Assessing the Challenges of Indirect Sales Channel Management: The Case of Ethio telecom

A Thesis Submitted to Addis Ababa University College of Business and Economics, Graduate Studies in Partial Fulfillment of the Requirements for the Degree of Executive Master of Business Administration

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Addis Ababa
Ethiopia 2018

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Declaration

I, Wondwossen Wondimu, hereby declare that the thesis entitled ``Assessing the Challenges of Indirect Sales Channel Management of Ethio telecom`` is my own original work and has not been submitted for any degree in any other University. It is offered for the award of Degree of Executive Master of Business Administration from Addis Ababa University.

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Certification

This is to certify that the thesis prepared by Wondwossen Wondimu entitled ``Assessing the Challenges of Indirect Sales Channel Management: The Case of Ethio telecom``, submitted in partial fulfillment of the Requirements for the Degree of Executive Master of Business Administration compiles with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Acknowledgment

First of all, I would like to thank the Almighty God for guiding and blessing me in all directions of my life.

Secondly, I would like to thank my instructor and advisor Dr. Ethiopia Legesse for your highly professional advices that shaped my research work. I really appreciate your commitment, timeless feedback and thoughts that gave directions to my study.

Next, I would like to express my heartfelt thanks to all ethio telecom indirect sales channel distributors and ethio telecom indirect sales channel staff and management those assisted me in conducting my research by providing me all relevant information and by taking part in responding to the questionnaire and interview.

Finally, I owe a great deal of gratitude to my wife Nardos Asfaw and my children's, for your tolerance and all types of support that you provide me.

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Acronyms and Abbreviations

GSM	Global System for Mobile communication
IBM	International Business machine
IDC	Indirect sales channel
MCD	Multi Channel Distribution
SME	Small and Micro enterprise
S/N	Serial Number
SIM	Subscriber Identification Module
SPSS	Statistical package for social science
ANOVA	Analysis of Variances
DC	Direct Channel
EPS	Ethiopian Postal Service Enterprise
ET	Ethio-Telecom
P&S	Products and Services
RSD	Residential Sales Division
S.C.	Share Company
SPSS	Statistical Package for the Social Sciences
VC	Voucher Card

Abstract

The purpose of this study is to assess the challenges of indirect sales channel management in ethio telecom. Channel management is about selecting and motivating the intermediaries and to evaluate their achievements (Kotler & Armstrong, 1999; Jobber, 2001), further complements with the issues of training and managing conflicts between producer and intermediaries is important. Ethio telecom distribute it products through indirect channel, although the distribution channel plays an important role in the company the distribution channel management has challenges. Therefore, this study aims to reveal the core distribution management challenges in practicing distribution management elements: Selection process, motivation, training, evaluation and conflict management. The study utilizes both quantitative and qualitative research approaches and descriptive research design. For selecting sample simple random sampling technique is used, in that ethio distribution related staffs and distributors staffs are participated. The total sample size is 141. In terms of questionnaires administered, 141 respondents have received the questionnaire, and 123 (87%) have returned the filled out questionnaire. Data analysis is performed by using descriptive statistics. IBM SPSS statistical software version 20 is used. In addition, to fill the questionnaires gap, data was collected by conducting interview research. The result of the research identified that the distributor selection process lacks contract that convince partners, motivating partners with bonuses, rewards, support on trade fairs are shortage of the channel, there is improper handling on conflict management and the training investment has less attention, from identified challenges improper handling of conflict can damage the company since the collusion bring malfunction of both the principal and the partner. Hence as the distribution channel is significant contributors for the company revenue and sales it needs to work on identified gaps. The study finding can have implications for further research and policy.

Key Words: Ethio telecom(ET), Indirect sales channel(IDC), Distributors channel selection, Distributors motivation, Distributors training, Distributors evaluation and Distribution channel conflicts.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Distribution channels are tunnels in which companies are using one or more levels of intermediaries to bring its products to ultimate consumers (Kotler & Armstrong, 2012). Producer reach to its customer in employing intermediaries by involving either of the channel options, channel options are classified in to direct and indirect channels, direct channels involve selling through personal contacts from the company to prospective customers by mail, phone, Internet, mobile, in-person visits while indirect channels involve selling to customers through third-party intermediaries such as agents or broker representatives, wholesalers or distributors, and retailers or dealers (Rangan et al., 1992; Winer, 2009).

The past decade studies indicate that there are multiple channel arrangements, this can happen when a single firm sale its product directly to customers through direct channel and to distribute in two or more marketing channels to reach one or more customer segments (Frazier, 1999; Rosen bloom, 2007; Sharma & Mehrotra, 2007), the reasons for adopting a multiple channel system is to reach end customers and to remain competitive in the market,

Academic literature has not fully investigated and come with the right mix of multiple channel systems, in fact many companies face the challenge to achieve an optimal channel mix reach to their customers effectively and efficiently (Dutta et al., 1995; Mols, 2000 ; Moriarty & Moran, 1990; Rosenbloom, 2004).

The distribution channel operation works efficiently if it has got better channel management in its all level to reach customers with reasonable price (Cavusgil et al.,1995 ; Mallen,1996). According to Kotler and Armstrong (1999), Channel management is about proper choosing and motivating the intermediaries and evaluate their achievements in predefined criteria (Kotler & Armstrong ,1999). Training and managing conflicts between producer and intermediaries are also part of channel management (Jobber, 2001). To build beneficiary channel for both principal and intermediaries it is must to practice effective selection processes so that high-quality intermediaries can be recruited, selection demands for considerable attention and effort in drawing up the intermediary profile, locating intermediary prospects, evaluating intermediary prospects, and finally Choosing the right intermediary (Root,1998). A close relation could be a decisive factor of the intermediary's motivation ; in order to make distribution be successful and profitable it is important that both parties understand and respect each other (Cooper,1997).Training can make intermediaries more effective by handling the human resources in the best conduct, in order to lift out the advantages and competitive advantages of its own products the producing company should not train the intermediary on only its own products but also the competitors' products, (Gattorna,1990 ; Soderman, 1989 ; Alonzo, 1999).

Intermediaries should be evaluated every defined terms by comparing the intermediary's performance against the standards that are based on the goals and vision of the company (Dahringer & Muhlbacher,1991). Due to the interaction between intermediaries and producer friction is expected, due to the interaction different conflict may arise therefore to settle the issues conflict shall be managed properly so that the channel be efficient and all parties keep satisfied, the major sources of channel conflict are differences in goals, differences in desired product lines, multiple channels and inadequacies in performance. There are several ways of managing conflict however the best way of avoiding and preventing conflicts is to keep a regular and mutual communication and also a close collaboration (McDonald, 1999 ; Jobber, 2001).

The indirect distribution purposed to secure the product reach to consumers quickly and safe to reasonable costs ,the producer and the intermediaries need to agree and keep on the terms and responsibilities of each channel member and they should agree also on price policies, conditions of sale, territory rights, and the specific services to be performed by each party; in another page there are distribution management challenges since the channels are more than simple collections of firms tied together by various flows and it is complex behavioral systems in which people and companies interact to accomplish individual, company and channel of goals, ethio telecom distribution indicate that the channel actors are violating the principal agreement and the result was penalty and termination, in the contrary distributors are highly dissatisfied on the visibility of the rule and regulation and come up with resignation request letters (Ethio telecom 2017/18 mystery shopping and annual report; Segerstedt, 1999; Kotler & Armstrong 2011).

Modern marketing channels is all about choices recently there are different means to communicate about and sell products to consumers, well managed distribution channel benefits both producer and intermediaries, it is essential to study and identify the over challenges of distribution channel to help the principal to have sustained strategic partners, intermediaries to be profitable from the distribution, as well as consumers to get products easily with reasonable price.

To reach to customers aggressively it is mandatory to review and decide on which sales channel to follow direct channel, indirect channel or multi-channel, in parallel the question of distribution management is also one of the decision area. Obviously, the technology growth, the merging communication need of customer and the intention to increase communication penetration drives ethio telecom to see which channel to practice and to manage the distribution.

Ethiopian telecommunication corporation was state owned monopoly operator it has responsibility to reach the overall citizens need by availing communication services in all territory of the country. However, until 2010 through direct sales channel there was only five million customers and it was mandatory to find way out to respond the customers demand, in 2010 the company has transformed through the company which has significant role of international telecom service provider called France Telecom and two years management contract was signed between Ethio telecom and France Telecom, Ethio Telecom was established as a public enterprise on December 1st, 2010, by council of ministers Regulations No. 197/2010 with forth seen to become world class service provider. One of the contract management goal was to bring distribution strategy and new channel indirect sales channel department was Established to distribute its products aggressively by engaging external partners and the recent global report by African news states that ``Ethio telecom is now the largest mobile operator in Africa in terms of mobile subscriptions at end-2Q17,Previously MTN Nigeria was Africa's largest mobile operator in terms of subscriptions, but it is now ranked second`` (Admire Moyo,2017).

Ethio telecom through indirect channel avail mobile SIM card and Mobile voucher card, the year 2016/17 Ethio telecom total customer base from 5 million in 2010 reached **58.8** million customers and the yearly revenue was 30 billion birr, from these amount 90% of customer base increment and 80% of the revenue was contributed through indirect sales channel.

Indirect sales channel is responsible only for prepaid mobile Sales and mobile voucher card sales through main distributors, sub-distributors and retailers those found in any business areas, as per ethio telecom 2009 E.C report there are 98 main Distributors ,500 sub distributors and 113 thousand retailers, as a result 90% mobile prepaid SIM card and 99% mobile voucher card revenue of the company covered by indirect channel.

Indirect channel was active for the past seven years with significant contribution to the company prepaid mobile SIM card sales and mobile voucher card sales, however the channel has critical channel management challenges. This Research paper try to assess indirect sales channel management challenges on SIM card and mobile voucher card distribution, the subject focus on SIM card and mobile voucher card since the channel distribute mainly these two products and their contribution for customer base and revenue increment is very significant.

1.1 Statement of the Problem

Producer reach to its customer in opening direct channels and working with intermediaries through indirect channel (Rangan et al., 1992; Winer, 2009). The past decade there are multiple channel arrangements which is a single firm sets up two or more marketing channels to reach one or more customer segments (Frazier, 1999; Rosen bloom, 2007; Sharma & Mehrotra, 2007).

Ethio Telecom as state owned monopoly operator it has responsibility to reach the overall citizens needed by availing communication services in all territory of the country, however until 2010 there was only five million customers and it was mandatory to find way out to respond the customers demand. In 2010 ethio telecom has signed management contract with France telecom for two years with different ambitions, one of the contract management goal was to bring distribution strategy to meet this aim indirect sales channel department was Established to distribute products aggressively by engaging external partners. Ethio Telecom is now subscribed 57.34 million mobile subscriptions at end-2Q2017. Even though, there is drastic customer base increment, the indirect channel of ethio telecom is in web of challenges.

Though there is shortage of recent research work in telecom product distribution there are very few studies, their result indicates that there is too much channel conflict, terms of the agreement are not implemented, Business relationship between ethio telecom and distributors tends to be transactional than strategic, disagreements on goals, demotivated distribution channel members in the channel (Nehmya, 2014; Fisseha, 2015).

Even through, the distribution channel plays an important role in the company the previous studies and company practice indicates distribution challenges, while the distribution management practice is not examined yet. Therefore, the researcher is interested to assess the status of ethio telecom distribution in practicing distribution management elements: Selection process, motivation, training, evaluation and conflict management and find out the main distribution challenges so that the company secure sustained strategic partners and the intermediaries be profitable from the distribution, as well as consumers get products easily with reasonable price.

1.2 Basic research questions

The problem discussion leads us to raise questions on the management challenges. Specifically, this study attempted to answer the following research questions:

1. What are the main challenges faced in ethio telecom mobile cards and SIM cards distribution management?
2. Which challenges are highly impacting the distribution?
3. How can ethio telecom and distributors address these challenges and convert them for better opportunity?

1.3 Objective of the study

1.3.1 General Objective

In the perspective of the problem indicated above, the main objective of the study is to assess the causes of indirect sales channel management challenges on Ethio Telecom and Its Distributors.

1.3.2 Specific objectives

- How can ethio telecom indirect channel distribution management be described?
- To identify the challenges faced by ethio telecom and distributors while distributing mobile cards and SIM cards
- To recognize significant challenges for the management concern to cope up in order to enhance management success
- To suggest, finally, workable solutions to management as an input for management decision in policy change or other strategic decisions

1.4 Significance of the study

Ethio telecom can be empirically the first beneficiary from the research finding for the basic reason that the channel is crucial for the company sales and revenue but it is with full of unstudied problems, once challenges are pined out it can be managed technically. The other practical beneficiary is the channel actors specially ethio distributors since indirect sales channel management is not as such matured in our country, other beneficiaries are organizations working in in distribution of products like IT & communication equipment distributors, beverage factories and packed food distributing companies. Another theoretical significance is for academicians those can attempt to do research on and it can also be an initial input for those want to see channels of in the cases of Ethiopia.

