



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

PROSPECTES AND CHALLENGES OF ENTERING INTO INTERNATIONAL MARKET;  
THE CASE OF EXPORTING EDIBALE OIL MANUFACTURING COMPANIES IN  
ETHIOPIA

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**Declaration**

I, Alayu Tesfaye, declare that this thesis work entitled “Prospects and challenges of entering into international market; the case exporting edible oil manufacturing companies in Ethiopia” is my own original work. I have carried out it independently with the guidance and suggestions of my research advisor and it has not been presented in any other awards in Addis Ababa University or in any other University.

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Signature



Date

July 09, 2024

### **Certification**

*This is to certify that Alayu Tesfaye has carried out his thesis work on the topic of “Prospects and challenges of entering into international market; the case exporting edible oil manufacturing companies in Ethiopia” under my supervision. The work is original in its nature and it is suitable for submission in partial fulfillment of the requirement for the award of Master’s Degree in International Business.*

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### Board of Examiners

This is to certify that the research thesis entitled “**Prospects and challenges of entering into international market; the case exporting edible oil manufacturing companies in Ethiopia**” and submitted for partial fulfillment of the requirements for MSC in International Business at Addis Ababa University and meets the accepted standards with respect to originality and quality.

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## ACRONYMS

GDP	Gross Domestic Product
NBE	National Bank Of Ethiopia
MNE	Multinational Enterprise
MNC	Multinational Corporation
FDI	Foreign Direct Investment
SME	Small and Medium Enterprise
SWOT	Strength, weakness, Opportunity & Threat
TCA	Transaction cost Theory

## Absract

*The study aims at identifying the prospects and challenges of entering in to international market by exporting in case Ethiopia edible oil manufacturing companies. Data collected through primary source through interview. 12 respondents were participated in the survey based on purposive sampling method of sample. The interview question concern on firm's performance on domestic market, competitive advantage on international market, challenges engaged on international market and strategies used to overcome challenges and exploited opportunities in order to effectively perform in abroad market. As finding, Ethiopian edible oil manufacturing companies have unique advantages, for reason unique oilseeds, potential for organic production, fair trade opportunities, proximity to growing markets and lower labor cost. On other hand Ethiopian edible oil manufacturing companies have challenges to engage in international market by limited access to fiancé, raw material dependence, complex trade regulations, high costs, uncertain political climate, limited processing capacity and completion from established players. And also as findings, Firms can exploits' their opportunities and overcome the challenges to entering abroad market by using target strategic market, partner with experienced players, build brand recognition, address internal weakness, seek government support and highlight unique selling pointes. On this basis, it is recommended that Ethiopian edible oil manufacturing firms shall capitalizing opportunities through focus on specialty oils, target regional market, invest in oilseed production and also addressing challenges implement strict quality control measures, develop strong brand identity, increased processing capacity, partner with international logistics companies, explore duty free incentives, conduct through market research and participate in international trade shows.*

**Key words: Prospects, Challenges, Competitive advantage, international market**

## CHAPTER ONE

### 1. INTRODUCTION

#### 1.1 Background of the Study

Internationalization is defined as a multistage process in which the firms make the incremental efforts to strengthen their market involvement and gradually obtain commitments from foreign consumers (Johanson and Vahlne 1977). There are two incremental channels for the internationalization process of the firms (Contractor et al. 2003; Johanson and Vahlne 1977; Westhead et al. 2001). The first channel involves internationalization enabling the products and services of the firms to penetrate foreign markets by starting to export to an individual foreign country or establish export channels. The second channel involves new internationalized firms that are beginning to expand their operations abroad, such as developing sale subsidiaries and outsourcing their production to the favorable locations in the host countries (Westhead et al. 2001). However, export activities are the main focus of most internationalized firms from developing countries to address the problem of an insufficient domestic market because they offer the best option to develop the market nature and size with the smallest associated cost (Contractor et al. 2003).

Regardless of which internationalization strategies that the firms choose to implement, it is widely accepted that they always start with developing the market knowledge and exploration (Contractor et al. 2003). After this, the firms will make decisions about whether they should export or not. It is undeniable that an increase in market knowledge will not only stimulate or discourage firms' decisions to internationalize but also is the key in determining the success of almost all internationalized firms once they decide to participate in the global market (Chen & Hsu 2010). Indeed, the internationalization process is often implemented incrementally along with the increasing market knowledge.

According to many researchers the factors that influence internationalization of firms are firm specific factor of firm size and the location specific factor of market characteristics (Javalgi et al;

2003, manager's international orientation, industry structure, international network and foreign market potential (Rutihinda, 2011). Firm's reputation, employee competencies and ability and the firm's experience are factors that affect internationalization (Kanyagia, 2019).

Collinson (2012) said that the primary motivations for businesses to conduct international commerce include the need to increase sales, acquire resources, diversify their sources of sales and supply, and reduce competitive disadvantages.

Ethiopia, with its vast agricultural resources and growing manufacturing base, presents a compelling case for exploring the prospects and challenges of exporting edible oils. This study delves into the experiences of high and medium-scale manufacturing companies venturing into the international market.

Ethiopia boasts a significant advantage in the edible oil sector. The country is a major producer of oilseeds like sesame and niger seed, offering a strong foundation for domestic processing. International Labor Organization (ILO) reports highlight the "untapped export potential" in edible oils, with estimates suggesting a possibility of generating an additional USD 920 million. This signifies a lucrative opportunity for Ethiopian companies to participate in the global edible oil market.

Beyond economic benefits, exporting edible oils can contribute to national development. It fosters job creation within the manufacturing sector and stimulates growth among smallholder farmers who cultivate oilseeds. Additionally, successful exports can enhance Ethiopia's image as a reliable supplier of high-quality agricultural products.

Understanding the specific challenges faced by edible oil manufacturers is crucial. This study aims to bridge this knowledge gap by examining the experiences of these companies. By exploring their perspectives, we can identify the most pressing obstacles and develop effective strategies to overcome them.

Ethiopia's edible oil manufacturing industry holds promise for international market growth. However, the edible oil companies face hurdles in translating this potential into reality. This study aims to investigate the following:

Prospects: What are the potential benefits and opportunities for Ethiopian high and medium-scale edible oil manufacturers to enter the international market? This includes exploring the growing global demand for edible oils, potential export destinations with high demand, and the competitive advantage Ethiopian producers might possess.

Challenges: What are the key obstacles hindering these companies from successfully exporting edible oil internationally? This could encompass factors like limited production capacity, lack of international quality certifications, logistical constraints within Ethiopia, and competition from established international producers.

Overall, this study seeks to bridge the gap between Ethiopia's potential for edible oil exports and the current limitations faced by its manufacturers. By addressing these issues, the study can contribute to the growth of the Ethiopian edible oil industry and its successful integration into the global market.

## 1.2 Statement of Problem

A key concern for the globalized economy was the internationalization of businesses (Kauppinen and Juho 2012). But according to Zeng et al. (2008), a firm's global activities and outward migration provide a significant difficulty that must deal with in the present (Calabrò and Mussolino 2013). In line with this, internationalization is seen by Yamakawa et al. (2008) as the result of dynamic interactions between institutions and organizations. Similarly, internationalization was defined by Ruzzier et al. (2006) as "the process of mobilizing, assembling, and developing resource stocks for international activities". These causes a rise in small and medium-sized businesses (SMEs) are receiving more attention internationally, which makes the market extremely competitive for both developed and developing Impediments to internationalization, which help them compete in the current globalized world. According to a 2007 European Commission research on business internationalization, average worldwide commerce has increased by 6% since 1990 a rate that has outpaced the growth of the world's gross domestic product (GDP). Many nations have put laws into place to encourage SMEs to operate internationally and to accelerate national economic growth. The internationalization process was discussed by the authors (Nitu and Feder 2010; Rialp et al. 2005). These studies looked at the various causes for internationalization, such as the drive for global expansion, the entry strategy they had used, etc. Over the past few decades, small

businesses have expanded internationally as a necessity for their development (Hyari et al. 2012; Saixing et al. 2009). Similarly, Kuada (2006) claimed that by expanding its presence in other markets, the company strengthened its position as a participant in its home market.

Research on small-firm international expansion has been conducted by a number of authors, including Kuada (2006) and Etemad (2004). The findings of these researches indicate that small-firm international growth contributes to individual organizations' national success. This shows that the government assists in meeting foreign support needs by facilitating trade. According to the Organization for Economic Co-operation and Development (OECD 2005, 2009), exporting is these companies' most popular method of breaking into international markets. In a similar vein, Kazem and Van Der Heijden (2006) declared and saw export strategy as a means of SMEs' increased profitability and growth. But in order to comprehend how SMEs expand internationally, the conventional internationalization process approach is still pertinent and crucial (Zahra 2005). Many SMEs have expanded their operations outside of their native markets, and they will play a bigger part in driving future growth. In addition to being compelled to compete in global marketplaces and contributing significantly to the expansion of the economy, they are also facing international competition. The rise in SME internationalization made it easier for global marketplaces, technology, institutional restraints, and consumer tastes to undergo fundamental changes. As a result, contemporary communication and transportation technologies have emerged, science is becoming an increasingly important foundation for research and development, and businesses and individual consumers are becoming more globalized (Buckley 2009; Knight 2001).

The reason that the current study including in prospects and challenges on entering in to international market by exporting in the Ethiopian edible oil companies context is that policy makers and practitioners in Ethiopia are very interested in this topic and want to develop policies that encourage manufacturing companies to export and help established businesses get over obstacles to internationalization. Prospects and challenges on entering in to international market by exporting their products for Ethiopian edible oil manufacturing companies are interesting from a several angels. First, the amount of published research is quite little on the subject to the extent covering on the subject to the extent covering prospects and challenges on entering in to international market by exporting in the Ethiopian edible oil companies' context. Second,

Ethiopian economy is driven also by manufacturing, and therefore, governments are keen to grow this sector and expand its export potential. Third, Ethiopian edible oil manufacturing companies are expanding quickly and It makes a major contribution to the growth of the country. Edible oil manufacturing firms were seen by Ethiopian policymakers and practitioners as a means of fostering innovation, creating jobs, and advancing social and revitalization of culture. Ethiopian government policies, support systems, and edible oil manufacturing companies own attitudes toward doing business abroad have all much improved. Ethiopia, in particular, is facing balance of payments deficits; hence, the government must encourage its exporting to expand their foreign operations.

