, specifically designed for analysis at the sector level. We extend the research work of Imiru (2021). We emphasize the addition of trade fairs, trade shows, trade missions, and foreign offices. Export promotion initiatives and their efficacy are mostly conducted in the US, Europe, Central and Southern America, and Asia. Studies on developing nations such as Ethiopia are scant. This study sought scope from emerging nations, such as Ethiopia.

Therefore, this study examines the effect of EPPs on the export performance of the Ethiopian leather industry. In addition, the mediating role of marketing capabilities (MIC) and the moderation impact of ownership and firm experience was examined. According to Day (1994), a company's marketing capabilities are complex sets of abilities and knowledge used through organizational procedures to allow the company to plan operations and make the greatest use of its resources. They serve as a glue that binds resources together and allows for advantageous deployment. In particular, they have distinct skills or competencies when they support a market position that is advantageous and challenging for rivals to duplicate.

## LITERATURE AND HYPOTHESES DEVELOPMENT

### Theoretical Framework of the Study

A wide range of services is offered by export promotion agencies to exporters, from advice to funding their attendance at trade missions and fairs abroad. Resource-based views of firms and Hechsher-Ohlin factor endowment trade theory are briefly discussed to provide a theoretical foundation for this study.

### A Resource-Based View of The Firm (RBV)

The potential for improved export performance satisfaction depends on resource suitability, availability, and use, in pursuit of the company's objectives. A firm will be more satisfied with its export performance to the degree that it can utilize unique resources in international marketplaces (Gaur et al., 2014; Barney, 2001). The resource-based view persuasively argues that it should serve as the basis for more conceptually rigorous theory building in the field of export strategy, despite the fact that previous work in the area of export promotion has implicitly addressed many issues related to firm resources (Wilkinson and Brouthers, 2006; Ahmed and Brennan, 2019; İpek, 2018). Previous empirical studies indicate that firm resources affect export performance both directly and indirectly (Monteiro et al., 2017; Beleska-Spasova, 2014; Ling-Yee, 2007). Firms that have the resources necessary to conduct business internationally are more likely to export than companies that do not (Elia et al., 2021; Wolff and Pett, 2000). Therefore, the RBV theory provides the rationale to justify that the country has an abundant livestock population with a quality fiber structure that meets the suitability and availability of the raw material for use in the international market.

### **Hechsher-Ohlin Factor Endowment Trade Theory**

The Heckscher-Ohlin model suggests that countries export the goods and services they can create most effectively and in the most abundance (Winters, 1991; Akther et al., 2022). According to this hypothesis, a nation with an abundance of capital will export the good that requires a lot of capital, whereas a nation with an abundance of labour will export the good that requires a lot of labor. In literature, researcher applied this theory in context, issue/ problem related to the comparison of trade policies between nations (Till and Kulkarni, 2021), determination of international investment and trade (Kulchycky, 1990), determination of export promotion strategy (Lan, 2001), and evaluation of competitiveness of trade (Esterhuizen, 2006). The H-O trade theory gives the justification for our export promotion plan since Ethiopia, the second-most populous country in Africa next to Nigeria, should invest in labor-intensive industries like leather as a less developed nation with cheap labor.

### **Export Promotion Programs and Export Performance**

Government EPPs are public policy initiatives made available to the business sector with the aim of boosting domestic enterprises' capacity for worldwide competition (Lages, and Montgomery, 2005). According to Cavusgil and Yoeh (1994), the domain of responsibility for EPPs includes providing export information and advice, marketing assistance, financial support, and guaranteeing transactions. The programs are used to assist businesses in improving managers' attitudes toward international operations (Coudounaris, 2018), lowering perceived or actual exporting barriers (Munch, and Schaur, 2018; Quaye et al., 2018; Leonidou, 2004), and enhancing the skills essential for success in international markets (Freixanet and Churakova, 2018). Although earlier research acknowledged the significance of EPPs in a firm's exports, empirical findings vary. Although some studies suggest the use of EPPs has a positive and immediate effect on export outcomes (Mota et al., 2021; Geldres-Weiss and Monreal-Pérez, 2018; Francis and Collins-Dodd 2004), other research demonstrates a non-significant impact of EPPs (Freixanet, 2014; Cadot et al., 2015). Developing effective export promotion programs is a critical responsibility for policymakers, especially in emerging nations, and they should take into account the various implications of such programs on improving and promoting export performance (Leonidou, 2004; Appiah et al., 2019).

### **Trade Fairs and Export Performance**

The most considered export promotion programs are trade shows, trade fairs, trade missions, foreign offices, financial incentives and education and training. A trade fair is a common business gathering when many producers from a single sector display their products and their capabilities to potential customers (Sarmiento and Simões, 2019). Certain trade fairs draw participants and tourists from all over the world and offer global exposure and relationships. According to Geldres-Weiss and Monreal-Pérez's (2018) study, trade fairs are better than trade missions for a company's export sales growth and they are a sufficient tool that is well-known internationally, whereas trade missions are only helpful for exporters with little to no experience. Similarly, Makioka (2021) find out that attending trade fairs has a favorable impact on export performance.

