Exploring the Relationship among Export Resources, Exporting Capability & Exporter-Foreign Distributers relationship on Export Performance: In the Case of Exporting Companies in Ethiopia

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Abstract

Export Performance and Economic Growth Relations are becoming the main agenda in the international and regional development programs around the world. The purpose of this study was to exploring the Relationship between Export Resources, Exporting Capability, Exporter-Foreign Distributers Relationship and their effect on Export Performance. Despite the fact that 300 questionnaires were issued to a random sample of Ethiopian exporters, 291 questionnaires were returned at the end of the data collection process, yielding a 97 percent response rate. Proportional stratified sampling approaches were used to sample small, medium, and large export businesses. The relationship between the exporter and the distributor, as well as the management of export resources, has a positive and significant impact on export performance. On the other side, export capabilities failed to mediate the relationship between export resources and export performance. The connection between Export Resources and Export Performance was mediated by Managing the Exporter-Distributor Relationship. Ethiopian exporters should focus on building strong ties with international distributors headquartered either at home or in the host countries to boost their export performance. Future research could look into the differences in the export business between larger, medium, and small exporters, all of whom have different resources, qualified personnel, bargaining strength, and so on. Finally, Resource capability's failure to mediate Export resources and export performance warrants further investigation. For undeveloped countries like Ethiopia, export is a critical component of economic growth and long-term development. As a result, policymakers should work to improve the country's export performance by increasing credit availability, simplifying export sector laws, and formulating short-term, medium-term, and long-term export growth plans. To enhance trade, the government should aid exporters in creating, nurturing, and growing stronger cooperation among national, regional, and worldwide distributors.

Keywords: export resources, export capability, foreign distributers, export performance

1. Introduction

The history of world economic development proves that countries in different continents were able to make themselves appear in the world economy after they took advantage of exploiting outward- looking economic opportunities. Most emerging countries implemented an import substitution program for economic growth in the 1950s and 1960s. In most developing countries, there has been a significant movement toward export promotion strategy since the mid-1970s. Export expansion, according to this concept, leads to better resource allocation, economics of scale, and production efficiency through technological advancements, capital formation, job creation, and hence economic growth. Export performance is generally determined by firms' production performance, but this analysis is more concerned with export performance after production. Traditionally, the determinants of exports as identified by many authors include economic size, distance, trade relations, common language, common border, colonial history, etc.

Export is an important ingredient for country's economic growth and sustainable development, like in Ethiopia; it is the back bone of the country's economy. Ethiopia has been concerned with diversifying its exports since the mid-twentieth century, when the late Emperor Haile Selassie devised the first five-year economic plan

(1957–1961), which identified the ongoing dominance of two or three commodities (Lakew, 2003). Ethiopia's economy is a mixed and transitional economy with a significant public sector. Ethiopia's government is in the process of privatization numerous state-owned firms and transitioning to a market economy. Ethiopia has attempted to enhance export revenues by increasing the volume and variety of items exported. Since 1992, Ethiopian economic policy has emphasized export-led growth. Exports also provide much-needed foreign cash, which can be utilized to provide the public funding needed to shift manufacturing to the industries that will boost growth the greatest. The role of export-led growth (ELG) on overall economic performance has been extensively discussed in the literature. Exports help to enhance the balance of payments, employment rate, and living standards; as a result, a growing number of governments are attempting to assist and encourage their exporters to increase their exports (Doaei & Hassani, 2010).

It has also developed several plans and implemented various policy reforms. According to Lakew (2003), exports were unable to fill the fiscal deficits created by imports, resulting in a reduced exports-to-GDP ratio and deteriorating terms of trade. Gold (21 percent of total exports) and coffee are Ethiopia's principal exports (19 percent). Live animals, oilseeds, flowers, and khat are among the others. Switzerland is Ethiopia's major export partner (21 percent of total exports), primarily for gold shipments. The dominance of agricultural commodities in general and coffee in particular, has not shifted significantly, and export concentration of a few commodities remains an issue. Ethiopia is a developing East African country going through political, economic, social and technological transitions. The country's development strategy has the objectives of promoting rapid economic growth with a stable economic atmosphere and enhancing the integration of country's economy with a global economy (Allaro, 2012). Ethiopia's potential for export of manufactured goods lies in textile, leather and leather products, as well as products of agro-processing. Exporters have a good possibility of increasing export due to the availability of all-important elements in the country at a reasonable price.

Using trade to drive faster growth is essential to Ethiopia's aspirations to join the ranks of middle-income states by the year 2025. Over the past 15 years, the value of Ethiopian exports increased by 549%. Nevertheless, even faster import growth has led to a worsening balance of payments deficit, making the country's competitiveness in international markets an urgent priority. Several study papers (both international and local studies) have looked into what export managers from a variety of countries and firm sizes think about a variety of factors that could affect export performance. To this researcher's knowledge, there is no current study in the international business literature that studies Export managers' viewpoints on the factors of export success in relation to Export resources and capabilities, Exporter-foreign distributer relationships, and export performance in Ethiopia.

Export performance and economic growth relations are becoming the main agenda in the international and regional development programs around the world (International Labour Office, 2015). In the case of Ethiopian exporting enterprises, researching the relationship between export resources, exporting capability, and overseas distributers, as well as their links to export performance, is crucial. As a result, the following research questions were addressed in this study.

- Is there a link between export resources, export capability, and the control of the connection between exporters and overseas distributers, as well as export performance?
- What impact does export capacity have on export performance?
- Is there a link between export capabilities and export performance?
- To what extent does the relationship between the exporter and the foreign distributer mediate export resource, export resource, and export performance?

This study covers the following topics: literature review, research model, hypothesis generation, methods, results, discussion, conclusion, limitation, and future research directions.

2. Literature Review

The state of knowledge in the field of international trade and business has progressed. In the export business, there is sufficient theoretical and empirical evidence. Researchers have utilized a range of basic theories to explain company internationalization. TCA (Anderson, 1986; Lee, Koh, & Heo, 2011), RBV (Mariz-Pérez & Garcá-Ivarez, 2009; Sharma, 1999; Westhead & Wright, 2001), and network theory (Elo, 2005; Fletcher, 2008) are only a few examples (Schwens & Kabst, 2009).