1.5 Scope of the study

1. This study is conceptually delimited to telecom product distribution management elements and the challenges.

2. Concerning the subject, even though there is electronic distribution in telecom sector, this study is delimited only to focus on physical telecom product distribution management challenges.
3. There is no uniform definition for indirect channel of distribution, different researchers have tried to articulate, the definition given by Kotler, (2012) has been adopted as operational definition of this research, indirect channel is the channel a company uses one or more levels of intermediaries to address customers indirectly bring its products to whole sealer and final consumers.
4. This research is delimited to see the status of indirect channel distribution management in the level of principal ethio telecom and intermediary distributors.

1.6 Definition of Terms

Conceptual and operational definitions of terms are stated from theoretical sources and from Ethio Telecom documents.

- **Multichannel of (MCD):** it is mix of multichannel marketing occurs when a single firm sets up two or more marketing channels to reach one or more customer segments (Kotler P., 2012, Pp. 349).
- **Indirect Channel of Distribution(IDC)**: it is the channel a company uses one or more levels of intermediaries to address customers indirectly bring its products to whole sealer and final consumers (Kotler P., 2012, Pp. 343).
- **Chain:** it refers to the distributors system of organization of sales of ethio telecom products to the customers through its Distributors, sub-distributor and retail outlets. (Ethio telecom,2016, Indirect Channels Products and Services Agreement, Pp. 3)

- **Main – Distributors (Distributor) ፡** it is a legal entity or a natural person trader authorized by an agreement to sell and distribute ethio telecom products through its chain (Ethio telecom,2016, Indirect Channels Products and Services Agreement, Pp. 3)
- **National Distributors -** it is a legal entity or a natural person trader authorized by an agreement to sell and distribute ethio telecom products through its chain through all over the country

- **Small and Medium Enterprise Distributors-** it is a legal entity or a natural person trader authorized by an agreement to sell and distribute ethio telecom products through its chain
- **Sub – Distributors:** It is a natural or legal person, which have entered into contractual relations with the Distributor with the goal of distributing, promoting and selling of Ethio-telecom products through its retailers, in the assigned territory (Ethio telecom,2016, Indirect Channels Products and Services Agreement, Pp. 4).
- **Retailers**: It is a natural or legal person, which have entered into contractual relations with the Sub Distributor with the goal of selling and promoting a maximum number of ethio telecom products in the assigned territory (Ethio telecom,2016, Indirect Channels Products and Services Agreement, Pp. 5).

1.7 Organization of the study

The research report has incorporate five chapters of the main texts and the summary for each component is sited as follows.

Chapter one deal with the introductory part which bears background of the study, Statement of the problem, objectives, definition of terms, significance of the study, and scope of the study; **the second chapter** deals with review of both theoretical and empirical literatures related to the study. **The third chapter** deals with methods of the study which is about description and design of the research, source of data, procedures of data collection, and methods of data analysis. **The fourth** presents the results and discussions which summarize the results/findings of the study, and interpret and/or discuss the findings. Finally, **Chapter five** is summary, conclusions and recommendations that comprise four sections, which include summary of findings, conclusions, limitations of the study and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITRATURE

This section discusses, literature review on indirect channel and factors of management challenges so that it helps the reviewer to test the contents of the problems that are intended to investigate.

The discussion began by reviewing key terms used throughout the thesis, explains theoretical literature and previous studies in the subject.

2.1 Theoretical Literature

2.1.1 Marketing Distribution Channels

In this section meanings and types of Channels and theoretical concept about channel are reviewed. Distribution channel is an inter organizational system contain interdependent institutions and agencies involved with the task of moving products from its point of production, or extraction to points of consumption Stern and El-Ansary (1977). Types of distribution channel refers to the form of a single firm uses two or more marketing channels to reach one or more customer segments Kotler (2003).

Marketing channel is one of the term needs explanation, according to Rosenbloom channels usually refers to the external contractual organizations Rosenbloom (2004), such as warehouses and retailers. They are physically external companies. The emergence of the internet seems to modify the definition of the marketing channel slightly. Now the marketing channel contains two categories. The traditional intermediary (i.e. retailer store) is defined as the physical channel and the internet channel is defined as the electronic channel.

Physical channel Based on the definition provided by Coughlan et al. (2006), in this research, a physical marketing channel is “A set of interdependent organizations involved in the process of making a product or service available for use or consumption” (Coughlan et al., 2006:2).

In other words, running a marketing channel is a process and the marketing channel exists as a means “to make the right quantities of the right product or service available at the right place, at the right time” (Pitt et al., 1999:19). Furthermore, the marketing channel is a set of interdependent organizations such as manufacturers, wholesalers, and retailers and typically, a marketing channel is not just one firm doing its best in the market (Rosenbloom, 2004). Each channel member relies on the others to perform their jobs (Coughlan et al. 2006). Meanwhile each channel partner has to operate as a whole integrated system in order to attain efficiency and to compete effectively against rival systems (Rosenberg & Stern 1971). This thesis is working on this physical channel of ethio telecom product.

Electronic channel Based on Rosenbloom (2004), electronic channel is "The use of the internet to make products and services available so that the target market with access to computers or other enabling technologies can shop and complete the transaction for purchase via interactive electronic means" (Rosenbloom, 2004:436) .It is clear that technology, particularly as it relates to the computers and the internet, has already has a major impact on the design and management of marketing channels (Malone et al., 1989; Evans & Wurster, 1997; Kiang & Chi, 2001; Webb, 2002; Friedman & Furey, 2003; Rosenbloom, 2004). As Kiang and Chi (2001:157), mention "The phenomenal growth of the internet has begun to alter the way buyers and sellers exchange information and the structure of distribution. It breaks through the physical barriers traditionally placed on commerce and moves firms to a new commercial marketplace". In other words, the internet is considered not only a communication tool but also a sales channel, in particular an electronic sales channel (Pitt et al., 1999) and furthermore, a virtual marketplace is created. The concept that describes this process of buying, selling, or exchanging goods, services and information via the virtual marketplace using the internet, is called electronic commerce or, more popularly, e-commerce (Turban et al., 2002).

To compare with the traditional (physical) channel, one special characteristic of the electronic channel is that the electronic channel is particularly good at information transmission (Malone et al., 1989; Evans & Wurster 1997). Strauss et al., (2006), explain that with the assistance of digital technologies, data can be stored and transmitted in digital formats (1s and 0s) through the internet and the effectiveness and efficiency of information transmission has been improved significantly.

Types of Channels channel categorized by Kotler under Multiple channel, Direct channel, Indirect channel and Electronic Commerce and Online Channels Kotler (2003).

Multichannel Marketing

It is a form of a single firm uses two or more marketing channels to reach one or more customer segments (Kotler, 2003, p.524). Even if two or more channels are called as "multichannel", Stern and El-Ansary (1977, p. 345), described it as "dual marketing" by which a manufacturer or a wholesaler reaches its final markets with two or more different types of channels for the same basic products.

Direct Marketing

Jobber and Lancaster (2003, p.186), describes direct marketing as a channel which attempts to distribute products, information and promotional benefits without an intermediary and using methods like; direct mail, telemarketing, direct response advertising, electronic media, catalogue marketing, inserts, door-to-door leafleting and text messaging.

Indirect Channel

It is a kind of a network of independent intermediaries, such as; brokers, agents, wholesalers, retailers to sell their products effectively to other channel members and/or ultimately to the end users (Stern & El-Ansary, 1977, p. 26).

According to Jobber (2001), all products whether they be consumer goods, industrial goods or services require a channel of distribution. Czinkota and Ronkainen (2004), state that channels can vary from direct, producer-to-consumer types to elaborate, multilevel channels employing many types of intermediaries, each serving a particular purpose. The producer to consumer structure is considered to be a very direct channel compared to for example the producer to agent to wholesaler to retailer to consumer structure which is an indirect channel according to Mallen (1996). Most international firms would prefer to run a direct channel when using the firm's own sales force, but instead they are forced to use intermediaries, i.e. agents/distributors, due to low sales volume, high start-up costs and local knowledge (Coelho et al., 2003). See figure 1 which shows five alternative types of consumer channels.

Figure 1: Five alternative consumer channels

Producer → Consumer

Producer → Retailer → Consumer

Producer → Wholesaler → Retailer → Consumer

Producer → Agent/Distributor → Retailer → Consumer

Producer → Agent/Distributor → Wholesaler → Retailer → Consumer

source: Adapted from Jobber, 2001, p. 469, Czinkota & Ronkainen, 2004, p.335 and Albaum et al, 1998, p. 196

Producer – consumer cutting out distributor profit margin may make this option attractive to producers. Direct selling between producer and consumer has been a feature of the marketing of Avon Cosmetics and Tupperware plastic containers. Direct marketing is of growing importance in Europe and includes the use of for example direct mail, telephone selling and direct response advertising (Jobber, 2001).

Producer - retailer – consumer the growth in retailer size has meant that it becomes economic for producers to supply retailers directly rather than through wholesalers. Consumers then have the convenience of viewing and/or testing the product at the retail outlet (Jobber, 2001).

Producer - wholesaler - retailer - consumer for small retailers with limited order quantities, the use of wholesalers makes economic sense. Wholesalers can buy in bulk from producers, and sell smaller quantities to numerous retailers. The danger is that large retailers in the same market have the power to buy directly from producers and thus cut out the wholesaler. In certain cases, the buying power of large retailers has meant that they can sell products to their customers cheaper than a small retailer can buy from the wholesaler. Longer channels like this tend to occur where retail oligopolies do not dominate the system. In Europe long channels involving wholesalers are common in France and Italy. In France, for example, small independent wholesalers dominate the of vehicle spare parts (Jobber, 2001).

Producer - agent/distributor - retailer - consumer / Producer - agent/distributor - wholesaler - retailer – consumer this type of channel is most common when companies enter international markets, due to the fact that it does not require as much investment in terms of time and money. (Jobber, 2001), Distributing companies may delegate the task of selling the product to an agent/distributor. An agent contacts wholesalers or retailers in the distributing company’s name and receives commission on sales. For example, overseas sales of books are sometimes generated in this way. A distributor is an independent company which purchases the products of the producer and sells it in its own brand name or uses the distributor's brand name. The distributor has the entire responsibility of the rest of the channel such as choice of intermediaries, storage and marketing and an agent has various responsibilities depending on the agreement with the producer. (Bradley, 1999), Some companies use multiple channels to distribute their products. Grocery products, for example, use both producer to wholesaler to retailer (small grocers), and producer to retailers (supermarkets) (Jobber, 2001).

The choice of these various channels is affected by how much control the producer desire of the distribution. If utilizing a channel which is not direct, the company hands over some of the marketing responsibilities, the sales and the storage of products to the foreign intermediary. Therefore, it is vital to put much effort into the selection of the intermediaries (Gilliland & Bello, 1997).

Electronic Commerce and Online Channels

Electronic commerce is defined as "the process of buying, selling, transferring or exchanging products, services, and/or information via computer networks, mostly through the internet and intranets" (Makame, Kang & Park, 2014). The types of electronic commerce are the following; Business-to-consumer (B2C), e-banking, business-to-business (B2B), consumer-to-consumer (C2C), peer-to-peer (P2P), and mobile commerce. According to Bang, Lee, Han, Hwang and Ahn (2013), in electronics commerce & online channels products are not able to touch and has no face-to-face communication with the retailer. This is because both channels are electronic media for which product search and transactions can be undertaken remotely without geographic distance problem.

2.1.2 The Distribution Channel management

Channel management is about choosing and motivating the intermediaries and to evaluate their achievements. (Kotler & Armstrong, 1999; Jobber, 2001), further complements with the issues of training and managing conflicts between producer and intermediaries is important.

The main issues to consider are:

- Selection:
- Motivation:
- Training:
- evaluation and
- Conflict management:

2.1.2.1 Selection

Jobber (2001) states that selection is an important issue when managing channels. When the principal company has chosen a suitable intermediary, an agreement is set with the intermediary. According to Czinkota and Ronkainen (2004), it is important to do this in an early stage, when the collaboration is still new. It is further more important that the agreement is extensive in order to prevent misunderstandings. Andersson, Stening and Nilsson (1999), state that some companies choose to wait signing the agreement until the collaboration between the two parties has been developed and deepened further. According to Valenzuela and Villacorta (1999), there are more and more companies choosing from signing traditional short-term and non-profiting agreements to signing long-term and obligating agreements due to the heavy competition. According to Root (1998), the agreement can be relatively simple, but due to the various working cultural differences the agreement should be straight and clear.