Additionally, going to a trade fair encourages businesses to outsource their market research activity. Therefore, based on above said relationship, the following hypothesis can be proposed:

*H1: Trade fairs have a positive and significant impact on the export performance of leather manufacturing firms*

### **Trade Shows and Export Performance**

A trade show is essentially an event planned annually by industry trade organizations with the goal of facilitating direct communication between producers and members of the distribution channel. Since companies who attend trade shows funded by state governments are more likely to experience successful export performance outcomes, trade shows are highly associated with a firm's satisfaction and export performance (Wilkinson and Brouthers, 2006). The majority of the literature on export promotion finds a correlation between trade shows and firm-level export sales as well as state export performance as a whole (Seringshaus and Rosson, 1991). Gopalakrishna et al. 1995) finds out trade shows can result in a positive benefit for the company through sales and product awareness. According to Wilkinson and Brouthers (2006), even after accounting for internal business resources, the use of trade shows and programs for finding agents and distributors still has a positive effect on enterprises' satisfaction with their export performance.

*H2: Trade shows have a positive and significant impact on the export performance of leather manufacturing firms*

### **Trade Missions and Export Performance**

Trade missions are an international trade promotion technique that put companies in direct contact with other markets, where they may exchange, transfer, and share detailed knowledge about those markets as well as network with nearby companies (Head and Ries, 2010; Spence and Crick, 2004; Wilkinson and Brouthers, 2006). Studies have found a positive relationship between Trade mission and export performance (Quaye et al., 2017; Cassey, 2010; Nitsch, 2007. Since trade missions provide experiential knowledge they are mostly preferred by exporters (Reid, 1980). Spence (2003) suggests a diversification strategy for export markets is advantageous for future expansion into new international markets; Particular knowledge of the targeted markets; Prior to taking part in trade missions, communication with possible business partners should be established; and It is important to maintain the commercial connections made before and after trade missions by frequent contact, including regular visits as well as communication technology. As a result, trade mission has reported a relationship with export performance.

*H3: - Trade missions have a positive and significant impact on the export performance of leather manufacturing firms*

### **Foreign Offices and Export Performance**

In order to provide information about their home countries and establish links, many governments frequently use foreign offices (Belloc and Maio, 2011). Kang (2011) finds that a key element in the success of Korea's exports has been the network of foreign offices abroad. Exports have been proven to grow by 2.45%–6.34% when the budget of foreign offices is increased by 10%. however, the researchers add that there haven't been many studies on overseas offices, In order to analyze their impact on export performance in a developing nation like Ethiopia, it is appropriate to include them in this study as one of the export promotion programs.

*H4: The use of foreign offices by firms has a significant impact on the export performance of leather manufacturing firms*

### **Financial Incentives and Export Performance**

The primary factor influencing the behavior of the export market is financial constraints (Okafor et al., 2020; Chaney's 2016). Only firms that can earn sufficient cash from domestic sales and are productive enough can afford to export when there are fixed costs associated with doing so. Financial constraints are thought to have a significant impact in the decisions that enterprises make regarding exporting (Wagner, 2014). Financing is essential for promoting export-related businesses (Kanda et al., 2015). Particularly, because of the greater costs connected with exporting activities, such as higher transportation and insurance costs, exporters rely more on credit to finance working capital than non-exporters do. Although the empirical evidence is relatively

mixed and inconclusive, the extant literature suggests that financial limitations may limit investment opportunities and, consequently, exporting activities (Okafor et al., 2020; Leonidou et al., 2007).

*H5: Tax and financial incentives have a significant impact on the export performance of leather and leather products manufacturing firms*

## **Education and Training and Export Performance**

To succeed in export market, it is essential to educate potential exporters so they may acquire the necessary skills, information, and experience (Louter et al., 1991; Kaleka, 2002). Government EPPS provides targeted seminars, conferences, and workshops with the goal of assisting Companies in better understanding their export method, managing export documentation, creating export marketing strategy, and enhancing their negotiating abilities. Several firms need to increase the ability of their workforce to perform well in exports. This capacity-building is accomplished through education and skill-specific training (Bekteshi, 2019). As a result, education and training has reported a relationship with export performance.

*H6: Education and training have a positive and significant impact on the export performance of leather manufacturing firms*

## **The Mediating Role of Marketing Implementation Capabilities (MIC)**

Marketing implementation capability is a procedure through which export enterprises convert their intended export marketing strategy into realized activities and resource deployments (Morgan et al., 2012; Spyropoulou et al., 2018). It is concerned with strategy execution (Morgan et al., 2003). Many research shows that marketing capability and organizational performance have a beneficial link (Chang et al., 2010; Tsai and Shih et al 2004.). Resources cannot be translated into market value offerings without marketing implementation competencies. EPPs are ineffective if the company cannot use various forms of EPPs and turn them into real-world actions. As a result, EPPs are necessary but not sufficient for businesses to compete in global marketplaces (Ayob and Freixanet, 2014; Gengtiirk and Kotabe, 2001).