2.1 The Resource-Based View (RBV)

The resource-based view (RBV) literature has mostly assumed that a company's export performance is determined by a proper combination of its own resources and capabilities (Kaleka, 2002). As a result of increased globalization

and the economic crisis, many small and medium-sized businesses (SMEs) have been pushed to internationalize their products or services, with exporting being the more extensive entry route (Stoian, 2011).

Critiques of the Resource Based View (RBV)

The resource-based view (RBV) has become one of the most influential and referenced viewpoints in management philosophy. RBV's purpose is to illustrate how a company's long-term competitive advantage comes from within (SCA). Several studies, including core competencies (Hamel & Prahalad, 1994), dynamic capacities (Helfat & Peteraf, 2003; Teece, Pisano, & Shuen, 1997), and the knowledge-based view (KBV), all back up this claim (Grant, 1996b). On the other side, RBV has been chastised for a slew of faults.

- The RBV, according to one criticism, lacks "operational validity" and significant managerial implications (Priem & Butler, 2001a). It claims to advise managers on how to build and collect VRIN resources, as well as how to form an acceptable structure, although it is unclear how to accomplish so (Connor, 2002; Miller, 2003).
- The RBV's generalizability argument. "A company that excels at putting mechanisms in place to improve product innovation will eventually outperform the company with the best product innovation capabilities today..." Collis is a fictitious character from the movie Collis (1994, p. 148). According to the RBV, organizations should pursue second-order capabilities (building structures that facilitate product innovation) since they will eventually be more valuable than first-order capabilities (product innovation). According to this hypothesis, this phase can be repeated indefinitely, culminating in a never-ending search for higher-order talents.
- According to Gibbert, resource uniqueness (the blending of heterogeneity and immobility) prevents the RBV from having any ex ante generalization potential (2006a, 2006b). When it comes to uniqueness, it's impossible to generalize. The RBV, according to Connor (2002), only applies to large enterprises with significant market power. According to him, the SCA of smaller and more agile businesses cannot be based on static resources, and thus they fall outside the RBV's jurisdiction. The resources a corporation needs to produce SCA, according to Miller's (2003) discussion paper on "sustainable attainability," are those that are difficult to gain in the first place. Miller's argument is that additional VRIN resources can only be bought and used by organizations that currently have them
- The purpose of the RBV is to construct a SCA that will survive attempts to copy or remove it. Fiol (2001) clearly refutes this assumption, arguing that "both skills/resources and how companies exploit them must constantly adapt, resulting in the emergence of constantly shifting transitory advantages" (Fiol, 2001, p. 692).
- Conner (1991) and Kogut and Zander (1993) proposed that the RBV may be considered a new firm theory (1992). They concluded that the RBV is striving to be a firm theory, one that differs materially from other firm theories available, particularly transaction cost economics (TCE) (Williamson & Winter, 1991). The RBV is insufficient as a firm theory, according to Foss (1996a, 1996b). The RBV emphasizes the differences between businesses and people, as well as why enterprises are better at earning rent than people.
- When resources and capabilities are valuable, rare, inimitable, and non-substitutable (VRIN), as well as when a sufficient organization is in place (O), SCA can be realized (Barney, 1994). The VRIN/O criteria are neither adequate nor required to explain SCA, and the RBV has minimal empirical support (Armstrong & Shimizu, 2007; Newbert, 2007).

These arguments imply fundamental disputes regarding the nature of markets, persons, and resources, as well as their roles in the generation of SCA. Despite the above criticisms, the RBV has been widely adopted as a central theory of SCA in the literature, in fact, through re-consideration of Critiques.

2.2 Network-Based Theories

Ripollés et al. (2012) define networking capability as a company's ability to develop and leverage inter-organizational relationships in order to gain access to specific resources controlled by other stakeholders. Networking capability is defined by Farooqi, Miog and Bengtsson (2012) as a company's ability to gather resources from the environment through partnerships and social relationships for use in international trade. As a result, networking ability is viewed as a dynamic talent, as it allows a company to recognize opportunities and respond fast (Knight & Liesch, 2016). The ability to network is a key factor in the success of a small business (Parida & Rtqvist, 2015). Controlling the internal and external flow of information, in particular, will have an impact on enterprising SMEs' productivity by encouraging knowledge exchange and cost reduction.

Given the importance of overcoming the "resource shortage" required to compete in the international environment (Karami & Tang, 2019; Ripollés, Blesa, & Monferrer, 2012), networking capability has been a popular topic in internationalization research in recent years, with a particular focus on SMEs (Karami & Tang, 2019; Ripollés, Blesa, & Monferrer, 2012). Networking interactions help internationalization by reducing the cost and time of process integration (Musteen, Francis, & Datta, 2010), enhancing internationalization performance (Lin & Chaney, 2007), and lowering the cost and time of process integration (Musteen, Francis, & Datta, 2010; Rusteen, Francis, & Datta, 2010; Redding, 1996).

2.3 Transaction Cost Theory (TCT)

According to transaction cost theory (Williamson, 1979, 1986), the ideal organizational structure is one that maximizes economic efficiency while minimizes exchange costs. According to the theory, there is coordination costs associated with monitoring, controlling, and managing transactions for each type of transaction. Export intermediary firms assist inexperienced exporters as well as experienced exporters (including multinational corporations) in breaking into new markets (Peng & York, 2001). They are "specialist enterprises that operate as export departments for a number of non-competitive industries," according to the definition (Root, 1994, p. 102). According to Peng and York (2001), Kumar and Bergstrom (2007), and Shahrul (2011), these businesses are critical in assisting exporters in reaching a bigger international market.