The agreement is a base for the collaboration between the principal company and the intermediary and it should cover all relevant aspects of the relation and define all obligations of both parties. Hornell and Wollroth (1988), further add that the agreement does not require a long term and complex agreement, however, it is important that it states what happens if any conflicts would arise. It is better with a poor agreement with the opportunity to terminate it, than no agreement at all. To lose an intermediary due to collaboration problems might be costly due to the fact that the intermediary has legal rights to certain compensation, also when the collaboration is over (Ibid.).

Each new agreement that is written should start with a blank paper since each business situation should be treated as new. There is a model of a standard agreement, however, this model should only be used as a suggestion (Soderman, 1989). When it is time for the company to do a written agreement, a contract, with an intermediary, it might be good to have a lawyer present (Root, 1998). The contract should include the terms of payments, what party should provide storage, contribute with service to customers and if and how the intermediary should conduct the marketing (Czinkota&Ronkainen, 2004).

The selection process Root (1998), states that when the company decides to use an intermediary it must initiate a selection process in order to select high-quality intermediaries. It demands for considerable attention and effort. According to Root (1998), the decision process has four phases:

1. Drawing up the intermediary profile
2. Locating intermediary prospects
3. Evaluating intermediary prospects
4. Choosing the intermediary

1. Drawing up the intermediary profile

The intermediary profile lists all the criteria a company should look for in a prospective intermediary for a foreign target market. The potential intermediaries must be compared and contrasted against determining criteria according to Czinkota and Ronkainen (2004) and Root (1998). If the intermediaries have different capacities, needs and goals it may result in conflicts with the distributing company. Therefore, it is crucial that the intermediaries' outlook and approach comprehend to the companies according to Cavusgil et al., (1995).

Especially when various criteria are being weighed, these lists must be updated to reflect changes in the environment and the marketer's own situation. Some criterion can be characterized as determinant, in that they form the core dimensions along which candidates must perform well, whereas some criteria, although important, may be used only in preliminary screening (Czinkota & Ronkainen, 2004).

According to Czinkota & Ronkainen (2004), this list should correspond closely to the distributor's own determinants of success – all the things that have to be done better to beat out competition. Czinkota and Ronkainen (2004), continue by stating that before signing a contract with a particular intermediary, the distributing company should satisfy itself on certain key criteria. A number of these key criteria can be easily quantified, thereby providing a solid base for comparisons between candidates, whereas others are qualitative and require careful interpretation and confidence in the data sources providing the information. A criteria list is valuable only when good data are available on each and every criterion (Ibid.).

According to both Czinkota and Ronkainen (2004), and Root (1998), it is the following criteria to be considered when selecting the intermediary:

- Goals and strategies
- Size of the firm
- Financial strength/credit rating
- Reputation with suppliers, customers, and banks
- Trading areas covered
- Compatibility
- Experience in products/with competitors
- Sales organization and quality of sales force
- Physical facilities
- Willingness to carry inventories
- After-sales service capability
- Knowledge/use of promotion
- Record of sales performance
- Relations with local government
- Communications
- Overall experience/attitude/commitment
- Lines handled
- Cost of operations
- Knowledge of English or other relevant languages
- Knowledge of business methods in the distributing company y's country
- Willingness to cooperate with the distributing company

Cavusgil et al., (1995), summarize the just stated criteria in five criteria; company strength, product factors, marketing capacities, commitment and facilitating factors.

Company strength of the intermediary is an indication of how the needs of the intermediary comprehend to the needs of the distributing company. Distributing companies should investigate the position of the intermediary in terms of present and past customers, suppliers, competitors and other participants in the market. Jones et al., (1992), add that the distributing company should also investigate what product- and marketing expertise the intermediary possess, how the intermediary treats its customers and the intermediary's prior sales. According to Cavusgil et al., (1995), it is also important to investigate the growth of the intermediary due to the fact that if the intermediary does not possess financial means there is not any room for future expansion. Thereby it puts a stop for a long-term relationship.

Product factors is an important criterion when selecting an intermediary according to Mallen (1996). It is important to select an intermediary who deals with complementing products and not competitive. The products should reach the same segment as the distributing company. Jobber (2001), states that effective physical is an important product factor to consider. Physical is the delivery of the product from the distributing company via an intermediary to the end consumer, and to handle and store the product in an effective conduct. It is a decisive issue for the distributing company and increases the value of the product if handled in the right way.

Marketing capacities is another important criterion the distributing company should consider in the selection process according to Cavusgil et al., (1995). The distributing company must find out what marketing share the intermediary possess of the market. Intermediaries often state that they can handle the whole target country or several target countries; however, it is actually often difficult for the intermediary to work over broad areas due to geographical and financial constraints. Limited accesses to channels or lack of motivation are also factors that make the intermediaries incapable of handling broad areas. If the intermediary is incapable of handling broad areas the distributing company should look for further intermediaries. Mallen (1996), adds that the distributor also must consider the intermediary's marketing of the product and the level of education of the salesforce. The willingness of channel intermediaries to market a product is also an important consideration when selecting an intermediary. The distributing company wants, in most cases, be involved in the decision process of the marketing strategy in order to achieve the marketing that is desired for the product (Jobber, 2001).

Commitment is the willingness of the intermediary to storage and to invest into advertisement. Another important indication of commitment is the intermediary's investment in training programs for the salesforce. Furthermore, the feedback from the intermediary to the distributing company is also an indication (Cavusgil et al., 1995). The major indicator of commitment is when the intermediary ends the sales of competitive products in order to only put focus on the products of the distributing company according to Mallen (1996).

Facilitating factors is one of the five criteria that are important according to Cavusgil et al., (1996). The distributing company should examine prior experiences with other distributing companies. Management and bookkeeping principles should also be examined and be in agreement with the distributing company as well as the goals of the distributing company should agree with the goals of the intermediary. Another facilitating factor is that the intermediary has English speaking staff due to the fact that it makes the communication with the distributing company easier.

2. Locating intermediary prospects

According to Root (1998), information on prospective intermediaries in a target country may be collected from numerous sources such as government agencies, banks, trade publications, trade fairs and personal visits. Barnett et al., (1989), states that personal visits are the most common way in order to get in contact with potential intermediaries. It is the most important indicator of successful export. Even though personal visits are expensive they are vital in order to evaluate the intermediaries' competence and opportunities in the local market. Furthermore, personal visits may result in close relations with the intermediary due to the fact that the distribution company can evaluate the needs of the intermediary (Ibid.).

Another way of locating intermediary prospects according to McMillan and Paulden (1974), is to ask existing and potential customers in the foreign market for guidance and advice. Gruner and Schafer (1996), state that the distribution company should ask their potential end customers what intermediaries they have cooperated with and have confidence in. However, McMillan and

Paulden (1974), state that there is a risk trusting the recommendations of customers due to the fact that they often suggest intermediaries who distribute competitive products. In order to minimize this risk, the distribution company can go to customers of similar products for advice in order to locate prospective intermediaries. These intermediaries are most likely more eager to distribute a complementing product in their assortment than intermediaries distributing competitive products. Existing customers might recommend intermediaries who have access to important customers (Ibid.).

According to Barnett et al., (1989), a third way of locating prospective intermediaries is for the distribution company to visit trade fairs in the new country market. Berg (2000), states that by discussing with various participants of the trade fair a network is created which facilitate the locating of a prospective intermediary. A trade fair is furthermore a good opportunity to

investigate how various intermediaries work and what knowledge they have of the products they are currently selling according to Gruner and Schafer (1996). If the distribution company is ready to start selling in the new market it might be a good time to start participating actively in trade fairs. It is crucial to plan this carefully in terms of having enough material, in the appropriate languages. However, if participating actively in trade fairs in a too early stage it might be devastating and the distribution company would be recognized as not serious. (Forsberg, 1996), The distribution company can also turn to organizations such as trade organizations, banks, transporting companies or marketing agencies in order to find appropriate intermediaries. For example, the Swedish trade organization, “Handelskammaren”1 and “ALMI Företagspartner”2 offer valuable contacts in the new distribution country (Forsberg, 1996).

3. Evaluating intermediary prospects

Root (1998), states that references from banks and existing customers of the intermediary is a good way to evaluate the intermediary prospects. According to Haas (1995), it is also important to find out the history of the intermediary, how long the intermediary has been in the business, what marketing the channel uses and what storage capacity it has. When the distributing company has found intermediary prospects it should try to establish contact by letters or e-mail in order to find out if there is any interest to distribute the product in question according to Root (1998). The author further states that several of the letters and emails probably go unanswered either because the intermediary is not interested in the product or because he or she already handles a competitive product. It is crucial that the first letter or e-mail is created as a sales letter which promotes the product by citing the competitive advantages and sales potential in the intermediary’s country, important customers in the home country, and the distributing company’s reputation (Ibid.).

Evaluations of responses of the first letter or e-mail, checks with banks, and supplier references, and other information provide the basis of a second screening. Next, a follow-on letter can be sent to the remaining prospects, asking each intermediary to outline the marketing plan he or she would use for the distributing company’s product, the support he or she would want from the distributing company, expected sales volume, and any other information pertinent to the distributing company’s profile. Given this information from responses to the second letter, as well as information from other sources, the distributing company is able to determine a limited number of the “best” prospects. (Root, 1998), According to Cavusgil et al., (1995), the distributing company must now compare and evaluate the best prospect from one another against the intermediary profile from phase 1 “Drawing up the intermediary profile”.

4. Choosing the intermediary

After the evaluations of the intermediary prospects and the prospects have been further limited, it is time to choose the intermediary. According to Cavusgil et al., (1995) and Root (1998), it is important to meet the intermediary in person in order to find out if the personal chemistry is there. The final choice of intermediary is well worth the time and money, due to the fact that the success of the distributing company’s product depend mainly on the intermediary’s efforts. Furthermore, if the distributing company makes a bad choice it can be time consuming and costly to undo the arrangements. The whole selection process must start over from the start (Root, 1998).

2.1.2.2 Motivation

Important in order for channel members to agree to act as an intermediary, and allocate sufficient commitment and resources to the producer’s lines. The key to effective motivation is to understand the needs and problems of intermediaries since needs and motivators are linked. Possible motivators include financial rewards, territorial exclusivity, providing resource support such as sales training, field sales assistance and provision of marketing research information, and developing strong work relationships such as joint planning, assurance of long-term commitment, and appreciation of effort and success. (Jobber, 2001) Communication can be a way of motivating the distributor.

A close relation could be a decisive factor of the intermediary's motivation. In order for an investment in distribution shall be successful and profitable it is important that both parties understand and respect each other, coordinate their goals and activities and cooperate with one another in order to achieve their common goals. By cooperating they serve and satisfy the target market in an effective manner according to Cooper (1997). However, in most cases both parties invest in their own short-term goals and their business companies which are closest to them in the channel. To cooperate in order to achieve common goals means in certain cases that the company has to give up individual goals. (Kotler & Armstrong, 1999), Due to the fact that the producing company does not have total control of what happens in the new market and what has to be done it is hard to demand a certain performance of the intermediary (Jain, 1996). However, Persson (1987), states that the producing company has ground to set major demands on the intermediary due to the fact that the consumers often understand the intermediary as part of the producing company. It may be difficult for the producing company to set sales goals and read sales reports and other descriptions when all of that is in the hands of the intermediary (Jain, 1996).

In order for the producer company to get a larger insight in the business activity in the international market it can use motivating factors instead of watching over the intermediary (Jain, 1996). The most popular methods cited by the producing company to motivate their agents/distributors can be territorial exclusivity, provision of up-to-date products and company information, regular personal contact, appreciation of effort and understanding of the agents /distributors problem, attractive financial incentives (Jobber, 2001).

Another condition to have a good and prospering collaboration is a functioning information exchange. The producing company has an immense responsibility towards its intermediaries to show that there is help and support from the producing company, and also to provide with all the new information when there are changes. In all collaborations, and especially in international distributing, the parties should keep regular contact with one another in order for the collaboration to be prospering and lucrative (Cooper, 1997). The producing company should also insure that all activities in the channel are the same and follow the same marketing strategy. The communication might be conducted over the phone or by personal visits. Personal visits play an important roll when the relation between the producing company and the intermediary will be stronger. The communication might also be conducted indirect through news letters, magazines or data bases. International or regional meetings might also be good in order to exchange experiences (Dahringer&Muhlbacher, 1991).

According to Forsman (1987), it is important to establish close relations with the intermediary, which is conducted most successfully by meeting the persons in question face-to-face. A close relation is a competitive advantage of the producing company and it is hard for competitors to break that relation. Holmvall (1995), states that in a competitive business environment it is vital for the producing company to establish long-term and stable relations to intermediaries. To many producing companies a good relation to the intermediary might be of more importance than a successful product. A company which has a good product but failing relations to its intermediary might have difficulties succeeding in the new market abroad. (Ibid.) According to Dwyer et al., (1987) a strong working relation is achieved by for example shared planning, security of a long-term relation, appreciation of effort and success, frequent exchange of opinions or arranging activities off working hours. Cooper (1997), further ads that by showing a sincere interest of the intermediary's work is a determining factor of the intermediary's motivation. A good way of attaining insight in the activities of the intermediary is to set monthly or yearly goals. By doing this the intermediary know what is required and the distributing company has the opportunity to see how well the intermediary performs (Ibid.).