*H7: MIC mediates the impacts of Trade fair on export performance.*

*H8: MIC mediates the impacts of Trade shows on export performance*

*H9: MIC mediates the impacts of Trade missions on export performance.*

*H10: MIC mediates the impacts of foreign offices on export performance.*

*H11: MIC mediates the impacts of Tax and financial incentives on export performance.*

*H12: MIC mediates the impacts of Education and training on export performance*

## **Moderating Role of Firms Ownership and Experience**

When considering various internal and external factors, such as the firm size and age of the organization or the institutional environment, various literatures emphasize the strong relationship between exports and the financial performance of firms (Li et al., 2017). However, the literature has given little attention on ownership structure in general and foreign ownership in particular as factors influencing the relationship between export promotion programs and performance. Since national economic development and international competitiveness strongly depend on how firms are built on global value chains and improve the internal resources within the context of their activity (Filatotchev et al., 2008)., it is important for emerging countries to analyze the indirect impact of firm ownership on the relationship of government export promotion program and export performance.

According to Filatotchev et al. (2008), ownership structure particularly with regard to foreign shareholders is closely linked to the activity's exports and returns. Furthermore, the majority of prior research has concentrated on the direct impact of foreign ownership on exports and performance rather than the

moderating effect. Therefore, in light of the lack of prior research on the indirect impact of foreign ownership on the export-performance relationship, we posit the following hypothesis

H13: Firms ownership moderates the relationship between export promotion programs (TF, TS, TM, FO, FI and ET) and export performance

Similarly, firm experience is closely linked to the notion of learning from firm activity. Export performance is thought to be greatly influenced by firm experience, regardless of the firm's age at establishment (Love, et al., 2016). Experience builds the kind of abilities that are necessary for success on a global scale and influences export performance. The foundation for creating innovations is the experience knowledge that the organization gains from expanding internationally. Internationalized businesses can also more effectively and fully utilize the resources at their disposal, cutting expenses and taking advantage of advancements. Experience and firm's internationalization have a significant relationship, according to Barrios et al.,2003.

According to Alegre et al., 2012 Product innovation increases the probability of a firm to be a more dynamic exporting firm, and moderated by experience. Based on these we propose

H14: Firms experience moderates the relationship between export promotion programs (TF, TS, TM, FO, FI and ET)

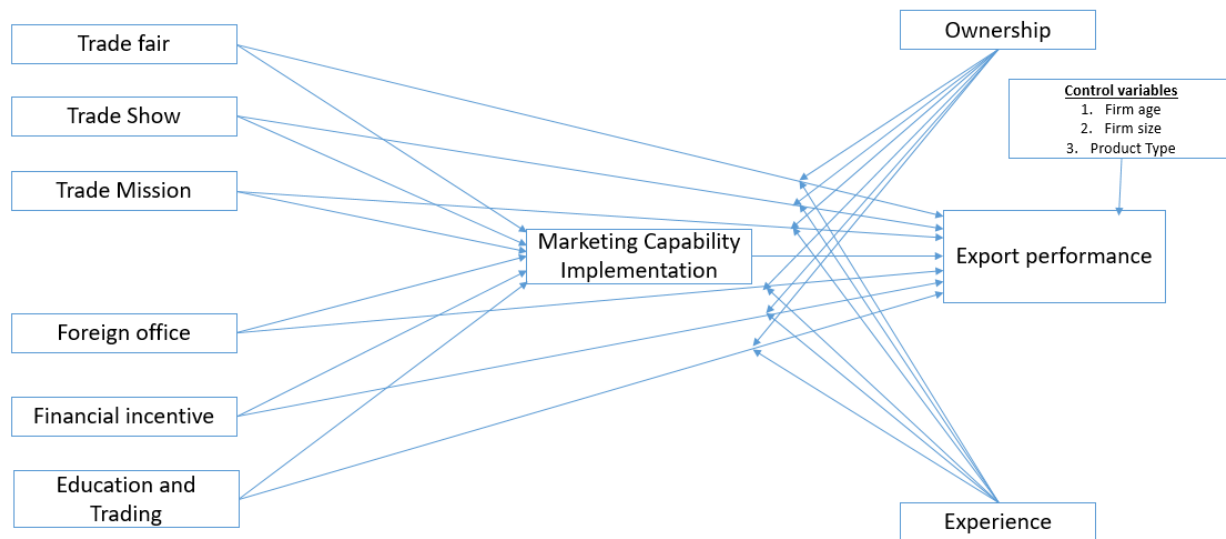


Figure 1. Proposed research model, Source: Author own work

## METHODOLOGY

### Research Design and Data Collection

Initially, in order to establish contact with leather and leather product exporters, the researcher reached out to Ethiopian leather industry associations and various government organizations, including the Ethiopian Export Promotion Agency, Ethiopian Leather Industry Development Institute, Ministry of Industry, and other relevant institutions. Subsequently, firms were chosen based on their active involvement in exporting for a minimum of five years. However, due to the adverse effects of the Covid-19 pandemic, some firms did not meet this criterion and were consequently excluded from participation in the survey.