From the above scenario's, this paper main objective is to identify the prospects and the challenge face when Ethiopian edible oil manufacturing companies engaged internationally by means of exporting their products.

### 1.3 Basic Research question

- What are the prospects entering into international market in case exporting edible oil manufacturing companies in Ethiopia?
- What are the challenges entering into international market in case exporting edible oil manufacturing companies in Ethiopia?

### 1.4 Research Objectives

#### 1.4.1 General Objectives

The general objective of the study is to analyze the prospects and challenges faced by Ethiopian edible oil manufacturing companies when entering the international market.

#### 1.4.2 Specific Objectives

- ❖ Analyze the competitive advantages of Ethiopian edible oil producers.
- ❖ Evaluate the challenges faced by Ethiopian edible oil companies in entering the international market.

### 1.5 Significance of the Study

Here's why a study on the prospects and challenges of Ethiopian edible oil manufacturers entering the international market is significant:

**Increased Export Earnings:** Ethiopia has the potential to be a major player in the edible oil export market due to factors like abundant land, suitable climate, and labor availability. The study can identify the most viable markets and strategies to maximize export earnings, boosting the Ethiopian economy.

**Job Creation and Development:** A thriving export industry creates jobs in manufacturing, transportation, and logistics. The study can pinpoint areas where workforce development is needed to support the growth of the edible oil export sector.

**Improved Quality and Standards:** To compete internationally, Ethiopian producers will need to meet stringent food safety and quality standards. The study can assess the current state of compliance and recommend improvements, leading to a more competitive and higher-quality domestic industry.

**Technology Adoption and Innovation:** The study can identify areas where Ethiopian manufacturers need to invest in new technologies to increase efficiency and production capacity to meet international demand. This could lead to a more innovative and competitive domestic edible oil industry.

**Understanding the Global Market:** The study can shed light on global trends in consumer preferences, pricing, and competition in the edible oil market. This knowledge can help Ethiopian producers tailor their products and marketing strategies for specific target markets.

**Informing Government Policy:** By highlighting the challenges faced by exporters, the study can inform government policies that address issues like infrastructure bottlenecks, access to finance, and streamlining export procedures. This can create a more supportive environment for Ethiopian edible oil exporters. Overall; a study on this topic can be a valuable tool form;

**Ethiopian edible oil manufacturers:** to identify opportunities, navigate challenges, and develop successful export strategies and Ethiopian government to create policies that support the growth of the edible oil export sector and contribute to the country's economic development.

By addressing these aspects, the study can contribute significantly to the success of Ethiopian edible oil manufacturers in the international market.

## 1.6 Scope of the Study

Only the prospect and challenges of entering in to international business by exporting edible oil will be the subject of this study. The chosen study area aims to streamline the data collection process and optimize research use within the constraints of time and resources. It helps the researcher maintain concentration and obtain high-quality data while taking into account time constraints and other resource constraints.

## 1.7 Limitation of the Study

A thesis is always likely to encounter problems or limitations, whether due to research restrictions, case study companies or confidentiality issues (Saunders et al. 2012). An anticipated issue for this thesis was that of some interviewees being out of their office for work purposes. To overcome this issue phone or video calls were used which, whilst limiting the interview depth as factors such as body language could not be considered, was an acceptable alternative. Other issues included limited access to secure data, as this could delay company business advancement and disadvantage them to their competitors. This is also true of confidential data as, if the data provided contributes to the company's competitive advantage, interviewees may be unable or unwilling to disclose information, which could hinder the papers results. Limited interviewee numbers could contribute to skewed results, in that there may be limited information to make a substantial impact. The interviewees used were from different backgrounds which, whilst providing a broad set of results, might be too broad to analysis.

## 1.8 Organization of the Paper

The research study is divided into the following five chapters:

Highlights the research background and briefly introduces the research subject while including the issues and findings from earlier studies, On the basis of the problem statement and the explicitly stated research goals. In addition, it describes the study's importance, limits, and field of investigation. After this, the second portion of the study provided reviews of the relevant literature on the factors influence on international market, part three provided an overview of the research methodology, part four provided an analysis of the study's findings, and part five provided the study's conclusion and its implication.

## CHAPTER TWO

### REVIEW OF RELATED LITRATURE

#### 2.1 General Overview

In this chapter, theoretical reviews containing concepts, models and theories; empirical reviews and conceptual framework of the study will be addressed.

#### 2.2. Theoretical review

##### 2.2.1. International trade

Numerous academics and studies approached the development and significance of global trade in various ways. They all agreed that the exchange of products and/or services across several geographic boundaries constitutes international trade. Bowen (2013) asserts that the factors that influence international trade transactions are the unequal distributions of natural resources among states. Seyoum (2009) claims that free exchange of goods between nations began as early as 2500 BC, and that the First World War had an effect on how commerce would evolve going forward and how the global economy would grow. The interchange of products and services across national borders is another definition of international trade provided by him. Hill (2009) further clarified that all business dealings between two nations constitute international trade.

Kelly (2009) also covered international trade, emphasizing that it encompasses more than just cross-border investor purchases and sales of goods and services. Foreign direct investment, or FDI, is an opportunity provided by international commerce. Organizations engage in FDI for a number of reasons, including the establishment of offices, manufacturing, operations, and distribution facilities in support of the expansion of their global operations.

Reuvid (2008) outlined the two main categories of international trade. The first is whether or not the nation is able to create the good or service on its own. The second is that, despite their ability to produce the commodities and/or services, the countries will import them for various purposes and with various justifications. For example, if the cost of imported items is lower than that of locally made goods, it's possible that the imported goods are of higher quality, with superior design, technical characteristics, etc.

International trade, according to Seyoum (2009), enables producers, suppliers, and manufacturers to look for goods, services, and parts made in other nations. Such trade, or international trade, accounts for a sizeable portion of the gross domestic product (GDP) in the majority of nations. Countries would only be able to produce goods and services inside their own borders in the absence of international commerce.

Furthermore, Belay (2009) expounded on the advantages of global trade, including the acquisition of diverse commodities and services, the mitigation of production costs, the augmentation of revenue and employment, and the opportunity to gain knowledge about cutting-edge technical techniques employed overseas. Daniels (2015) posits that global events and competitors impact all organizations, irrespective of the size of their industry. They clarified that businesses that engage in international commerce do so with the goals of increasing sales, obtaining resources, and lowering risks. Different approaches can be taken by businesses to conduct international commerce. exports and imports of goods, exports and imports of services (non-merchandise international earnings such as exports and imports of services at which the payer is recognized as the service importer and the supplier and recipient of payments as the service exporter). Tourism and transportation-related activities are included in this industry, as well as service performance services including banking, insurance, management, and rental services. Trademarks, patents, copyright, franchising, licensing agreements, and other asset use are examples of investments. Foreign direct investment (FDI) refers to investments where the investor acquires a controlling interest in a foreign company. Portfolio investments, on the other hand, involve financial investments without a controlling interest in another entity.

According to Collinson (2012), "private and government enterprises have to decide how to carry out their business, such as the mode of operations to be used" when pursuing international commerce. Additionally, it is explained that the following are some of the main goals that could affect businesses doing business internationally: increasing sales; acquiring resources; diversifying sources of supplies and revenue; and minimizing competitive advantages.

Trade internationally opens up new markets and product opportunities for consumers and

nations. Because of the accessibility of transportation, the development of communication, and more affordable transportation and communication expenses for worldwide operations, business is now increasingly global. Bhalla (2013).

International commerce has risen significantly during the previous 10–20 years, as Kelly (2009) has observed. His analysis suggests that there are numerous ways to view the expansion of global commerce. The demand for international trade is increased by the dismantling of borders and barriers brought about by the social, political, and economic pursuit of freedom. This has therefore been made possible by the widespread use of open information and communication technologies (ICT), which facilitate collaboration, trade, and the eradication of linguistic, spatial, and temporal barriers as well as the integration of the financial, political, and legal systems. According to his definition, liberalization has led to greater capital goods and services movement in addition to increasing worker and immigrant mobility. Customers desire affordability, selection, and quality.

Customers seek out affordable, high-quality goods that are sourced globally. Businesses and consumers worldwide can now access the world through e-commerce and multinational corporations. Due to the quick development of e-commerce, businesses of any size, located anywhere in the world, can remain open for business around the clock. Worldwide company needs can be met by a single site.

International trade is more complicated than domestic trade because of significant trade obstacles that affect a nation's ability to conduct business. According to Bhalla (2013), businesses operating in international trade must navigate extremely uncertain and quickly changing environments, with norms that are more vague and conflicting than in domestic trade. Bhalla (2013) asserts that some environmental factors and dimensions, such as the foreign exchange market, the legal system, the rate of inflation in different cultures, and the language at which it becomes irrelevant to domestic company, are crucial for international commerce. Countries would only be able to produce goods and services inside their own borders in the absence of international commerce. Goods and services are imported and exported as a means of trade.

Gopal (2008) states that a nation's inward and outward movement of commodities and services (import and export) as a result of outflow and inflow of foreign exchange constitutes its foreign commerce (international trade). As one of the ways that nations are economically connected is through the trade of commodities and services, high government officials worldwide address the issue of what, how much, and to whom their nation should import and export. Shenkar (2015).

### 2.2.2. Marketing Definition and Theories

Numerous writers have provided various definitions of marketing throughout history. "Marketing is the process of planning, executing the conception, pricing, promotion, and distribution of goods and services," according to the American Marketing Association (AMA) (2006). Additionally, marketing is described as "the management process which identifies, anticipated and supplies customer requirement, efficiently and profitably" by the Chartered Institute of Marketing.