2.1.2.3 Training

Training can make the more effective by handling the human resources in the best conduct according to Gattorna (1990). Effective handling of human resources is closely connected to quality improvement. By involving the intermediary in the quality work of the producing company, the producing company might increase its policy concerning giving the end consumers quality and top service. (Ibid.) The producing company should not train the intermediary on only its own products but also the competitors' products, in order to lift out the advantages and competitive advantages of its own products and deliver that to the customers (Söderman, 1989) According to Alonzo (1999), producing companies with high loyalty tend to, in addition to traditional rewards, in order to encourage the intermediary to increase sales, also provide and offer training to its sales force. This is a very prospering and profiting strategy, since the producing company might benefit of providing the tools the intermediary needs in order to deliver solutions when conducting business with its customers. When such knowledge is given it can help to build strong relationships and give distributors the confidence to sell those products (Jobber, 2001).

The need to train intermediaries obviously depends on how competent they are and what knowledge they have of the product and the market (Jobber). producing companies usually have prior experience in marketing the product in the home market and can therefore give good advices on how campaigns, ads and press releases should be performed. In this case, it must be emphasized that it is the local market which decides the outcome of the end material, and not what the producing company is used to do (Holmvall, 1995).

2.1.2.4 Evaluation

Evaluation of channel members has an important bearing on distributor retention, training and motivation decisions. Evaluation provides the information necessary to decide which channel members to retain and which to drop. Deficits in distributor skills and competences may be identified through evaluation, and appropriate training programmers organized by the producers. Where a lack of motivation is recognized as a problem, producers can implement plans designed in order to deal with what the cause of demotivation (Jobber, 2001). The producing company must on a regular basis see to it that the intermediary fulfills the wanted criteria of an ideal intermediary. This can be conducted by comparing the intermediary’s performance against the standards that are based on the goals and vision of the company (Dahringer & Muhlbacher, 1991).

2.1.2.5 Conflict management

Conflict management with in channel is important in order to keep the efficiency and that all parties keep satisfied. The major sources of channel conflict are differences in goals, differences in desired product lines, multiple channels and inadequacies in performance (Jobber, 2001). Differences in goals means that most resellers attempt to maximize their own profit. This can be accomplished by improving profit margin, reducing inventory levels, increasing sales, lowering expenses and receiving greater allowances from suppliers. Differences in desired product lines stand for that resellers who grow by adding product lines may be regarded as disloyal to their original suppliers. For example, a sports outlet that decides to narrow its product range wish to increase the assortment of the specialized items that make it distinct. This can cause conflict with its original suppliers of these product lines since the addition of competitors' brands makes the retailer appear disloyal. Multiple channels may be used by the producer when the producer tries to achieve market coverage. For example, a producer may decide to sell directly to key accounts because their size warrants a key account sales force, and use channel intermediaries to give wide market coverage. Inadequacies in performance is an obvious source of conflict. Parties in the supply chain do not perform to expectations(Ibid.).

Violating the agreed price and territory also be one of the conflict source Channel violations are customarily described as competitive disputes between channel organizations over customers and among distributors (Edwin, 1996).

Article 4(b) of the VBER blacklists any (either direct or indirect) restriction on the buyer's ability to sell into certain territories or to certain customers. Typically, reduced intra-brand competition and market partitioning are possible competition risks from exclusive agreements, which may facilitate price discrimination.

A territory or customer group is exclusively allocated when the supplier agrees to sell its products only to one distributor for in a particular territory or to a particular customer group, and the exclusive distributor is protected against active selling into its territory or to its customer group by all other buyers of the supplier inside the country, irrespective of sales by the supplier. In practice, an agreement would not be covered by both parties if either the supplier appoints more than one distributor in a given territory or, although the supplier appoints only one distributor in a given territory, the distributor is not protected from active sales coming from any other distributor appointed by the supplier within that country. However, in a dynamic network a territory that was exclusively reserved or exclusively allocated may cease to be so, and, thus, maintaining the prohibition on active sales with respect to other territories may require both amending other contracts to keep them within that territories and informing each distributor of the complete network of exclusive territories allocated or reserved by its supplier across the country, as well as of all the changes made in the agreements. Dual issues would be assessed under the horizontal guidelines (Gabriele, 2012).

Although the Vertical Guidelines do not indicate the meaning of exclusive reservation, consistency with other rules in the guidelines would suggest that a territory or customer group may be deemed exclusively reserved to the supplier to the extent that either the contract goods are not sold at all in such a territory or to such a customer group or the supplier exclusively sells the contract goods in such a territory or to such a customer group without distributors being appointed. In the context of selective distribution, a territory where the supplier does not yet sell the contract products should be regarded as a territory reserved by the supplier. Considering such agreements those distributors try to enter other owned territory to distribute their products following penalty for violation of the agreements (Gabriele, 2012).

Violations for the regulation and agreement on the Price in the context of a selective arrangement is essential to note that whilst the supplier can impose high standards of quality and service, it cannot seek to control the retail prices charged by its distributors. Imposing a fixed or minimum resale price upon a buyer is not allowed. A recommended or a maximum price is, in theory, allowable. However, there is always a danger that a "price recommendation" or a "maximum price" becomes a de facto minimum or fixed resale price which is prohibited. Resale price maintenance also covers any commercial strategies or pressure which has the effect of controlling retail prices. The following would therefore also be considered to amount to resale price maintenance: Fixing the distributors margin, Setting a maximum discount which a distributor must apply, Making rebates or promotional costs (or other supply benefits) conditional upon adherence to a given price level, Linking the resale price to that of competitors' products, Indirect pressure linked to mechanisms to identify instances of discounting, Monitoring the prices of distributors and Obliging retailers to report other distributors deviating from the "recommended" price level (Ashurst, 2011).

There are several ways of managing conflict (Jobber, 2001). The best way of avoiding and preventing conflicts is to keep a regular and mutual communication and also a close collaboration according to McDonald (1999). A close and frequent relation is determinant in order to identify the problem before it hurts the producing company. In order to avoid conflicts it is vital that the producing company and the intermediary agree and determine on what the obligations and requirements there are of each party and also what party should cover various costs. If problems arise in the collaboration it is crucial that the producing company inform the intermediary, or the other way around, in order to find an immediate solution. (Holmvall, 1995) In order to manage conflicts the parties can be trained in conflict management and to deal with tough negotiations according to Jobber, (2001). Many of the parties involved have no experience in how to act when conflicts arise; to them it is a new phenomenon. Training in conflict management might be of great use in order to handle and solve conflicts in an effective manner which in its turn leads to a productive organization (Capozzoli, 1999).

2.2 **Empirical Review**

2.2.1 Indirect Channel Practices in Ethiopia

In Ethiopian firm's products and services are sold through their own outlets or wholesale to other resellers in cities of the country. Though there are practices in some sectors like water distribution, beverage and food package there is limitation on the study done on indirect channel practice.

Sutton and Kellow, (2010) study assessed 50 leading firms in Ethiopia, and in their own study they tried to describes the history and current capabilities of Ethiopia's leading industrial companies (agribusiness, manufacturing and construction) with the help of the company's profiles. Relating to the network practices of the 50s leading firms Some of them are discussed below.

Ahadu P.L.C with in its different affiliated companies of the P.L.C., there exists wholesaling, personal selling, retailing and outlets. **AQ Roses P.L.C.** own sales and network companies in Nederland. **Cement Factories** agents and sales outlets. **East Africa Holdings S.C.** it has highly developed system and outlets. **Nas Foods** networks in almost every zones of the country. **Red Fox** well established networks in international markets. **Sebeta Agro Industry** has different channels to market products (wholesale stores & direct delivery for bulk orders).

Markos, (2013), studied the practices of MOHA soft drink industry and come up that, MOHA has used direct and indirect through its own sales force, trucks, agents and sub-agents throughout the country, respectively. According to his survey study, the (agent) indirect of the company takes only 15.1%, the direct also used 57.3% of the time, wholesalers' was 3.1% and the remaining % was distributed by "other means of distribution". The study further showed that, there is major problem (54.2%) and most of the respondents were not satisfied (62.6%) by the strategy of the company too.

On the other hand, the Coca-Cola Company has its own channels in which it works the regular method by relying on trucks and by the network of low cost Micro Centers (MDC). The MDCs are an independently owned and run by local entrepreneurs including the areas of "Hard to reach". The company has established a systematized process for assessing the need and locations for MDCs, recruiting owners and operators, and providing assistance with setting up operations of a new MDC (The Coca-Cola Company, 2015).

Though there is a shortage of recent research work in the area of telecom product physical distribution channel management challenges, there are very few researches performed in this area, one of the researches conducted on the same area of distribution related challenges in Ethiopia is by Nehmya (2014), in which come up with different challenges such as there are too

much channel conflict, terms of the agreement are not implemented ,Business relationship between ethio telecom and distributors tends to be transactional than strategic , The other researcher assesses the channel challenge in same field is Fisseha (2015), come with enormous challenges and few of them are the conflict between the company and chain members is expressed as the allocated target for them is too high, disagreements on goals and perspectives with their associate, there is an attempt to detect, resolve and suggest solution to conflicts stemming from the sales throughout the chain members, assessed the channel and if there exist disparity against the contractual agreements, warnings and terminations was held on those distributors. Additional study result were motivational factors of the distribution channel members, there are only two types of motivational incentives, the two types of motivational incentives which have been given for the best performers are; some percentage increment on commission payment based on the contribution and one-time reward (like, Laptop and Smartphones).

The cause of the channel challenges are assumed to be limitation on principal and the distributors in practicing the stated rule and regulation on all over the channel specially the price cut, territory violations, contractual agreement visibility, over target allocation, credit facility utilization are clearly suspected challenges of the channel. The other cause could be the channel management, unbalanced distributors status in resource, infrastructure deployment since there are national distributors distributing the product all over the country with huge capacity and also there are SME distributors and Local distributors those distribute their products in Regional or Zonal territory with limited and lowest capacity. Here, considering the channel importance it is vital to clarify the gaps in the channel, therefore this study figure out Indirect sales channel challenges.

2.2.2 Distribution Channel Management Measuring elements

The channel management can be well described using five main issues as Jobber (2001) describes. Amongst others researchers called Cavusgil et al., (1995) and Mallen (1996), that have used this theory in their work regarding the distributors channel managements. According to Kotler and Armstrong (1999), channel management is about choosing and motivating the intermediaries and to evaluate their achievements. Jobber (2001), further complements with the issues of training and managing conflicts between producer and intermediaries. The main issues in channel management to consider are; selection, motivation, training, evaluation and managing conflict.

Selection is an important issue when managing channels (Jobber, 2001) it has already been discussed in the previous literature part but there are certain parts of it that have not been explained. There are especially four aspects included in this issue:

- Outlining of contract
- Duration of contract
- Content in contract
- Lawyer present

Motivation is important in order for channel members to agree to act as an intermediary, and allocate sufficient commitment and resources to the lines of the producer. The key to effective motivation is to understand the needs and problems of intermediaries since needs and motivators are linked. (Jobber, 2001) Motivation consists of the following issues according to Cooper (1997), Jain (1996) and Kotler and Armstrong (1999), amongst others:

- Motivating factors
- Goals
- Communication, communication frequency and Relationship

Training can make the more effective, by handling human resources in the best way according to Cooper (1997). To handle human resources effectively, might contribute to quality improvement. The company might increase its policy to give the end consumers quality and top service, by involving the intermediary in the quality work of the distributing company (Gattorna,1990). There are mainly two issues to consider concerning training according to Soderman (1989), Alonzo (1999) and Holmvall (1995):

- Active training of intermediaries
- Information exchange between the distributing company and the intermediary

Evaluation of channel members has an important bearing on intermediary retention, training and motivation decisions. It provides the information necessary to decide which channel members to continue collaboration with and which channel members to cancel the collaboration with (Jobber, 2001).

Managing Conflict within an international channel is important in order to keep the efficiency and all parties satisfied. Sources of conflict might be differences in goals, differences in desired product lines, multiple channels and inadequacies in performance. There are several ways of managing conflict (Jobber, 2001). According to McDonald (1999), the best way of avoiding and preventing conflicts is to keep a regular and mutual communication and also a close collaboration. In order to identify the problem before it hurts the distributing company, a close and frequent relation is determinant (Holmvall, 1995). In order to manage conflicts and to deal with tough negotiations the parties can be trained in conflict management according to Jobber (2001).