To carry out the survey, a total of 200 owners or managers engaged in the export of leather and leather products were identified and selected. The data collection process spanned across Ethiopia and took place between January and March 2023. The Snowball and convenience sampling methods were employed to reach

the identified individuals, and a total of 200 questionnaires were distributed. Ultimately, 178 valid responses were received, resulting in an effective response rate of 89%.

### **Research Instrument**

A structured questionnaire was used to gather data from the targeted respondents. Each item utilized in this study was adapted from the exiting literature, translated, and modified for this study's needs. The items to measure trade fair (Quaye et al., 2017), trade show (Quaye et al., 2017), trade mission (Quaye et al., 2017), foreign office (Quaye et al., 2017), tax and financial incentives (Purwanto et al., 2018; Hollensen, 2007; Leonidou et al., 2011), education and trading (Naidu et al., 1997; Hollensen, 2007; Leonidou et al., 2011), and marketing implementation capabilities (Imiru, 2021; Morgan et al., 2003; Vorhies and Morgan, 2005) were adapted. Naman and Slevin, (1993) and Quate et al. (2017) utilized the subjective measure for evaluating firm performance. Therefore, items evaluating subjective assessment of export performance were taken into consideration (Quaye et al., 2017; Chang et al., 2010; Gençtürk and Kotabe, 2001). The selection of items related to export performance is in keeping with the fine tuning made by previous authors, such as Vorhies and Morgan (2005) proposed three-dimensional scale of export performance; customer satisfaction, market effectiveness, and market profitability to measure organizational performance. A more, questions related to controllable variable such as firm age, firm size, international experience and product types were asked. Appendices A contain a summary of all adapted item relationships. The items were rated on a 5-point Likert types of scale. Academics and marketing professionals initially assessed the questionnaire's preliminary version. A more, telephonic interviews of firm owners/ managers were conducted to know the issues related to export promotional programme and performance. Later, in order to assess the contents of the chosen measures, the questionnaire was pre-tested on a sample of 25 owners/ managers of export manufacturing enterprises. Based on their suggestions, the questionnaire was modified. The responders had no trouble or ambiguity understanding the content or the design. Further, the respondents were given a list of EPPs and service types provided by the government.

## **ANALYSIS AND RESULTS**

### ***Demographic Profile of Respondents***

**Table I. demographic profile of respondents**

Description		Frequency	Percentage
Owner gender	Male	125	70.2
	Female	53	29.8
Year of experience	1-5 years	15	8.7
	6-10 year	39	21.7
	More than 10 years	124	69.6
Ownership type	Sole proprietor	118	66
	Family/Household	15	8.3
	Partnership	31	17.4
	cooperative	14	7.7
Type of product	Finished leather	18	10.11
	Leather shoes	48	29.6
	Leather garments and goods	53	29.7
	Leather glove	3	1.68
	Mixed	56	31.4

Source: Author own work

### **Common Bias Method**

We used the Harman's single factor test in SPSS version 27 to analyze the common method bias. This test helps to discover common method variance. If a single factor or a single general factor dominates the covariance between the measures, it is assumed that there is a large amount of common method variance present. In order to perform the test, all of the study's measurements must be loaded into an exploratory

factor analysis. It is assumed that the presence of CMV will be demonstrated by the emergence of either a single factor or a general factor that accounts for the majority of the covariance between measurements (Podsakoff et al. 2003, p. 889). In this study, the common method bias in the data was not an issue because the total variance retrieved by one component was 33.9%, which is below the advised cutoff of 50%.

### Measurement Model

The data were analyzed using SPSS and Smart-PLS 4 software. The psychometric properties of the model, including internal consistency, reliability, convergent validity, and discriminant validity were assessed and confirmed. Good reliability is indicated when different respondents can understand the question statements or other measures linked to each latent variable in the same way (Amora, 2021; Kock, 2015). The coefficient of internal consistency, known as Cronbach's Alpha, is commonly used as a criterion for assessing reliability, with a recommended threshold of 0.7 (Nunnally et al., 1978). However, composite reliability provides a more accurate approximation of internal consistency than Cronbach's alpha, as it takes into account the various outer loadings of the indicator variables (McNeish, 2018). The results indicate that all constructs' Cronbach's alpha coefficient and composite reliability are within an acceptable range, as shown in Table 2.

**Table II. Construct reliability and validity**

Variable	Cronbach alpha value	Composite reliability	Average variance
<i>Trade fair</i>			
TF1	0.801	0.833	0.667
TF2	0.885		
TF3	0.791		
TF4	0.787		
<i>Trade mission</i>			
	0.803	0.814	0.561
TM1	0.788		
TM2	0.813		
TM3	0.783		
TM4	0.739		
TM5	0.745		
<i>Trade show</i>			
	0.714	0.737	0.633
TS1	0.835		
TS2	0.729		
TS3	0.818		
<i>Foreign Office</i>			
	0.876	0.893	0.667
FO1	0.832		
FO2	0.865		
FO3	0.787		
FO4	0.864		
FO5	0.726		
<i>Financial incentive</i>			
	0.867	0.873	0.653
FI2	0.729		
FI3	0.840		
FI4	0.810		



