



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM**

**DETERMINANTS OF INDIRECT DISTRIBUTION CHANNEL SALES
PERFORMANCE: THE CASE OF ETHIO-TELECOM'S
DISTRIBUTORS, SUB-DISTRIBUTORS AND RETAILERS
OPERATING IN ADDIS ABABA**

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**JULY 2015
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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Dedication

This thesis is dedicated to my beloved parents W/ro Workinesh Gebremariam & Ato Hailu Woldehana and for the reason I will live the life that I hope for.

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List of Abbreviations and Acronyms

ANOVA	Analysis of Variances
CAAZ	Central Addis Ababa Zone
CAF	Customer Acquisition Form
CRM	Customer Relationship Marketing
DC	Direct Channel
EAAZ	East Addis Ababa Zone
EPSE	Ethiopian Postal Service Enterprise
ET	Ethio-Telecom
ETB	Ethiopian Birr
IDC	Indirect Channels of Distribution
IV	Independent Variable
MCD	Multichannel Distribution
MDC	Micro Distribution Centers
MoFED	Ministry of Finance and Economic Development
NAAZ	North Addis Ababa Zone
P&S	Products and Services
RIW	Relative Importance Weight
RSD	Residential Sales Division
S.C.	Share Company
SAAZ	South Addis Ababa Zone
SIM	Subscriber Identity Module
SPSS	Statistical Package for the Social Sciences
SWAAZ	South West Addis Ababa Zone
TIN	Tax Identification Number
VC	Voucher Card
WAAZ	West Addis Ababa Zone

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Abstract

This study emphasizes the determinants of indirect distribution channels sales performance in the cases of Ethio-telecom's distributors, sub-distributors and retailers operating in Addis Ababa by considering 14 independent variables; motivational factors, commitment, distribution flexibility, cooperation, relationship, esprit de corps, trust, support, communication, coordination, ethical behavior, punishment fairness, conflict and regulation. The study was performed in quantitative and qualitative research approaches. To reveal the determinants of sales performance of indirect distribution channel, descriptive and explanatory research design were used. For selecting sample respondents' disproportionate stratified sampling was used. The data analysis was performed by inferential and descriptive statistics. The data analysis was processed by IBM SPSS statistical software version 20. The total sample size was 267 and 280 questionnaires were distributed within six zones. Out of which, 223 questionnaires were returned as 13 distributors, 45 Sub-distributors and 165 retailers respondents with a response rate of 100%, 85% and 82%, respectively. All determinant factors of sales performance have a positive correlation with sales performance. And only conflict has a positive but not statistically significant correlation with sales performance. A linear combination of all the independent variables considered under the study predicts the variance in the dependent variable sales performance. The ANOVA test result showed that, the value of R and R² obtained under the model summary part was statistically significant. The multiple linear regression analysis revealed that, 9 of 14 explanatory variables (motivational factors, commitment, distribution flexibility, cooperation, relationship, trust, support, communication and coordination) have a statistically significant relationship for predicting sales performance of indirect channels distribution. The other 5 (Esprit de corps, Ethical Behavior, Punishment Fairness, Regulation and Conflict) of the 14 predictor variables are not statistically significant for predicting sales performance of IDC. The researcher concluded that the IDC of Ethio-Telecom is significantly determined by these 14 factors of sales performance.

Key Words: *Distribution Chain, Indirect Distribution Channels, Sales Performance, Communication, Coordination, Support, Regulation, Cooperation, Motivation, Ethical Behavior, Esprit De Corps, Punishment Fairness, Commitment, Relationship, Trust, Conflict, Distribution Flexibility.*

CHAPTER ONE

INTRODUCTION

Under this chapter the introductory concepts of the study is explained. Background of the study, statement of the problem, basic research questions, research objectives, definition of terms, the research significance, its scope and the entire organization of the study is comprehensively written.

1.1. Background of the Study

The firm's performance can be determined by its marketing strategies with its good planning, effective implementation, and evaluation & control mechanisms. In addition to the above facts, the optimum firm outcome can be reached if the marketing strategy formulation and execution can be aligned with the firm's external environments (Ramaseshan, Ishak, & Kingshott, (2013).

Jain & Shaakshi (2009) explained distribution as one of the four aspects of marketing strategies in businesses. Since distribution is the one aspect of marketing strategy, there are different advantages of usages of multichannel of distribution system as a marketing strategy (Wallace, Johnson & Umesh, 2009). Kotler & Armstrong (2012) explained the contribution of good distribution strategies as it can create customer value and competitive advantage for a firm. Another benefit of the distribution strategy is the objective of adding value to the process of making products and services available to business and household consumers (Valos & Vocino, 2006).

For deriving beneficial advantages, a business firm can use a portfolio of marketing channels having different function, structure and behavior (Valos & Vocino, 2006). Having two or more distribution channels as the same time is better for both customers and suppliers. This is because customers can choose the better suited channel and the supplier company can increase products and services sales coverage and its efficiency (Vinhas & Anderson, 2005) and has a long-term impact on firm performance and are largely irreversible (Homburg, Vollmayr, & Hahn, (2014).

As Jain & Shaakshi (2009) note supports that distribution channels may not be restricted to physical products alone but it is important for moving a service from producer to customer in certain sector, since both direct and indirect channels may be used. And Ethio-telecom's is being engaged in sales activities of products & services by direct and indirect channel of distribution.

The direct channel of the company performs a sales activity of products and services to the overall customers who can walk-in to the compounds of 173 direct shops throughout the country, whereas the indirect channels department perform sales of P&S to the final customers indirectly through main distributors, sub-distributors and retailers in any business areas in which the outlets are ready to sell products and services of the company.

Because of former sales potentials, better customer touch experiences and flexibility of distributors, the sales strategy of the company takes advantages of undertaking intensive sales through indirect channels of distribution and has been using territorial segmentation with selective distribution strategy so as to provide products and services in more limited number of geographic location.

The company's indirect channel of distribution was established on December 2010 after the management contract signed by France Telecom. The IDC is been engaged in distributing products and services which are being sold with in distribution chain members for supporting communication technology. Such products and services are; data and voice SIM cards, Voucher cards and Telephone apparatus (Ethio-Telecom, Indirect Channel Department).

Due to the company's newness for indirect channels of distribution, it faces management and distribution difficulties. Such difficulties also explained in different literatures of the indirect channel of distribution as a complex behavioral system (Kotler & Armstrong (2012), harder to control, challenging and conflict arises between the channel members. Such company's channel decision can directly affects every other marketing decision (Kotler & Armstrong, 2012). Therefore effective management of their distribution channels (Dong, Tse & Hung, 2010) should be undertaken by designing effective governance strategies (Stern & El-Ansary 1977). Hence the effective management of distribution

channels should be that simultaneously motivates and controls various types of distributors (Griffith & Myers, 2005).

The context of this study focused in a three-level indirect distribution system in which a service provider (Ethio-Telecom) sells its products and services through a wholesaler (main-distributor), the main-distributors in turn sells to sub-distributors and finally the retail accounts receive from sub-distributors and sells P&S to the end-users within a designated territory.