- Sources of conflict
- How to manage conflict
- Training in managing conflict

Distribution channel management main elements

To assess ethio telecom product distribution management challenges, the present study proposes theoretical concept about distribution channel. Channel management is about choosing and motivating the intermediaries and to evaluate their achievements, further complements with the issues of training and managing conflicts between producer and intermediaries (Kotler and Armstrong, 1999; Jobber, 2001).

This study aims to assess ethio telecom indirect channel distribution management challenges based on five main distribution management elements:

- **Distribution Channel Selection**
- **Motivation of distributors**
- **Training to distributors**
- **Evaluation of distributors and**
- **Distribution Channel Conflict management**

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodologies for the study to respond for the proposed research questions and objectives. It covers research approach, design, types, sampling techniques, samples, procedures, instruments and methods has been described. Research validity and reliabilities as well as ethical considerations is specified.

3.2 Research Approach

In order to achieve the main research objectives, quantitative and qualitative mixed research approach is employed, for this study concurrent triangulation strategy is utilized, the researcher collected both qualitative and quantitative data concurrently and compared the data to determine if there are differences (Creswell, 2009). Using varied methods helps the researcher to utilize strength of both quantitative and qualitative data and help to gather data that is not be obtained by a single method so that the findings with a single approach could be substantiated by others possible method.

3.3 Research Design

A research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem research. The design of a study defines the study type. The researcher, to reveal the challenges for ethio telecom and distributors in indirect sales channel management descriptive research design is used.

This descriptive types of research were used because it aims to describe problem identified in surveys and facts which has been enquired in questioners and interview for the major purpose of describing the state of affairs as it exists at present.

Problem oriented types of research is preferred by the researched due to his straight attachment on his career profession as the goal of the research is problem solving.

There 107 distributors and they are key partners for deploying required resources with proper channel management, they have their own staffs for sales management, sub distributors and retailers those distribute products under defied territory to end user level.

3.4 Population, Sample Size and Sampling Technique

Target Population

Ethio-telecom has external channel actors, which is led by indirect channel department to distribute its products. These partners are main Distributor, Sub Distributors and Retailers there are also ethio telecom staffs those work on distribution.

Participants for the purpose of this study are eighteen Indirect sales channel managers found in 12 regions (are South Western region main office found - Jimma, Gambela Region-Gambela ,West Region-Nekemte , Asossa Region-Assosa , Southern Region- Hawassa, North Eastern region- Desse , Afar Region-Semera, Northern Region – Mekele, Estern Region- Dire Dawa, Jigjiga region-Jigjiga ,South Estern Region – Adama, North Western Region Baher Dar) and the rest 6 Zones exists in Addis Ababa(CAAZ,NAAZ,WAAZ,SAAZ,SWAAZ and EAAZ). Indirect sales channel managers are responsible to manage distributors and ethio telecom staffs found under their territory by succeeding the allocated sales target crafted from the company business plan in supporting the channel internal and external challenges. Under indirect sales channel managers there are 110 staffs, to support the lower channel actors called sub distributors and retailers. The main support of the staffs is to give practical solution to the problem happened in operation process from stock availability checking to sales tools maintenance.

The target population for the study was includes 217 in number from external distributors and ethio telecom staffs those found in 12 Regions and 6 Addis Ababa zones.

Sampling Technique and Sample Size

The researcher uses the probabilistic sampling technique because there is chances of being selected and included equally for the sample. Stratified sampling is useful where there is a priori information relating to the heterogeneity of the target population from one group to another (Spanos, 2003). In this case, there are two groups of target population which are distributors and ethio telecom staffs.

To determine the sample size of the study Yamane (1967) has provided a simplified formula to calculate sample size as follow:

$$n = \frac{N}{1+N(e)^2}$$

Where **n** is the sample size that could be drawn from the entire population

N is the population

e is the level of precision or sampling error = (0.05)

$$\text{Therefore, } n = \frac{217}{1+217(0.05)^2} = 141$$

From the total respondents' number of 141, the proportionate number of distributors staff is 70(107/217*141) and the number of ethio telecom staff is 71(110/217*141). The sample size at each zonal and regional level is computed similarly and presented in the below table 5.

Table 1: Population and sample of the Study

No	Region/Zone	Target Population		Sample	
		Distributor	Ethio Telecom staffs	Distributors	Ethio Telecom staffs
1	Addis Ababa	29	22	19	14
2	North Region	8	6	5	4
3	North East Region	5	6	3	4
4	Semera Region	3	2	2	1
5	NorthWest Region	7	12	5	8
6	South&SSW Region	12	19	8	11
7	South East Region	9	8	6	5
8	SouthWest Region	6	5	4	3
9	Gambela Region	2	2	1	1
10	East Region	5	8	3	5
11	JigJiga Region	6	4	4	3
12	West region	4	6	3	4
13	Assosa region	3	2	2	1
14	Semera Region	3	3	2	2
15	National Distributors	5	5	3	3
Total		**107**	**110**	**70**	**71**

3.5 Sources of Data Collection

The research study has performed quantitative and qualitative research with the help of structured questionnaires from distributors important members and ethio telecom related staffs and for interview, purposive sampling is used to obtain relevant and rich information, interviews was conducted with three Addis Ababa distributors managers and three zonal indirect channel managers. This is to illuminate the content of outcomes gathered by questionnaires. These two methods are the primary sources of data collection so as to address the research objectives using statistical based methods.

The secondary sources of data collection is gathered from Ethio-Telecom's and Distributors past and recent data which may be available in report forms, intranet and extranet portals, published and unpublished ways. And additionally articles, books, journals and internet based references was used as secondary sources of data while the theoretical, the conceptual and the empirical information about the main issues under literature review of the research report is written.

3.6 Method of Data Collection

Two sources of data, primary and secondary, is used for this study. This is done in order to gain valuable information regarding the indirect channel management challenges in the company.
The primary data was gathered from selected samples through structured questionnaire which was designed to collect data regarding expectation and perceptions of staffs and distributors on the management challenges of ethio telecom indirect channel distribution. The questionnaires were designed based on the principles of questionnaires in simple words and clear languages, short statement and appropriate punctuations are also considered when design of the instrument. On the other hand, semi-structured interview was utilized with ET's managers of indirect channel of distribution to clarify the content of some of the questionnaire.

Whereas the secondary data is gathered from Ethio-telecom Residential sales division, indirect channel department and Distributors.

3.7 Procedures of Data Collection

The major method of data collection is questionnaire survey and as it is large amount of data it is done exhaustively. The Questionnaires is distributed situationally , for ethio telecom employees as email is the daily life experience email is sent to the first 71 staffs in alphabet from company mail address book, for distributors, hard copy survey questionnaire delivery and collection is done through ethio point of sale coordinators when they go for distributors visit by distributing to the currently available partners staff . The questionaries' is prepared in clear language. on the other hand, semi-structured interview is done with ET's indirect channel managers to clarify the content of some of the questionnaire results. This is done because it tries and determines if there has been a proper interpretation of the collected data (Adam et al., 2007). Therefore, the respondents describe their attitudes, behaviors, trends and experiences.

3.8 Method of Data Analysis

The data collection method is both quantitative and qualitative. The data is analyzed using appropriate statistical tools IBM SPSS version 20. The analysis was done using descriptive statistics including minimum, maximum, means, mode and standard deviations to presents the results. This section presents the analysis of the research findings arranged in line with the research objectives. Such as identifying the challenges in ethio telecom indirect channel distributions then assess the causes of ethio telecom faced problems during distributions. Finally, interpretation of results is made and the conclusions are drawn w and further recommendations are forwarded.

3.9 Validity and Reliability

3.9.1 Validity Test

Validity is an assumption what is being studied and that can be measured to confirm the truthfulness and accuracy of findings or conclusions drawn from the data. It indicates that the conclusions that the researcher has drawn are trustworthy (O'Leary, 2004, cited in Teklegerima, 2012). Proportional agreement procedure allows two or more ratters to independently review and evaluate the relevance of a sample of items to the domain of content represented in an instrument. A researcher then tallies the proportion of cases in which the raters agree and determines the stability of their agreement (Lynn 1986). A Likert-type, ordinal scale with five possible responses is used. The responses include a rating of 1 = not relevant, 2 =somewhat relevant, 3 =not sure, 4=

quite relevant, and 5 = very relevant. Researchers advocating the use of this approach specify that ratings of 1 and 2 are considered content invalid, whereas ratings of 4 and 5 are considered to be content valid (Waltz et al, 1991). Waltz and Bausell (1983), indicated the actual Content Validity Index (CVI) is the proportion of items that received a rating of 4 or 5 by the experts‖ (p. 384).

The researcher has constructed the questionnaire and invited two persons those have knowledge of the area to read and give feedback for pre-testing and they have commented on length, idea duplication and words to be merged so that it was accommodated. This is done to ensure that the questionnaire is clear to respondents and can be completed in useful way (Adam et al., 2007). Then, the instrument was evaluated by academic advisor prior to the data collection so as to maintain its validity and to increase the accuracy and usefulness of the findings in which it allows greater confidences of the study and finally approved by the advisor.

Therefore, using a best fitted research methodology the researcher has increased the accuracy and usefulness of the findings in which it allows greater confidences of the study.

3.9.2 Reliability Test

Reliability of data collection instruments, data sources etc. can affect the quality of research reports. In this regard Gliner (2009), When we use tests or other instruments to measure outcomes, we also need to make sure that these instruments provided reliable data. Cronbach (1990), said that reliability refers to consistency of a series of measurements. According to Joseph and Rosemary (2003), Cronbach's alpha reliability coefficient (α) normally ranges between 0 and 1. And they further stated that, there is a greater internal consistency of the items if the Cronbach's alpha coefficient closes to 1.0. The importance of reliability for research methods cannot be over stated. If our outcome measure does not provide reliable data, then we cannot accurately assess the results of our study.

According to the rule of thumb (George and Mallery, 2003, p. 231), if $\alpha > 0.6$ it is in Acceptable range. The survey result in the below table 6 indicates that average Cronbach's alpha value of α is 0.766 and the reliability test of the study is located on "Acceptable" range. Thus, based on the test of the scales and constructs included, it is discovered that each scale represents a reliable and valid construct.

Table.2 Reliability test

S.№	Variable Name	Cronbach's Alpha	No of Item
1	Distributors channel selection	0.833	12
2	Motivating distributors	0.769	4
3	Training to distributors	0.842	2
4	Evaluation of Distributors	0.770	3
5	Conflict management in the distribution	0.618	4
	Reliability Statistics of Total scale	0.766	25

Source: Own Survey, SPSS V20, 2018

3.10 Ethical Considerations

There are ethical issues consider while writing my proposal and those issues are the following. Since writing a research proposal required a collection of data, the participants i.e., individuals, groups, organizations, institutions, on the study protected and guarded. Hence the trust between the participants and the integrity of the research paper is promoted.

Due to the fact that, one of the data collection techniques of my entire research study is survey over questionnaires', providing cover letter and gaining agreement of authority's access at the research sampling areas is the primary thing. This access establishes trust and creditability between the researchers and the participants. And the next thing will be the brief description of the purpose of the study and hence, by describing the purposes of the study, it benefits participants and the researchers without misuses the results to the advantages of one or some groups.

On literatures, findings, analysis and interpretation time, the confidentiality of the prior findings, publications and other written or non-written material which are helpful throughout my study remain confidential, sited and the data is kept for a reasonable period of time.

While undertaking this new research report, I am not engaged on duplicating and redundant publication. It has no any biased languages, falsifying, and suppressing, inventing finding to meet researchers or an audience's need.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

In this section the collected data are presented, the Likert scale which was developed by Rensis Likert had been utilized to interpreted and analyzed through SPSS. Regarding the data presentation, the study respondents were required to rate the items in the instrument on the basis of a five (5) point scale (1=Strongly Disagree, 2=Disagree, 3=Not Sure, 4=Agree and 5=Strongly Agree). This implies that the likert scale was converted to scale to interpret mean level of agreement of the respondents, the limits of the scale were 1.00 to 1.49= strongly disagree, 1.50 to 2.49 = disagree, 2.50 to 3.49 = neutral, 3.50 to 4.49 = agree, and 4.50 to 5.00 = strongly agree. The first part discusses the respondents‟ profile based on Gender, age, level of education and Years of service in distributing Ethio telecom's P&S. The second part is about the descriptive statistics of different study variable to examine the main objectives of the research using Structured questioners, which includes a description of intermediary selection criteria visibility, assessing if there is motivational act for channel members, training provision status to intermediaries, partner's evaluation approaches and on how to manage conflicts arise in the channel. The third part is discussion on the result of the interview conducted with Ethio telecom indirect sales channel managers through face to face and written response.

The data analysis is using descriptive statistics which consists of central tendency measurements mainly frequency and frequency distribution, percentage, valid & cumulative percentages, minimum & maximum, mean and standard deviation. In addition to this, with the help of SPSS, tabular explanations are also used.

