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## Export networking challenges and opportunities for manufacturing firms from developing countries

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## PART III

# RESEARCH METHODOLOGY



# Chapter 5

## Conceptual Framework for Analysis and Research Methodology

### 5.1 Introduction

This chapter has two Sections. The first Section builds a research framework that represents the relationships between the concepts and theories reviewed in the previous chapters. In addition it defines the concepts in order to make operational for this study. Section two addresses the overall research strategy, data collection, and data analysis methods of the research project.

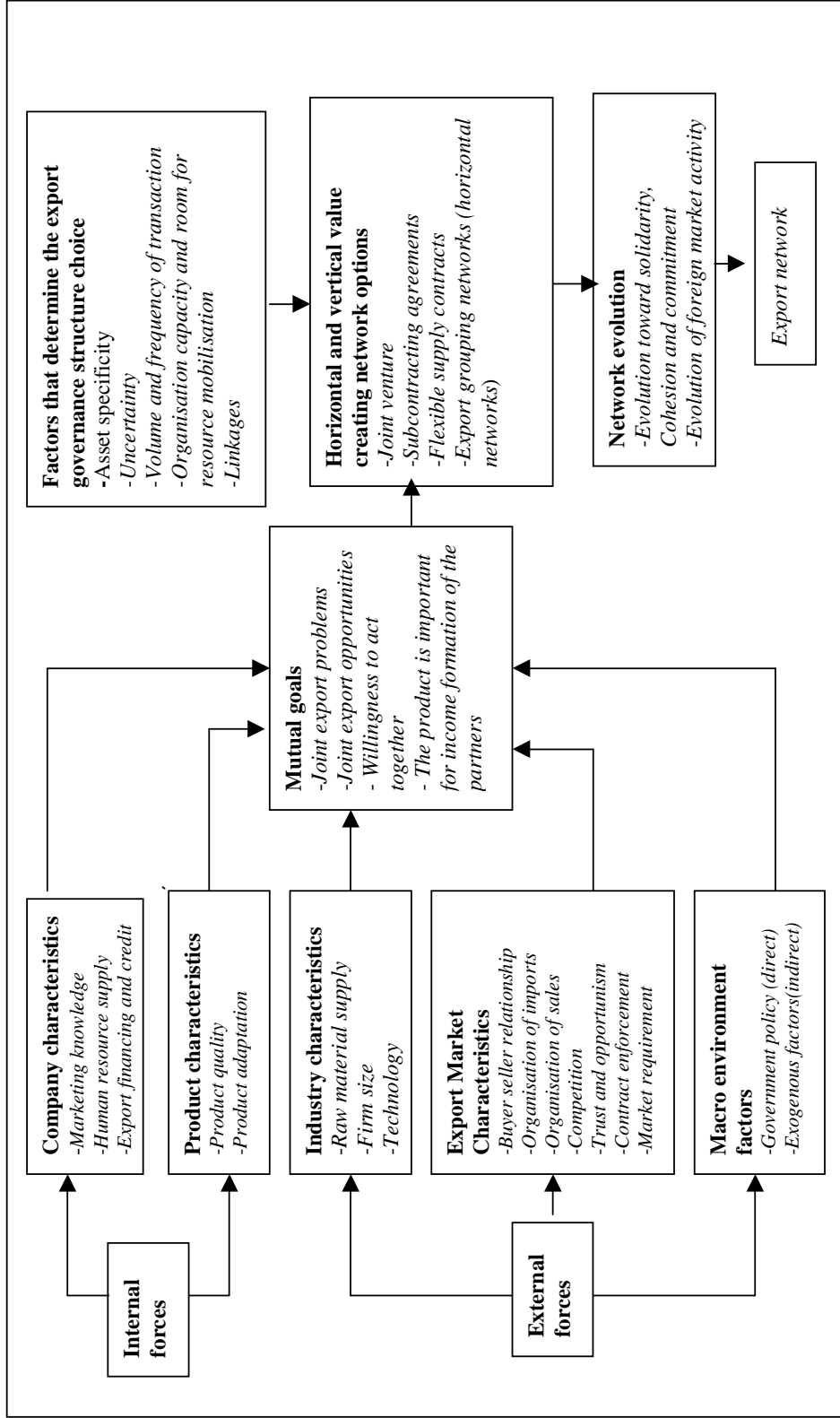
### 5.2 Conceptual framework for analysis

In chapter two of this thesis we have reviewed the current state of conceptual knowledge on export marketing barriers. We have compiled and synthesised the empirical results contained in the relevant studies of manufacturing firms in developing countries. Finally we came up with a group of export marketing problems that are common for manufacturing firms in developing countries. The findings in chapter two answer the first research question stated as: *What are the export marketing problems of manufacturing firms from developing countries?* We have adopted the variables related to export barriers of manufacturing firms in developing countries as a basis to examine and understand the export-marketing problems of the footwear and textile-manufacturing firms in Eritrea. These factors form the first part of our research framework as shown in Figure 5.1. However the reader is warned that some modifications have been made. In figure 2.3 the export market barriers section describes only the problems in the export market. Now we also need to identify the export market opportunities and willingness of the wholesalers and retailers in the export market to deal with the Eritrean manufacturers. In this case we chose a broader concept “export market characteristics” and we included some more concepts. These are: market requirement, buyer supplier relationship, competition, trust and opportunism, contract enforcement, organisation of imports and organisation of sales.