Kelly (2009) asserts that marketing is the lucrative management of client relationships. Creating value for consumers and obtaining value from them in return are the goals of marketing. We talked about the five steps in the marketing process: identifying the needs of the client, developing integrated marketing plans and customer-driven marketing strategies, cultivating customer relationships, and capturing value for the company. In conclusion, we go over the key developments and factors influencing marketing in this era of customer connections. Kelly (2009) made the same argument, stating that the marketing notion maintains those understanding target audiences' requirements and desires and providing the needed satisfactions more effectively than rivals are essential to accomplishing corporate goals. The marketing philosophy states that the routes to sales and profits are value and customer focus. The marketing notion is a customer-centered "sense and respond" mindset, as opposed to a product-centered "make and sell" philosophy. Finding the proper items for your consumers is the task at hand, not finding the right customers for your product. Once more, they contend that the importance of marketing is greater and encompasses society as a whole. New items that have improved or eased people's lives have been introduced and accepted thanks in part to marketing. When marketers innovate to strengthen their position in the market, it might serve as inspiration for improvements to already-existing items. In the past, a "market" was a real location where vendors and consumers came

together to exchange commodities. A market, according to economists, is a group of buyers and sellers who deal with a certain good or class of goods (like the housing or grain markets).

According to Kelly's (2009) description of the marketing process, producers go to resource markets (raw material, labor, and money markets), purchase resources, transform them into commodities and services, and then sell their completed goods to middlemen who then resell them to final consumers. Customers earn money by selling their labor and using it to pay for products and services. In order to purchase commodities from the resource, manufacturing, and intermediate markets and employ these goods and services to offer public services, the government collects tax revenues. The economies of every country and the world are made up of interdependent markets connected by trading processes.

Kelly (2009) makes the case for the significance of international marketing by saying that "risk can also be high, even though there are many opportunities for companies to enter and compete in foreign markets." If their home market were sufficiently sizable, the majority of businesses would choose to stay local. Nonetheless, given that overseas markets provide larger profit margins, businesses that sell their goods internationally are forced to do so. Conversely, other writers proposed that the core instruments for streamlining the marketing process are marketing communication.

IMC aims to directly or indirectly impact the chosen communications audience's behavior. IMC views all of a customer's or prospect's brand or company encounters with the product or service as possible avenues for future message delivery. In 2008, Larry. Consumers today are constantly exposed to a huge amount of information: store signage, product packaging, in-store point of sale materials, weather forecasts, traffic information, news updates in the press, on television, and radio, among other sources. Advertising is only one of the many things that consumers have to deal with on a daily basis. All forms of media have experienced an expansion in recent years. (Yeshin, 1998).

Building trust between a business and its clients is facilitated by marketing communications. It can be understood as the interchange of procedures to produce a gradual contextual impact on the association between the company and its clientele. In business-to-consumer marketing, advertising—more specifically, advertising in the mass media—has been crucial in helping

businesses achieve their communication and other marketing goals (HouPoh & Adam, 2007). One of the most crucial elements in determining an organization's performance in the marketplace is marketing communications. The rivalry is becoming more intense as an increasing number of businesses adopt marketing communication strategies to connect with their target audience. There are various applications for marketing communication; therefore it's critical to identify the one that will produce the most results (Linda, 2007). In addition to creating a quality product, offering it at a competitive price, and making it easily available, modern marketers also need to interact with the public and other current and potential stakeholders. Trade facilitation looks at ways to streamline and enhance regulations governing the flow of commodities across and within national borders in order to cut costs and delays.

### 2.2.3. Export Marketing

The most common way for businesses to interact with foreign markets is through export marketing, and knowing what influences export market success is essential to understanding why businesses are globally competitive (Morgan, Katsikeas & Vorhies, 2011). For many businesses worldwide, developing their export markets is increasingly more about survival than it is about choice (O'Cass & Julian, 2003). A rising number of businesses are internationalizing as a result of the world's economies' ongoing globalization and the fiercer rivalry that exists globally (Morgan, Katsikeas & Vorhies, 2011).

In the global economy, exporting is essential and offers businesses and nations many advantages. A company's ability to obtain a competitive advantage in international markets can have a positive impact on its current and future export performance, making exporting a crucial strategy for its survival or growth. As a result, many businesses have recently focused more of their attention and resources on exporting their goods to other markets (Moghaddam et al., 2011). Poorer countries can reduce poverty and experience faster growth through integration into global markets (Martinez & Poole, 2004).

### 2.2.4. Export marketing factors

"The attitudinal, structural, operational, and other constraints that hinder the firm's ability to imitate, develop, or sustain international operations" is how Leonidou (1995) characterized export barriers. (Hadididian, Baalbaki, Julian, Ahmed, 2004). Export issues or obstacles are

those limitations that prevent a company from starting, growing, or continuing its export marketing initiatives (Ahmed, Julian, Baalbaki & Hadidian, 2004). Problems with export marketing were divided into many categories by different academics. According to Tesfom and Lutz (2006), a few of them classified export issues into "internal" and "external" hurdles. Export issues were categorized by Delgado (2006) as being connected to three areas: the political and economic environment, processing and marketing, and production. A list of export barriers was created by Clarke (2013) and was divided into three categories: "generic," "product specific," and "market specific." "Export issues were divided into four categories by Karelakis (2008): "internal-domestic"; according to Karelakis, Mattas, and Chrysochoidis (2008), "external-foreign," "internal-foreign," and "external-domestic." In order to increase farmers' bargaining power, Bezabih and Hadera (2007) identified the following major marketing constraints: inadequate markets to absorb production; low prices for products; a high number of middlemen in the marketing system; a lack of marketing institutions to protect farmers' interests and rights over marketable produce (e.g., cooperatives); poor product handling and packaging; an imperfect pricing system; and a lack of transparency in the market information system, primarily in the export market (O'Cass & Julian, 2003). The World Bank (2004) listed the following as the main obstacles to Ethiopia's high-value export goods: high freight costs and limited cargo space; absence of a railway transport system; inadequate airport facilities; presence of unlicensed traders; and inadequate packaging systems. inadequate pre- and post-harvest infrastructure, difficulty obtaining bank loans, a dearth of qualified labor, and a lack of thorough market research (World Bank, 2004). Among the major issues facing Ethiopia's oilseed production are severe production seasonality, seasonal price changes, inadequate pre- and post-harvest management, the prevalence of pests and diseases, and a shortage of storage (Ahmed et al., 2004).

### 2.3. Dunning's Eclectic Theory

One of the most useful theories to describe the internationalization process is the eclectic paradigm of Dunning. According to Dunning (2001), he independently introduced the paradigm in 1976. At the Nobel Symposium on the International Location of Economic Activity in Stockholm, John H. Dunning, a professor of international business, presented their methodology. According to Dunning (2001), he has been working on its eclectic paradigm since the mid-1950s. Over the ensuing years, Dunning adopted the paradigm in response to shifting business practices

and shifting environmental conditions (Dunning, 1977, 1979, 1980, 1988, 1995, 1999, 2000 in Perlitz, 2004; Kutschker & Schmid 2006). According to Kutschker & Schmid (2006), Dunning views his method more as an amalgam of diverse elements (eclectic) that are combining to form a paradigm rather than a sound theory, which is where the term "eclectic paradigm" originates. Dunning's approach was referred to as "systemic theory" in the past, but from 1988 onwards, it has been named the "eclectic paradigm" (Dunning (2001), Dunning (1977) in Kutschker & Schmid, 2006). According to Dunning's paradigm, a company's foreign operations depend on a number of variables. Due to the significance of three elements, the eclectic paradigm is frequently described as a three-tiered framework: ownership-specific advantages, locational advantages, and internalization incentive advantages, or what Dunning (2001) refers to as "the OLI characteristics." According to Perlitz (2004), Dunning looks at how these —OLI benefits affect businesses and how they expand their production facilities overseas. In actuality, the transaction cost theory and the eclectic paradigm have some common ground.

The ownership advantages are the 'why' of MNE actions, according to Dunning (1993). For businesses, the question is: Why move overseas? According to Kutschker & Schmid (2006), Dunning alludes to methods of obtaining a monopolistic advantage through ownership advantages.

Three groups of O' benefits are identified by John H. Dunning, according to Kutschker & Schmid (2006). According to Kutschker & Schmid (2006), a company's long-term survival above other market competitors confers a number of advantages. According to Dunning (1993), these benefits include economies of scale, access to markets, organizational and marketing systems, R&D activities, innovatory capabilities, and brand loyalty. Second, according to Kutschker & Schmid (2006), there are benefits associated with a company's global presence, including improved resource accessibility. Thirdly, advantages like technology, patents, or management expertise are mentioned, which are unrelated to a company's lengthy history or global reach. When a business has particular ownership benefits, it can engage internationally without incurring fees. Extra ownership benefits are viewed as a requirement for businesses operating in another nation.

Location Benefits According to Dunning (1993), the "where" of production is one of the geographical advantages. Where in the world should production overseas begin? According to Kutschker & Schmid (2006), Dunning makes reference to location hypotheses based on their advantages. Generally speaking, location advantages refer to the fact that some places are better than others for carrying out specific activities. In addition to "tax and other incentives," Dunning (1993) also mentions "the possession of natural resources and communication infrastructure." Other determinants include the cost of labor and materials, the size and nature of the market, and government regulation. The main idea is that a business should relocate to a foreign nation when doing so will benefit it even more. L'advantages are viewed by Welge & Holtbrügge (2003) as a prerequisite for foreign direct investments.

Benefits of Internalization Dunning (1993) views the internalization advantages as the \{method\} of engagement. The query is: How will a business expand internationally? According to Dunning (1993), export results from internalization advantage. According to Dunning (1993), there are advantages to control markets and guarantee supply stability at the appropriate price. want to preserve property rights while lowering transaction or information costs, buyer misunderstanding or ambiguity, etc. The most crucial thing to remember is that the benefits of OLI cannot be taken into account in isolation. They are connected. Three more elements impact an enterprise's decision to go global: the county or region, the industry or activity, and the firm (Dunning, 1993).