Costs are expected to be high when interacting across borders; so, export intermediates may be used "to lower the cost of creating exports sales" (Beamish, Karavis, Goerzen, & Lane, 1999, p. 39 cited in Peng & York, 2001). To understand how the transaction cost theory works in an international environment, it's important to understand that when it comes to exporting, producers have two options: they can either export directly or indirectly through intermediaries. Export intermediates must be able to convince exporters to pick the second option by lowering their clients' export-related transaction costs compared to direct exporting. The success of these intermediaries in lowering such expenses determines their performance.

Transaction cost theory has been criticized for its limited applicability and for focusing too much on structural aspects of trading at the detriment of other important factors. According to Zajac and Olsen (1993), when trying to restrict opportunistic behavior, management has been forced to focus on predicted gains rather than anticipated losses. This strategy is also criticized as a mistake when making explicit or implicit assumptions that firms in a given industry are homogeneous. In the real world, "firm homogeneity is incorrectly assumed" (Robson, Leonidou, & Katsikeas, 2002, p. 389) because no two businesses have the same resources and technologies (Kogut, 1988; Dyer, 1997). Finally, resource-based theory, network-based theory, and transaction theory are synthesized or integrated in this study to examine the system's performance.

Transaction cost theory has been criticized for its limited applicability and for focusing too much on structural characteristics of trading at the expense of other crucial considerations. This constraint, according to Zajac and Olsen (1993), has pushed management to focus on projected gains rather than anticipated losses when seeking to control opportunistic behavior. When making explicit or tacit assumptions that enterprises in a certain industry are homogeneous, this method is also criticized as a mistake. "Firm homogeneity is unrealistically assumed" (Robson, Leonidou, & Katsikeas, 2002, p. 389) in the real world because no two businesses have the same resources and technologies (Kogut, 1988; Dyer, 1997). Finally, resource-based theory, network-based theory, and transaction theory are synthesized or integrated in this study to evaluate the performance of the Ethiopian export sector. The TCT can strongly explain cost concerns that surround decisions to be engaged in local or export businesses. Businesses need to be assured of the advantage of being engaged in export trade before spending their resources to initiation and conducting export activities.

3. The Study's Variables

In many research reviews, many variables were discovered to be used to explain export performance. For example, the resource-based approach asserts that valuable, rare, socially complex, and unique resources and capabilities enable businesses to establish marketplace advantages (Barney, 1991), highlighting the heterogeneity of capabilities firms use to achieve superior performance (Barney, 1991; Wernerfelt, 1984). Export Resources, Export Capacity, Managing Foreign Distributers, and Export Performance and Sub-Constructs Are All Factors That Are Considered in This Study:

3.1 Export Resource

Knowledge stocks, physical assets, human capital, and other tangible and intangible things owned or controlled are all examples of resources (Teece, Pisano, & Shuen, 1997). Exporting enterprises are made up of a variety of assets and skilled employees. Rather than the simple aggregation of all of these characteristics, it is the synergistic effects

caused by their combinations that matter most in the process of developing competitive advantage (Barney, 1991; Amit & Schoemaker, 1993). Organizational resources are regarded the ultimate sources of competitive advantage since enterprises are distinctive in terms of the bundle of resources that they gather over time. Physical assets, size of operation, financial assets, and the firm's experience in export market operations are identified as four categories of competitive resources for exporters by Kaleka (2011). In an inter-organizational context, Kaleka (2012) discovers that the majority of these critical resources have a favorable impact on various outcomes.

3.2 Export Capability

Marketing studies look at how to gain a competitive advantage by optimizing skills and keeping resources current (Kaleka, 2011). When it comes to international performance, Lu et al. (2010) find that the firm's ability to coordinate, recombine, and allocate resources to meet multiple needs mediates the relationship between resources and performance. It's critical to distinguish between operational and dynamic capabilities in the context of internationalization (Weerawardena, 2019): Dynamic capabilities "build, integrate, or reconfigure operational capabilities" (Helfat & Peteraf, 2003). Operational capabilities "generally involves performing an activity using a collection of routines executing to execute and coordinate the variety of tasks required to perform the activity" (Helfat & Peteraf, 2003, p. 999). Dynamic capabilities emphasize the integration, construction, reconfiguration, and renewal of capabilities to cope with changing environments, focusing on the company's ability to exploit and reconfigure resources to generate new forms of sustainable competitive advantage. According to Kaleka (2002), the four major skills in export markets are information, customer connection building, product creation, and supply chain management. Based on a meta-analysis, Weerawardena et al. (2019) believe that marketing capabilities can lead to export performance; however, Kaleka (2002) asserts that informational capabilities have a direct positive impact on export performance.

3.3 Exporter-Distributor Relationship Management

The search for the selection of distributors is a key procedure that, if done improperly, can have major consequences. A bad distributor can bankrupt a firm or producer and put them at a competitive disadvantage (Hill & Blois, 1989). Due to the time and profit costs associated with having an ineffective foreign distributor in an export market, it may be preferable to have no distributor at all (Cavusgil, Yeoh, & Mitri, 1995). Use a relational approach to intermediary decision-making rather to opting for an option that meets criteria like convenience or availability (Lewin & Johnston, 1997).

The task of selecting a foreign distributer has been suggested by Root (1994). The four stages of the screening process are creating the distributor profile, locating distributer prospects, assessing distributer prospects, evaluating distributer prospects, and selecting the distributer. Having a close relationship with and supporting distributor's leads to greater performance and happiness for both parties (Bello & colleagues, 2003). Because the producer or exporter does not have a permanent market presence on their behalf, the options available to them are limited (Shipley et al., 1995). whatever the obstacles, effective distributer control must be adopted (ibid). This will require the creation of a set of criteria as well as the monitoring of relevant actions. Managerial preferences, information availability, and the specific performance to be measured all impact control and assessment measures (Haas, 1995). Kang et al. (2018) discovered control mechanisms to be one of the most effective inter-organizational drivers of marketing channel effectiveness across several theoretical approaches. According to RBV, information and communication technologies do not create a competitive advantage because they are not unique (Barney, Wright, & Ketchen, 2001).