In the third chapter we have reviewed the current state of practical knowledge on measures undertaken by firms and governments in developing countries to encounter the export marketing problems. Our analysis led us to the conclusion that export-grouping networks, subcontracting networks and export promotion are the solutions adopted by firms and governments in developing countries to ease the export marketing problems. After merging these measures with the possible solutions discussed in chapter one, we have come up with four horizontal and vertical business network options. These are joint ventures, subcontracting network agreements, flexible supply contracts and export grouping networks (horizontal networks). These factors form the right hand side of our conceptual framework in Figure 5.1

From our discussion in chapter three we have learned that three factors are critical for the emergence of horizontal and vertical business network options. These are the existence of a market opportunity or a common problem, the willingness to act together, and the importance of the product marketed to the income formation of the two partners. The framework shows that these factors are related to the export problems of the footwear and textile manufacturers

Figure 5.1 Conceptual frameworks for developing export markets



(Export market and firm analysis) → (Preconditions for network emergence) → (Network development process)

in Eritrea and the market opportunities in the Netherlands and Uganda. In our research framework (Figure 5.1) they are found next to the internal and external forces.

In our analysis in chapter three we have learned that two groups of factors are important for the network development process. These are evolution toward solidarity, cohesion and commitment (group size; fit among organisations, persons and products; previous relationship between the network members and presence of outside change agents or network instigators) and foreign market penetration (access to foreign market experience and marketing knowledge). These factors form the last part of our conceptual framework in Figure 5.1. The findings in the third chapter answer our second research question: *How are networks used to alleviate the export problems of manufacturing firms in developing countries?*

The relevant theories that help us to analyse the findings in the empirical research study are discussed in chapter four. Eventually, we came to the conclusion that the concepts in the three theories (resource dependence theory, transaction cost theory and strategic management theory) nurture the network theory and influence the choice of export transaction governance structure (see Figure 4.1). The relationship among the variables discussed in the aforementioned three chapters and included in our research framework (Figure 5.1) can be described as follows:

*The analysis of the internal and external forces determines the common export problems and opportunities beyond individual reach and influences the importance of the product marketed for the income formation of the parties and willingness to act together. When the conditions are fulfilled horizontal and vertical business network relationships (joint ventures, subcontracting agreements, flexible supply contracts, horizontal networks) can emerge. However five factors determine the type of the network relationship: asset specificity (sunk costs), uncertainty, volume and frequency of transaction, organisation capacity, room for resource mobilisation, and linkages. Eventually, the network partners need to evolve into solidarity cohesion, commitment and develop their export capability.*

Overall, our research framework emerges from the cross fertilisation of the literature discussed in chapter two, three and four. In the empirical research project, we will answer the last three research questions. These are 1) *what are the specific export problems of the footwear and textile-manufacturing firms in Eritrea?* 2) *How are networks used to alleviate the export problems of manufacturing firms in developing countries?* And finally 3) *how the footwear and textile-manufacturing firms in Eritrea can enter into vertical and horizontal business network relationship to increase their export capability, based on the experiences of manufacturing firms in other developing countries?* In this Section we operationalise the variables that determine the export governance structure choice (Figure 5.1).

### **Asset specificity**

Asset specific investments are dedicated to a trading relationship and cannot be redeployed to alternative transactions without reducing their value (Williamson, 1985; Sachdev, Bello and Pilling, 1994). In the footwear and textile business the purchasing process starts with the identification of the right product for a specific market. The initiative to find the right product for the target market can be taken by the buyer, the manufacturer or both. When the manufacturer takes the initiative, he conducts a market research, prepares the product design, produces the sample, exhibits the sample, produces the footwear and textiles, and distributes them to the intended market. Sometimes the distribution function includes branding the

footwear and textiles. Often wholesalers request for exclusivity and the manufacturer, cannot sell the same design to another wholesaler or retailer. In this case if the manufacturer is going to take the responsibility of conducting a market research and designing the footwear, he will incur four types of transaction specific investments. These are investment on market research, investment on product design, and investment on distribution mainly on training of sales people and branding the product.

High market research, product design, training and branding costs all present in the footwear and textile business, can force the manufacturer to externalise the distribution function or engage in inter-organisational relations.