Since usage of three-level of distribution is the longest type of channel structure in which international and global companies mostly used, the study focused on the investigation of the major determinants of the these three level of indirect channels of distribution sales performance of ethio-telecom with in the boundary of Addis Ababa.

1.1. Statement of the Problem

Since Ethio-telecom is being operating its telecommunication service throughout the country as a sole telecom operator, the company has been trying to build a strong relationship among the distribution chain so as to disseminate its products and services till the boarder edges of Ethiopia.

As a multichannel sales strategy the company has direct and indirect distribution channels. The indirect channel of distribution is being contributing more than 70 % of the company's total sales volume and the other channel of distribution, i.e., direct channel, contributes the remaining total sales of the company. While the DC has 173 shops throughout the country, the IDC have 14 sales coordination offices, more than 40 distributors, 436 sub-distributors and 6992 retailers (RSD, September 2014).

Even if IDC contributes the major shares of sales for ET, its sales performance has got constraints with in different situations. Because of its insufficient and smooth-less distribution of products and services in most parts of the country, it creates some drawbacks to satisfy the channel's smooth relationship. Furthermore, the distribution channel members' failure to function in an ordinary business function, the absence of

minimum resource deployment to manage the business, handling of wrong and incomplete data and engagement of territory and price violation makes the business to function in a tough relationship (Summarized from sales channel quality assurance report, 2014).

The illegal practices of some distribution chain members made other distribution chain members to function improperly and lead to inappropriate competitions. In addition to this, some distribution chain members' performance are being below from the required level which might be because of the market penetration of others and not engaging in a regular business course of actions as per the contractual agreements between Ethio-telecom. (Summarized from sales channel quality assurance report, 2014).

Hence, to improve the management of indirect distribution channel and to create smooth relationship between all the distribution chain players, the company has been regulating the channel with some tolerance level. To overlook issues on distribution chain area, this study investigated the various determinants of the IDC, provides managerial insights and policy implication on factors affecting the sales performances of the company in general.

1.2. Basic Research Questions

The study answers the following basic research questions:-

- What is the situation of Ethio-Telecom's overall sales and IDC performance?
- What are the various variables that affect indirect distribution channel effectiveness on sales performance?
- What is the nature of relationship among various variables which determines indirect channel sales performance?
- Which of those variables have significant contribution on sales performances of the indirect distribution channels?

1.3. Objectives of the Study

1.3.1. General Objective

The main objective of the study is to assess the determinants of indirect channel distribution sales performance with an emphasis on Ethio-Telecom's main-distributors, sub-distributors and retailers of products and services of the company.

1.3.2. Specific Objectives

Furthermore, the specific objectives are the following;

- To examine Ethio-Telecom's sales and indirect distribution channels performance.
- To identify which variables affects indirect distribution chain effectiveness.
- To assess the nature of relationship of each variables.
- To identify variables that significantly determines sales performance.

1.4. Definition of Terms

1.4.1. Conceptual Definition of Terms

Indirect Channel of Distribution (IDC): It is one kind of channel of distribution when a company uses one or more levels of intermediaries to help bring its products to final buyers (Kotler & Armstrong (2012), p. 343).

Multichannel of Distribution (MCD): It is a multichannel marketing occurs when a single firm sets up two or more marketing channels to reach one or more customer segments (Kotler & Armstrong (2012), p. 349).

Distribution 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, Indirect Channels Products and Services Distribution Agreement, 2014, p.3).

: It is a process of the chain of intermediaries, each passing the product down the chain to the next organization before it finally reaches the customer or end-user (Jain & Shaakshi, 2009, p. 296).

Main – Distributors: It is a legal entity or a natural person trader authorized by an agreement to sell and distribute ethio telecom products through its distribution chain (Ethio-Telecom, Indirect Channels Products and Services Distribution Agreement, 2014, p.3).

: A distributor is a middleman between the manufacturer and retailer (Jain & Shaakshi, 2009, p. 294).

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, Indirect Channels Products and Services Distribution Agreement, 2014, p.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, Indirect Channels Products and Services Distribution Agreement, 2014, p.5).

: It deals with the activities involved in selling goods and services to ultimate customers. And the buying motive for a retail sale is always personal or family satisfaction stemming from the final consumption of the item being purchased (Stern, and El-Ansary, 1977, p.26).

Territory: It's a boundary in which distributors normally expect to receive full credit for all sales in their territories, whether or not they did the selling (Kotler, 2003, p.514).

1.4.2. Operational Definition of Terms

Ethio-telecom's Products and Services (P&S): It is types of products and services which are being sold with in Ethio-Telecom and distribution chain members for supporting communication technology. Such products and services are; data and voice SIM cards, Voucher cards, Modems and Telephone apparatus.

Direct Channel: It is Ethio-Telecom's marketing channel in which products and services are sold within its own shops for the entire customers of the company (Example; Mexico Ethio-shop, Lideta Ethio-shop, etc...)

Pre-Paid SIM: It is a normal type of mobile service, in which a subscriber needed to pay or recharge regularly in advance for getting talk time, data and other services with in a stated validity period, offered through ethio telecom's SIM Card (Ethio Telecom, 2015).

Voucher Card: It is a scratch-able card used for recharging any pre-paid services offered by Ethio-Telecom (Ethio Telecom, 2015).

Outstation Areas: It is a term used for describing adjacent cities & towns to the capital city, Addis Ababa. Those cities and towns are strategically demarked as the boundary of Ethio-Telecom's six zones.

1.5. Significance of the Study

Since engaging in multichannel of distribution strategy have a great importance for an organization market coverage and sales performance, studying the determinants of indirect channel of distribution also have significant for the following bodies;

It has a greater benefit for ET top executive management to understand the channel in empirical ways. It also has a practical significance so as to evaluate the channel

performance in an empirical ways weather it is in the right truck or not, suggest ways and means of tackling the problems on the decision makings.

For the company's indirect channel department in particular and for the residential sales division in general, it can be used as an indicator for further detail assessment and successively help the company so as to improve its own corporate performance by taking action plans on the drawbacks which affects the sales of the company.

The finding of the study could have some contribution to the already existing knowledge on the field of channels of distribution with a theoretical significance for further researchers, academicians, and marketing researchers as an input to test a theory. Furthermore, it can be an initial to see channels of distribution on the cases of Ethiopia using these and other new dimensions, especially for manufacturing sectors.

1.6. Delimitation/ Scope of the Study

Since Ethio-Telecom is the sole telecom operator all over the country and it has eight regional and six zonal distribution boundaries, the scope of the study is delimited within Addis Ababa, the capital city of Ethiopia, with in the six zonal boundary of indirect channel distribution. This is due to the fact that about 32.5%, 18.1% and 25.3% of distributors, sub-distributors and retailers, respectively, are performing higher business transaction in Addis Ababa and delimiting the scope on it could have a chance of studying the distribution impacts and seems best represent the overall parts of the country's distribution chains. Theoretically the study is delimited in assessing the determinants of IDC sales performance of ET in Addis Ababa.