<b>FI5</b>	0.837			
<b>FI6</b>	0.820			
<b>Education and training</b>		0.835	0.847	0.599
<b>ET1</b>	0.788			
<b>ET2</b>	0.813			
<b>ET3</b>	0.783			
<b>ET4</b>	0.739			
<b>ET5</b>	0.745			
<b>Marketing capability</b>		0.775	0.779	0.596
<b>MIC1</b>	0.752			
<b>MIC2</b>	0.802			
<b>MIC3</b>	0.748			
<b>MIC4</b>	0.785			
<b>Export performance</b>		0.899	0.901	0.668
<b>EP1</b>	0.728			
<b>EP2</b>	0.859			
<b>EP3</b>	0.857			
<b>EP4</b>	0.837			
<b>EP5</b>	0.859			
<b>EP6</b>	0.753			

Source: Author own work

Moreover, the discriminant validity was assessed. Discriminant validity is a measure of the extent to which latent variables differ from one another (Hamid et al., 2017). To measure discriminant validity, the square root of the average variance extraction (AVE) is utilized, which should exceed the shared variance or correlation among latent constructs in the model (Fornell and Larcker, 1981). According to Hair et al. (2014), discriminant validity can be achieved if the AVE values of all constructs are greater than the required threshold of 0.50. The discriminant validity is presented in Table 3.

Table III. Discriminant validity

	<b>EP</b>	<b>ET</b>	<b>FI</b>	<b>FO</b>	<b>MIC</b>	<b>TF</b>	<b>TM</b>	<b>TS</b>
<b>EP</b>	0.817							
<b>ET</b>	0.530	0.774						
<b>FI</b>	0.398	0.602	0.808					
<b>FO</b>	0.584	0.552	0.473	0.817				
<b>MIC</b>	0.554	0.432	0.432	0.287	0.772			
<b>TF</b>	0.569	0.401	0.440	0.398	0.570	0.817		
<b>TM</b>	0.611	0.413	0.216	0.598	0.320	0.386	0.793	
<b>TS</b>	0.525	0.377	0.361	0.439	0.576	0.627	0.486	0.796

Source: Author's own work

### Structure Model

Structural equation modeling (SEM) was run in Smart PLS 4.0. software. The PLS-SEM was used to test the proposed model and developed hypotheses. Collinearity ( $VIP < 3$ ),  $R^2$  value,  $Q^2$  value ( $> 0$ ), and RMSE ( $> 0.8$ ) can be used to evaluate the structural model (Hair et al., 2019). The bootstrapping approach was used with a resample of 5,000 samples to examine the  $R^2$ ,  $VIP$ ,  $Q^2$ , RMSE, path coefficient ( $\beta$ ), and corresponding  $t$ -values in order to evaluate the structural model.