### **Uncertainty**

Uncertainty refers to “parametric changes” in exogenous forces (such as the market) compounded by unpredictability stemming from individuals limited information processing capabilities, as well as the consequences resulting from the opportunistic motives of other actors (Williamson, 1985). Dwyer and Welsh (1985) argue that the difficulty to collect and process information relevant to each customer and competitor can increase uncertainty. However, trust can economise on the specification and monitoring of contracts as well as material incentives for co-operation and can reduce uncertainty (Nooteboom, 1997; Powell, 1990). Goshal and Moran, (1996) argue that transaction cost theory displays a bias toward describing opportunistic behaviour rather than cooperative relations. In spite of Williamson’s acknowledgement of “atmosphere” as a relevant factor in transactions, he neglects the issue of trust. However, Nooteboom (1995) acknowledges the importance of trust and argues that a dynamic treatment of ongoing relations allows for the building of trust. He suggested that in order to study this, contributions from sociology and anthropology on trust and social exchange are needed. Nooteboom (1999) mentioned that institutions (certification, professional standards, benchmarking, and intermediaries) could produce trust.

The unavailability of information about the level of demand and supply in the market, lack of trust between the transacting parties, unavailability of uncertainty-decreasing instruments (letter of credit, quality inspection institutions and agents), and unavailability or poor functioning of courts of arbitration and litigation can force the manufacturer to internalise the distribution function.

### **Frequency and volume of transaction**

The traditional approach of marketing channel theory is based on the notion that at a high frequency of transaction a manufacturer can exploit the marketing channel cost advantage enjoyed by middlemen (Sachdev, Bello and Pilling, 1994). For the high transaction frequency firms, the greater managerial time and effort devoted to decision-making on foreign market operations greatly enhances the organisational capacity of the firm to engage in foreign marketing (Bello and Lohtia, 1995). However, for the firm to devote the aforementioned resources, transaction frequency has to be supported by a reasonable volume of transaction. Williamson (1985) suggested that the high volume firm is simply better able to realise economics of scale. Thus, firms with a high export volume can economically self-perform most export functions. When exports are frequent but a small fraction of total sales the firm’s managerial resources tend to be devoted to the domestic market. In this situation firms may be forced to externalise the foreign operations. This can be conducted through co-operation with other manufacturers of similar products or selling directly to middlemen from the

manufacturing site. Another volume related factor is market sales growth. Sales growth is defined as the rate of change in foreign market sales and indicates future levels of foreign sales volume. Because a firm's choice of governance mode for an export market is a relatively long-term decision that may be difficult to change, the governance decision is likely to be influenced by anticipated future channel volume (Root, 1994).

To sum up the higher the frequency and volume of transaction, the higher the sales growth and the higher the probability that the firm will internalise the distribution function.

### **Organisational capacity and opportunities for resource mobilisation**

According to Welch and Luostarinen (1988), the firm's capacity to export, which refers to the ability to devote managerial, financial and capital resources influences the institutional arrangement in the marketing channel. This variable mainly focuses on the internal capability of the firm to raise the resources needed to conduct the foreign market operations. The basic indicators are financial capacity to finance exports, production capacity (machinery, raw materials, labour), and marketing knowledge. A manufacturer with a good financial position as well as a good production and marketing knowledge may prefer to internalise the export operations. As he develops the confidence and competence to manage the uncertainties and costs of operating in the international domain he prefers more internalised entry modes. However, firms with a few resources and experience in international operations prefer less involved forms (Forsgren, 1989). Their ability to administer and co-ordinate international operations is limited and the costs and complexities attached to internalisation are too high. Consequently, the manufacturer may choose to externalise or do it through co-operation with fellow manufacturers. Co-operative export marketing operations pave the way for resource mobilisation and spread risks. A firm that has limited access to financial resources, production and marketing knowledge cannot conduct a market research, design a product and sell to the specific market.

In conclusion, the better the firms access to financial, human and capital resources, the more it prefers to internalise the distribution function.

### **Linkages**

Porter (1998, P.76) defines vertical linkages as "interdependencies between a firms activities and the value chains of suppliers and channels". Linkages with suppliers tend to centre on quality assurance procedures, delivery procedures, and communication. The linkages create the opportunity to lower the total cost of the linked activities and ultimately the competitiveness of the parties. Because such linkages are hard to match for other competitors the already established linkages can become entry barriers to other manufacturers who intend to enter the market. When the aforementioned entry barriers are high the new manufacturer is likely to decide to test the market by employing agents or selling to wholesalers and retailers stationed in the target export market. When the aforementioned business relationship is weak, however, the manufacturer may decide to enter the export market directly. The strength of the linkage between the wholesalers and retailers and their suppliers (manufacturers) can be explained by two important concepts: security and flexibility. To the buyer a long-term linkage with suppliers is meant to secure the source for the right quality of footwear or textile at the right time and price. Moreover the long-term linkage with their suppliers allows the buyers to avoid switching costs. By flexibility we mean the opportunity to change a supplier



when he fails to fulfil his promises or his offer is not competitive. The flexibility strategy of the buyer is realistic when there are many suppliers who are competing for the orders.

In conclusion the stronger the linkage between the buyer and the manufacturer, the higher the degree of security for both the buyer and the manufacturer, and the stronger the entry barrier to newcomers. However, the higher the need for flexibility by the buyer, the lower the entry barriers and the higher the probability for new manufacturers to enter the market.

### **5.3 Research methodology**

This Section focuses on the overall research plan and data collection procedures and techniques that are ultimately based on the research questions we described in chapter one. We will also discuss the method of data analysis and tools employed to test the validity and reliability of the research results.