- Outcome-Based (Output) Control refers to formal instruments used to track and evaluate the degree to which intermediaries' results or outcomes are met. Managers of exporters signal their key objectives to intermediaries and make clear the monitoring of intermediaries' outcomes; managers transfer the risk of goal achievement to intermediaries (Aulakh & Gencturk, 2000), holding them accountable regardless of the means they use to achieve the outcomes (Mellewigt, Ehrmann, & Decker, 2011; Su, Baird, & Schoch, 2013), and reducing interest (Bello & Gilliland, 1997).
- Behavior-Based (Process) Control refers to the level to which the exporter watches the conduct of
 intermediaries or the mechanisms by which desired outputs are achieved, and ensures that desirable
 actions are taken while avoiding bad ones. The purpose of process devices is to persuade intermediaries to
 concentrate their resources and managerial attention on selling and servicing exporter's products (Bello &
 Gilliland, 1997).
- Social Control/Informal (social or norm-based) controls are unwritten systems that influence behavior by leveraging "values, conventions, and cultures to support desirable behavior" (Das & Teng, 2004). Professional and cultural controls are examples of informal controls (Jaworski, 1988; Ouchi, 1979, p. 82).

Professional control refers to (inter)organizational members internalizing behavioral norms based on prevailing social perspectives and patterns of interpersonal interactions (Jaworski, 1988; Guenzi, Baldauf, & Panagopoulos, 2014) outside the hierarchical command system, such as training, seminars, working collaboration, and spontaneous interactions over time (Kang, Asare, & Brashear-Ale, 2010). Norms, rituals, and values that guide people's behavior are referred to as cultural control.

3.4 Export Performance

Export performance refers to the outcome of a company's actions in export markets (Shoham, 1998). However, there is no one-size-fits-all metric of export performance that takes into account the multifaceted nature of performance (Cavusgil, Zou, Leonidou, Katsikeas, Samiee, Taylor, & Osland, 1998). Export performance can be defined as "export effectiveness," "export efficiency," and "continuous participation in exporting" (Shoham, 1991). Export performance is measured using a range of metrics, the most frequent of which are export intensity, export sales growth, export profit level, export sales volume, export market share, and export profit contribution (Dhanaraj & Beamish, 2003; Katsikeas, Leonidou, & Morgan, 2000, 2003).

Export performance can be measured objectively or subjectively (Chen et al., 2016; Lu, Quester, Medlin, & Scholz, 2012). Subjective metrics are commonly perceived values (e.g., the manager's appraisal of export sales performance and happiness), whereas objective metrics are typically absolute measures (e.g., export profit margin, export market share, export sales volume) (Chen et al., 2016; Morgan, Katsikeas, & Vorhies, 2012). According to international business experts, objective and subjective measures complement each other and should be considered synonymous to present a truer picture of export performance (Bloemer et al., 2013; Boso et al., 2013; Madsen & Moen, 2018).

3.5 Control Variables

Control variables are factors or aspects that researchers try to keep constant throughout their studies in order to avoid influencing the results. The influence of an independent variable on a dependent variable is measured in a typical study design. For the sake of validity, two control variables were used in this study. First, the firm's Export Importance as a proxy for Export Intensity, which measures internationalization; this index is determined by the ratio of export sales to total sales revenue, as used in most international studies (Westhead, Wright, & Ucbasaran, 2001; Acedo & Casillas, 2007; Hsu & Wang, 2012). Second, the Importance of the Export Relationship, as evaluated by the percentage of sales generated through the foreign intermediary; this variable shows both total exposure to potential opportunism and the requirement for coordination with the intermediary (Dekker, Sakaguchi, & Kawai, 2013).

4. Conceptual Framework and Hypothesis of the Study

The study's conceptual framework includes four categories of variables that will be examined. These categories are: Export Resources, Export Capabilities, exporter-foreign intermediaries' relationships and export Performance is shown the Figure 1.

4.1 Conceptual Framework of the Study



Figure 1. Exploring the relationship between export resources, export capabilities & controlling and managing foreign distributers with export performance model with hypothesis

4.2 Hypothesis of the Study

The Composite hypotheses of this research are seven, which are set using the research questions specified above and were tested as given below:

H1: There is a significant and positive relationship between Export Resources and Export Capabilities. There are four sub-hypotheses for H1;

- H1a: Scale of Operation has a significant & positive effect on Export Capabilities
- H1b: Experiential Relation has a significant & positive effect on Export Capabilities
- **H1c:** Financial Resource has a significant & positive effect on Export Capabilities

H1d: Physical Resource has a significant & positive on Export Capabilities

H-2: There is a significant and positive relationship between Export Resources and Export Performance. There are four sub-hypotheses for H2:

H2a: Scale of Operation has a significant & positive effect on Export Performance

H2b: Experiential Relation has a significant & positive effect on Export Performance

H2c: Financial Resource has a significant & positive effect on Export Performance

H2d: Physical Resource has a significant & positive on Export Performance

H-3: Export Capabilities Mediate the Relationship between Export Resources and Export Performance.

H-4: There is a significant and positive relationship between Export Resources and Exporter Distributor Relationship Management (EDRMs).

There are four sub-hypotheses for H4:

H4a: Scale of Operation has a significant & positive effect on EDRMs.

- H4b: Experiential Relation has a significant & positive effect on EDRMs.
- H4c: Financial Resource has a significant & positive effect on EDRMs.

H4d: Physical Resource has a significant & positive on EDRMs.

H-5: There is a significant and positive relationship between EDRMs and Export Performance.

There are three sub-hypotheses for H5:

H5a: Output control has a significant & positive effect on Export Performance.

H5b: Behaviour control has a significant & positive effect on Export Performance.

H5c: Social control has a significant & positive effect on Export Performance.

H-6: Export-distributer relationship mediates the relationship between Export Resources and Export Capabilities.

H-7: There is a Significant and Positive Relationship between Exporter-distributer relationship and Export Capabilities.

There are three sub-hypotheses for H5:

H7a: Output control has a significant & positive effect on Export Capabilities.

H7b: Behaviour control has a significant & positive effect on Export Capabilities.

H7c: Social control has a significant & positive effect on Export Capabilities.