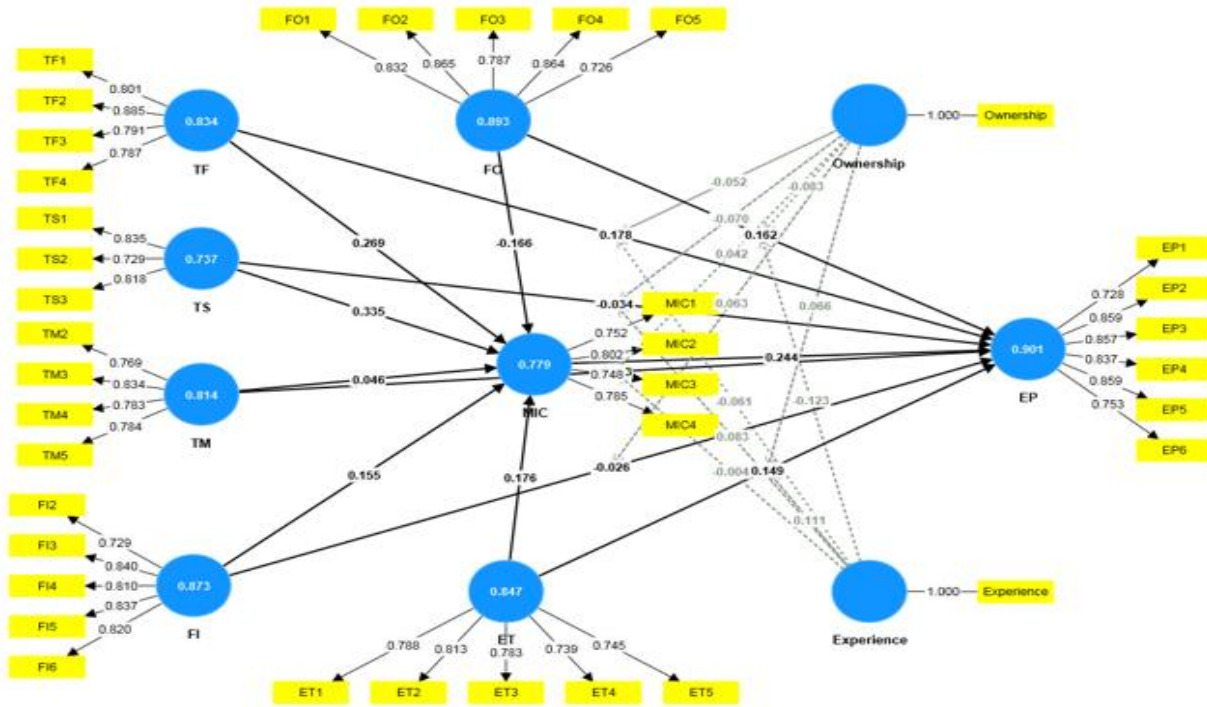


Figure 2. Structural model, Source: Author own work

The R square value shows that the seven construct potentially explain 63.8% variance in export performance and the marketing implementation capability as a moderate explain 45.70% of variance. Also, the Standardized Root Mean Square Residual (SRMR) value ( $0.079 < 0.08$ ) and VIP value ( $3 > 5$ ) are found in acceptable range.

### Hypothesis Testing

Structural equation modeling (SEM) can test the hypothesis by looking at the probability value. The results of all hypotheses are reported in Table 5. Hypothesis H1, trade fair (TF) shows a positive significant influence on export performance (EP) at 0.05 level of significance. This indicates that the direction of TF relationship to EP is positive. Thus, hypothesis H1 is accepted. However, hypothesis H2, shows the insignificant influence of trade shows (TS) on export performance (EP) at a 0.05 level of significance. Thus, this hypothesis is not accepted. For hypothesis H3, trade mission (TM) doesn't have a positive significant impact on export performance.

Similarly, Hypothesis H4, the effect of foreign office (FO) on export performance (EP) reports a significant value at 0.05 level of significance. It indicates that there is a positive relationship between foreign office and EP. In other cases, hypothesis H5, the effect of financial incentive (FI) on export performance (EP) reports an insignificant value at a 0.05 level of significance. It indicates that there is nothing relationship between FI and EP. It means that the FI latent variable doesn't have any influence on Export performance. Finally, hypothesis H6, reports a significant influence of education and training (ET) on export performance (EP) at a 0.05 level of significance. Therefore, hypothesis 6 is accepted. From the findings, one can observe that there was a good model fit and four out of six hypotheses were significant.

Table IV. Results of hypothesis testing

Path coefficient	$\beta$	t-statistics	P	Result
H1 TF -> EP	0.178	2.367	0.009	Acceptable
H2 TS -> EP	-0.034	0.446	0.328	Fail to accept
H3 TM -> EP	0.293	4.468	0.000	Acceptable
H4 FO -> EP	0.162	1.857	0.032	Acceptable
H5 FI -> EP	-0.026	0.372	0.355	Fail to accept
H6 ET -> EP	0.149	1.840	0.033	Acceptable
H7 TF -> MIC -> EP	0.066	2.192	0.014	Acceptable
H8 TS -> MIC -> EP	0.082	2.592	0.005	Acceptable
H9 TM -> MIC -> EP	0.011	0.635	0.263	Fail to accept
H10 FO -> MIC -> EP	-0.040	1.495	0.068	Acceptable
H11 FI -> MIC -> EP	0.038	1.688	0.046	Acceptable
H12 ET -> MIC -> EP	0.043	1.597	0.055	Acceptable

Source: Author's own work

With respect to the mediating role of marketing implementation capability, it has been found that marketing implementation capability mediates the effect of trade fairs, trade shows, foreign offices, financial incentives, and education & training on export performance. However, marketing implementation capability doesn't mediate the effects of trade missions.

Table V: Moderating effect of ownership type and experience between EPPs and EP

	Original sample (O)	T statistics ( O/STDEV )	P values
Experience -> EP	-0.113	1.960	0.025
Experience x FO -> EP	-0.123	1.659	0.049
Experience x TF -> EP	-0.061	0.750	0.227
Experience x TS -> EP	0.083	1.002	0.158
Experience x TM -> EP	-0.004	0.056	0.478
Experience x ET -> EP	0.111	1.300	0.097
Ownership -> EP	-0.038	0.804	0.211
Ownership x FO -> EP	-0.083	0.969	0.166
Ownership x TF -> EP	-0.052	0.790	0.215
Ownership x TS -> EP	-0.070	1.051	0.147
Ownership x TM -> EP	0.042	0.628	0.265
Ownership x FI -> EP	0.063	0.923	0.178
Ownership x ET -> EP	0.066	0.832	0.203

### Moderation Analysis

The moderating effect of firm's ownership between the relationship of government export promotion programs and export performance H13, are insignificant. Similarly, firms experience on the relationship between EPPs and export performance H14, is insignificant. However, firms experience has significant

impact in the establishment of foreign office related programs. This shows that the more experienced firms have the intention to establish foreign office in some other countries in order to maximize their export performance.