#### **5.3.1 Research strategy**

In this study we need two types of data. These are (1) background data on the footwear and textile industry in Eritrea and (2) more detailed data from a limited number of cases in the footwear and textile-manufacturing firms in Eritrea and footwear and textile buyers in the Netherlands and Uganda.

Yin (1994) identifies five distinct research strategies: case studies, experiments, surveys, archival analysis and histories. Research methods are specific tools for conducting that investigation, which include interviews, questionnaires, document analysis and participant observation. Out of the aforementioned five research strategies only two are relevant for our study: survey and case study research.

Survey research is the appropriate mode of enquiry for making inference about large groups of people from data drawn on a relatively small number of individuals from that group (Marshall and Rossman, 1995). The basic aim of survey research is to describe and explain statistically the variability of certain features of a population. Surveys have limited use when there is a need to investigate complex social relationships (Ibid). In addition they often depend on questionnaires and do not involve systematic in depth interviews and direct observation techniques.

A case study is concerned principally with the interaction of factors and events. Sometimes, it is only by taking a practical instance that we can obtain a full picture of this interaction (Bell, 1993). Case studies are often based on a limited number of cases and conduct an in-depth study about the object or phenomenon under investigation. They allow the researcher to concentrate on a specific instance or situation and to identify the various interactive processes at work. These processes may remain hidden in large-scale survey but can be crucial to the success or failure of systems or organisations. Case studies often investigate the object or phenomenon from different directions and rely on multiple sources of evidence.

Yin (1994, p.4) put forward three criteria for choosing a certain type of research strategy. These are “(a) *the type of research question posed, (b) the extent of control an investigator has over actual behavioural events and (c) the degree of focus on contemporary as opposed to historical events.*” When our research project is evaluated using the three criteria the

appropriate research strategy is the case study. First, referring to chapter one, our main research question is: *How footwear and textile manufacturing firms in Eritrea can enter into a horizontal and vertical business network to increase their export capability?* and this fits to the case study strategy. Yin noted that “how” and “why” research questions are likely to lead us to the use of case studies. Second, we do not control or manipulate the behaviour of the respondents. The researcher conducts in-depth interviews and observations to study the possibility of establishing the business network relationship between manufacturers, suppliers, and buyers. Finally, although historical data is needed to understand the past business relationship among the organisations the study focuses on the contemporary factors that are necessary to design a business network.

This study focuses on establishing a business network among footwear (textile) manufacturers, buyers and suppliers. In this endeavour an already established business network relationships in the potential export markets have been analyzed. For instance, the footwear and textile wholesalers and retailers in the Netherlands that have already established business network relationship with manufacturers in Southeast Asia. Often these network relationships are built in formal and informal relationships among the people in the organisations involved in the relationship. To understand these relationships the researcher needs to spend some time and has to interact with the people under study, which is inherent to the case study approach. This process requires flexibility. Case study employs open-ended questions and it gives the researcher much more room for flexibility than a survey.

However, some degree of prior knowledge is required for the suitable cases to be selected. “Surveys are used to identify the type of cases of particular interest for more intensive study” (Hakim, 2000, p.62). After a body of research evidence is accumulated on the topic, selective case studies can focus on particular aspects or issues highlighted by surveys (Ibid). In this study surveys are used to collect background information about the footwear and textile-manufacturing firms in Eritrea. The data collected using the survey method is useful in two ways. First, it helps the researcher to understand and describe the footwear and textile industry in Eritrea, and second, it offers a general background data useful to select the right organisations for the case study.

### **5.3.2 The case study design**

A case study research design represents the overall strategy to gather the data needed to answer the research problems under scrutiny (Ghauri and Gronhaug, 2002). It is set up to decide on, among other issues, how to collect data, analyse and interpret those data, and finally, to provide an answer to the problem (Sekaran, 1992). It includes specifying the unit of analysis, case selection, data collection method and the techniques used to analyse the data. These issues are discussed in the following subsections.

#### **Unit of analysis**

The unit of analysis refers to the level of aggregation of the data during subsequent analysis. In this study the unit of analysis is the individual organisation and its relationships with other organisations. A selected number of suppliers, footwear and textile manufacturers, and buyers are studied on an individual basis.

### 5.3.3 Selecting cases

#### Footwear and textile manufacturers

To select the footwear and textile-manufacturing firms for the case study, background information from the manufacturers in the two industries was necessary. A semi-structured questionnaire was used to collect the background information. The manufacturers filled the questionnaire under the supervision of the researcher. The population in the footwear industry in Eritrea is two public and 52 private footwear manufactures. During the study the public footwear-manufacturing firms were under transition to private ownership. Although there are eight tanneries in Eritrea only one processes and supplies finished leather of bovine hides, which is mainly used for making footwear. Out of the 54-footwear manufacturing firms 10 changed their business because of market problems. Thus, the questionnaires were distributed to 44 footwear-manufacturing firms. While one manufacturer refused to fill the questionnaire the other two were out of the country during the study period. A total of 41 questionnaires were administered and all were properly completed. The researcher has been in touch with the respondents even after the questionnaire administration. In this study the term footwear refers to all types of leather footwear produced by the footwear manufacturers in Eritrea.