5. Methodology

Initially, the literature was reviewed through to uncover indicators that influence export performance. Export resources, export capabilities, and managing foreign distributers were all recognized as a result. On the basis of these data, a research questionnaire was created, as well as hypotheses. The dependability of the research questionnaire was assessed. The information was then gathered by sending a structured online questionnaire to Ethiopian exporters of a variety of items. The obtained data was then examined, and conclusions and recommendations based on the findings were made. The Ethiopian Chamber of Commerce and sectoral organizations presented a list of exporters as the sampling frame. The companies were picked at random from a pool of 300 exporting companies that matched four criteria: They were autonomous entities with a strong international emphasis, earned a large amount of money from export activities, had at least five years of experience in the export industry, and had contact information for senior managers and experts, among other things.

6. Results of the Study

6.1 Demographic Profile

Despite the fact that 300 questionnaires were distributed to a sample of exporters from a total of 920 exporters in the country, only 291 questionnaires were returned at the end of the data collection procedure, resulting in a 97 percent response rate. Table 1 shows the demographic characteristics of the respondents. In terms of product export, the bulk of respondents (87%) were agricultural product exporters, followed by (13%), manufacture, and 3% service exporters. In terms of years in the export business, 44 percent had been in it for 1 to 5 years, 36 percent had been in it for 6 to 10 years, 15 percent had been in it for 11 to 20 years, and 5% had been in it for more than 20 years. In terms of the number of markets in which an exporting company operates, the majority of respondents (51%) operate in 1–3 countries, 37% operate in 4-6 countries, 8% operate in 6–20 countries, and 4% operate in more than 10 countries.

Item	Description	Frequency	%
Type of Product export	Agricultural products	252	87%
	Manufactured products	30	13%
	Services	9	3%
	Total	291	100%
Number of years in the export	1-5 years	128	44%
business	6–10 years	105	36%
	11–20 years	44	15%
	above 20 years	15	5%
	Total	291	100%
Number of markets the exporting	1–3 countries	147	51%
Company is operating	4–6 countries	110	37%
	6–10 countries	22	8%
	More than 10 countries	12	4%
	Total	291	100%

Table 1. Profile of respondents

6.2 Data Analysis and Hypothesis Examination

Using the SmartPLS 3 software, the Partial Least Squares (PLS) technique was used to assess the study model (Ringle, Wende, & Becker, 2018). SmartPLS is a popular Partial Least Squares Structural Equation Modelling software tool (PLS-SEM). Hair et al. (2017), Ramayah et al. (2011, 2013) and Rahman et al. (2016) employed a two-stage analytical procedure to analyse data validity and reliability, followed by a structural model analysis (testing the hypothesized link) using Anderson and Gerbing's method (1988). A bootstrapping method (5000 resamples) was used to test the significance of the path coefficients and loadings (Hair et al., 2017).

6.3 Measurement Model

Before employing the SMART-PLS statistical tool to analyze the data, it was first entered into SPSS and a preliminary stage of measurement item was determined. The psychometric features of the assessment model were then evaluated using SMART-PLS in terms of internal consistency, reliability, convergent validity, and discriminant validity. The Measure of Sampling Adequacy (0.893) and overall Cronbach alpha (0.897) reliability measures were also confirmed using SPSS 22. As a data reduction technique, SMART PLS uses factor analysis. As a result, 43 different objects were used in this study. Two types of validity were studied to evaluate the measurement model: convergent validity and discriminant validity.

6.4 Reliability and Convergent Validity

To determine the measurement's convergent validity, the loadings, average variance extracted (AVE), and composite reliability are typically used (Gholami et al., 2013; Rahman et al., 2015). The loadings were all greater than 0.7, the composite reliabilities were all greater than 0.70, and the AVE of all constructs were all greater than 0.5, as predicted by the literature (See Tables 2, 3, and 4 for more information). A measurement instrument is said to be trustworthy when the question-statements (or other measures) associated with each latent variable are understood in the same way by different respondents. As a result, all Cronbach alpha coefficients assessing a set of scale items' unidimensionality are greater than 0.70, ranging from 0.830 to 0.882, showing strong internal consistency.

On the other hand, Cronbach alpha is based on the limiting assumption that all indicators are equally important. Another approach to think about dependability is as the fraction of measure variance that can be explained by the underlying dimension (Werts et al., 1974). According to Chin et al. (1996, p. 33), whereas Cronbach's alpha with its assumption of parallel measures gives a lower bound estimate of internal consistency, the composite reliability yields a superior approximation. Similarly, the composite reliability of all latent variables is above 0.7 for all measures, ranging from 0.877 to 0.907. Similarly, the Dhillon Goldstin rho, which must be greater than 0.7, evaluates internal consistency in the same way as composite reliability does (Gefen, 2000). On the other hand, the average variance extraction (AVE) of all variables is more than 0.5. Typically, the AVE criterion for sufficient validity is set at 0.5 (Fornell & Larcker, 1981).

Construct Reliability and Validity	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
EDRM	0.847	0.854	0.877	0.558
EC	0.864	0.873	0.895	0.695
EP	0.882	0.893	0.907	0.552
ER	0.830	0.835	0.868	0.599
EXR	0.864	0.860	0.887	0.566
FIR	0.882	0.894	0.907	0.697
PHR	0.720	0.723	0.844	0.644
SOR	0.706	0.722	0.834	0.715
BBC	0.745	0.716	0.781	0.578
MRWD	0.757	0.808	0.712	0.580
SOCO	0.813	0.822	0.877	0.641
CV	0.690	0.603	0.795	0.660

Table 2. Reliability analysis

6.5 Construct Validity

The construct validity of a set of measures determines if they are true constructs that describe an event (Straub, 1989). There are two types of procedures for determining the construct validity of an instrument: When AVE is more than 0.5, convergent validity refers to the degree to which multiple attempts to gauge the same concept agree.

Discriminant validity refers to the degree to which the measures of different notions are distinct.