## **DISCUSSION AND CONCLUSION**

National EPPs have been the subject of extensive research over the years, although the impact of EPPs is not conclusively shown. This study contributes to the field of international marketing. In the beginning, it expands the scant corpus of knowledge on export performance in emerging countries. The current study's model explains how export performance can be achieved by implementing EPPs and through the mediating mechanism of MIC. The results show that export promotion

The result of Hypothesis H1, trade fairs have a significant impact on EP. It indicates that trade fairs are the third largest contributor to export performance in the leather industry after trade missions and foreign offices. This is because trade fairs give the opportunity to potential exporters to interact with buyers and sell products in a single place. For potential exporters, trade fairs can be particularly valuable because they offer an opportunity to gain visibility and exposure in a new market, as well as to meet face-to-face with potential customers or partners. The annual 'All African Leather Fair', which is also held in the nation's capital, plays a sizable part in how trade shows affect export performance.

Hypothesis H3 is intended to determine how much trade missions affect the export performance of leather and leather product exporters. It is shown a strong relationship between trade missions and EP. This result is consistent with similar studies (Spence et al., 2003; Wilkinson and Brouthers, 2006). Additionally, earlier research indicated that trade missions would be the most effective method of attracting investors (Wilkinson and Brouthers, 2000b). From hypothesis 4, foreign offices are the second contributor to leather and leather products export performance in Ethiopia. This might be due to most of the firms involved in the export market being owned by foreigners who invest in the country and have branches in some other country. However, our finding contrasts with previous results (Martin 1996; Kotabe, 1993, Wilkinson and Brothers, 2000). This might be due to the context of the study i.e. developed countries. But our results support the study of Quaye et al. (2017), which was conducted in Ghana.

Finally, the relationship between education & training and export performance is examined through hypothesis 6. This reports the statistically significant relationship between these two.

These results are consistent with previous findings (Bekteshi, 2019), which encountered the training programs related to information and education. To succeed in the export target market, it is essential to educate potential exporters so they may acquire the necessary skills, information, and experience.

Hypotheses H2 & H5 have shown insignificant results. For trade shows and export performance, the result is opposite from previous results (Geldres-Weiss and Monreal-Pérez, 2018; Okpara, 2009; Mota et al., 2021). This might be limited participation until more information is provided by the government within the specific sector. Hypothesis 5 examined the extent to which financial incentives influence export performance. This is because even though the Ethiopian government established an export development fund to provide exporters with loans and government refunds of tariffs paid on imported raw materials, there is poor implementation and no adequate system to implement and control it. This is inconsistent with previous findings (Okafor et al., 2020). However, it contradicts other findings which conclude the effectiveness of tax incentives leads to a large increase in export values (Quaye et al., 2017).

With respect to the mediating role of marketing implementation capability, the study's findings provided evidence that market implementation capability has a mediating role between government EPPs and EP. This result is consistent with previous research studies (Catanzaro, and Teyssier, 2021; Imiru, 2021). Trade fairs, trade shows, foreign offices, financial incentives, education, and training are mediated by MIC. However, it does not play a mediating role between EP and trade missions.

With the moderation analysis firm's ownership and experience doesn't have significant impact in the moderation of the government export promotion programs and export performance these is may be due to

industry sector difference. technology-based businesses, as classified by Pavitt (1984), innovate at a higher rate than the others (Souitaris 2002), and they may even be more internationally active. In the biotechnology sector, a higher export intensity would be justified by the expenses of marketing, distribution, and R&D management (Pla-Barber and Alegre 2007). According to Lefebvre and Lefebvre's (2002) studies, size is a significant factor in determining export performance in medium-knowledge industries, whereas age rather than size seems to be a better predictor of a firm's propensity to export in low-knowledge industries. This would suggest that the industry has a significant influence on the impact of size or experience.

Ownership and experience appear to be important factors when it comes to increasing competitiveness through internationalization and innovation, but how much of each depends on the industry. Our finding contradicts with previous findings that the association between export performance (export sales growth, sales volumes, and export market share, respectively) and psychic distance is moderated by export experience (Virvilaitė, et al., 2015) and the interaction between exports and foreign ownership increases the performance of a firm (Bykova, and Iturriaga, 2018).

## **MANAGERIAL IMPLICATIONS**

The study contextualizes the relationship between export promotion programs and export performance, making a significant contribution to the literature on international business. The industrial policy of the country should be confirmed to the comparative advantage and it has to focus on the relative abundance factor instead of capital-intensive industries. Therefore, a better industrial policy must be established to financial assistance to exporter, training to enhance their export performance. That will result to the use of abundance factor. State institutions should support exporters in collaborating with organizations that promote export promotion in order to take advantage of programs. A better implementation and controlling system must be established. The capacity of the workforce must be increased by the government through education and training in order to enhance lobbying and negotiating abilities and boost export performance.

In order to improve export performance, the country's international trade policymakers should create EPPs that are distinctive to the nation. Export firms may need to be informed of these EPPs and encouraged to value them through the use of relevant media. Government assistance for EPPs must be both appealing and adaptable in order to improve the capabilities of exporting businesses. Additionally, the government should promote managers' positive perceptions of international operations by offering information and advice regarding export, marketing assistance, financial support and guarantees. Government-sponsored export promotion programmes (EPPS) must be established in order to assist leather exporters in reaching their target markets.