Similarly, the population in the textile industry consists of one public and 64 private textile companies. Out of the 65 textiles manufacturing firm's 57 produce sweaters. Yet, during the study period only 51 textile manufacturing firms were operational. Out of the 65 textile-manufacturing firms, 14, mainly sweater manufacturers, closed or changed to other business due to the closure of the Ethiopian market and the high competition in the domestic sweater market. Consequently, the questionnaires were distributed to 51 textile-manufacturing firms and 47 responded positively. While two refused to fill in the questionnaires, the other two did not honour their appointments. In this study the term textile refers to yarn, fabric, blanket, knitwear, sweaters, and garment produced by the textile manufacturers in Eritrea. The cotton used by the textile manufacturers grows in the western low lands of the country. The Alighider cotton Plantation Company takes care of the marketing aspect of the cotton. The Red Sea tannery, Alighider cotton marketing company, and all footwear and textile manufacturers are located in Asmara and its surroundings.

Table 5.1 Footwear and textile manufacturers included in the case study

Name of factory	Function of the organisation	Function of the interviewee
Expo shoe factory	Footwear manufacturing	General manager
Asmara shoe factory	Footwear manufacturing	General manager
Bini shoe factory	Footwear manufacturing	General manager
Dahlack shoe factory	Footwear manufacturing	General manager
Negusse shoe factory	Footwear manufacturing	General manager
Delux shoe factory	Footwear manufacturing	General manager
Asmara Textile factory	Textile Manufacturing	General manager
Eritrea Textile factory	Textile Manufacturing	General manager
Ambesa Sweater factory	Textile (sweater) making	Deputy general manager
Erikog	Garment making	General manager
Barokco Textile factory	Textile manufacturing	Deputy general manager
Asmara Sweater factory	Textile (Sweater) making	Deputy general manager

Note: The finance managers in Asmara textile factory, Dahlack shoe factory, Bini shoe factory, and Expo shoe factories were also interviewed. They represented the general managers at some stage of the interview. On average more than four contacts were made for each factory in different days.

The employment data from the footwear and textile-manufacturing firms show that there is some difference in size. In order to relate the case study data collected to the size of the

enterprises, the footwear and textile enterprises are classified into small and medium size. Among the several indicators employed to measure firm size, number of full time employees and sales volume are the most popular. The choice of employment level as a criterion has several advantages. First managers are more willing to provide employment information than sales data. Second, employment figures are more stable because they are less affected by price changes. However, the review of SME definitions shows that even researchers that have taken employment as a criterion to classify SMEs in the same country could employ different definitions. In our case, we do not want to confuse the reader by adding another definition. For our purpose, the UNIDO classification criterion, that considers the ten or more persons cut point between small and medium enterprises, seems better (Ceglie and Dini, 1999). The footwear and textile manufacturers in Eritrea that employ fewer than ten employees are too small to be considered for the case study as it is very difficult to frame out questions that satisfy both groups at the same time. Our cases are selected from the footwear and textile manufacturers that employ more than ten employees.

Another criteria is needed to choose twelve footwear and textile manufacturers for the case study. These are (1) the organisation should have exported at least once, and (2), there should be prior willingness to co-operate with the researcher. There is no rule as to how many cases should be included in one research project. We have to deal with the issue conceptually: how many cases would give us confidence in drawing our conclusions. It also depends on how rich and complex the within case selections are. With high complexity, a study with more than 15 or more cases can become unwieldy (Miles and Huberman, 1994). There are too many data to scan visually and too many permutations to account. In this study out of the 15 footwear and 29 textiles manufacturing firms in Eritrea that employ more than ten employees six footwear and six textile manufacturers have been selected for the case study. Table 5.1 shows the footwear and textile-manufacturing firms in Eritrea included in the case study, and the function of the interviewee.

### **Export markets (wholesalers, buying organisations and retailers)**

This case study on export markets focuses on Europe and the Great Lakes region (Africa). In chapter one we have explained why these two export markets are important for the footwear and textile-manufacturing firms in Eritrea. For the case study in the Netherlands we have contacted some chain retailers, buying organisations and wholesalers that are located in the Netherlands. The limited available funds for data collection in Europe have made it difficult for us to travel to markets other than the Netherlands. Like wise, the field research in the Great Lakes region have been conducted only in Uganda.

The list of footwear and textile middlemen in the Netherlands has been obtained from the Centre for Promotion of Imports from Developing Countries (CBI). Out of 50 footwear and 46 textile importers six footwear and six textile importers have been selected for the case study. The selection procedure is based on (1) the willingness of the importers for interview and (2) the existence of trade relationship with manufacturing firms in developing countries. The list of footwear and textiles importers in Uganda has been obtained from the Kampala chamber of commerce. Out of 19 footwear and 22 textile importers four footwear and four textile wholesalers and retailers were selected for the case study.