#### 2.4. Transaction cost analysis

Transaction Cost Analysis (TCA) is another extensively utilized international organization-based theoretical perspective in international entrance mode research. The strategy looks for environmental elements that, when paired with a number of associated human aspects, help to explain how companies should structure their transactions to minimize transaction costs. The two most significant environmental elements are asset specificity and uncertainty, while the two most significant human factors are constrained rationality and opportunism. Since intermediaries can be replaced, the ability of independent channel members to be had opportunistically is limited by competitive foreign markets for intermediary services. However, when markets collapse, it's possible that behavior can no longer be inexpensively controlled. When an exchange requires one party to invest in tangible or intangible assets that have no other use outside of that

exchange, it is a required condition for market failure. A large numbers bargaining scenario, or one in which there are several intermediaries accessible, is reduced to a small numbers position as a result of such investment. According to John and Weitz (1988), "Because non-re-deployable specific assets make it costly to switch to a new relationship, the market safeguard against opportunism is no longer effective." In foreign markets with similar conditions, businesses are more likely to use relatively integrated channels where opportunism can be thwarted by exercising legitimate authority, keeping an eye on behavior, and providing a wider range of incentives than can be employed with independent channel members. Research by Anderson & Coughlan (1987) and John & Weitz (1988) has provided empirical evidence in favor of the beneficial impact of asset specialization on channel integration. Until now, the external uncertainty construct in TCA has been considered as an additional aspect of market failure and handled as a one-dimensional entity. Given constrained rationality, high external uncertainty makes it impossible to write and enforce contracts for contingent claims that outline every scenario and appropriate action (Anderson and Weitz 1986). It creates the possibility for outside intermediaries to act opportunistically and permits the development of negative information asymmetries. As stated by Williamson (1975), "The bounded rationality constraint is binding and an assessment of alternative organizational modes, in efficiency respects, becomes necessary when, however, 12 transactions are conducted under conditions of uncertainty/complexity, in which event it is very costly, perhaps impossible, to describe the complete decision tree." As per this hypothesis, companies expand internationally due to their competitive edge over rivals in the market, which includes access to better technology or knowledge edge, goods, processes, or patents, easier access to financing, and stronger corporate governance. By retaining a cost advantage, businesses can outperform their desired market share and enhance their company success in global markets..

## 2.5 The resource-Based view

A novel and intriguing theoretical paradigm for firm internalization is the resource-based approach. The mainstream theories and models of corporate internalization partially disregard decision-makers' strategic viewpoint. Consequently, the resource-based perspective could prove to be a valuable theoretical framework for broadening its scope to encompass the internationalization of firms and their distinct resources that serve as competitive advantages, enabling them to flourish and effectively penetrate global markets (Ruzzier, et al., 2006).

According to Yehulashet (2015), the resource-based viewpoint offers a theoretical framework for the importance of various resource kinds to a firm's overall performance and competitiveness.

The diversity of businesses and the surroundings in which they operate creates challenges in defining and recognizing the essential resources needed by the organization for internationalization. Furthermore, as noted by Brouthers and Hennart (2007), the resource-based view—which encompasses knowledge-based and organizational capabilities theories—suggests that businesses create unique resources that they can use to their advantage in international markets or use those markets to find or create new resource-based benefits. They added that one of the first resources to be investigated in connection with entry mode selection was experience.

Firms that have expertise in foreign markets over time are able to transition from straightforward exporting operations to more complex joint venture operations. Additionally, they have proposed that experience in overseas markets offers a firm-specific advantage. Resource-based theory also offers theoretical justifications for the firm's diversification strategy. The kind of resources the corporation has at its disposal and market prospects in a novel setting both impact this course. International company strategy and performance are seen to be determined by internal organizational characteristics, according to the resource-based paradigm. The resource-based approach holds that valuable company resources, both material and immaterial, are usually hard to come by, difficult to replace, and lack direct alternatives.

The resource-based perspective states that businesses create special resources that they can utilize in overseas markets or that they can employ in overseas markets to obtain new resource-based advantages. By creating or obtaining a collection of firm-specific resources and talents that are valued, rare, imperfectly imitable, and lacking easily accessible alternatives, firms can reap resource-based benefits. The primary theoretical framework that has influenced the study is Resource Based View (RBV). It is believed that having exceptional resources explains why medium-sized businesses in the same sector and region react to export stimuli differently: one starts an export business and can fulfill its export orders, while another one that is similar cannot. According to Irungu and Ndegwa (2010), the primary explanatory element for a firm's internationalization is its internal resources, whether they are material or intangible.

## 2.6. Empirical study

Many businesses are motivated to expand into foreign markets by the need to do so in an increasingly globalizing economy. It is important to define the term precisely before moving on

to discuss what has been written about the internationalization choice process in research and studies conducted throughout the world. The term "internationalization" has been defined by various researchers and intellectuals from various angles. Welch and Luostarinen (1988) pointed out that the lack of a precise definition makes it challenging to discuss. Additionally, they clarified that the phrase is typically used in an ambiguous manner to describe outward migration in the international operations of individual enterprises or groupings of organizations, as well as the process of increased engagement in worldwide market operations.. According to Wright and Ricks (1994), referenced in McDougall and Oviatt (2000), firm-level business activity transcends national boundaries and emphasizes the relationship between businesses and the global settings in which they operate. The selection of the market, the timing of the entry, and the style of entry are the main factors in the decision-making process for the 19 internationalization (Hermannsdottir, 2008). The world becomes a smaller place as a result of globalization, which facilitates both local and international trade between nations. Small and large businesses across the globe may engage in the internationalization process in an effort to increase their profits. As a result, several academics and researchers have focused more on the variables that affect the internationalization process and how it affects their company's performance.

In addition to supporting a strategy tripod, Olawumi Dele's (2013) research indicates that an institution-based perspective on international entry decisions, when combined with transaction cost and resource-based perspectives, will also significantly clarify some of the most important issues facing these decisions. According to Deuer's (2013) research on the factors influencing the decision to internationalize a firm from a developing market context: the case of Bolivian firms, companies from developing countries initially enter markets with lower quality demands, gradually improve their quality, and then enter markets with higher quality demands. These companies internationalize themselves based on the comparative advantage of their home country over other domestic firms.

Furthermore, business group affiliation and company age were found to positively influence the I-P associations in Singla and George's (2013) study on the relationship between internationalization and performance. This suggests that the benefits are deeper, more institutional, resource-based, and legitimizing. According to a study by Stucchi et al. (2015) titled "The Effect of Institutional Evolution on Indian Firms' Internationalization," institutional

reforms that are focused outward are most likely to benefit domestic enterprises' internationalization. The degree of technological advancement, the host country's high market potential, price stability, controlled inflation, and the host nation's and the home country's favorable monetary and government policies were found to be significant factors influencing the decision to increase international investments in a study conducted by Olawumi Dele (2013) on Nigerian manufacturing firms. Furthermore, a study conducted in 2012 by Odhiambo discovered that the internationalization process has been impacted by international pricing, local market dynamics, government regulations, globalization, competition, opening up of international markets, business size, and corporate culture. 20 Irungu and Ndegwa's (2010) study conducted in Kenya revealed that the primary determinant of a firm's internationalization decision-making process was the firm's internal resource capacity. However, because there have been few studies on the factors driving the internationalization of export enterprises, research on the Ethiopian setting has primarily concentrated on export hurdles and performance.

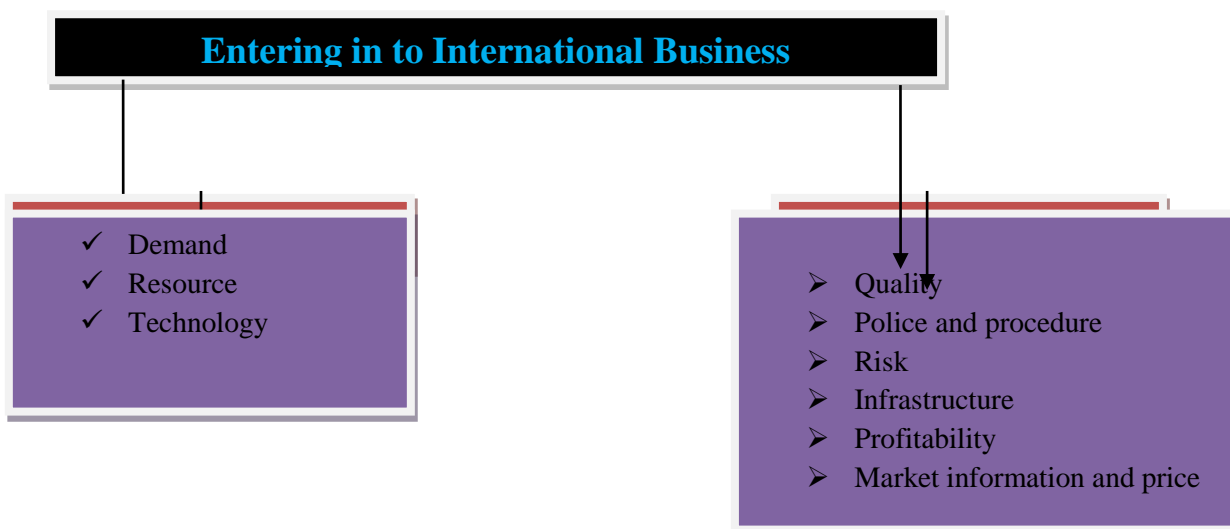
A previous study on the leather industry by Abdurrahman (2012) stated that the absence of modern processing equipment, inadequate market information, low processing human skills, limited technological capabilities, and structural issues were the reasons why the leather industry was not globally competitive. Firm size was determined to be the most important driver of SMEs internationalization process by Yehulashet (2015) study on Determinants and Impediments in the internationalization process of Small and Medium size manufacturing firms in Ethiopia.