Furthermore, the determinants of sales performances of the IDC were asked directly from its distribution chains, i.e., main-distributors, sub-distributors and retailers coordinators, supervisors, managers and owners through 280 standard questionnaires. The semi-structured interview was only performed with two IDC managements. The data was mainly analyzed in descriptive and inferential ways with the help of mean, frequencies, cumulative percentages, tables, figures, correlation, ANOVA, model summary and multiple regression analysis.

1.7. Organization of the Research Paper

The study incorporates five chapters of the research paper and the summary for each component is sited as follows; Chapter one explains the research background, statement of the problem, objective of the study, basic research questions, hypothesis, definition of terms, significance of the study, research design and methodology, scope of the study and organization of the study.

Chapter two includes the theoretical and empirical literature that can guide us in examining the determinants of indirect channel of distribution sales performance from other researchers specifically on distribution strategies and sales performances. And the conceptual framework adapted from previous studies also included.

Chapter three describes the type and design of the research; the subjects/participant of the study, the sources of the data, the data collection tools/instruments employed, the procedures of data collection, the methods of data analysis used and reliability test.

Chapter four represents general finding and empirical results of the study. It includes data collection, detail descriptive and inferential statistics of the study, variables analysis through multiple linear regression, ANOVA and correlation, and the final results.

At last, chapter five forward suggestions for further researchers and summarizes the findings and results. And using such summarized findings conclusion of the study is drawn. Furthermore, based on the written conclusions, valuable and practical recommendations are forwarded.

CHAPTER TWO

LITRATURE REVIEW

2. Introduction

Under this section, literature review of the subject matter is called the indirect channels of distribution and factors of sales performance is presented so as to prove the contents of the problems that are intended to investigate. To be brief, the types and needs of marketing channels of distribution, the sales performance determinants and Ethio-Telecom's products and services within the indirect channel of distribution are discussed on two major parts; theoretically and empirically.

2.1. Theoretical Literatures

2.1.1. Marketing Channels of Distribution

2.1.1.1. Historical Perspectives of Marketing Channels Development

The notion about the origin of marketing channels was started historically from the classes of businessmen and a distribution intermediary service of middlemen's, according to Moller & Wilemon (1971).

As Moller and Wilemon (1971) further stated on their book, the development of marketing channel starts by the existence of intermediaries in the process of exchange. And the structure of marketing channels is a reflection of the society's sociological and economic fabric. The next evolution of exchange was continued by the operation of centralized exchange which is called a dealer. And then the now historical development and arrangement of marketing channels was started (Bowersox, and Copper, 2004) with an arrangement of an independent business as; retailers, wholesalers and manufacturers for successful and efficient marketing activities.

2.1.1.2. Meanings and Types of Distribution Channels

2.1.1.2.1. Meanings of Distribution Channels

The meaning of distribution channels are defined in different literatures and books. To show some of the definitions; Stern & El-Ansary (1977, p. 4), defined distribution channels as “A marketing or distribution channel is a inter organizational system comprised of a set of interdependent institutions and agencies involved with the task of moving anything of value from its point of conception, extraction, or production to points of consumption.” Mehta, Rosenbloom and Anderson (2000) also defined it as “the external contractual organization which firms operate to achieve their distribution objectives.”

According to Kotler (2003, p.505), “a distribution system is a key external resource. Normally it takes years to build, and it is not easily changed. It ranks in importance with key internal resources such as manufacturing, research, engineering, and field sales personnel and facilities. It represents a significant corporate commitment to large numbers of independent companies whose business is distribution- and to the particular markets they serve. It represents, as well, a commitment to a set of policies and practices that constitute the basic fabric on which is woven an extensive set of long-term relationships.”

2.1.1.2.2. Types of Distribution Channels

a) 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 distribution 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.

b) Direct Marketing

Jobber and Lancaster (2003, p.186) describes direct marketing as a distribution 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.

c) **Indirect Channel**

It is a kind of a distribution 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 and El-Ansary, 1977, p. 26).

d) **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 and 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.

2.1.1.3. The Levels of Channels of Distribution

While undertaking marketing activities there are a number of intermediary levels to designate the length of channels (Kotler, 2003);

- A **zero** level channel or direct marketing consists of a manufacturer selling directly to the final customer. It can be door-to-door, home parties, mail order, telemarketing, TV selling, internet selling and manufacturer owned stores.
- A **one**-level channel contains one selling intermediary, such as retailer
- A **two**- level channel contains two intermediaries. In consumer market, these are typically a wholesaler and a retailer.
- A **three**- level channels contains three intermediaries

2.1.1.4. Why is it necessary to use Indirect Marketing Channels?

Different researchers stated the importance of distribution channels on their works. An arguments stated in (Parrish, 1995) paper as “a manufacturing firm cannot be successful without incorporating channel partner into both their strategic and product planning processes”.

Bowersox, and Copper (2004) explained distribution channel as a motivational factor for functional performance, reduction of complexity and specialization. Wallace et al., (2009) further stated the importance from researchers as it can create channel synergies, competitive parity, dependence balancing, greater market coverage, and ultimately better firm performance through greater sales.

According to Michael (2008), multichannel marketing is “more prevalent and offers many opportunities to organizations”. Since, Indirect marketing channel is one parts of multichannel of marketing, for better understanding, it is good to explain the importance of indirect channels of marketing from different books and journals, as follows;

Kotler and Kevin (2006, p. 472- 473) stated the below functions and roles of channels as a marketing strategy;

- Many producers may lack the financial resources to carry out direct marketing.
- It can overcome the time, place and possession gap that separate a goods and services from those who need or want them.
- In some cases direct marketing simply is not feasible. And it can be easier to work through the extensive network of privately owned network of distribution organizations.
- Producers who do establish their own channels can often earn a greater return by increasing their investment in their main business. If a company earns a 20% rate of return on manufacturing and only a 10% return on retailing, it does not make sense to undertake its own retailing. (specialization)
- They gather information about potential and current customers, competitors and other actors and forces in the marketing environment.

- They develop and disseminate persuasive communication to stimulate purchasing.
- They reach agreements on price and other terms so that transfer of ownership or possession can be affected.
- They place order with manufacturers.
- They acquire the funds to finance inventories at different levels of the marketing channels,
- They assume risks connected with carrying out channel work.
- They provide for the successive storage and movement of physical products.
- They provide for buyers' payment of their bills through banks and other financial institutions.

Parrish (1995) also tried to explain the benefits of manufacturing firm partnering with channels as it adds value while cutting costs and increases delivery speed. And also added another benefits as follows:

- Channel partners assist end users by providing increased product availability through rapid response and customization.
- They serve as consultants by advising end users on how to use products.
- Through the term and conditions of their partnering contracts they are empowered to provide select warranty and guarantee services.
- They decrease customer search costs through multi-vendor offerings.