Table 5.2 presents the list of footwear and textile wholesalers, buying organizations, and retailers in the Netherlands and Uganda included in the export market case study. The buying organisations in the Ugandan footwear and textile export market are informal social groups.

Table 5.2 Footwear and textile wholesalers, buying organisations and retailers included in the study

Name of the company and function	Function of the organisation	Function of the Interviewee
<b>The Netherlands</b>		
Comforta	Footwear wholesaler	Managing director
Eegim Shoe	Footwear wholesaler	Marketing manager
Garant Schuh B.V.	Footwear buying organisation	Division manager
Euro-Holland	Footwear buying organisation	Managing director
Hoogenbosch retail B.V.	Footwear retailer	Purchasing manager
Scapino	Footwear retailer	Purchasing manager
Susan Fashion	Textile wholesaler and agent	Head of purchasing department
Vadotex	Textile wholesaler	General manager
Intres BV	Textile buying organisation	Buying manager
Centurion	Textile buying organisation	Manager of buying department
Zeeman Group	Textile retailer	Head of purchasing department
Hans Textiles	Textile retailer	Acting director
<b>Uganda</b>		
Fame Italian shoe	Footwear wholesale	Managing director
*Arafat Agencies	Footwear wholesale	Wholesaler
*Semuseka Enterprises	Footwear retail	Retailer
Mike Tusubira Enterprises	Footwear retail	Retailer
*Muyinza Trading company	Textile wholesale	Textile wholesaler
*Uganda General Merchandise	Textile wholesale	Textile wholesaler
School Outfitters Ltd.	Textile retail	Managing director
Nob traders	Textile retail	Textile retailer

Note: In Uganda second and third visits were conducted to ask for additional information on issues appeared after the interview is conducted. In the Netherlands after the interview is made a telephone contact was followed to collect additional information and clarify the information given during the interview.

\*Shows the companies that have been re-interviewed as members of buying organization in Uganda.

Since the selected cases are part of the informal buying organisations they helped us to gather the data about the functioning of buying organisations in Uganda. Thus four of the footwear and textile retailers were re-interviewed.

### 5.3.4 Data collection methods

In this thesis we have collected both secondary and primary data. Secondary data has been collected from the documents of the National and Commercial Banks of Eritrea, Ministry of Trade and Industry, Shipping and Transit Agency Service, and Insurance Corporation of Eritrea. These organisations play a role in facilitating the export transaction. For different reasons the aforementioned organisations handle export data from Eritrea. Furthermore, secondary data about the export status of Eritrea in the 1960's and the type of marketing channel that existed in the course of that time is collected from historical trade records of the Ministry of Trade and Industry in Eritrea. The publications from the Ugandan Ministry of Trade and Industry and the publications from the European Union are also other sources of the secondary data in the export markets. The secondary data about the Netherlands footwear and textile market are also collected from the documents of the Netherlands Central Bureau of Statistics, Center for the Promotion of Imports from Developing Countries (CBI), Eurostat and Textielvisie. CBI is an organisation engaged in promoting imports from developing countries funded by the government of the Netherlands and the European Union. Eurostat is the official publication of the EU. It gathers market data about consumer products in Europe and worldwide. Textielvisie is a fashion design and advertising company.

The primary data are collected through questionnaires and interviews and are collected in two phases. These are the preliminary study (survey) phase and the case study phase.

### **Questionnaire data**

The purpose of the questionnaire is to collect data about the footwear and textile-manufacturing firms in Eritrea for two reasons. These are (1) to identify the suitable cases for in-depth study and (2) to have a preliminary understanding about the important and difficult export problems in the footwear and textile-manufacturing firms. The researcher has conducted a pilot study on two footwear and textile-manufacturing firms. The purpose of the pilot study is to test the questionnaire and see if the procedure of the data collection yields the data required for the overall study. To avoid misunderstanding of concepts, the researcher carried out the semi-structured questionnaire. The presence of the researcher gave him the opportunity to ask for explanations when necessary.

### **Interview data**

The case study has two stages. These are: (1) conducting an in depth interview with the managers to investigate their answers to the questionnaire in the preliminary study; the organisation of the export business; the type of relationship they have with suppliers, buyers and other manufacturers; and their opinions as to how these problems could be eased. The interview also focuses on the overall attitude of the managers towards the business network relationship with other organisations. And finally, 2) respondents' value the feasibility of the alternative solutions discussed in chapter three. Afterwards we have interviewed the respondents to understand the reasons behind their choice of a certain solution. This is a good opportunity for the researcher to listen to what the managers say about their problems and their solutions.