6.6 Discriminant Validity

Discriminant validity is a method of guaranteeing that one concept stands out from the rest. The Fornell–Larcker criterion can also be used to determine discriminant validity using AVE: each latent variable's square root should be greater than its correlation with every other latent variable. This means that each latent variable's variance with its block of indicators is bigger than any latent variable's variance with any other latent variable. In SmartPLS output, the square root of AVE appears in the diagonal cells of the Fornell-Larcker criterion table, and correlations appear below it. In absolute value words, discriminant validity exists if the top number (which is the square root of AVE) in any factor column is greater than the numbers (correlations) below it.

One may conclude that discriminant validity is not an issue when the square root of AVE or correlation is positioned on the table's diagonal, as shown in Table 3, and it is higher than the other values in the column. In this study, the AVE of the latent variable 'EDRM' is 0.558; hence its square root is 0.747. This figure is higher than the correlation values in the EDRM column. The results indicate that discriminant validity has been established.

	FDDM	FC	L.D.	ГD	EVD	FID	DUD	COD	DDC	COD	8000
	EDKM	EC	EP	EK	EXK	FIK	PHK	SOK	BBC	SOK	SOCO
EDRM	0.747										
EC	0.455	0.834									
EP	0.510	0.487	0.743								
ER	0.366	0.373	0.570	0.748							
EXR	0.376	0.285	0.440	0.285	0.752						
FIR	0.596	0.431	0.339	0.531	0.317	0.835					
PHR	0.541	0.344	0.473	0.304	0.575	0.497	0.802				
SOR	0.505	0.398	0.503	0.168	0.496	0.312	0.538	0.846			
BBC	0.334	0.476	0.678	0.576	0.327	0.334	0.446	0.428	0.760		
SOR	0.241	0.761	0.399	0.162	0.190	0.258	0.262	0.319	0.464	0.762	
SOCO	0.248	0.558	0.614	0.453	0.164	0.272	0.355	0.373	0.646	0.523	0.801

6.7 Factor Loading, P-Values and T-Statistics

Factor structure should be simple in an ideal world, which means projected loadings should be greater than 0.7 (Some people use .4). All of the indicators in the table above loaded properly on their respective factors. In a good model, indicators should load well on the items they're designed to measure, and cross-loadings with aspects they're not supposed to measure should be obvious. When each measuring item correlates weakly with all other constructs save the one with which it is theoretically connected, discriminant validity is proven. When the correlation of the latent variable score with the measurement item must indicate an adequate pattern of loading, in which the measurement item loads heavily on their theoretically assigned component but not heavily on others. All of the loadings in this scenario revealed a more appropriate pattern loading than the cross loading of the other variables. At the very least, no indicator variable should have a greater correlation than the others.

When the correlation between the latent variable score and the measurement item must show a sufficient pattern of loading, in which the measurement item loads significantly on their theoretically assigned component but not on others. In this instance, all of the loadings revealed that the pattern loading was more appropriate than the cross loading of the other variables. At the very least, no indicator variable should have a larger correlation with another latent variable than it does with its own latent variable. If it does, the model has been provided incorrectly.

Table 4. Descriptive and factor loading

	Factor Loading	Mean (M)	(STDEV)	T Statistics (FL/STDEV)	P-Values
BBC1 <- EDRM	0.787***	0.498	0.052	15.063	0.000
BBC2 <- EDRM	0.722***	0.586	0.049	14.708	0.000
BBC3 <- EDRM	0.783***	0.679	0.035	22.415	0.000
BBC4 <- EDRM	0.736***	0.630	0.038	19.140	0.000
MRWD1 <- EDRM	0.718***	0.582	0.049	14.600	0.000
MRWD2 <- EDRM	0.703***	0.568	0.041	16.990	0.000
MRWD3 <- EDRM	0.711***	0.422	0.066	10.723	0.000
MRWD4 <- EDRM	0.764***	0.476	0.058	13.131	0.000
MRWD5 <- EDRM	0.775***	0.489	0.049	15.711	0.000
SOCO1 <- EDRM	0.802***	0.695	0.039	20.460	0.000
SOCO2 <- EDRM	0.704***	0.703	0.031	22.401	0.000
SOCO3 <- EDRM	0.795***	0.690	0.031	26.038	0.000
SOCO4 <- EDRM	0.750***	0.645	0.043	17.242	0.000
CRBC1 <- Export Capabilities	0.750***	0.753	0.032	23.643	0.000
CRBC2 <- Export Capabilities	0.773***	0.772	0.028	27.664	0.000
INC1 <- Export Capabilities	0.701***	0.554	0.051	13.659	0.000
INC2 <- Export Capabilities	0.726***	0.481	0.059	12.378	0.000
INC3 <- Export Capabilities	0.789***	0.500	0.060	13.248	0.000
INC4 <- Export Capabilities	0.714***	0.713	0.037	19.396	0.000
PDC1 <- Export Capabilities	0.829***	0.829	0.024	33.834	0.000
PDC2 <- Export Capabilities	0.848***	0.849	0.016	53.046	0.000
PDC3 <- Export Capabilities	0.865***	0.763	0.028	30.654	0.000
EXR1 <- Export Resource	0.706***	0.602	0.051	13.958	0.000
EXR2 <- Export Resource	0.715***	0.573	0.063	11.257	0.000
EXR3 <- Export Resource	0.713***	0.608	0.037	19.319	0.000
FIR1 <- Export Resource	0.746***	0.636	0.048	15.530	0.000
FIR2 <- Export Resource	0.713***	0.476	0.069	10.374	0.000
SOR1 <- Export Resource	0.744***	0.640	0.049	15.222	0.000
SOR2 <- Export Resource	0.710***	0.601	0.048	14.849	0.000
PHR1 <- Export Resource	0.726***	0.724	0.037	19.661	0.000
PHR2 <- Export Resource	0.737***	0.737	0.029	25.328	0.000
PHR3 <- Export Resource	0.767***	0.661	0.046	16.703	0.000
FIPR1 <- Export Performance	0.800***	0.694	0.037	21.588	0.000
FIPR2 <- Export Performance	0.828***	0.830	0.016	50.958	0.000
FIPR3 <- Export Performance	0.845***	0.844	0.019	45.139	0.000
PPST1 <- Export Performance	0.866***	0.758	0.035	24.937	0.000
PPST2 <- Export Performance	0.721***	0.588	0.055	13.139	0.000
SRPR1 <- Export Performance	0.833***	0.730	0.031	27.142	0.000
SRPR2 <- Export Performance	0.864***	0.761	0.025	35.268	0.000
SRPR3 <- Export Performance	0.801***	0.695	0.038	20.856	0.000

Note. *** P < 0.001 (SmartPLS 33.3, 5000 bootstrapping samples.