4.2 Demographic Composition of Respondents

4.2.1 Company based level of respondent

Table 3. Company based level of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ethio telecom	69	56.1	57.0	57.0
	Distributor	52	42.3	43.0	100.0
	Total	121	98.4	100.0	
Missing	System	2	1.6		
Total		123	100.0		

Source: Own Survey, SPSS V20, 2018

As 141 sample was designed in chapter three 141 questionnaires were distributed and 123 was returned. From 142 sample 72 were for ethio telecom and 70 for distributors, the survey result indicate that total 87% of the questionnaires are retuned, from total return 56.1% of the questionnaires was returned from ethio telecom staffs and 42.3% of them are from distributors , 1.6% of them are missed.

4.2.2 Descriptive Analysis for the General Information of the Respondents

Table 4. Respondent profile

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	101	82.1	83.5	83.5
	Female	20	16.3	16.5	100.0
Age	21 Years and Under	1	.8	.8	.8
	22 to 34 Years	47	38.2	38.2	39.0
	35 to 44 Years	59	48.0	48.0	87.0
	45 to 54 Years	14	11.4	11.4	98.4
	55 to 64 years	2	1.6	1.6	100.0
Level of Education	High School graduate	1	.8	.8	.8
	Diploma	11	8.9	9.2	10.0
	Degree	78	63.4	65.0	75.0
	Masters	27	22.0	22.5	97.5
	PhD and above	3	2.4	2.5	100.0

Source: Own Survey, SPSS V20, 2018

Accordingly, as shown in table 8 regarding the gender composition majority of the sampled respondents‟ 84.7 % were male, while the remaining 16.3 % were female, this indicates that women's are seems to be delimited from this cash crop business area.

With regard to age of the respondents, 0.8 % of the respondents are in the age category of 21 Years and Under, 38.2% of them are in the age group of 22-34 years, 48% are in the age category of 35-44 years,11.4% of respondents are in the age group of 45-54 years and 1.6% of the respondents are in the age category of 55-64 years. Therefore, the result shows that majority of ethio telecom and distributors staffs are from the age group 35-44 years.

Concerning the educational level of the sample respondents it indicates that 1(0.8%) of them are high school graduate, 11(8.9%) of the respondents are Diploma holders, 78(63.4%) are Degree holders, 27(22%) of them are Masters holders and 3(2.4%) them are PhD holders.

This shows that even if majority of respondents are Degree holders the result indicate that the sample takes are from diversified educational level of channel members, and this can give us confidence on the response given regarding to the validity.

4.3 Discussion on the Response of the Questionnaire from Descriptive Statistics

Channel management is about choosing and motivating the intermediaries and to evaluate their achievements further complements with the issues of training and managing conflicts between producer and intermediaries, (Kotler & Armstrong, 1999; Jobber,2001). The study variables to assess Ethio telecom product distribution management challenges are Distribution Channel Selection, Distributors Motivation, Training to distributors, Evaluation of distributors and Distributors Channel Conflict Management. So, in this part of the study the variables are discussed based on the score of the responses of Ethio telecom employees and distributors, the practices of these variables has been analyzed on SPSS v20.

4. 3. 1 Distribution Channel Selection

According to both Czinkota and Ronkainen (2004) and Root (1998), there are criterion to be considered when selecting the intermediary. Ethio telecom distribution channel selection could be measured with the element : Goals and strategies, Financial strength/credit rating, Reputation with suppliers, customers, and banks, Sales organization and quality of sales force, Physical facilities, Willingness to carry inventories, Overall experience/attitude/commitment, Willingness to cooperate with the Distributors, The contractual agreement between ethio telecom and distributors is clearly outlined, The duration of the contract has openly defined, The content of the contract covers important elements and contribute to service for customers and marketing responsibility, Lawyers are involved in the contractual agreement preparation are presented in the following tables.

Table 5. Descriptive statistics on Distribution channel selection

	N	Minimum	Maximum	Mean	Std. Deviation
Goals and strategies	123	1	5	4.02	.752
Financial strength	123	1	5	3.91	.878
Reputation	122	2	5	3.74	.851
organization and quality	120	1	5	3.83	.999
Physical facilities	123	1	5	3.74	.895
Willingness to carry inventories	122	1	5	3.77	.925
Overall experience	122	1	5	3.78	.983
Willingness to cooperate	122	1	5	3.95	.952
Contractual agreement clearly outlined	123	1	5	3.94	1.074
Duration of the contract has openly defined	122	2	5	4.20	.881
The contract covers important elements	123	1	5	3.98	.910
Lawyers are involved	122	1	5	3.80	1.098

Source: Own Survey, SPSS V20, 2018

The mean and standard deviation of the constructs is indicated in table 9 Based on the result, Goals and strategies has the high mean 4.02 with Standard deviation (SD) of 0.752 this implies that it is very important criteria and Ethio telecom and distributors are practicing positively. Empirically, Linda (2008), found that the Goals and strategies criterion is very important due to the fact that both partners have to work towards common goals and use common strategies in order to successfully deliver the products and brands there the company should keep its strength on this regard.

Regarding four contract related criterion called Lawyers are involvement, contractual agreement clarity, the contract covers, and contract duration openness result shows that mean (3.80,3.94,3.98 and 4.20) with standard deviation (1.098,1.074,0.910 and 0.881) respectively, this result implies that there is acceptable contract management in crafting the contract with the presence of professional lawyer, clarity, important point coverage and putting contract dead line, as the principal is government company being clear in contract management is expected so that the result can be acceptable.

The next criteria with important score are financial strength and willingness to cooperate with distributors and their mean (3.91 and 3.95) with Standard deviation (0.878 and 0.952) respectively, this indicate also that these criteria have significant roll and it is in acceptable level. Linda (2008), study also confirms that financial strength/credit rating is an indicator which shows the general state of the agent/distributor and willingness to cooperate with the intermediaries is a determinant criterion in order for a successful collaboration.

Concerning willingness to carry inventories and physical facilities criteria respondents are rated, mean (3.74 and 3.77) with standard deviation (0.925 and 0.895) respectively, even if the result indicates as it is in the middle the Linda (2008), study categorized as it is very important criteria due to the reason that the agents/distributors have to handle and store the goods must have capacities to store and these gap further be conducted.

Relatively criterion with low average result are Reputation (with suppliers, customers, and banks), Overall experience (attitude, commitment), sales organization and quality of sales force, the score indicates that mean 3.74, 3.78 and 3.83 with standard deviation (0.851.0.983 and 0.999) and this result indicate that to reputation with suppliers, customers and banks , experience on attitude, commitment, sales organization, and sales force quality are gaps those contribute for the channel management challenges. Thus, criterion goal & strategy, and contract duration openness has high mean (4.02 and 4.20) and needs to keep them, however the descriptive statistics most result on channel selection criteria indicates that the channel selection criterion are in average level and it can be source of distribution challenge.

- Interviewees response about the contract management was commented in such way, contract preparation process somehow recognized as good move, concerning Lawyers presence it is explained as the principal layers participate exhaustively but as the distributors Lawyers have no any say in the contract it is extremely biased and favors Ethio telecom only not the business and partners too, the respondent has gave their opinion as partners either be involved in the process and/or the terms of agreement should consider the benefits of the partners too.

- About the content of the contract they have explained as the agreement has covered necessary information including commission payment

- On supply chain related activity it has been confirmed that as more power is given to the principal, it is clear that the principal has the responsibility to fulfill partners request in amount and assortments, however this was not respected many times, and also till now presenting forecast need ahead by distributors are not respected both by principal and partners.

- There is a gap in the duration of the agreement since it says one year whereas the renewal takes more than a two years even, if the agreement is not renewed within a year it could be taken as renewed.

  Thus, in relation to contract, Lawyers involvement, contractual agreement clarity, contract covers, and contract duration the descriptive statistics result shows more than average, mean (3.8,3.94,3.98 and 4.20) with standard deviation (1.098,1.074,0.910 and 0.881) respectively, which is acceptable result, the interview respondent also support the finding, however on duration of the contract somewhat there is different view by interviewers since they mention that contract renewal period is out of the margin there for such gap should be input for other interested researchers.

4.3.2 Motivating distributors

As discussed in the literature, motivation is important in order for channel members to agree to act as an intermediary, and allocate sufficient commitment and resources to the lines of the producer. The key to effective motivation is to understand the needs and problems of intermediaries since needs and motivators are linked, (Jobber, 2001; Cooper, 1997; Jain, 1996; Kotler and Armstrong, 1999). Principal motivational factors to be assessed are Motivational practice, Reasonable goal setting (feasible achievable), communication between distributors and principal (openness, honesty and frequent communication) and Close & long term relation (acceptable goal allocation and good cooperation)

Table 6. Descriptive statistics on motivating distributors

	N	Minimum	Maximum	Mean	Std. Deviation
Motivational practice	122	1	5	3.14	1.215
Reasonable, feasible and achievable goal setting	122	1	5	3.28	1.130
Communication is open and honest and is also frequent	123	1	5	3.69	.993
Close & long term relation, acceptable goal allocation and good cooperation	123	1	5	3.46	1.018

Source: Own Survey, SPSS V20, 2018

The statement about communication between distributors and principal, openness and honesty and frequent communication has the highest mean 3.6 with standard deviation 0.993, this indicates that relatively there is acceptable communication between Ethio telecom and distributors, However all three other motivational factors entitled Motivational practice, Reasonable goal setting (feasible achievable) and Close & long term relation (acceptable goal allocation and good cooperation) are below the threshold with mean 3.14,3.28, 3.46 and standard deviation 1.215, 1.130 and 1.018 respectively and the Empirically, the study of Fisseha, (2014) also confirms same challenge in motivating partners, therefore Ethio telecom has critical challenge in motivating distributors.

- The Interviewers has agreed in some motivational deliveries but things such as joint planning, assurance of long-term commitment and appreciation of effort and success are not well exercised.

- At the beginning of the channel launch before seven years such type of activities was seen on motivating and rewarding partners, providing research information like amount of addressable market per zone/region, however now it seems the principal emphasize on quantitative issues rather than qualitative and strategic and long-term relationship building with partners, lack of annual objective notification and sharing the big picture and have part on achieving the principal goal.

The interviewers entire view on partner's motivation support the questioners' response which has poor result, statistical mean for Motivational practice, Reasonable goal setting (feasible achievable) and Close & long term relation (acceptable goal allocation and good cooperation) are 3.14,3.28, 3.46 and standard deviation is 1.215, 1.130 and 1.018 respectively, thus the interview also confirms that there are gaps in motivational activity.

4.3.3 **Training to distributors**

Training can make the distribution more effective, there are mainly two issues to consider concerning training according to (Cooper, 1997; Gattorna,1990; Söderman,1989; Alonzo, 1999; Holmvall,1995): Active training of intermediaries and Information exchange between the producing company and the intermediary. In this study Ethio telecom distribution channel training status is assessed in two parameters by examining if there are suitable trainings to distributors in the subject of distribution and if there is timely and enough training to provide recent update about the change in the channel are presented in the below table.

Table 7. Descriptive statistics on Training to distributors

	N	Minimum	Maximum	Mean	Std. Deviation
Suitable trainings for distributors	122	1	5	3.19	1.152
Timely and enough training	123	1	5	3.00	1.086

Source: Own Survey, SPSS V20, 2018

As can be seen from table 11 the descriptive statistics result from SPPS, the average level of Suitable trainings for distributors and timely and enough training are 3.19 and 3.00 with standard deviation 1.152 and 1.086 respectively, the result clearly indicate that distributors are not in position to have suitable training and they lack recent updated for happening change in the channel, Thus, one of the distribution challenge for Ethio telecom is training delivery to distributors.

- The Interview respondent also accepted some training deliveries positively since there are fields of sales, e-CAF, e-Top up, induction, sales management, partnership management, and awareness on contract revisions but mostly there is no planned training except new entrants are joining the business.

4.3.4 Evaluation of Distributors

Evaluation of channel members has an important bearing on distributor retention, training and motivation decisions, this can be conducted by comparing the intermediary's performance against the standards that are based on the goals and vision of the company, (Dahringer & Mühlbacher, 1991). The overall distributors evaluation level based on the elements: Organization and performance periodic evaluation, on the Clear and independent criteria to evaluation and on feedback on evaluation are presented in the table below.

Table 8. Descriptive statistics on distributors evaluation

	N	Minimum	Maximum	Mean	Std. Deviation
Organization and performance are evaluated periodically	122	1	5	3.87	.813
Clear and independent criteria to evaluate	122	1	5	3.83	.906
Feedback of evaluation is communicated	121	2	5	3.74	1.006

Source: Own Survey, SPSS V20, 2018

From table 12 the statistics result organization and performance periodic evaluation has mean of 3.83 with standard deviation 0,813 is the highest result from all evaluation elements ,the other two elements are also above average mean 3.83,3.74 with standard deviation 0.906 and 1.006 respectively, Thus, the overall evaluation result seems in the normal level the reason can be the nature of evaluation since the evaluation is related to the commission payment and with contract renewal.