The export market data in the Netherlands have been collected through interviews. Based on the list from CBI, we have contacted the footwear and textile retailers, buying organisations and wholesalers by telephone. We have given them information about the footwear and textile industry in Eritrea and the objective of the study. Finally, five wholesalers, four buying organisations, and four retailers have been interested in the study. We have conducted the recurrent interview on all the cases. We have dropped one case of footwear wholesalers because it focuses on high quality fashionable shoes. In Uganda six footwear and six textile wholesalers and retailers show an interest to participate in the case study. We have conducted the interview on all of them. However, we have dropped four cases because they import second hand footwear and second hand textiles only. Meanwhile the information collected from the second hand footwear and textile wholesalers is found useful to see the impact of the second hand shoe and textile on the new shoe and textile market. Unlike in the Netherlands, buying organisations in Uganda are informal social groups of wholesalers and retailers. On that account, we have posed the questions to the footwear and textile retailers, who are also the members of the informal purchasing group.

The questionnaire and recurrent and systematic in-depth interviews in Eritrea are directed at the general managers of the companies. However, additional data have been collected from the, marketing manager, production manager and personnel manager of the selected footwear and textile manufacturing companies. The key informant technique (i.e. gathering data from more than one informant from the same organisation) is used to assess the relative equivalence of their responses. This is based on the assumption that all four managers who

held executive posts have substantial knowledge or are involved in the decision making process concerning the firms current and potential export operations. In the export markets the interviews are conducted mainly with the marketing and purchasing managers. The issues discussed in the two-export markets are the requirements of the Netherlands and Ugandan export markets, organisation of imports, buyer supplier relationship, competition, trust and opportunism, contract enforcement mechanisms, and the organisation of the footwear and textiles sales function (Figure 5.1).

### 5.3.5 Data analysis

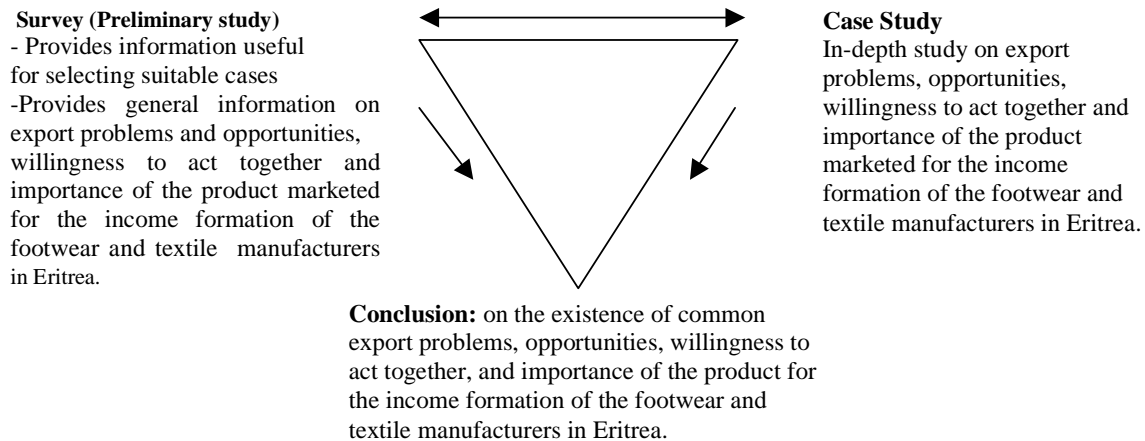
The data analysis process in this thesis has gone through three major stages. These are (1) processing and analysing interview data collected from the Netherlands and Ugandan footwear and textile export markets, (2) processing and analysing questionnaire and interview data collected from the footwear and textile manufacturing firms in Eritrea, and finally (3) conducting a cross case comparison between the Netherlands and Ugandan footwear and textile export markets in view of the findings from the footwear and textile manufacturing firms in Eritrea.

In the first stage, we have described and analysed the Netherlands and Ugandan footwear and textile export markets. The personal interview has been taped and transcribed as soon as the interview session is finished. We have drawn each response and established a chain of evidence to build our arguments. We build our conclusion by matching the evidence patterns in the different cases.

The second stage of the data analysis is further classified into preliminary study and case study phases. In the preliminary study phase 45 export problems were presented to the managers and were asked to indicate their importance on a five-point Likert scale: (1) not important at all, (2) somewhat important, (3) moderately important, (4) very important and (5) extremely important. Similarly, respondents were asked to value the degree of difficulty to solve these export problems. Once the questionnaires have been edited, the responses are coded. Numbers are given to each of the answers so as to facilitate analysis. We use the SPSS statistical package to tabulate the data and calculate the frequency, mean and standard deviation of the responses. Each export problem mean is tested against the value of 3, which holds a moderate value in the 5-point scale. Then the mean values are classified into two major categories. These are not important/not difficult and important/difficult. Moreover, to further examine the degree of importance and difficulty of the export problems, the latter category, important/difficult, has been split into two. These are moderately important/moderately difficult and very important/very difficult. Accordingly, all mean values less than three average points are termed as not important/ not difficult, all mean values greater than three but less than four are classified as moderately important/moderately difficult and all mean values greater than or equal to four are named as very important/very difficult. The highest standard deviation score in Table 8.6 and Table 8.7 is only 1.5 points. Regardless of this low standard deviation score, we investigate all standard deviation scores greater than one point. This is done to discern the reasons for the relatively high standard deviation score as compared to the lowest standard deviation score, 0.6, in the two tables. A discriminant analysis (Hair, et al., 1998, Malhotra, 1998) has been employed to test for the difference in perceptions between the footwear and textile-manufacturing firms, and the small and medium-sized firms.