2.1.2. Measurements of Performance

In the book of Jobber and Lancaster (2003) the measurement of firm's performance classified, to the same, as follows;

a) Quantitative measures of performance	
Specific Output Measures	Measures Relates to Inputs
- Sales revenue achieved	- Number of calls made
- Profit generated	- Calls per potential account
- Percentage gross profit margin achieved	- Call per active accounts
- Sales per potential account	- Number of calls on prospects
- Sales per active account	
- Sales revenue as a percentage of sales potential	
- Number of orders	
- Sales to new customers	
- Number of new customers	
b) Qualitative measures of performance	
- Sales skill	
- Customer relationship	
- Self-organization	
- Product knowledge	
- Cooperation and attitude	

Chang and Wang (2008) used the qualitative and quantitative channel performance of international enterprises as a measurement tool. In quantitative analysis: actual and forecast sales performance, inventory levels, cost and wastage rate, quality of service, and sales ability was used. And in qualitative analysis: level of satisfaction, cooperation, contribution, commitment, service quality, and sales ability was used.

2.1.2.1. Performance Measurements of Sales

Valos and Vocino (2006) defined performance as “the sum of all processes that will lead managers to taking appropriate actions in the present that will create a performing organization in the future” or in other words, “doing today what will lead to measured value outcomes tomorrow”. They further explained the importance of performance measurement as: strategy formulation and clarification, management information, vertical

communication, horizontal communication, decision-making and prioritizing, coordination and alignment, motivation and learning.

Sales performance is defined by (Johnston and Marshall, 2006, p. 412) as “behavior evaluated in terms of its contribution to the goals of the organization”. And they further explained, in their study, by separating performance with two areas of sales performance constructs as “relationship performance” and “outcome based performance”.

To explain the two areas of constructs in a detail concepts, first, they expand the importance of relationship marketing as six key constructs i.e., (i) mutual trust between parties; (ii) Commitment towards mutual benefits; (iii) Empathy towards all parties; (iv) Maintenance of relationships; (v) Provisions of favors to parties; and (vi) full reciprocation of favors. Second, outcome-based sales performance measures are an important aspect in measuring salesperson performance (Johnston and Marshall 2006:412).

Whereas (Ahearne, Lam, Hayati, & Kraus, 2013) defined salesperson performance measurement as “Sales as a percentage of quota (i.e., sales quota achievement), which is calculated as dollar sales in a given month divided by the period's sales quota, to measure each salesperson's performance”. Johnston and Marshall (2006) added another outcome based sales performance, i.e., quota achievement, growth in average billing size, increases in sales productivity, and overall revenue gain.

Mukherjee (2013) also described five sales performance measurements. That is; Meeting budgeted sales volume, distribution network expansion, reduce outstanding in the market, reduce slow moving inventory from the sales channel and galvanize the sales team by making them competent and confident.

Overall, in the above channel literatures, the sales performance measurements were tried to assess and the next part of the review explains integration of theories by relating with the channel determining variables.

2.2. Empirical Review

2.2.1. Distribution Network Practices in Ethiopia

In most of Ethiopian firms products and services are sold through their own outlets or wholesale to other resellers in cities of the country. Since it is difficult to get paper works on experiences of distribution networks of firms in Ethiopia, the study has tried to see some as the following;

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 companies profiles. Relating to the distribution network practices of the 50s leading firms; their study described almost all firms' distribution experiences. But for the benefit of discussion, the following firms' distribution practices are explained as "better" practices of distribution.

Table - 2.1: Better Distribution Practices Discussed on Sutton & Kellow (2010) Study.

S.No	Leading Firms (Based on their study)	Better distribution practices discussed on their study
1	Ahadu P.L.C	Within its different affiliated companies of the P.L.C., there exists wholesaling, personal selling, retailing and distribution outlets)
2	AQ Roses P.L.C.	Own sales and distribution network companies in Nederland.
3	Cement Factories	Distribution agents and sales outlets
4	East Africa Holdings S.C.	It has highly developed distribution system and distribution outlets.
5	Nas Foods	Distribution networks in almost every zones of the country
6	Red Fox	Well established distribution networks in international markets.
7	Sebeta Agro Industry	Different distribution channels to market products (wholesale stores & direct delivery for bulk orders)

Source: Compiled from the study of Sutton & Kellow, (2010)

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

On the other hand, the Coca-Cola Company has its own distribution channels in which it works the regular distribution method by relying on trucks and by the network of low cost Micro Distribution 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).

2.2.1.1. Sales and Distribution Practices in Ethio-Telecom

The concept of marketing channels is not limited to the distribution of physical goods but also important on services (Kotler, 2003). In the marketing of services, it is generally useful to adopt a broadened perspective of channel activities. Those activities can be needed for the creation of time & place utilities. Furthermore, the critical decision on the availability & accessibility of services within the specific location and outlet is needed (Stern and El-Ansary, 1977).

According to CSA report in January 2015, the country population is estimated as 90 million by 2007 E.C. (2015 G.C.). Due to this, the company service coverage and customer base subscriber has been increased. And inline to this, the performance of telecom is needed to be higher for modernization and growth of economy.

Since service by itself is more widely dispersed and decentralized activity, the company has been providing SIM and Voucher card distribution throughout the country. For instance, by

the year 2009/10 the total mobile subscriber base was 6.25 million compared to 23.76 million in 2012/13. And at the end of 2014/15 budget year the GTP envisages to have 40 million mobile phone subscribers. Additionally the internet and fixed line subscribers are needed to be 3.69 & 3.05 million as the end of 2014/15, respectively (MoFED, 2014).

The below table 2.2 and 2.3 depicts Ethio-Telecom's Direct channel and Indirect channel two years and nine months pre-paid SIM and Voucher card sales performance.

Table - 2.2: Annual Channel's Sales Performance on Pre-Paid SIM

Annual Channel's Performance, Pre-Paid SIM						
Channel Type	Budget Year					
	July 2012 - June 2013		July 2013 - June 2014		July 2014 - March 2015 (Nine Months)	
	Prepaid SIM (Qty)	Sales (%)	Prepaid SIM (Qty)	Sales (%)	Prepaid SIM (Qty)	Sales (%)
Direct Channel	1,214,735	20.2	1,520,133	24.6	1,566,562	34.3
Indirect Channels	4,804,002	79.8	4,656,842	75.4	2,995,905	65.7
Total	6,018,737	100	6,176,975	100	4,562,467	100

Source: Annual Performance Report (July 2012- March 2015), Residential Sales Division, Compiled by the researcher.

The above table- 2.2 depicts that,

- ❖ Out of the total prepaid SIM actual sales 20.2%, 24.6% and 34.3% has been sold through Direct channel of distribution, whereas the remaining the lion-share sales of the company has been sold by Indirect channel of distribution (79.8%, 75.4% and 65.7%) with in the consecutive two and nine months, starting from July 2012 up to March 2015 G.C.
- ❖ With regard to the target of SIM, as compared to the actual sales, DC expected to sale, 144%, 144% and 98% was achieved, whereas the IDC achieved 48%, 48% and 93% for the two & nine months, respectively.