## **LIMITATION AND FUTURE DIRECTION**

There are some limitations and cautions, which open up opportunities for further study. First, the study's initial focus is Ethiopia's leather sector. However, a sizable portion of Ethiopia's GDP is made up of other exports, such as coffee, textiles, oilseeds, and flowers. Thus, future study might concentrate on other economic sectors. This can help the academy comprehend how industries different and what manufacturing can learn from the growth of these exports. Second, a sample for this study was taken from the exporting firm of Ethiopian. It is not applicable to other nations. A comparative analysis of Ethiopia and with other developing nation can be conducted. Third, but not least there are evaluations of export performance that are both subjective and objective. Objective measurements can be used in future study to determine how various measuring techniques affect the results of estimations.

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## APPENDIX

**Table: List of measures used in this study**

S.N.	Construct	Source
<b>Trade fair</b>		Quaye et al. (2017)
TF1	The Ethiopian export promotion agency organizes trade fairs for Ethiopian firms to exhibit their products annually	
TF2	The Ethiopian export promotion agency collaborates with foreign trade authorities to assist Ethiopian exporters to attend international trade fairs	
TF3	The Ethiopian export promotion agency organizes exhibitions in foreign markets for Ethiopian exporters annually and bi-annually	
TF4	The Ethiopian ministry of trade and industry minister facilitates the participation of international trade fairs for exporters in foreign countries	
<b>Trade shows</b>		
TS1	Ministries of trade and industry organize industry-related exhibitions for exporters in Ethiopia and abroad	Quaye et al. (2017)
TS2	The firm attends industry-related exhibitions, workshops, conferences, and meetings in Ethiopia and abroad organized by the Ethiopian export promotion agency and the ministry of trade and industry	
TS3	Ethiopian export promotion agency organizes exhibitions specifically related to the industry my firm belongs to	
<b>Trade Missions</b>		

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TM1	The Ethiopian Leather Industry Association leads exporters to meet with the business community in foreign countries to encourage trade	Quaye et al (2017)
TM2	The Ethiopian export promotion agency regularly leads Ethiopian exporters to open doors and develop long-term trade relations in foreign markets for exporters	
TM3	The Minister of Trade & Industry and/or other senior government officials regularly lead Ethiopian exporters to foreign markets to facilitate and develop long-term trade opportunities	
TM4	The ministry of trade and industry organizes foreign trips to facilitate trade between Ethiopian Exporters and businesses in foreign markets	
TM5	Ministry of trade and industry establish foreign trade relation coordinates trade negotiation and sign trade agreements	
<b>Export performance</b>		
EP1	Export promotion has given my firm access to enter difficult markets	Gençtürk and Kotabe, (2001), Quaye et al. (2017)
EP2	Participating in export promotion programs has improved my firms export sales.	
EP3	When my firm participates in export promotion programs, we receive export orders.	
EP4	My firm has experienced an increase in net profits over the last five years.	
EP5	Participating in export promotion programs has improved my firm's gross profit.	
EP6	My firm has got market share growth by export promotion programs.	
<b>Foreign office</b>		
FO1	My firm attends exhibitions organized by various Ethiopian embassies in export markets	Quaye et al. (2017)
FO2	My firm is listed as an exporter in the Trade directory of various Ethiopia Missions abroad	
FO3	My firm receives inquiries from overseas customers through Ethiopian Embassies abroad	
FO4	The government uses its Embassies to establish contacts for export firms in Ethiopia	
FO5	The government uses its foreign Embassies to provide information about foreign markets to Ethiopian exporters	
FO6	The Ethiopian export promotion agency collect, analyze and disseminate trade related information to the business community and provide inquiry reply services	
<b>Financial Incentives</b>		
FI1	Banks in Ethiopia offer loans to exporting companies at reduced interest rates	Purwanto et al. (2018)

FI2	The Ethiopia Government offers Tax Exemptions on profits to export manufacturing firms	Hollensen (2007), Leonidou et al. (2011)
FI3	The Ethiopia Government finances exporting firms when purchasing capital goods, such as industrial plants, machinery & equipment, etc.	
FI4	The Ethiopia Government offers Tax Reduction to export manufacturing firms	
FI5	The Ethiopia Government has set up an export development fund to assist exporters with loans	
FI6	Duties paid on imported raw materials by export manufacturing firms are refunded by the government	
<b><i>Education and Training</i></b>		
ET1	The Ethiopian export promotion agency organizes seminars, conferences, and workshops related to export	Naidu et al., 1997
ET2	The export promotion agency gives training in the understanding of how to handle documentation and developing a marketing plan	Hollensen (2007), Leonidou et al. (2011)
ET3	Ministry of trade and industry trains in handling negotiation skills of international customers	
ET4	The Ethiopian export promotion agency provides professional support and training in line with the newly adopted export development strategy	
ET5	Ethiopian export promotion agency undertakes and disseminates to exporters supply and market studies on the exportable product	
<b><i>Marketing implementation capability</i></b>		
MIC1	The company effectively translates planned export marketing strategies into action	Imiru (2021)
MCI2	The company allocates appropriate resources to execute marketing strategies	
MIC3	The company monitors the performance of marketing strategies	Morgan et al. (2003), Vorhies and Morgan, (2005)
MIC4	The company organizes to deliver planned export market strategies effectively	