- The interview respondents have agreed with proper action on evaluation of the partners and commented on some actions like criteria should be revised, since some are highly exaggerated and not fulfilled on the ground, some lacks dynamism, it seems static & lacks consistence and integrity, the other commented evaluation point is about the applicability of evaluation criteria and absence of proper measure as per evaluation result, since most of our distributors have their own business and they gave priority for their side business and they don't have care whether they achieve the given monthly target and failure as the action is limited .

4.3.5 **Conflict management in the distribution**

Managing Conflict within distribution channel keeps the efficiency and all parties satisfied, there are several ways of managing conflict According to McDonald (1999), Jobber, (2001), Holmvall,(1995) the best way of avoiding and preventing conflicts is to keep a regular and mutual communication, collaboration, identify sources and to train in conflict management on how to manage conflict. Conflict management status was examined in the below four criterions by checking from where did most sources of conflicts are arising either from the acts of distributors or from ethio telecom, requesting on how Ethio telecom manage the conflict arise in the channel and if there is training provided on how to manage conflict.

Table 9. Descriptive statistics on conflict management

	N	Minimum	Maximum	Mean	Std. Deviation

Sources of conflicts are arising from distributors acts	122	1	5	3.48	1.194
Sources of conflicts are arising from ethio telecom acts	121	1	5	3.22	1.021
Know how to manage conflicts arise in the channel	122	1	5	3.61	1.102
Training provision in managing conflict	122	1	5	2.87	1.206

Source: Own Survey, SPSS V20, 2018

Empirically, same study was conducted Fisseha, (2014) and came up with same result, respondent were replay regarding to the conflict detection that, the negative variance agreement is greater than the positive variance agreements (i.e., 38.1% and 30.5%). and it was explained that the negative response obtained from the chain members under the conflict management significantly affected the contribution of lower conflict dimension towards explaining the variation in the response.

The result of mean and standard deviation(SD) in descriptive statistics for conflict management factors are shown in table 13, it is only one factor that request about how to manage conflicts arise in the channel has got acceptable result by respondent with mean score of 3.61 and standard deviation(SD) 1.102 , on the contrary the other factors, training provision in managing conflict, Sources of conflicts are arising from ethio telecom and distributors has been rated low mean 2.87,3.22 and 3.48 with SD 1.206,1.021 and 1.194,respectivly, this result is below average from respondent, This result implies that conflict management is one of the main challenge in the distribution channel.

- Conflict management is commented by the interviewers as the company did not exercise conflict management, concerning source of the conflict there is an impression that causes of conflicts are the way Ethio telecom is exercising conflict handling and in brining shortage of product payment delay, system problem, the employees on the channel, Mainly partners cause for conflict in violating the contract like cutting price, territory violation, target allocation disagreement, and so forth. Therefore, interviewers highly commented on the existence of conflict management gap and questioner result is also indicating the gap, mean score training provision in managing conflict, Sources of conflicts are arising from ethio telecom and distributors has been rated low mean 2.87,3.22 and 3.48 with SD 1.206,1.021 and 1.194, respectively this indicate that both respondents are agreed that conflict management is crucial challenge for distribution.

CHAPTER FIVE

5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter the main findings of the study are summarized, conclusion is drawn from the main result, recommendations are forwarded to have value reference interested parties and limitation of the study also cited. Finally, research gaps are identified and suggested for further research enquiry.

5.2 Summary of the Findings

The aim of the study is to assess and examine Ethio telecom indirect Sales channel management challenges, the study was carried out using census data collection and interview held for indirect sales channel managers, the total sample size 142 questionnaires was distributed in all Ethio telecom territories across the country in 19 Zones and Regions and 123 was returned which is rated 87 percent, in the survey 70 distributor members and 72 Ethio telecom distribution related staffs were participated and for interview selected Ethio telecom distribution mangers had gave the response. Accordingly, the result of the study has been analyzed and the below summarized findings are presented.

5.2.1 Descriptive Statistics Analysis

- The overall average reliability statistics for distribution channel management variables distributors channel selection, motivating distributors, training to distributors, evaluation of distributors and distribution channel conflict management on 25 items the Cronbach's alpha value is ($\alpha = 0.739$) and the reliability test of the study is Acceptable.
- Total 141 sample was designed for the survey, from Ethio telecom 71 and 70 from distributors, from the survey result we see that 69(56.1%) of them are from Ethio telecom staffs and 52(42.3%) of them are from distributors filled the questionnaire,2(1.6%) of them are missed.
- From the respondents' demographic characteristics, out of 123 respondents 101 (84.7percent) are male and the rest 20 (16.3percent) were females, 2 value are missing.
- According to age group 0.8 % of the respondents are in the age category of 21 Years and Under, 38.2% of them are in the age group of 22-34 years, 48% are in the age category of 35-44 years,11.4% of respondents are in the age group of 45-54 years and 1.6% of the respondents are in the age category of 55-64 years.
- Concerning the educational level of 123 sample respondents the data indicates that 1(0.8%) of them are high school graduate 11(8.9%) of the respondents are Diploma holders, 78(63.4%) are Degree holders, 27(22%) of them are Masters holders and 3(2.4%) are PhD holders.

- The descriptive statistics result for distribution channel selection is mean 3.90, with SD 0.552, for this result contributors are goals and strategies with result of mean 4.02 and Standard deviation (SD) of 0.752, regarding four contract related criterion Lawyers are involvement, contractual agreement clarity, the contract covers, and contract duration openness result shows that mean (3.8,3.94,3.98 and 4.20) with standard deviation (1.098,1.074,0.910 and 0.881) respectively, the other important items financial strength and willingness to cooperate with distributors has mean (3.91 and 3.95) with Standard deviation (0.878 and 0.952) respectively, Reputation (with suppliers, customers, and banks), Overall experience (attitude, commitment), sales organization and quality of sales force, the score indicates that mean 3.74, 3.78 and 3.83 with standard deviation (0.851.0.983 and 0.999). Thus, criterion goal & strategy, and contract duration openness has high mean (4.02 and 4.20) and needs to keep them, however the descriptive statistics most result on channel selection criteria indicates that the channel selection criterion are in average level and it can be source of distribution challenge.

  The interviewee has commented in relation to contract, Lawyers involvement, contractual agreement clarity, contract covers, and contract duration the descriptive statistics result shows more than average, mean (3.8,3.94,3.98 and 4.20) with standard deviation (1.098,1.074,0.910 and 0.881) respectively, which is acceptable result, the interview respondent also support the finding, however on duration of the contract somewhat there is different view by interviewers since they mention that contract renewal period is out of the margin there for such gap should be input for other interested researchers.
- Distributors motivation status as per the analysis output indicates that mean 3.38 and SD 0.842 which is below the expectation and it give us insight as there are distribution challenges in implementing motivational factors , from the detail three motivational factors entitled Motivational practice, Reasonable goal setting (feasible achievable) and Close & long term relation (acceptable goal allocation and good cooperation) are below the threshold with mean 3.14,3.28, 3.46 and standard deviation 1.215, 1.130 and 1.018 respectively have lower result, of course the other factor openness, honesty and frequent communication has the highest mean 3.6 with standard deviation 0.993.

  The interviewers entire view on partner's motivation support the questioners' response which has poor result, statistical mean for Motivational practice, Reasonable goal setting (feasible achievable) and Close & long term relation (acceptable goal allocation and good cooperation) are 3.14,3.28, 3.46 and standard deviation is 1.215, 1.130 and 1.018 respectively, thus the interview also confirms that there are gaps in motivational activity.

- The descriptive statistics resulted from SPPS, the overall average training level is mean 3.09, SD 1.036, when we drill down two of the measuring items Suitableness trainings for distributors and timely and enough training have 3.19 and 3.00 with standard deviation 1.152 and 1.086 respectively which clearly indicate that partners are not satisfied.

  Interview respondent has accepted some training deliveries positively since there are fields of sales, e-CAF, e-Top up, induction, sales management, partnership management, and awareness on contract revisions but mostly there is no planned training except new entrants are joining the business .

- Partners evaluation has positive feedback for descriptive analyzes with mean 3.82 and SD 0.718, which is organization and performance periodic evaluation has mean of 3.83 with standard deviation 0,813 is the highest result from all evaluation elements ,the other two elements are also above average mean 3.83,3.74 with standard deviation 0.906 and 1.006 respectively, this result indicate us to work for optimization.

  The interview respondents have agreed with proper action on evaluation of the partners and commented on some actions like criteria should be revised, since some are highly exaggerated and not fulfilled on the ground, some lacks dynamism, it seems static & lacks consistence and integrity, the other commented evaluation point is about the applicability of evaluation criteria and absence of proper measure as per evaluation result, since most of our distributors have their own business and they gave priority for their side business and they don't have care whether they achieve the given monthly target and failure as the action is limited .

- The last finding of the analysis is about distribution conflict management, the overall result is below the average that is mean 3.30 with SD 0.711, this result specifies the existence of distribution conflict management, to focus on which factor has critical gap it needs to see the detail, training provision in managing conflict, Sources of conflicts are arising from ethio telecom and distributors has been rated low that is mean 2.87,3.22 and 3.48 with SD 1.206,1.021 and 1.194 respectively, relatively less challenge is on how to manage conflicts arise in the channel with mean score of 3.61 and standard deviation(SD) 1.102 and it also help to identify the conflict addresses nevertheless the solution.

Interviewers highly commented on the existence of conflict management gap and questioner result is also indicating the gap, mean score training provision in managing conflict, Sources of conflicts are arising from ethio telecom and distributors has been rated low mean 2.87,3.22 and 3.48 with SD 1.206,1.021 and 1.194, respectively this indicates that both respondents are agreed that conflict management is crucial challenge for distribution.

- From identified challenges improper handling of conflict has lower result if not managed it can damage the company since the collusion bring malfunction of both the principal and the partner.

5.3 Conclusion

This thesis surveyed Ethio telecom indirect sales channel management practice on idntifining the distribution challenges, the challenges were asseses using five main issues,They are distribution management measurments variables mainly on proper actions of distributors channel selection process, distributors motivetional acts, training support to distributors, periodic evaluation of distributors and managing distribution channel conflicts.

- In the study we have found that selection is to a great deal since for any product output it is clear that input matters to have smooth distribution channel the partner selection could be efficient, the descriptive statistics test result of ethio telecom distribution indicates that most factors are more than average this was happened due to the company is of government and the bid process rigidity. When we see the detail strategy and goal clarity both parties are satisfied with the survey result, in contract related activities like Lawyers involvement in contract preparation, contractual agreement clarity, the contract coverage , and contract duration openness needs improvement.

- The channel statistical analysis about distributors motivation reviled the challenges in motivational practice, in reasonable goal setting (feasible achievable) and close & long term relation assurance (acceptable goal allocation and good cooperation) are below the threshold the study of Linda (2005) and Fisseha (2014), also confirms same challenge in motivating partners this situation give assignment to telecom to work on critical challenge in motivating distributors, somehow communication between distributors and principal, openness and honesty and frequent communication has better result in the study.
- The descriptive statistics result from SPPS recognize as training is one of the challenge for ethio telecom distribution specially it lacks providing suitable, timely training.
- Periodic evaluation is one of the demand to secure strategic partners in this regard the study result is acceptable in all factors this is because the evaluation is directly related with the existence of the company since the evaluation criteria focus on commission payment and with contract renewal, what it lacks is no special privilege for more performing distributors.
- From the descriptive statistics findings, it is concluded that four of the conflict measuring factors mean are below the cut-point which indicate that most ethio telecom staffs and distributors believed conflict management is main challenge of ethio telecom, from all challenges critical once are lack of training in managing conflict, identifying clear sources of conflicts.

  Generally, from the study finding critical challenges of the distribution channel are lack of preparing contractual agreement that convince partners, shortage of implementing motivational factors, training investment has less attention and there is improper handling of conflict management, from identified challenges improper handling of conflict can damage the company since the collusion bring malfunction of both the principal and the partners, hence as the distribution channel is significant contributors of the company revenue and sales it needs to work on identified challenges.

5.4 Recommendation

Ethio telecom is the only operator to provide telecom service to the society from urban to rural for all economic classes, as ethio telecom has limited own out let to address the customers the only option to reach major portion of the customers is the distribution channel, this study has assessed the health of this important channel to get the hindering area. Based on the stated finding and drawn conclusion the below recommendations are provided.