Table - 2.3: Annual Channel's Sales Performance on Voucher Card

Annual Channel's Performance, Voucher Card						
Channel Type	Budget Year					
	July 2012 - June 2013		July 2013 - June 2014		July 2014 - March 2015 (Nine Months)	
	Voucher Card (VC) in ETB	Sales (%)	Voucher Card (VC) in ETB	Sales (%)	Voucher Card (VC) in ETB	Sales (%)
Direct Channel	38,320,185.00	0.29	65,598,430.00	0.45	81,815,565.00	0.67
Indirect Channels	13,359,815,190.00	99.71	14,533,512,455.00	99.55	12,192,536,380.00	99.33
Total	13,398,135,375.00	100	14,599,110,885.00	100	12,274,351,945.00	100

Source: Annual Performance Report (July 2012- March 2015), Residential Sales Division, Compiled by the researcher.

Similarly, the above table-2.3 shows the actual and targeted sales of Voucher card for the two years and nine months as follows;

- ❖ Out of the total prepaid Voucher actual sales in ETB, the Direct Channels of distribution has got 0.29%, 0.45% and 0.67%, whereas the remaining and the significant lion-share sales of the company was sold by Indirect channel of distribution (99.71%,99.55% and 99.33%) within the consecutive two & nine months, starting from July 2012 up to March 2015 G.C.
- ❖ The targeted Voucher Card sales performance of direct channels of distribution, as compared to the actual sales, was 96%, 143% and 209%, whereas the Indirect Channels of distribution achieved 96%, 92% and 91% for the two & nine months, respectively.

2.2.2. Sales Determinants of Indirect Distribution Channel

The factors that will have an impact on sales performance can be vary between countries, cultures, societies and in the international standards. And so many literatures were done on the international level so as to examine the relationships based on the similarities and differences of factors within and across countries.

Valos and Vocino, (2006) said that research in distribution channels has highlighted a “channel performance metric paradox” because of the fact that different systems and different channels necessitate particular channel performance measurement. Here below the related literatures with regard to distribution channel and sales performance are compiled.

a) *Esprit-de-corps*

The greater willingness of cohesive groups’ members to work together and conform to group norms contributes to these groups’. “Cooperation, low levels of emotionalism, and goal directed activities are common characteristics of highly cohesive groups. Significant increases in group effectiveness are common during the cohesion stage.” Thus team spirit is an important behavioral performance outcome (Shoham, Brencic, Virant, and Ruvio (2008). According to Schuler & Weber, Higher levels of esprit de corps may lead to higher levels of performance.

b) *Relationship*

Relationship can create primary link and possibility of reliability of seller’s (Rajagopal et al., 2010) between buyers and sellers and the relationship strengthen (Johnston and Marshall, 2006, p. 412). Hence, the strengthen relationship produces mutually beneficial outcomes (Shoham et al., 2008; Rodriguez et al., 2012), and long-term inter-firm relationships increase return on investments (Mathur, 2013).

To the contrary, negative effect of relationship destroying factors (conflict, unfairness and opportunism) overshadows the benefits associated with all other positive relationship marketing activities. And hence, it could negatively affect channel member performance by undermining two key relational behaviors: channel member cooperation and flexibility and also financial performances (Samaha, Palmatier & Dant, 2011). There exists a positive relationship between outcome performance and relationship between customer and marketing channels (Rajagopal et al., 2010).

c) *Distribution Flexibility*

Yu et al., (2013) explained distribution flexibility as it is composed of logistics and relationship flexibility. According to (Samaha et al., 2011) channel member flexibility refers to a willingness to be adaptive or adjust (to create, extend, or modify its own resource base, in addition to its partners' resources) in response to changing conditions so as to generate competitive benefits and performance enhancements. On the same way (Yu et al., 2013) define relationship flexibility with three facets: "a bilateral expectation of willingness to make adaptation, a type of coordinative modification, and an ability to cope with changing circumstances."

Whereas, logistics flexibility involves material and information flow and demands agility in activities such as warehousing and ongoing transportation (Samaha et al., 2011) and (Yu et al., 2013) explained logistic flexibility the same as; flexibility in storage, delivery, transportation, and inventory. Therefore, logistic flexibility directly affects the supply or distribution ability of the market and influence downstream distributors' operations, the focal firm will meet downstream product delivery expectations.

Thus, the higher the level of logistics flexibility, the higher the level of channel member satisfaction with the relationship will be, with additional influences on purchasing loyalty intentions as indicated in the satisfaction-profit chain. Logistics flexibility will have a significant positive effect on relationship satisfaction. Relationship satisfaction will have a significant positive effect on long term relationship orientation. Therefore, Logistics flexibility and Relationship flexibility have positive impact on distribution performance (Yu et al., 2013). Channel member cooperation and flexibility significantly enhanced channel member performance (Samaha et al., 2011).

d) *Trust*

Griffith et al., (2000) defined trust as, trust can be occurred when one party has confidence in its partner's re-liability, integrity (Mathur, 2013), fulfillment of agreements and acts of honesty. Mathur (2013) again discussed by reviewing others literature and it is summarized

as; “it is a genuine concern of partner’s welfares and motivations and it is a willingness and believing of another partner honestly, reliably, sincerely, keeping promises and fulfillment of obligation which can make the relationship to be retained and sustained.” Chang and Wang (2008) discussed on their study that trust, reciprocity, communication, and interaction are positively associated with channel performance.

e) *Cooperation*

According to Samaha et al., (2011) discussion of others literatures, “Cooperation is defined as the degree to which the firm and its representatives jointly put forth effort and collaborate toward the achievement of their specific and joint goals. And the actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time.”

Chang and Wang (2008) studied that, mutual trust and reciprocity has a positive relation with cooperation between channel member and market dominance, sales service and also with sales performance. There is also a positive association of centralization, communication, and interaction with sales performance. Channel member cooperation significantly enhanced channel member performance (Samaha et al., 2011).

f) *Commitment*

Mathur (2013) defined commitment by citing others literature and can be summarized as a desire to maintain a valuable relationship in a long-term basis (Griffith et al., 2000) on which the cooperation can be encouraged and the mutual profitability of channel members increased. Simintiras, Watkins, Ifie, and Georgakas (2012) also added that commitment lead to satisfaction and retention of customers. Shoham et al., (2008) said “commitment is central to all the relational exchanges between the firm and its various partners.”

Schetzle and Drollinger (2014) discussed that when personal need fulfilled the job attitude will be enhanced. On the other hand, (Parrish, 1995) discussed the channels partners need of manufacturers and if the needs of those partners fulfilled commitment can be succeeded. Griffith et al., (2000) studied that, commitment has a positive relationship with trust and

satisfactions. (Schwepker, 2013) found that salespeople's commitment to providing superior customer value is positively related with outcome sales performance ($b = 0.225$, $p < 0.01$).

g) Channel Conflict

A well-developed multichannel strategy can improve firm performance while limiting any negative consequences, such as channel conflict (Bang, et.al, 2013). Conflicts between channel members are inevitable because of their differing perspectives and goals (Hughes & Ahearne, (2010).

Conflict generally has a deleterious effect on channel member performance (Mehta, et.al, 2000) and also tends to decrease the overall level of satisfaction within the relationship (Griffith et al., 2000). Therefore conflict management, detection and resolving efforts are needed. Such styles are obliging, avoiding, integrating and compromising. Conflict has a negative relationship between commitment (-0.59), trust (-0.17) & satisfaction (-0.76) (Griffith et al., 2000).