Furthermore, his research revealed that the impediments to it include logistics issues, inadequate funding, functional obstacles, insufficient knowledge and information on exports, procedural hurdles, and barriers related to international trade. The process of choosing an entrance route in emerging nations typically involves exporting products and services. Export intensity and business performance, as determined by a company's total export sales, are positively correlated. Alubel (2017) conducted research on the evaluation of variables influencing the choice of entry mode for businesses (foreign enterprises in Ethiopia). The study specifically attempted to examine how entrance method choice is influenced by internal (product variables, company size, and foreign experience) and external (target country market, production, environmental, and firms home country aspects) considerations for businesses. According to the study, factors related to a company's home nation have a negative and statistically significant impact on the decision to choose a joint venture over a green field investment, whereas those related to the

company's size have a positive and statistically significant influence. Negusu (2020) conducted a study on the factors influencing export marketing performance. The study's independent variables—firm characteristics, market characteristics, product characteristics, market orientation, export marketing strategy, and entrepreneurial orientation—were found to have no significant positive influence on export marketing performance. The case of Ethiopian exporters revealed this.. In order to reduce the difficulties associated with internationalization in the future, amrat (2014) reports that a study on the difficulties faced by Ethiopian SMEs in their internationalization efforts attempted to identify the obstacles to their internationalization efforts. The study's findings demonstrate that Ethiopian SMEs faced difficulties from both internal and external sources. The lack of internationalization, marketing and information knowledge, export item quality, unique foreign consumer preferences, product requirements in the export market, and government support were found to be the main challenges, as indicated by both the qualitative and quantitative results. The qualitative research also revealed additional challenges, such as linguistic and cultural barriers, a lack of working capital, ineffective production, rising local demand, supply chain and logistics, competition, a lack of institutions to support internationalization, and the general business environment. The overall results demonstrated that the challenges connected to the industry, export market, firm, product, and macro environment all had an impact on the internationalization efforts of Ethiopian SMEs.

## 2.7 Conceptual Framework

Based on the above theoretical and empirical studies the following conceptual framework was developed.



## CHAPTER THREE

### RESEARCH METHODOLOGY

In this part of the study the different methods, instruments, and techniques used such as: a detail description and justification of the methodological choices made to conduct this study, presents the research design, data collection methods including how they are analyzed, interpreted, and discussed.

#### 3.1 Research Approach

A qualitative research approach uses strategies inquiry including narratives, ethnographies, case studies, observations, interviews, and the results are communicated subjectively through descriptions using words rather than numbers (Creswell, 2003). Moreover Qualitative researchers tend to use open-ended questions so that Participants can express their views. Under this method contact with the field of research may be based on interviews, observations, or analysis of documents and other artifacts. In addition, literature studies are performed to the extent required to develop sensitivity in observation and interpretation (Atkinson and Hammersley, 1994).

When using a qualitative approach, the researcher frequently bases knowledge claims on constructivist viewpoints (i.e., the various meanings that people's experiences have that have been socially and historically constructed, viewpoints (i.e., political, issue-oriented, collaborative, or change-oriented) or both. It also employs investigative techniques like case studies, ethnographies, grounded theory research, and narratives. Developing themes from the data is the main goal of the researcher's open-ended, emergent data collection (Creswell, 2002).

#### 3.2 Research Design

The design of this research is descriptive since it allows the collection of data through interview that helped to find out the opinion of the population. I used qualitative approach is preferred for better understanding of a research problem. It requires describing the prospects and challenges entering into international market by case exporting edible oil manufacturing companies in Ethiopia.

### 3.3 Target Population, Sample Size, and Sampling Technique

#### 3.3.1 Target Population and Sample Size

The target population of the study was companies who are involved in edible oil manufacturing in Ethiopia. The researcher has randomly selected 10 edible oil manufacturing companies in Ethiopia and 2 related other stakeholders as a respondent.

#### 3.3.3 Sampling Technique.

According to Diamantopoulos (2004), a population is a group of items that a sample will be drawn from. A sample, on the other hand, refers to a set of individuals/companies/ selected from an identified population with the intent of generalizing the findings to the entire population. A sample is drawn as a result of constraints that make it difficult to cover the entire research population (Leedy and Ormord, 2005). Hence, sampling makes the study to become feasible. The sampling technique applied for the study was probability sampling (simple random sampling) for selecting export companies and non-probability sampling (Purposive Sampling) for selecting respondents. The researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Sheppard 2006). The reason that the researcher applied to select the sample using purposive sampling was the respondents who used to participate in performing and managing the international trade activity of the firm were assumed to have thorough understanding on international business as well they were on middle and top level management positions.

Using a non-probabilistic method called purposeful sampling; researchers can choose the examples with the most information to help answer their study question. In this case, companies would be selected according to predetermined standards. For example, we could target exporting enterprises to different regions or companies with varying sizes (high vs. medium). In-depth interviews with important informants, including business leaders, industry experts, and government officials, are made possible by this focused strategy. The research provides a more comprehensive understanding of the opportunities and challenges at hand by capturing a variety of viewpoints.

### 3.4 Data Type, Data Source, and Data collection

It is important to choose the suitable data collection method in order to enable us to answer our research questions. The type of data collection method is a great value to interpret them properly. For possible achievement of the objective of the paper the researcher used primary data. A primary source of data, the study need to have the raw data to have understanding on the perception of the designated party's perception on the research area. The primary data was gathered from the owner, general manager of the company from randomly selected companies and government officials.

### 3.5 Methods of Data Analysis

Ethiopia offers a good environment for producers of edible oil looking to enter the global market because of its abundant agricultural resources. Navigating the world trade market, however, presents both great opportunities and formidable obstacles. In order to have a comprehensive comprehension of these dynamics, a qualitative data analysis methodology will be utilized.

**In-Depth Interviews:** The cornerstone of this research will be in-depth interviews with key stakeholders. This will involve engaging with:

**Company representatives:** Interviews with managers and executives from edible oil manufacturing companies will provide insights into their motivations for exporting, target markets, and perceived opportunities. Understanding their perspectives on product differentiation, marketing strategies, and compliance procedures will be crucial.

**Thematic Analysis:** A thematic analysis of the gathered interview data will be conducted.

Finding, classifying, and interpreting recurrent topics in the interviews is part of this iterative process. These topics could include:

**Prospects for Ethiopian edible oil exports:** This analysis will reveal perceived advantages Ethiopian producers possess, such as unique oilseed varieties or competitive production costs.

**Challenges faced by exporters:** Themes around obstacles encountered by companies, including limited access to finance, complex logistics, or stringent quality standards in target markets will be explored.

Strategies for successful market entry: It will provide insights into how businesses intend to overcome obstacles and seize opportunities. This could entail investing in certifications, forming strategic alliances, or concentrating on particular market niches.

Ethical Considerations: Informed consent will be obtained from all participants. Data confidentiality will be maintained throughout the research process.

Expected Outcomes: For Ethiopian exporters of edible oil, this study will offer insightful information about the possibilities of the global market. It will highlight the most important issues that must be resolved and offer solutions so Ethiopian businesses may get over these barriers and successfully compete on the international market.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS AND INTERPRATION

This chapter deals with data presentation, interpretation and analysis of the study. Analysis is also made based upon the findings in relation with the literature reviewed.

To answer those research questions and to meet the main objectives of the research 12 interviewees (10 edible manufacturing companies and 2 other stakeholders were interview questions prepared and intervened, who are mainly involved in edible oil manufacturing business in Ethiopia.

#### 4. 1 Introduction Part

The first part of the interview question as an introduction, which mainly explain companies' history and domestic experience.

1, When was the company founded?

Out of ten companies, five have been established for over a decade, and the other five are less than five years old.

2, what opportunities have the company realized so far in the domestic market? Respondents are realized a few domestic market opportunities: - these are

- ✚ Import substitution: Ethiopia gets a large amount of its edible oil from imports. By processing locally obtainable oilseeds like sesame, niger seed, sunflower seeds, and peanuts, domestic businesses might close this gap. By doing this, Ethiopia's economy is able to retain money and become less dependent on imports.
- ✚ Growing domestic demand: Ethiopia's population is on the rise, and with it, the demand for edible oils. Companies can cater to this growing need by expanding production capacities.
- ✚ Production of value-added products: There's potential to create high-value products from Ethiopian oilseeds. For instance, processing and bottling sesame oil for niche markets can be quite profitable.

- ✚ Supplying to other sectors: The byproducts of oilseed processing, like oilcake, can be used as animal feed, and creating another revenue stream for these companies.

### 3. What were challenges faced by the company so far?

Respondents have addressed several hurdles in running their businesses. Here are some of the key challenges:

- ✚ Limited access to finance: Obtaining loans or investments can be difficult for these companies, hindering their growth and ability to upgrade machinery.
- ✚ Unreliable supply of raw materials: Fluctuations in domestic oilseed production and competition for these resources can make it difficult for manufacturers to secure a steady supply.
- ✚ Infrastructure limitations: Ethiopia's transportation network is not always dependable, which causes delays in bringing manufactured goods to market and raw materials to companies. Production might also be hampered by power disruptions.
- ✚ Quality control issues: Meeting quality standards set by the government can be a challenge for some manufacturers, especially smaller ones. This can limit their ability to compete with imported edible oils.
- ✚ Competition from imports: Imported edible oils, often cheaper due to economies of scale, can be tough competition for domestically produced options.
- ✚ Foreign currency scarcity: Importing essential processing equipment or even raw materials from abroad can be difficult due to a shortage of foreign currency.

### 4. What has been the level of competition throughout the life of the company?

The level of competition for Respondents has likely evolved over time, but it can be generally described as increasing. Here's a breakdown of possible trends:

**Early Stage (Limited Competition):** There may not have been as much rivalry at first if the industry is relatively young. Smaller companies may have concentrated on regional markets with little rivalry from other countries.

Growth Stage (Rising Competition): There was probably more domestic competition as the sector developed. As more businesses join the market, they compete for market share.

Current Stage (Multi-faceted Competition): Competition nowadays most usually has multiple layers: Businesses fight for distribution channels, resources, and loyal customers. Reputable, reasonably priced international companies put pressure on both price and brand awareness.

5. Is the company effectively producing and competitive in the domestic market? Respondents are not fully competitive with imports yet, but they are making progress. With continued investment and addressing key challenges, they have the potential to become a more dominant force in the domestic market.

#### 4.2. Competitive advantage

The second part of interview question is about competitive advantage, which gain entering into international market.