- Ethio telecom should work partner's recruitment by following intermediary selection process with five criteria: company strength, product factors, marketing capacities, commitment and facilitating factors Cavusgil et al., (1995).
- The study has assured as motivation is a main issue in channel management, ethio telecom should use motivating factors such as bonuses, rewards, trips, support on trade fairs and inviting distributors to the work shop.
- Management should give focus for training investment to providing suitable and timely training concerning the business, partner relationship, conflict managements to create successful collaboration with partners so that conflict can be eliminated before it happen.
- Conflict management has less attention in ethio telecom but if not managed it is disasters for channel, so it needs to give attention for conflict management training, finding the real source of the conflicts and to find out solution for happening conflicts.

5.5 Limitation of the study

- The draw back faced by researcher in conducting this study were shortage of experiential research on the related study area especially in Ethiopia, beyond thesis shortage non-availability of adequately published data on physical product distribution were also anther constraint.
- As the study was running between one huge principal company and number of individual companies with different organizational capacity, work force, set up and financial strength it was very difficult to have balanced input for the study.
- The study was executed all over regions of the country the span was very vast to have concurrent data from all area.

5.6 Further Research

- The study has revealed the main challenges of ethio telecom indirect channel distribution, as the study has been limited to descriptive research future researches are recommended to conduct correlation research and to do inferential statistical analysis.
- As sample size of the study on ethio telecom staffs and distributors is relatively small, the same study can be replicated by increasing more respondents.
- As the world is moving to from physical distribution channel to electronic distribution like e-top, mobile money and others, another interested researcher can investigate new technology distribution channels and compare with traditional physical channel.

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Appendices

Appendix A: Questionnaire

Addis Ababa University

Department of Management, EMBA

This questionnaire is designed to Assess the Challenges of Indirect Sales Channel Management in the Case of ethio telecom. The research output is mainly to fulfill the partial requirement of **Executive Masters of Business Administration**. The information gathered will be used fully and with due attention for academic purpose. I therefore, would like to assure you that the data collected will not be misused in anyway. Therefore, your genuine, honest, and prompt response is a valuable input for successful completion of the paper.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (√) in the appropriate box.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided.

Thank you in advance for your cooperation and timely response!

Part I. General Information

1. Your age

   18-30 ☐

31-40 ☐

41-50 ☐

Above 50 ☐

2. Gender Male ☐ Female ☐
3. Level of Education

High school graduate ☐

Diploma ☐

Degree ☐

Masters ☐

PhD and above ☐

Part II. Distribution channel type and Measurements of Distribution Managements challenges

1. Distributors channel selection

To what extent do you agree or disagree with the following statement consideration in relation to distributors selection criteria 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

№	Statements	1	2	3	4	5
1	Goals and strategies					
2	Financial strength/credit rating					
3	Reputation with suppliers, customers, and banks					
4	Sales organization and quality of sales force					
5	Physical facilities					
6	Willingness to carry inventories					
7	Overall experience/attitude/commitment					
8	Willingness to cooperate with the Distributors					

№	Statements	1	2	3	4	5
9	The contractual agreement between ethio telecom and distributors is clearly outlined					
10	The duration of the contract has openly defined					
11	The content of the contract covers important elements and contribute to service for customers and marketing responsibility					
12	Lawyers are involved in the contractual agreement preparation					

2. Motivating distributors

How do you rate the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

№	Statements	1	2	3	4	5
1	There are motivational practice specially on financial rewards, developing strong work relationships and appreciation of effort and success					
2	There is achievable goal setting for distributors					
3	The communication between distributors and principal is open and honest and is also frequent					
4	There is close relationship between ethio telecom and distributors in order to achieve common goal					

3. Training to distributors

How do you rate the following statements about the following? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

№	Statements	1	2	3	4	5
1	There are suitable trainings to distributors in the subject of distribution					
2	There is timely and enough training to provide recent update about the change in the channel					

4. Evaluation of Distributors

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

№	Statements	1	2	3	4	5
1	Distributor`s organization and performance are evaluated periodically					
2	Distributors are evaluated in clear and independent criteria					
3	The feedback of evaluation is communicated to distributors					

5. Conflict management in the distribution

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

№	Statements	1	2	3	4	5
1	Most Sources of conflicts are arising from the acts are from distributors					
2	Most Sources of conflicts are arising from the acts are from ethio telecom					
3	Ethio telecom know how to manage conflicts arise in the channel					
4	There is training provision in managing conflict					

1. Your company Name ____________________________________
2. Your current position _____________________________________
3. Years of service in distributing activity on ethio telecom's P&S ___________

Appendix B: Interview Question for IDC Managers

Interview Questions

1. How would you describe the contractual agreement between ethio telecom and distributors on the overall outline, duration of the contract, on its content on the payment, supply chain commitment, on customer service, marketing activity and the participation of lawyers?

   ____

2. How would you evaluate ethio telecom motivation to distributors on practicing financial rewards, territorial exclusivity, providing resource support such as sales training, field sales assistance and provision of marketing research information, and developing strong work relationships such as joint planning, assurance of long-term commitment, and appreciation of effort and success?

   ____

3. Do you think ethio telecom provide train distributors? If so – in what area/areas?

   ____

4. How would you express ethio telecom evaluation of distributors on their organization and performance?

   ____

5. How does ethio telecom handle distribution conflicts? Who is usually causing conflicts in the distribution channel?

   ____

Appendix C: Ethio telecom company profile

Table: Company profile

COMPANY PROFILE OF ETHIO TELECOM AS OF JUNE 2017	
Establishment	Imperial Board of Telecommunications of Ethiopia (1952) Provisional Military Government of Socialist Ethiopia Telecommunications Service (1975) Ethiopian Telecommunications Authority (1981) Ethiopian Telecommunications Corporation (1996) ethio telecom (2010)
Branch	12 Regions and 6 Zones in Addis Ababa
Mobile	56,998,706
Internet and data	16,985,285
Broad Band (EVDO, WCDMA, LTE, ADSL)	6,935,210
Narrow Band (1x, ADSL<256K)	274,787
GPRS (Internet in mobile)	9,775,288
Fixed land line	1,166,415
Total Subscribers	**58,800,745**

Source: ethio telecom internal document, 2017

Appendix D: Ethio telecom 2016/17 Report

- የኢትዮ ቴሌኮም የ2009 በጀት ዓመት የሥራ አፈጻጸም ሪፖርት

የደንበኞች ብዛት

የደንበኞች ብዛት	ሰኔ 2008 (1)	የ11 ወር እቅድ (2)	ክንውን (3)	አፈጻጸም በመቶኛ (3/2)	እድገት
ሞባይል ስልክ	**45,962,553**	**59,615,224**	**56,998,706**	**95.61%**	**24%**
ዳታና ኢንተርኔት	**13,593,866**	**19,966,013**	**16,985,285**	**85.1%**	**25%**
ብሮድ ባንድ (EVDO, WCDMA, LTE, ADSL)	4,871,541	7,827,249	6,935,210	88.6%	42.4%
ናሮው ባንድ (1x, ADSL<256K)	248,038	456,250	274,787	60.2%	10.8%
GPRS (የሞባይል ኢንተርኔት)	8,474,287	11,682,514	9,775,288	83.7%	15.4%
የመደበኛ ስልክ	**1,115,561**	**1,954,306**	**1,166,415**	**59.7%**	**4.6%**
አጠቃላይ ደንበኛ	**47,505,508**	**62,706,563**	**58,800,745**	**93.8%**	**23.8%**

ሰንጠረዥ 1፡ የደንበኞች ብዛት

- ማስታወሻ፡ አጠቃላይ የደንበኛ ብዛት ድምር ውስጥ 3G on Mobile (6.9 ሚሊዮን) እና GPRS (9.8ሚሊዮን) አይካተትም።

Shared Reflections! P_001

- የኢትዮ ቴሌኮም የ2009 በጀት ዓመት የሥራ አፈጻጸም ሪፖርት

አመታዊ የገቢና ወጪ አፈጻጸም

	መለኪያ	የ11 ወር እቅድ	ክንውን	አፈጻጸም (በመቶኛ)
አጠቃላይ ገቢ	በሺ,ህ ብር	35,976,936.2	30,004,325.2	83.4%
የመደበኛ ስልክ	በሺ,ህ ብር	659,830.2	588,808.1	89.2%
የሞባይል	በሺ,ህ ብር	23,907,387.4	22,418,504.5	93.8%
የዳታና ኢንተርኔት	በሺ,ህ ብር	7,908,614.7	4,650,363.3	58.8%
የዓለም አቀፍ ገቢ ጥሪ	በሺ,ህ ብር	1,849,814.2	1,678,479.	90.7%
የሮሚንግ (Roaming)	በሺ,ህ ብር	376,364.2	355,878.6	94.6%
የሞባይል ቀፎ,ዶንግል, ሞደም ሽያጭ ገቢ	በሺ,ህ ብር	1,252,752.9	305,860.2	24.4%
ሌሎች	በሺ,ህ ብር	22,172.7	6,431.4	29%
ኦፐሬሽናል ወጪ (OPEX)	በሺ,ህ ብር	12,651,848.7	7,209,054.2	57%
የካፒታል ወጪ (CAPEX)	በሺ,ህ ብር	9,843,132.3	6,444,883.7	65.5%
ያልተጣራ ትርፍ (EBITDA)	በቢሊየን	23.3	22.8	97.7%
ያልተጣራ ትርፍ (EBITDA rate)	በመቶኛ	64.7%	76%	117.5%

ሰንጠረዥ 3፡ አመታዊ የገቢና ወጪ

Shared Reflections! P_002

RSD Planned Vs. Performance (July 2016-JUNE 2017)

ANNUAL PREPAID SIM, 1ST CALLS, SIM REPLACEMENT & HANDSET SALES PERFORMANCES

Residential Sales Service/Product Sales (July 2016-June 2017)			
Service/Product	**Actual Sales (Qty)**	**Target (Qty)**	**%**
Prepaid Mobile SIM	6,961,286	14,584,420	48%
1st Calls	11,375,004	14,584,419	78%
After Sales Service	3,638,085	_	
Handset Sales	525,179	1,777,633	30%

- As seen above, **6.9 million** Prepaid SIM has been sold out of **14.5 million** target for the year which is **48%** of the target accomplishment.
- Moreover, **11.3 million 1st calls** were registered which is **163%** of the total **prepaid SIM sales** for the year. (N.B. The target for 1st calls against the Prepaid SIM target for the year is **78%**)

Shared Reflections! P_003
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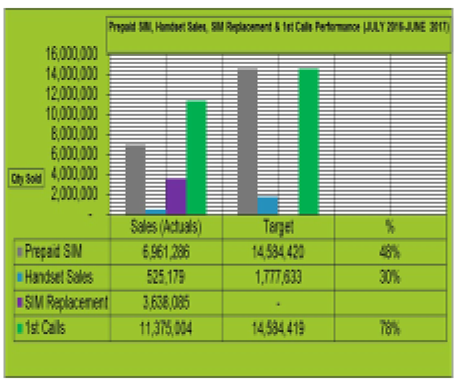
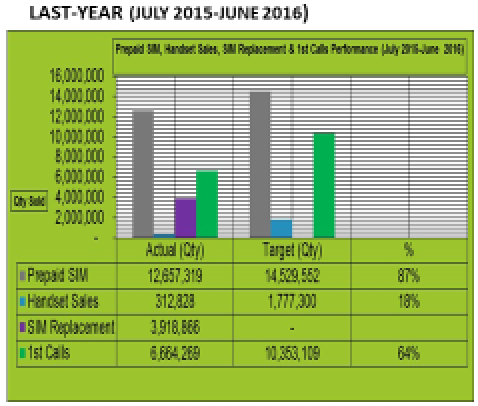
Current-YEAR (July 2016-JUNE 2017)



LAST-YEAR (JULY 2015-JUNE 2016)



- In terms of **target accomplishment**, the current year Prepaid SIM sales performance is lower than the last year by 39% target accomplishment
- Regarding handset sales, the current year sales exceeds the last year sales by **212,351** quantity which shows 12% increment
- In addition, the number of 1st calls made in the current year is higher than the last year by 4,710,735 amount which shows 14% increment

Shared Reflections! P_004
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Planned Vs. Performance (July 2016-JUNE 2017)

Channels Performance of VC Sales (July

Channels	Actual Sales (Br.)	Target (Br.)	%
DC	145,507,723	100,589,248	145%
IDC	23,752,208,400	34,585,358,436	69%
Total	23,897,716,123	34,685,947,684	69%

- The total VC sales performance for the current year was **69%** of the target accomplishment
- Out of the total sales, DC managed to sell **145%** of the target set for it for the year
- Where as, IDC achieved **69%** of the target set for it for this year
- However, looking the VC sales figure at different perspective, IDC has contributed **99.39 %** of the total VC sales for the year (by registering Br. **23.75 billion sales** out of **Br.23.89 billion total sales**)

Shared Reflections! P_005

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