According to Lionel (2011) study on "functional and dysfunctional conflicts in retailer-supplier relationships" founded that functional conflict positively affects the quality of the retailer-supplier relationship and this effect is amplified when retailers use a collaboration conflict management approach. However, the positive effects of functional conflict are mitigated by retailers engaging in accommodating and compromising approaches.

h) Channel Communication

Communication is a key component for successful distribution. However, complete and timely information is a catalyst for fostering associations and long-term relationships which drive channel equity (Mathur, 2013). Michman and Lynn said well-constructed communication creates smooth relations, and also it creates harmonious relationships with clearer, open, and systematic exchange of information" (Shoham et al., 2008). Positive social tenor of interactions can be established using informational and relational communication whereas explicit communication produces quicker and more efficient

agreements (Srivastava and Chakravarti, 2009). Strong ties are positively and significantly related to access to rich information and knowledge transfer (Yu et al, 2013). Communication frequency and bidirectional communication had direct positive effects on the final outcome variable, joint action and on the two mediators, trust and satisfaction, respectively (Johnston, Khalil, Jain, and Cheng, 2012).

Chang and Wang (2008) found that communication and interaction on e-business activity is positively related with sales performance and (Shoham et al., 2008) added a relationship between standardized communications with representatives to performance. Additionally, Shoham et al., (2008) concluded that communication impacts were positive and significant for all three behavioral outcomes cooperation, esprit de corps and commitment.

i) *Channel Coordination*

“The business network concept suggests that the coordination of activities between two partners in a business relationship can also take place within the wider business network context of connected relationships whereby each firm is engaged in a set of business relationships in which it coordinates its activities with those of its partners (Shoham et al., 2008). Since wider business network has a connected relationship, challenges in coordinating activities between channel members are inevitable because of their differing perspectives and goals (Hughes & Ahearne, 2010). As Shoham et al., (2008) founded that the impact of standardized coordination was positive and significant on actual performance.

j) *Channel Regulation*

Mehta, et.al, (2000) described channel management, or the process of analyzing, planning, organizing, and controlling (Dong et al., 2010) a firm's marketing channels includes seven key decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members (Dong et al., 2010), (5) coordinating channel strategy with channel members (Kotler 2003, p.505), (6) evaluating channel member performance, and (7) managing conflict.

Management control is thus recognized as an important performance indicator (Rajagopal, Pitt and Price, 2010). As Ramaseshan et al., (2013) discussed about the controlling

mechanism, it can enable effective implementation of marketing strategies and control for deviations before they take place. They further proved that, effective evaluation and control mechanism could have a positive financial and strategic performance in a given company. Monitoring practices such as frequent site visits and phone contact with customers develop the firm's channel tracking capabilities, allowing managers to better monitor downstream activities (Wallace et al., 2009), alleviate information asymmetry, detect future violations in the network and strengthen the observer effects of punishment (Wang, Gu and Dong, 2013).

Dong et al., (2010) said that when the governance strategies fit the distributors' roles, positive channel outcomes, such as increased collaboration, greater relationship satisfaction, and better exchange performance, should result. The key to effective channel governance is to design mechanisms that successfully enhance the firm's own performance as well as motivate distributors to cooperate and stabilize channel relationships. When distributors are satisfied with their relationship with the manufacturer, they are willing to assume long-term channel commitment, and superior channel performance is ensured.

Hughes & Ahearne (2010), goals, plans, and control systems of manufacturers will have a marked impact, whereas Rajagopal et al., (2010) added that higher market share can be gained by developing strong and effective controls in sales activities. Standardized representatives' control with performance was also partially supported. All significant links (for the three behavioral outcomes, i.e. cooperation, esprit de corps and commitment) were positive and significant relationship between controls. Additionally, the behavioral control (proactive monitoring, directing and evaluating salespeople by the managers; $\beta = 0.11$) is a consistent predictor of the performance of sales personnel and the effectiveness of the sales units (Shoham et al., 2008).

k) *Ethical Behaviors on Distribution*

In distribution activities some business environments can lead distribution chain members to unethical behaviors. For instance, one issue of ethical behavior in distribution is that “**unauthorized distribution**” which is named by (Huanga, Leeb and Hsiaoc, 2008) as “grey market”. And grey market means selling of products and services without the

knowledge of the owner of that products and services. They further explained the causes of this unauthorized distribution as it can make “customer dissatisfaction and the brand owner still should be liable for that”.

For example they have discussed others’ survey results on grey market problems; *“29% of their sole agents were experiencing parallel distribution problems; 64% of parallel imports were selling at a lower price; and 77% of them had tried to resolve the problem but had had no success.”*

Another problems of grey market can be summarized from Huang et al., (2008) discussion as, upsetting price stability, taking unfair advantage over an authorized distributors, losing control of market channels, increasing the opportunity for the entry of black-market, (illegal counterfeit) products and ‘free ride’ on the after-purchase service which causing consumer dissatisfaction are the major problems raised.

In exclusive territorial arrangement a supplier will either agree to sell to only one distributor within a given geographic region or will require that distributors restrict their selling activities to one specific region. It will help to encourage a reseller to develop their regions without fear of being raided by another reseller (Bowersox, and Copper, 2004) and sole responsibility for sales achievement (Jobber and Lancaster, 2003).

Sales Territory Design also largely influences the level of performance both directly and indirectly through its relationship with salespeople’s behavioral performance. Additionally territory design (TD) and incentive pay affect the overall performance. A positive and significant relationship among financial incentives, performance monitoring and assigned territory variables leads to the effectiveness of the sales units. On the other hand, they further studied the relationship of ethical behaviors with other factors and found that ethical behavior leads to lower levels of role conflict and higher levels of job satisfaction, but has no effect on performance (Rajagopal et al., 2010).

1) *Motivational Factors*

Verbeke et al., (2011) explained the motivational impact on sales people as salespeople of Services Company requires higher motivations. Demirag, (2011) supports the motivational

factor and said “sales incentives may usually help firms stimulate market demand and increase profits. Demirag, (2011) said that if the order size is exceeds sales quota, the retailers are entitled to receive payment as a promotion. Whereas Brettel et al., (2011) explained the incentive that is needed to pay shouldn't only effective when the sales exceed sales quota but the incentive should be adjusted with the volume of uncertainty.

Dong et al., (2010) discussed incentive designs are the economic governance mechanisms (i.e., economic reward, punishment) in which the desired channel behaviors can be achieved. Whereas, Mehta et.al, (2000) considers “paying higher slotting allowances, offering higher trade discounts, supplying strong advertising and promotional support, and providing training for channel members' salespeople” are the commonly used motivational strategy with in the firms.

m) *Fairness of Punishment in Distribution Channels*

Disciplinary actions or punishments are unavoidable because incoherence and belief discrepancy often arise among channel members. For instance, dysfunctional behavior of distributors (distributor gray-marketing, dumping behavior, noncompliance, and below-standard sales performance) can be the punishment factors (Wang et al., (2013). As they further explained it, punishment affects not only the disciplined party but also the attitudes and behaviors of others in the network. Furthermore, punishment has an impact on punished and observer firms. That is, heightened conflict and lower satisfaction will happen on punished firm and direct deterrence effect and trust-building impacts on the observer firms.