In stage three, we have drawn a cross case conclusion on the market opportunities in the Netherlands and Ugandan footwear and textile markets (Figure 5.2). The comparative analysis focuses on linking the different chain of evidences and search for network possibilities between textile and footwear manufacturers in Eritrea and buyers in the aforementioned two markets. This analysis acknowledges the differences between the two markets. However, investigating and understanding the differences and similarities further helps to design a business network relationship that is appropriate for the two markets. In view of this we have analysed five variables identified in our framework (Figure 5.1). These are, asset specificity (sunk costs), uncertainty, volume and frequency of transaction, organisation capacity and room for resource mobilisation, and linkages (entry barriers). By doing this, we have drawn a cross case conclusions on market opportunities and network possibilities.

Figure 5.2 Triangulation of information



In conclusion both survey and case study have been used in this thesis. The use of the two approaches gives us an opportunity for triangulation of information (Figure 5.2). Ghauri and Gronhaug (2002, P.181) define triangulation as “the combination of methodologies in the study of the same phenomena”. They argue that triangulation can improve the accuracy of judgements and results by collecting data through different methods or even collecting different kinds of data on the subject matter of the study. In line with this argument, the findings from the survey of the footwear and textile-manufacturing firms in Eritrea are corroborated with the findings of the case study of limited footwear and textile manufactures in Eritrea.

### 5.3.6 Credibility of results

The language of everyday conversations contains a broader conception of validity and reliability. In ordinary speech the term “valid” refers to the truth and correctness of a statement. A person may be described as reliable, dependable and trustworthy. An agreement may be considered valid, strong and convincing. Validation in qualitative research involves checking the credibility of knowledge claims, of ascertaining the strength of the empirical evidence and the plausibility of the interpretation (Kvale, 1999). One of the basic characterises of qualitative research is that it reconstructs reality in line with certain categorical principle and analytical procedures (Tylor, 1979). The validation process requires the application and documentation of these procedures. By referring to the analytical procedures, it makes a room for someone to make sure that there is no bias in the information



generated by the procedure. In the literature there are several mechanisms designed to check if the case study process and results are valid and reliable. In this Section, we have discussed how we have tested the construct validity and reliability of the research process and ultimately the research results.

### **Construct validity**

Construct validity in case studies refers to developing operational set of measures for the terms and concepts used in the study (Burns, 2000). In chapter two of this study we have identified the export problems of manufacturing firms in developing countries. Similarly, the alternative solutions described and analysed in chapter three are also derived from an extensive audit of the export measures undertaken by firms and governments in developing countries to encounter export problems. From these two chapters we have learnt that different researchers use different definitions. For instance, concepts such as export barriers, export problems, export inhibitors were used to signify factors that often provoke failures in foreign business operations, bringing financial losses along with negative attitudes toward international activities among both current and would be exporters. Moreover the pilot study is useful to know if the terms and concepts can result in the type of information collected. Consequently, based on the recommendation of the respondents participated in the pilot study and to avoid misinterpretation of the terms and concepts, the researcher administered the questionnaire. In addition to improve the construct validity of the terms and concepts used in this project, the researcher makes use of multiple sources of information: questionnaire, recurrent interviews and site visits. This helps us to see the issues from different directions and establish a chain of evidence that links parts together. Beside, the key informant technique to collect the data from the footwear and textile manufacturers, suppliers, importers, and retailers give us a chance to compare the multiple data sources and see if the correct operational measures are established for the concepts being studied.

During the study period we have noted that most of the footwear and textile-manufacturing firms in Eritrea were hesitant to offer the exact figures of their sales data. Taking this point into account we have asked them to give us the highest and lowest figures from which the average has been calculated. However, seven footwear and textile-manufacturing firms were ready to submit audited financial statements. Only these figures have been used to draw the bar charts in Figure 8.1 and Figure 8.2.

### **Reliability**

The case study protocol contains the procedures and rules that should be followed in the study (Burns, 2000). The reliability in case study is more focused on the dependability that the results make sense and are agreed upon by all concerned. To prove reliability of the case study process and enable others to replicate your work the steps and procedures must be clearly explicit and well documented in the final report. If the procedures are not repeatable, our descriptions and explanations will like wise be unreliable. In this project, the steps that are followed to collect the data have been described in detail so that other researchers can apply the case study process and achieve similar results.

## **5.4 Conclusion**

There is no fully developed model that fits into our research question. The research framework depicted in Figure 5.1 emerges from the cross fertilisation of the literature

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discussed in chapters two, three and four. Using the information on the past three chapters, we have answered the first two research questions. With the help of the research framework (Figure 5.1), we will answer the last three research questions. The research framework enables us to explore and describe the export problems that exist in the footwear and textile-manufacturing firms in Eritrea and export opportunities in the footwear and textile export markets in the Netherlands and Uganda. Moreover it is important to understand the factors that shape up the problems and opportunities.