6. What unique advantages do Ethiopian edible oil producers possess compared to international competitors in international market? (Question for all stakeholders)

Respondents have addressed several unique advantages they can leverage compared to international competitors in the international market, especially for certain niches:

- ✚ Unique Oilseeds: Ethiopia cultivates oilseeds like niger seed, which are not as widely grown elsewhere. These can offer a unique taste and health profile to international consumers looking for specialty products.
- ✚ Potential for Organic Production: Ethiopia has a large amount of arable land suitable for organic farming. This allows producers to cater to the growing global demand for organic and sustainably produced edible oils.
- ✚ Fair Trade Opportunities: Ethiopia's developing nation status makes it attractive for fair trade certifications. This can appeal to socially conscious consumers who value ethical sourcing and supporting local communities.
- ✚ Proximity to Growing Markets: Ethiopia's location positions it well to serve the Middle East and East African regions, which have a high demand for edible oils.

- ✚ Lower Labor Costs: Production costs can be lower in Ethiopia due to relatively lower labor costs compared to developed nations.

7. How do Ethiopian edible oil producers fare in terms of the quality of the edible oil produced with international competition in international market? (Question for all stakeholders)

In terms of the quality of edible oil produced, respondents have clarified currently; they face the challenges competing in the international market. Here are some of challenges

- ✚ Meeting International Standards: Some Ethiopian producers struggle to meet the stringent quality standards set by international markets. This can involve factors like free fatty acid content, refining processes, and consistency.
- ✚ Limited Refining Capacity: Oils that are unprocessed or very slightly refined are frequently the consequence of smaller-scale producers' dominance and less sophisticated technologies. For improved taste, shelf life, and adaptability, highly refined oils are frequently preferred in international markets.
- ✚ Varied Quality: There can be significant variation in quality between different Ethiopian producers. Some larger companies or those focused on export might have adopted better quality control measures.

8. What are the potential competitive advantages that edible oil producers possess in Africa/middle east and more specifically in neighboring countries? (Question for all stakeholders)

Here are some potential competitive advantages respondents have addressed about edible oil producers in Ethiopia possess compared to competitors in Africa and the Middle East, particularly neighboring countries:

- ✚ Reduced Transportation Costs: Compared to more distant competitors, Ethiopia can provide cheaper transportation costs and faster delivery times because of its proximity to important markets in East Africa and the Middle East. This can be a big benefit, particularly for oils that spoil quickly.

- ✚ Understanding Local Preferences: Ethiopian producers likely have a good understanding of the tastes and preferences of consumers in neighboring countries, allowing them to tailor their products accordingly.
- ✚ Unique Oilseeds: Oilseeds that are less common elsewhere, such as teff and niger seed, are grown in Ethiopia. These can be used to make distinctive edible oils that will appeal to local niche markets due to their distinctive flavors and possible health benefits.
- ✚ Potentially Lower Labor Costs: Production costs in Ethiopia can be lower due to relatively lower labor costs compared to some developed nations this can make Ethiopian-produced oils more price-competitive in the region.
- ✚ Organic Potential: Ethiopia has a large amount of land suitable for organic farming. This allows producers to cater to the growing demand for organic and sustainably produced edible oils in Africa and the Middle East.
- ✚ Fair Trade Opportunities: Ethiopia's developing nation status makes it attractive for fair trade certifications, which can resonate with socially conscious consumers in neighboring countries.

9. From the neighboring countries or in Africa/middle east which export destinations hold future internationalization prospect and why? (Question for all stakeholders)

Respondents has selected the following countries are more reliable export destination.

- ✚ Kenya: Growing middle class with rising demand for processed foods and established trade ties and infrastructure for regional trade.
- ✚ South Sudan: Recovering from conflict, with a potential rise in demand for imported goods like edible oil and Shares a border with Ethiopia, offering logistical advantages.
- ✚ Somalia: Similar to South Sudan, a rebuilding nation with a growing need for edible oils. And Access to the Red Sea port offers potential export routes.
- ✚ Yemen: Conflict-driven food insecurity creates a demand for imported edible oils and proximity to Ethiopia through the Red Sea.

### 4.3. Challenges to Export

10. What are the biggest challenges Ethiopian edible oil companies“ faces when trying to export their products?

Respondents have addressed, they face several hurdles when attempting to export their products. Here are some of the biggest challenges:

- ✚ Raw material dependence: Ethiopia relies heavily on imports for oilseeds like soybeans and palm fruit, the base ingredients for most edible oil. This dependence makes them vulnerable to price fluctuations and supply chain disruptions in the global market.
- ✚ Competition from established players: Well-established international brands with economies of scale and brand recognition can be tough competition for Ethiopian companies in the export market.
- ✚ Limited processing capacity: The edible oil processing sector in Ethiopia might not have the infrastructure and technology to meet the stringent quality standards and large-scale production required for international markets.
- ✚ Inconsistent product quality: Maintaining consistent quality across production batches is crucial for export. Ethiopian companies might face challenges in ensuring this consistency.
- ✚ High transportation costs: Ethiopia's location and underdeveloped transport infrastructure can make exporting goods expensive, impacting competitiveness.
- ✚ Complex trade regulations: Meeting the various import regulations and certifications of different countries can be a bureaucratic hurdle for Ethiopian exporters.
- ✚ Limited access to finance: Obtaining financing for working capital and upgrades to meet export standards can be difficult for Ethiopian companies.
- ✚ Uncertain political climate: A volatile political landscape can deter foreign investment and make international trade partners hesitant.

11. In general: Internal challenges (Firm level): capabilities and resources available (Question for the firm)

a. What were the challenges that your firm has faced so far in terms of export of edible oil to international market?

Respondents have addressed internal challenges related to capabilities and resources availabilities are shortage production capacity, quality control, technical expertise and scarcity of financial resources.

By critically evaluating your capabilities and resources in these areas, you can identify your internal strengths and weaknesses when it comes to exporting edible oil. This will help you decide if you need to invest in improvements or pursue partnerships to address any shortcomings before venturing into the international market.

12. Institutional challenges: what institutional challenges has your firm faced?

i. Level of Government support?

Respondents have addressed institutional challenges, they faced are :-

- ✚ Access to Finance: Loan application processes through banks can be lengthy and bureaucratic, making it difficult to secure funding for working capital or upgrades needed for export.
- ✚ Complex Trade Regulations: Ethiopian exporters might struggle to navigate the maze of regulations, certifications, and paperwork required by different countries for importing edible oil.
- ✚ Unreliable Infrastructure: Ethiopia's transportation infrastructure, including roads and power grids, might not be efficient or reliable enough for the time-sensitive movement of goods for export. This can lead to delays and spoilage.
- ✚ Limited Information and Training: Companies might not have easy access to government resources or programs that provide information and training on the specific requirements and procedures for exporting edible oil.

Level of Government Support: The Ethiopian government has recognized the potential of the edible oil export sector and taken some steps to support it, but there might be room for improvement. Here's are some scenario:

- ❖ Government Initiatives: The government might offer programs or subsidies to help with:
  - Modernization: Providing financial assistance or tax breaks for companies to upgrade their processing facilities and meet export standards.
  - Skills Development: Offering training programs to equip personnel in the sector with the knowledge and skills required for exporting, such as understanding international regulations and completing export documentation.
  - Market Access: Government trade missions or participation in international trade fairs could help connect Ethiopian companies with potential buyers in foreign markets.

However, there might still be limitations:

- ✚ Limited Funds: Government initiatives might be hampered by budgetary constraints, making support programs less comprehensive.
- ✚ Implementation Challenges: Even with good intentions, bureaucratic hurdles or inefficiencies could hinder the effectiveness of government support programs.

The Ethiopian government offers some support for edible oil exporters, but companies might need to be proactive in overcoming institutional challenges. Advocacy for streamlining regulations, improving infrastructure, and expanding access to financing and training programs could benefit the entire sector.

#### ii. Level and Type of Government Regulation:

Here are some government regulations as per respondent response:-

- ✚ Export Permits: You'll likely need to obtain export permits from the Ethiopian government to ensure your products meet quality and safety standards.
- ✚ Food Safety Regulations: Ethiopia has food safety regulations aligned with international Codex Alimentarius standards. You'll need to comply with these for export.
- ✚ Phytosanitary Certificates: If you're using any domestically produced oilseeds, you might require phytosanitary certificates to verify they are free from pests and diseases.

- ✚ Currency Controls: The Ethiopian government may have some level of control over foreign currency exchange, potentially impacting your access to funds earned from exports.

iii. Other institutional challenges for Ethiopian edible oil exporters:-

Respondents have addressed the following other institutional challenges

- ✚ Unreliable Infrastructure: Ethiopia's transportation infrastructure, including roads and power grids, might not be dependable. This can lead to delays in getting your products to port or affect production consistency due to power outages.
- ✚ Inconsistent Government Policies: Frequent changes in government policies or unclear regulations regarding export can create uncertainty and make business planning difficult.
- ✚ Limited Trade Agreements: Ethiopia might not have a strong network of trade agreements with your target export markets. This can translate to higher tariffs or import duties, making your product less competitive.
- ✚ Lack of Information and Training: Your Company might not have easy access to information or training programs on international trade regulations, market analysis, or export procedures. This knowledge gap can make it difficult to navigate the complexities of exporting.
- ✚ Corruption: While not as prevalent as in the past, corruption within government bureaucracies can still pose challenges, adding unnecessary delays or costs to the export process.

By working together with other stakeholders and advocating for improvements in the business environment, Ethiopian edible oil exporters can overcome these institutional challenges and become more successful in the international market.

*13. Export destination challenges:* how about exporting to African/Middle Eastern countries, what were the challenges faced so far?

Respondents have addressed the challenges they faced when targeting African and Middle Eastern countries are:-

- ✚ Similarities in taste preferences: African and Middle Eastern consumers might have similar taste profiles for edible oils. This can lead to intense competition from established regional brands that are already familiar with these preferences.
- ✚ Price competitiveness and Tariffs and non-tariff barriers: Some African and Middle Eastern countries might impose tariffs (taxes on imports) or non-tariff barriers (regulations that make importing difficult) on Ethiopian edible oil. This can make Ethiopian products more expensive compared to local or other imported options.
- ✚ Limited marketing budgets: Ethiopian companies might struggle to compete with larger international brands that have extensive marketing budgets to promote their products in these regions.
- ✚ High transportation costs: The cost of transporting goods, especially to distant African markets, can be high due to underdeveloped infrastructure or inefficient transport networks.