If punishments are unavoidable and peoples are sensitive to appearances of (un) fairness in relationships with others, the fairness of punishment can make the manufacturers to be. The punishment fairness is supported empirically by Wang et al., (2013) as it is positively related with trust ($\beta=0.30$).

n) *Channel Support*

According to Shoham et al., (2008), support types are described as the following; “providing technical guidance, promotion materials or advertising, training, and visits by

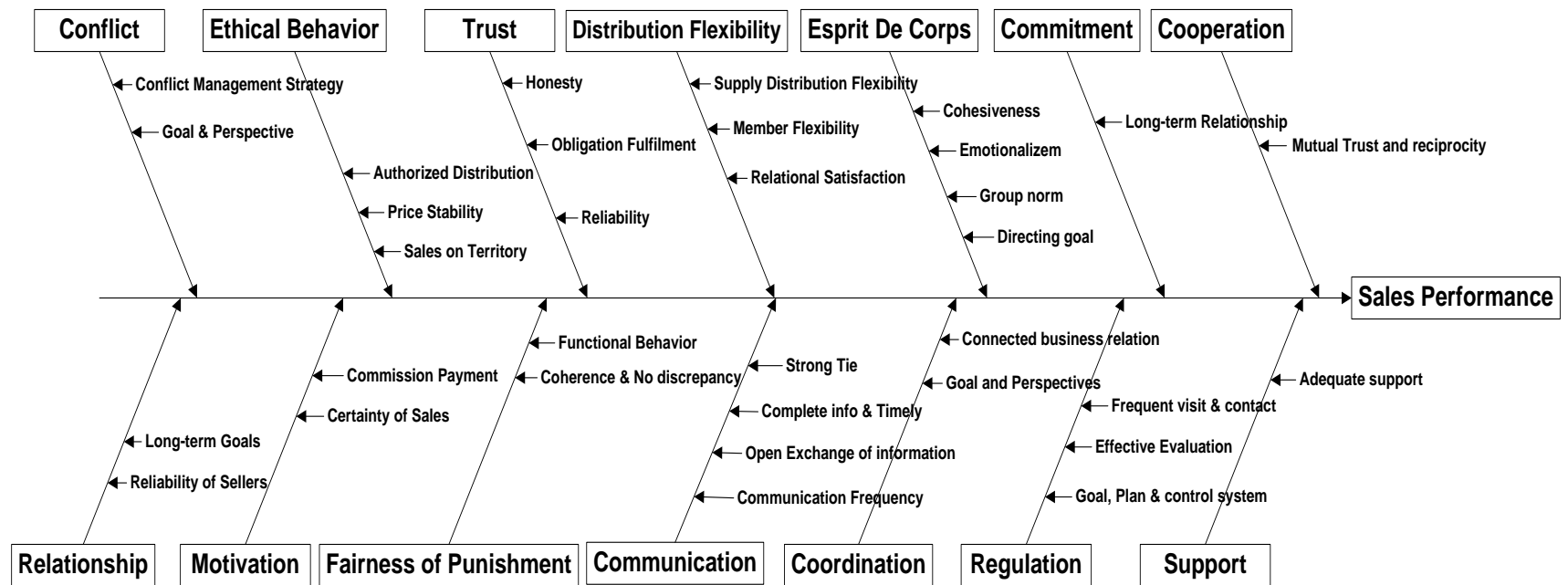
headquarters' personnel, free samples, finance and trade allowance". Sufficient level of support determines performance; to the contrary, insufficient and adapted level of support might be hindering the performance of distribution channel firms.

They founded that positive significant outcome on the impact of standardized representatives' support on performance and it has a significant outcome with cooperation, esprit-de corps and commitment (Shoham et al., 2008).

2.2.3. Conceptual Framework of the Model

The conceptual framework of the study is constructed based on the fishbone or cause and effect diagram. This is because of the fact that, the study tries to see the determinants of indirect distribution channel sales performances or which true causative variables can have impacts and what factors contributes to the sales of the company can be answered with the help of cause-effect diagram. Therefore the cause-effect diagram of the research is partially adapted from Shoham et al., (2008) and some other variables are conglomerated from the above discussed theoretical and empirical literatures of scholars.

Figure - 2.1: Conceptual Framework of the Model.



Source: Own cause-effect diagram, 2015.

CHAPTER THREE

RESEARCH METHODOLOGIES

3. Introduction

Under the research methodologies sub - section, the researcher described the research types, approaches, sampling techniques, samples, procedures, instruments, methods and design that are needed to undertake the entire study. Additionally, the research validity and reliabilities as well as the ethical considerations are indicated.

3.1. Research Approach

The quantitative research approach is used so as to make use of statistical analysis by applying systematic measurements and statistics. Research survey and already collected data are used while conducting the study. The qualitative research approach also used to elaborate and convert the interview information from respective stockholders without depending on the numerical measurements.

Throughout the research report, the researcher used descriptive and explanatory research design to reveal the determinants of sales performance of indirect channel distribution. This descriptive type of research was used to describe the data collected; to examine the relationship and impacts between the indirect channel distribution and sales performance variables. The explanatory studies are used because it establishes causal relationship between variables. As Saunders et al., (2009) explained with the same as to concepts of this study, the emphasis here is on studying a situation or a problem in order to explain the relationships between variables.

3.2. Population, Sample Size and Sampling Technique

3.2.1. Population Size

Ethio-Telecom's indirect distribution channel is organized by three chains, i.e., Main Distributor, Sub-Distributors and Retailers. Throughout the country, there are 40 main distributors, 436 sub - distributors and 6992 retailers which are certified and engaged in

distribution of ET's products and services, as of June 2014. Out of these, 32.5% of main distributors, 18.1% of sub-distributors and 25.3% of retailers are located in Addis Ababa six sub-zonal territories and the remaining 67.5%, 81.8% and 74.63% are located in 8 regional boundaries, respectively (Ethio-Telecom, Annual Residential Sales Performance Review; July 2013- June 2014, September 2014).

The usual technique for defining the target population is used to answer questions about the crucial characteristics of the population (Zikmund, Babin, Carr and Griffin, 2009). Hence, the main research focus passed to the better experienced (Yu, Cadeaux, and Song, 2013) distribution chain members on which the researcher wishes to study. This is because of the fact that, the more the experiences channel members have the more will be the understandings, the attitudes and experiences they might get and it will create better relationship between ET.

From the selected and experienced distribution chain members all the sales coordinators, supervisors, managers and owners of the distribution chain were selected as a relevant or the best fitted respondents throughout the survey. Therefore, the sampling frame was focused on the distribution chain participant's with a minimum experience of 1 year and on those who have been operating in Addis Ababa (excluding outstation cities) by signing agreement with the company and hence it can be defined as the study population.