6.8 Structural Model Results

Hair et al. (2017) proposed assessing the structural model by looking at the R^2 , beta (β), and matching t-values using a bootstrapping approach with a resample of 5,000. They also suggested that, in addition to these core measures, researchers should reveal the effect sizes (f2). A p-value can tell you whether or not there is an effect, but it can't tell you how big it is, according to Sullivan and Feinn (2012). When reporting and analysing studies, both substantive significance (effect size) and statistical significance (p-value) are relevant results to convey (p. 279).

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Table	<u>ہ</u>	Unality	criteria
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	R Square	R Square Adjusted
EDRM	0.321	0.318
Exporting Capabilities	0.428	0.424
Export Performance	0.617	0.612

The R^2 values for each endogenous variable indicate how much variance is explained by the model (Lages et al., 2009a). The condition R^2 conditions were met by all endogenous variables. However, the total model explained 61.7 percent of the variance in export performance, 32.1 percent in exporter-distributor relationship management, and 42.8 percent in exporting competence.

6.9 Hypothesis Testing

Table 6 illustrates that fourteen (14) of the twenty-five (25) hypotheses with sub hypothesis were supported, with the bootstrap t-values for eleven routes and their corresponding path coefficients failing to satisfy the recommended cut offs.

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Hypothesis	Relationship	β path	Mean (M)	Standard Deviation	T- Statistics	P Values	Decision
		coefficient		(STDEV)			
H1	$ER \rightarrow EC$	0.004	0.003	0.063	0.070	0.945	Not Supported
Hla	EXR -> EC	0.034	0.036	0.053	0.642	0.521	Not Supported
H1b	SOR -> EC	0.015	0.015	0.056	0.261	0.794	Not Supported
H1c	PHR -> EC	(0.096)	(0.090)	0.062	1.536	0.125	Not Supported
H1d	FIR -> EC	0.081	0.076	0.062	1.292	0.197	Not Supported
H2	ER -> EP	0.187	0.187	0.050	3.744	0.000	Supported
H2a	$EXR \rightarrow EP$	0.188	0.190	0.061	3.101	0.002	Supported
H2b	SOR -> EP	0.271	0.273	0.054	5.053	0.000	Supported
H2c	PHR -> EP	0.020	0.024	0.068	0.302	0.763	Not Supported
H2d	FIR -> EP	0.024	0.020	0.047	0.515	0.607	Not Supported
H3	$ER \rightarrow EC \rightarrow EP$	0.000	(0.000)	0.004	0.034	0.973	Not Supported
H4	ER -> EDRM	0.566	0.569	0.055	10.283	0.000	Supported
H4a	EXR -> EDRM	0.009	0.009	0.067	0.131	0.896	Not Supported
H4b	SOR -> EDRM	0.289	0.290	0.062	4.696	0.000	Supported
H4c	PHR -> EDRM	0.300	0.300	0.074	4.060	0.000	Supported
H4d	FIR -> EDRM	0.164	0.161	0.062	2.621	0.009	Supported
H5	EDRM-> EP	0.392	0.386	0.064	6.141	0.000	Supported
H5a	MRWD -> EP	-0.069	-0.072-	0.061	1.138	0.256	Not Supported
H5b	BBC -> EP	0.354	0.354	0.057	6.199	0.000	Supported
H5c	SOCO -> EP	0.271	0.273	0.054	5.053	0.000	Supported
H6	ER -> EDRM -> EP	0.222	0.219	0.042	5.298	0.000	Supported
H7	EDRM-> EC	0.652	0.658	0.045	0.652	0.000	Supported
H7a	MRWD -> EC	0.586	0.585	0.057	10.202	0.000	Supported
H7b	$BBC \rightarrow EC$	-0.003	0.000	0.059	0.046	0.964	Not Supported
H7c	SOCO -> EC	0.259	0.257	0.050	5.203	0.000	Supported
Control Variable	CV-> EP	0.342	0.350	0.053	6.500	0.000	Supported

Note. ER: 'Export Resource', EC: 'Export Capabilities', EDRM: 'Export-Distributor' Relationship Management', EP: 'Export Performance', CV: 'Control Variable', EXR; Experiential Resources, SOR: Scale of Operation Resources, PHR: Physical Resources; FIR: Financial Resources, MRWD: Out Come based Control; BBC: Behaviour-Based (Process) Control; SOCO: Social Control; CV: Control Variable



Figure 2. Exploring the relationship between export resources, export capabilities & controlling and managing foreign distributers with export performance model with SEM results



Figure 3. Exploring the relationship between export resources, export capabilities exporter-foreign distributers and export performance results

7. Discussion of the Hypothesis of the Study

H1: There is a significant and positive relationship between Export Resources and Export Capabilities

Export performance had no significant impact on export resources and capabilities ($\beta = 0.004$, P = 0.945 > 0.05).

As a result, H-1 is rejected. Fung et al. (2007), on the other hand, believe that a lack of corporate resources for analyzing and applying export market knowledge will lead to exporting companies making decisions based on gut instinct rather than informed strategic decision-making. Despite this, researchers disagree about the relationship between export resources and export capabilities. As a result, having resources alone might not be enough to establish export capacity.

H-2: There is a significant and positive relationship between Export Resources and Export Performance.