Ethiopia's close proximity to key markets in East Africa and the Middle East allows it to offer more affordable transportation costs and faster delivery times than its more distant competitors. This can be very advantageous, especially for oils that degrade easily.

#### 14. What could be the challenges faced in exporting to neighboring countries?

Respondents have addressed several challenges they faced in exporting to neighboring countries, African and Middle Eastern market challenges are;-

- ✚ Informal cross-border trade: Neighboring countries might have a well-established network of informal cross-border trade for essential goods like edible oil. This can make it difficult for Ethiopian companies to compete on price and established routes.
- ✚ Similar products from neighboring countries: Neighboring countries might have their own edible oil production, potentially leading to competition from products with shorter transportation distances and established brand recognition within the region.

- ✚ Border delays: Inefficient customs procedures or bureaucratic hurdles at border crossings can lead to delays in getting products to market, impacting their freshness and increasing transportation costs.
- ✚ Unreliable infrastructure: Poor road conditions or limited storage facilities near borders can create logistical bottlenecks and damage goods during transport.
- ✚ Fluctuating exchange rates: Rapid fluctuations in the exchange rate between the Ethiopian Birr and the currency of neighboring countries can affect profitability.
- ✚ Inconsistent regulations: Neighboring countries might have varying regulations regarding import permits, health certifications, or product labeling. This can be confusing and add time and cost to the export process.
- ✚ Political instability: Political unrest or tensions in neighboring countries can disrupt trade flows and make long-term planning difficult.
- ✚ Limited marketing reach: Ethiopian companies might struggle to effectively market their products in neighboring countries due to language barriers or limited marketing budgets compared to local competitors.

By understanding these specific challenges and developing targeted strategies, Ethiopian edible oil exporters can increase their chances of success in neighboring countries.

#### 4.4. Overcoming challenges and exploiting opportunities and strategies for success

15. In your view, how can your firm exploit the opportunities and overcome the challenges of entering abroad market? (Question for a firm)

- ✚ In your view, how can Ethiopian edible oil exporters exploit the opportunities and overcome the challenges of entering abroad market? (Question for other stakeholders).

Here respondents have addressed strategic approach for Ethiopian edible oil exporters to exploit opportunities and overcome challenges in foreign markets:

### Exploiting Opportunities:

- ✚ Target strategic markets: Research and identify countries with growing demand for edible oil, limited domestic production, and favorable trade agreements with Ethiopia. Look for regions with a taste profile aligning with your product's strengths.
- ✚ Highlight unique selling points: Emphasize these differentiators to stand out from competitors, especially in health-conscious markets.
- ✚ Build brand recognition: Develop a strong brand identity that resonates with your target market. Consider investing in targeted marketing campaigns in your chosen export markets.

### Overcoming Challenges:

- ✚ Address internal weaknesses: Assess your production capacity, quality control measures, and access to finance. Invest in improvements or seek partnerships to address any shortcomings before exporting.
- ✚ Seek government support: Utilize programs or resources offered by Ethiopian government agencies that support exporters. This could include training on export procedures, assistance with finding financing, or participation in trade missions.
- ✚ Partner with experienced players: Collaborate with established logistics companies or distributors in your target markets. They can help navigate regulations, ensure efficient product delivery, and potentially connect you with local retailers.

Ethiopian edible oil exporters can improve their prospects of success in the global market by putting these methods into practice. To stand out in a crowded global market, meticulous planning, resolving internal shortcomings, and leveraging unique selling factors will be essential.

16. In Your view, what needs to be done by the government to facilitate the export of edible oil?  
(Question for all stakeholders)

As per respondent, Ethiopian government can play a significant role in facilitating the export of Ethiopian edible oil by addressing several key areas:

- ✚ Streamlining export procedures: Simplifying paperwork, reducing bureaucratic hurdles, and potentially offering online platforms for export documentation can expedite the process and reduce costs for exporters.
- ✚ Investing in infrastructure: Upgrading transportation infrastructure like roads and ports will improve efficiency and reduce transportation costs associated with exporting goods. Reliable power grids are also crucial for consistent production.
- ✚ Facilitating access to finance: Providing loan guarantees, establishing export financing schemes, or encouraging private sector participation in trade finance can help exporters secure the capital needed to expand production and meet export demands.
- ✚ Promoting trade agreements: Negotiating favorable trade agreements with potential export destinations can reduce tariffs and other barriers, making Ethiopian edible oil more competitive in the international market.
- ✚ Providing training and support programs: Educational programs on international trade regulations, market analysis, and export procedures can equip Ethiopian companies with the knowledge and skills needed to succeed in the global market.
- ✚ Encouraging industry associations: Supporting the formation and activities of industry associations can foster collaboration among Ethiopian edible oil companies. These associations can also advocate for policy changes that benefit the sector.
- ✚ Promoting quality control: Investing in laboratories and infrastructure for testing and certification can ensure Ethiopian edible oil meets international food safety standards. This builds trust with international buyers.
- ✚ Supporting market access: Organizing trade missions, participating in international food fairs, and disseminating market research can help Ethiopian companies connect with potential buyers and identify new export opportunities.

By implementing these initiatives, the Ethiopian government can create a more supportive environment for Ethiopian edible oil exporters. This will allow them to overcome challenges, capitalize on opportunities, and become more competitive players in the international market.

17. Strategies for Success: If you were to export Ethiopian edible oil, what strategies would you implement to navigate the international market effectively? (Question for all stakeholders)

Respondents have explained about the strategy used to navigate the international market effectively. This strategy can be beneficial for producers, processors, and even government agencies involved in export promotion.

- ✚ Identify target markets: Conduct thorough research to pinpoint countries with growing demand for edible oil, limited domestic production, and favorable trade agreements with Ethiopia. Consider factors like taste preferences and economic development in different regions.
- ✚ Analyze competitor landscape: Understand the existing competition in your target markets. Identify their strengths and weaknesses to position your product strategically. Look for niches where Ethiopian edible oil can offer a unique selling proposition.
- ✚ Highlight unique selling points: Does your product boast organic ingredients, fair-trade practices, or specific blends? Emphasize these differentiators to stand out from competitors, especially in health-conscious markets.
- ✚ Ensure compliance: Meticulously research and adhere to all safety and quality standards of your target markets. Obtain necessary certifications and invest in rigorous quality control measures throughout the production process. Consider certifications that cater to specific health trends or sustainability practices.
- ✚ Address internal weaknesses: Assess your production capacity, quality control processes, and access to finance. Invest in improvements or seek partnerships to address any shortcomings before venturing into export. Consider partnering with companies that have experience in areas you lack, like international logistics or marketing in specific regions.
- ✚ Develop strong partnerships: Collaborate with established logistics companies or distributors in your target markets. Leverage their expertise to navigate regulations, ensure efficient product delivery, and gain access to local retail networks. Partnering with experienced players can significantly reduce challenges and expedite your entry into new markets.
- ✚ Develop a targeted brand identity: Create a strong brand that resonates with your target market. Consider the cultural nuances and preferences of your chosen export destinations.

- ✚ Invest in marketing: Depending on your budget, explore targeted marketing campaigns in your chosen markets. Utilize digital marketing tools, participate in trade shows, or collaborate with local distributors for in-store promotions.
- ✚ Advocate for supportive policies: Work with industry associations or government agencies to push for streamlined export procedures, improved infrastructure, and access to financing for exporters.
- ✚ Utilize government resources: Take advantage of programs or resources offered by Ethiopian government agencies that support exporters. This could include training on export procedures, assistance with finding financing, or participation in trade missions.
- ✚ Embrace innovation: Stay updated on the latest technologies and trends in edible oil production. Consider exploring healthier blends or environmentally friendly processing methods to differentiate yourself and cater to evolving consumer preferences.
- ✚ Build long-term relationships: Invest in building strong relationships with distributors, buyers, and even competitors in your target market. Foster trust and open doors for future collaborations through open communication and reliable business practices.

The prospects of success for those active in the Ethiopian edible oil export industry on the global market might be enhanced by combining these techniques. Recall that getting a footing in the cutthroat global market would require careful planning, fixing internal shortcomings, leveraging unique selling factors, and building solid connections.

18. What advice would you give to companies considering entering the edible oil export market?

Entering the international edible oil market presents exciting opportunities for Ethiopian exporters, but also significant challenges. Here's respondents advice to navigate this complex landscape:

- ✚ Market Research is Key: Don't jump in blind. Conduct thorough research to identify countries with growing demand for edible oil, limited domestic production, and favorable trade agreements with Ethiopia. Consider factors like taste preferences, economic development, and existing competition in each market.

- ✚ Assess Your Strengths and Weaknesses: Honestly evaluate your production capacity, quality control measures, and access to financing. Can you meet the export market's higher quality standards and production demands? If not, explore ways to bridge the gap through investments or strategic partnerships.
- ✚ Highlight Your Uniqueness: Does your edible oil boast organic ingredients, fair-trade practices, or unique blends? Emphasize these differentiators to stand out, especially in health-conscious markets. Consider certifications that cater to specific health trends or sustainability practices.
- ✚ Unwavering Quality Commitment: Meeting international food safety standards is paramount. Research and adhere to all regulations of your target markets. Invest in rigorous quality control throughout the production process to build trust with international buyers.
- ✚ Embrace Partnerships: Collaborate with established logistics companies or distributors in your target markets. Leverage their expertise to navigate regulations, ensure efficient product delivery, and gain access to local retail networks. Partnering with experienced players can significantly ease your entry into new markets.
- ✚ Develop a Targeted Brand Identity: Create a strong brand that resonates with your target market, considering cultural nuances and preferences. Invest in marketing efforts, whether it's digital campaigns, trade show participation, or collaborating with local distributors for in-store promotions.
- ✚ Seek Government and Industry Support: Utilize programs or resources offered by Ethiopian government agencies that support exporters. Work with industry associations to advocate for policies that benefit the sector, such as streamlined export procedures or improved infrastructure.
- ✚ Continuous Improvement: Stay updated on the latest technologies and trends in edible oil production. Consider exploring healthier blends or environmentally friendly processing methods to differentiate yourself and cater to evolving consumer preferences.
- ✚ Building Long-Term Relationships: Invest in building strong relationships with distributors, buyers, and even competitors in your target market. Foster trust and open

doors for future collaborations through open communication and reliable business practices.

By following this advice and conducting thorough research, Ethiopian edible oil exporters can increase their chances of thriving in the international market and contributing to Ethiopia's economic growth.

19. Is there any question that I have not addressed in relation to the challenges and opportunities available for export of edible oil to international market but you would like to respond to?

You have covered a lot of ground on the challenges and opportunities for Ethiopian edible oil exports. Here are additional areas that might be of interest:

- ✚ Sustainability in the Supply Chain: Sustainability practices are becoming more and more important in the global market. Take into consideration looking into ways to reduce waste or use renewable energy sources in your production process to make it more ecologically friendly.
- ✚ Technology's Function: Block chain technology is one example of a new technology that can increase supply chain transparency and give consumers the ability to trace the source of their edible oil. Investigating these technologies may improve brand value and credibility in global markets.

## CHAPTER FIVE

### 5.0. RECOMMENDATIONS AND CONCLUSION

This study assessed the challenges and prospects of entering into international market in case Ethiopian edible oil manufacturing companies. Also assessed strategies to overcome challenges and exploit opportunities in international market to be effective.

#### 5.1. Summary of Findings

- Based on findings, Ethiopian edible oil manufacturing firms realized as opportunities in the domestic market are import substitution, growing domestic market, production of valued added products and supplying to other sectors.
- As findings, Ethiopian edible oil manufacturing firms faced challenges in running business so far are limited access to finance, unreliable supply of raw materials, quality control issues, infrastructure limitations, competition from imports, foreign currency scarcity.
- As findings, Ethiopian edible oil manufacturing firms have unique advantage compared to international competitors. These are: - unique oil seeds, potential for organic production, fair opportunities, proximity to growing markets and lower labor cost.
- In terms of quality of edible oil produced, Ethiopian edible oil manufacturing firms face the challenges of meeting international standards, limited refining capacity and varied quality.
- Ethiopian edible oil producer firms possess potential competitive advantage compared to competitors in Africa and Middle East, particularly neighboring countries for reason reduced transportation cost, understanding local preferences, unique oil seeds and potential labor costs.
- The challenges Ethiopian edible oil producer's faces when trying to export are raw material dependence, competition from established firms, inconsistent product quality, high transportation cost, complex trade regulations, and limited access to finance and uncertain political climate.

- Also, Ethiopian edible oil manufacturing companies have internal challenges related to capabilities and resource availability. These are; - shortage production capacity, quality control, technical expertise and scarcity of financial resources.
- As findings, Ethiopian edible oil manufacturing firms have faced intuitional challenges of access to finance, complex trade regulations, unreliable information, limited information and training, unreliable infrastructure, inconsistent government policies, limited trade agreements and corruption.
- Ethiopian edible oil manufacturing firms face challenges when targeting African, Middle East and neighboring countries as market destinations. These are;- similarities in taste preference( crate intense competition), limited market reach, limited market budget, high transportation cost, fluctuating exchange rate, informal cross border trade, inconsistent regulations, border delays, unreliable infrastructure and political instability.
- As finding, Firms exploit the opportunities and overcome the challenges in entering abroad market by using target strategic markets, highlight unique selling points, build brand recognition, address internal weakness, seek government support and partner with experienced players.
- Based on findings, government can play a significant role in facilitating by addressing streaming export procedures, investing in infrastructure, facilitating access to finance, promoting training and support programs, encouraging industry associations, promoting quality control, supporting market access, reducing reliance on imported oils and addressing fluctuations.

## 5.2. Conclusion

Ethiopia is well-positioned for success in the global edible oil market thanks to its abundance of resources. Its rich soils, variety of climates, and easily accessible labor pool offer the groundwork for a strong oilseed industry. Ethiopian producers also stand to benefit greatly from the increased demand for premium organic oilseeds worldwide, especially Ethiopian sesame.

There are many obstacles in the way of this journey, though. Ethiopian oilseeds' erratic quality and impurity content can seriously hurt their potential to be sold internationally. The worldwide market pricing are always fluctuating, and established firms with well-oiled systems make it

extremely tough for Ethiopian entrants to enter the market. Significant logistical challenges are also presented by the country's inadequate infrastructure, restricted storage capacity, and post-harvest losses.

Ethiopia's current reliance on exporting raw oilseeds may be the biggest obstacle. The entire value addition that results from turning these seeds into edible oil is lost in this procedure. Ethiopian producers might carve out a more lucrative position for themselves in the international market by making investments in cutting-edge refining facilities and strict quality control procedures.

To sum up, there are advantages and disadvantages to Ethiopian edible oil export opportunities. Although there is no denying the potential, success depends on resolving problems with quality, infrastructure constraints, and an excessive reliance on exports of raw materials. Ethiopian edible oil producers may forge a successful route in the foreign market and establish Ethiopia as a significant participant in the world edible oil industry by tackling these obstacles and concentrating on value-added processing.

### 5.3. Recommendations

These suggestions, which are based on the opportunities and difficulties noted, are meant to assist Ethiopian enterprises that produce edible oil in breaking into foreign markets:

Capitalizing on Prospects:

- ✚ Emphasis on specialty oils: Draw attention to distinctive oilseeds from Ethiopia, such as niger seed, to appeal to niche markets looking for unusual or specialized goods.
- ✚ Identify and target regional markets: Investigate business potential in the bordering African nations where there is a growing need for premium edible oils.
- ✚ Invest in producing oilseeds: Work together with farmers to enhance yields and quality by using improved post-harvest handling methods, irrigation strategies, and seeds.

## Addressing Challenges:

- ✚ Implement strict quality control measures: Adopt international quality certifications and invest in laboratory testing to ensure consistent product quality.
- ✚ Develop strong brand identity: Create a brand that emphasizes the unique origin, sustainable practices, and health benefits of Ethiopian edible oils.
- ✚ Increase processing capacity: Invest in modern processing facilities to refine oilseeds into high-value edible oils with longer shelf life.
- ✚ Partner with international logistics companies: Increase the effectiveness of your supply chain by collaborating with seasoned logistics and distribution firms to handle global regulations and guarantee on-time delivery.
- ✚ Explore duty-free incentives: Research government incentives for export-oriented production and utilize them to reduce production costs and improve competitiveness.

## Additionally:

- ✚ Perform in-depth market research; Choose particular target markets that fit Ethiopia's advantages and have a growing need for edible oils.
- ✚ Engage in global trade exhibitions: Present Ethiopian edible oils at global trade exhibitions and conferences to establish connections with prospective purchasers and distributors.
- ✚ Seek assistance from the government: Advocate for governmental policies that alleviate infrastructure constraints and offer funding for export marketing endeavors.

By implementing these suggestions, Ethiopian producers of edible oil can overcome challenges and optimize their export capabilities, thereby positioning themselves as dependable vendors in the global marketplace.

## 5.4. Future Research Directions

Based on the scope, limitations and the findings of this study, the following areas of future research are highlighted. This research was limited to only assessing the prospects and challenges of entering into international market in case exporting edible oil manufacturing

companies in Ethiopia. Hence, it did not include international firms involved other than edible oil manufacturing companies. Therefore, it would be better for future if:

- ✚ Other companies involved in export to be included
- ✚ The researchers would include all existing companies in international operations to be deployed nationwide.

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Interview Question for Ethiopian Edible Oil Manufacturers:

Ethiopia has a growing edible oil industry, and many companies are considering entering the international market. To understand the potential and challenges involved, I'd like to discuss four key areas with follow up questions.

**I. Introduction**

1. When was the company founded?
2. What opportunities has the company realized so far in the domestic market?
3. What were challenges faced by the company so far?
4. What has been the level of competition throughout the life of the company?
5. Is the company effectively producing and competitive in the domestic market?

**II. Competitive Advantages:**

6. What unique advantages do Ethiopian edible oil producers possess compared to international competitors in international market? (Question for all stakeholders)
7. How do Ethiopian edible oil producers fare in terms of the quality of the edible oil produced with international competition in international market? (Question for all stakeholders)
8. What are the potential competitive advantages that edible oil producers possess in Africa/middle east and more specifically in neighboring countries? (Question for all stakeholders)
9. From the neighboring countries or in Africa/middle east which export destinations hold future internationalization prospect and why? (Question for all stakeholders)

**III. Challenges to Export**

10. What are the biggest challenges Ethiopian edible oil companies" faces when trying to export their products?
11. In general: Internal challenges (Firm level): capabilities and resources available (Question for the firm)
  - a. What were the challenges that your firm has faced so far in terms of export of edible oil to international market?
12. Institutional challenges: what institutional challenges has your firm faced?

- i. Level of Government support?
- ii. Level and type of government regulation?
- iii. Any other institutional challenges?

13. *Export destination challenges*: how about exporting to African/Middle Eastern countries, what were the challenges faced so far?

14. What could be the challenges faced in exporting to neighboring countries?

#### **IV. Overcoming challenges and exploiting opportunities and strategies for success**

15. In your view, how can your firm exploit the opportunities and overcome the challenges of entering abroad market? (Question for a firm)

- In your view, how can Ethiopian edible oil exporters exploit the opportunities and overcome the challenges of entering abroad market? (Question for other stakeholders).

16. In Your view, what needs to be done by the government to facilitate the export of edible oil? (Question for all stakeholders)

17. Strategies for Success: If you were to export Ethiopian edible oil, what strategies would you implement to navigate the international market effectively? (Question for all stakeholders)

18. What advice would you give to companies considering entering the edible oil export market?

19. Is there any question that I have not addressed in relation to the challenges and opportunities available for export of edible oil to international market but you would like to respond to?