Export Resources has a significant and positive effect on Export Performance ($\beta = 0.187$; P = .000 <0.05). As a result, H-3 has been accepted. As a result, H-3 was accepted. This finding is in line with Kaleka's (2012) findings, which identify four types of competitive resources for exporters: physical assets, size of operation, financial assets, and experience in export market operations (2011). According to Kaleka (2012), the bulk of these critical resources have a favorable impact on a variety of outcomes in an inter-organizational setting.

H-3: Export Capabilities Mediate the Relationship between Export Resources and Export Performance

Export capabilities did not mediate the relationship between export resources and export performance ($\beta = 0.000$, P = 0.973 > 0.05). As a result, H-3 was rejected. The results of this study contradict those of previous studies. Learning and knowledge (Hung, 2010), institutional capital and managerial relationships (Lu et al., 2010), and social networks, for example, all serve as mediators between resources and performance (Pinho et al., 2016). The ability of a company to utilize and restructure resources over time in order to produce new types of long-term competitive advantage is referred to as dynamic capabilities (Pinho et al., 2016; Tan et al., 2015). Only a few competitors can match a company's assets, knowledge, and talents to gain a cost or differentiation advantage.

H-4: There is a significant and positive relationship between Export Resources and Exporter -Distributor Relationship.

Export Resources had a significant impact on the Exporter-Distributor Relationship ($\beta = 0.566$, P = 0.000 < 0.05). **As a result, H-4 was approved**. This result is in line with prior studies. According to Spyropoulou et al. (2018), these Resource talents combine to achieve strategic goals in export markets in exporter–foreign intermediary partnerships. Exporting firms manage intermediaries to create conditions that enable them to achieve targeted outcomes and contribute to the creation and implementation of the intermediary's strategic goals in order to generate value for their businesses (Sachdev et al., 1994; De Mortanges et al., 1999).

H-5: There is a significant and positive relationship between Exporter-distributer relationship and Export Performance.

The exporter-distributor relationship has a significant impact on export performance ($\beta = 0.392$, P = 0.000 < 0.05). As a result, H-5 has been accepted. The findings of this study stand up Knight's (2000) claim that export intermediaries have a significant impact on export performance. Intermediaries have a huge impact on SME export success, according to Trabold (2002) and Peng et al. (2001). It also agrees with Peng and Ilinitch (1998), who argue that export intermediates are specialized service businesses that connect local manufacturers and overseas clients by adding value to the export process and are essential to SME export success by giving value to the export process. Wilkinson and Nguyen (2003) also argue that strong exporter-intermediary relationships and coordination are required for successful export sales.

H-6: Exporter-Distributer relationships mediate the relationship between Export Resources and Export Capabilities.

The relationship between Export Resources and Export Performance was mediated by proper management of the Exporter-Distributor Relationship ($\beta = 0.222$, P=0.000 < 0.05). As a result, H-6 was approved. This study's findings are consistent with previous studies. According to Lu et al. (2010), the firm's ability to coordinate, recombine, and allocate resources to meet multiple demands mediates the resource-performance Relationship.

H-7: There is a Significant and Positive Relationship between Exporter-distributer Relationship Management and Export Capabilities.

The exporter and distributor's relationship had a significant and positive impact on export capability ($\beta = 0.652$, P = 0.000 < 0.05). As a result, H-7 was accepted. This discovery is in line with prior research findings. According to Ma (2006), the ability to develop positive relationships between exporters and export intermediaries is a potentially important intermediate resource base and export capability. According to Donaldson (1998), personal connection with the market and strong ties with channel members improve the exporter's capacity to plan and manage sales in export markets. It also agrees with Shipley et al. (1998), who claim that establishing informal relationships is the best way to manage and regulate Distributors. Strong bonds based on communication,

cooperation, and trust

Control Variable

Control variables were used to resolve validity problems. The company's exports Importance is a proxy variable for export intensity, which is defined as the ratio of export sales to total sales revenue (Westhead et al., 2001). The second control variable used in this study is the importance of the export relationship, as measured by the percentage of sales from this relationship with the foreign intermediary. This variable indicates the total exposure to potential opportunism and the requirements for coordination with the intermediary (Dekker et al., 2013).

8. Conclusion

Export performance and economic growth relationships are becoming increasingly important in international and regional development initiatives. The purpose of this research was to look into the relationship between export resources, exporting capability, and the relationships between exporters and overseas distributors, as well as their impact on export performance. The Ethiopian Chamber of Commerce and sectoral organizations submitted a list of exporters as the sampling frame. The companies were chosen at random from a pool of 300 exporting companies that met the following criteria: they were independent entities with a strong international focus, they earned a significant amount of money from export operations, they had at least five years of experience in the export business, and they had contact information for senior managers and experts.

To analyze the data, PLS-SEM (Partial Least Squares Structural Equation Modeling) was employed. Data validity and reliability were also assessed using a two-stage analytical technique. The impact of export capability and exporter-distributor relationship management on the relationship between export resources and export performance was investigated in this study. Exporter-Distributor Relationship Management mediated the linkage between export resources and export performance. Export capacity, on the other hand, was unable to mediate the relationship between export resources and export performance. Exporters are advised to maintain and promote exporter-intermediary relationships in order to boost export performance (MacKinnon et al., 2004).

9. Study Limitations and Direction for Further Research

A number of issues limit the conclusions and implications, emphasizing that more research is needed in this area. *To begin*, this study encompassed all exporters, including small, medium, and large export companies. Future research could examine at the distinctions between larger, medium, and small exporters in the export business, as each has varied resources, qualified staff, bargaining strength, and so on. *Second*, this study focused solely on the viewpoints of exporters, with no regard for the viewpoints of overseas distributors. As a result, other academics can conduct research from the perspective of international distributors. *Third*, the current analysis found that, contrary to earlier research, export capabilities failed to mediate the relationship between export resources and export performance. More research, such as focus groups or in-depth interviews with exporters, is required to have a greater understanding of the complexities. *Fourth*, subjective measures were used in this study due to the difficulty in acquiring aggregated export performance reports. *Finally*, the study suggests that as ties between exporters and foreign intermediaries grow so will exporters' ability to earn money.

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