3.2.2. Sample Size and Sampling Techniques

The researcher principally used the probabilistic sampling technique because there is chances of a member of population being selected for the sample are known or there is an equal chance of being included. Since stratified sampling is useful in cases where there is a priori information relating to the heterogeneity of the target population from one group to another (Spanos, 2003), in this cases, there are three groups of target population in Addis Ababa and outstation areas, (i.e., Main distributors, Sub-distributors and Retailers). Table-3.1 indicates indirect distribution chain population operating with in Addis Ababa and outstation areas.

Table - 3.1: Total number of indirect distribution chain; Addis Ababa & its outstation.

S.No	Territorial Distribution	Main Distributor	Sub - Distributor	Retailer (including outstation areas)	Total Distribution Chain members (Experience ≥ 1Year)
1	Central Addis Ababa	1	6	422	429
2	East Addis Ababa Zone	3	16	246	265
3	North Addis Ababa	3	18	277	298
4	South Addis Ababa	2	11	1150	1163
5	South West Addis Ababa Zone	2	8	101	111
6	West Addis Ababa Zone	2	20	1824	1846
Total		13⁺² ¹	79	4020	4112⁺²

Source: Compiled from IDC Sales Reports

Table-3.1 shows that, there are 15 Main- Distributors, 79 sub-distributors and 4020 retailers from the total population of 4114 with in minimum distribution experience of one year. Therefore, stratified random sampling technique was used for selecting the sample population out of the relevant sample frame number. Hence, for this study consumption and for the sample population (n) determination, in table-3.2, the outstation cities are excluded and agreement signed distribution chain members are considered.

Table - 3.2: Total relevant sampling frame, with in Addis Ababa only.

Territories in Addis Ababa	CAAZ	EAAZ	NAAZ	SAAZ	SWAAZ	WAAZ	Total
Total Distribution Chain Members (Experience ≥ 1Year)	429	265	298	1163	111	1846	4114
Total Relevant Sample Frame (Experience ≥ 1Year, Agreement Signed and within Addis Ababa)	88	51	148	246	10	256	799^{+2*}

Source: Compiled from IDC Sales Records

To determine the sample size of the study, as Polonia, (2013) used the sample size on the analysis of customer survey and Israel (2013) explains on different sample size formula,

1(*): The additional +2 Main-Distributors are the *national level distributors*; i.e., Hidase Telecom S.C. & Ethiopian Postal Service Enterprise (EPSE).

Taro Yemane's (1967) simplified sample size determination formula was used by assuming a 95% confidence level and $P = 5\%$ are assumed as follows;

$$n = \frac{N}{1+N(e)^2} \quad \text{where } n \text{ is the sample size drawn from the entire population,}$$

N is the population size = 801

e is the level of sampling error = (0.05)

$$\text{Therefore, } (n) = \frac{801}{1+801(0.05)^2} \quad 266.77 \approx \underline{\underline{267}} \text{ sample respondents}$$

In order to utilize this heterogeneity information and to improve the accuracy of the results, the population is divided into heterogeneous groups (strata) and proceeds to collect data from each stratum, in each zone. Therefore, there are three strata, namely; Main-Distributors, Sub-Distributors and Retailers.

$$N = s_1 + s_2 + s_3$$

Where; S_1 = Main Distributors (15)

S_2 = Sub-Distributors (79)

S_3 = Retailers (707)

In table-3.3, within these three strata's, the researcher tried to utilize a proportionate stratified sampling in which the number of sampling units drawn from each stratum is in proportion to the population size of that stratum (Zikmund et al., 2009).

Table - 3.3: Proportionate Stratified Sampling for each Stratum

Stratum- 1 (S_1), Main Distributors	Stratum- 2 (S_2), Sub- Distributors	Stratum- 3 (S_3), Retailers	Total
15	79	707	801
1.87 % (5 Distributors)	9.74 % (26 Sub-Distributors)	88.39 % (236 Retailers)	100 % (267)

Source: Compiled from IDC Sales Records

Table-3.3 shows that, if proportionate stratified sampling is used, the proportion of sample taken from each stratum could be very unreliable and cannot represent its own stratum in a better way. This is because the number of all main distributors and sub-distributors are too

small as compared to the retailers, i.e., 15, 79 and 707, respectively and sample size for each stratum is needed to be allocated according to analytical considerations (Zikmund et al., 2009). Therefore, the student researcher utilized other type of stratified sampling method which is called disproportionate stratified sampling. The below are reasons why disproportionate stratified sampling is used:

- Since the sampling fraction varies from one stratum to the other stratum. In other words, the first two strata (subgroups) are very small in comparison to the third strata i.e., ($S_3 = \text{Retailers}$).
- The proportionate sampling might only include few individuals of a particular sub-groups (i.e., $S_1 = 5 \text{ Main Distributors}$), hence, it is under-representatives of the sampling sub-group called S_1 and it would not provide adequate representation for drawing conclusion.
- Because Main-distributors most likely have contact with all the chain members regularly and all transactions between Ethio-Telecom and the distribution chain passes through it, over sampling of this particular sub-group can provide more accurate results. As a result, the sample proportion is rearranged by decreasing 13% from stratum-3 and compensating 3% & 10% disproportionately to stratum-1 & 2, respectively, as follows;

Table - 3.4: Disproportionate Stratified Sampling for each Stratum.

Stratum- 1 (S_1) Main Distributors	Stratum- 2 (S_2) Sub- Distributors	Stratum- 3 (S_3) Retailers	Total
15	79	707	801
4.87 % (13 Main-distributors)	19.74 % (53 Sub-distributor)	75.39 % (201 Retailers)	100 % (267 Sample population)

Source: Developed by the researcher.

The convenience sampling was used to get useful data and information based on the prior knowledge of the data collectors. Even if there exists advanced knowledge of population characteristics, the scattered occurrence of relevant distribution chain members across Addis Ababa, the associated cost & time it needs to gather with the very objectives of completing the study quickly and the need of obtaining more completed questionnaire in

economical and quicker way (Zikmund et al., 2009) were the reasons for utilizing convenience sampling.

Based on the conveniences of the data collectors, the entire samples were first divided by considering the total relevant sampling frame proportional percentage. Out of the total (267) sample, 13 are Main-distributors and 53 are sub-distributors and the rest 201 are retailers. In order to get better response rate from the respondents, the student researcher added 5% additional questionnaire to the original amount of sample size. Hence, 280 questionnaires were distributed within six zones. From the returned 223 questionnaire, 13 distributors, 45 Sub-distributors and 165 retailers responded with a response rate of 100%, 85% and 82%, respectively. Therefore, a conceptual model incorporating variables are supported in an empirical study from sales coordinators, supervisors, managers and owners at distribution chain of Ethio-Telecom with the total response rate of nearly 83.5% (223 response) from 267 sample respondents.

3.3. Methods of Data Collection

The primary data was gathered through structured questionnaires from the main distributor, sub-distributor and retailer's key persons, sales coordinators, supervisors, managers or owners who are being working at least one year and above. On the other side, semi-structured interview was done with ET's managers of indirect channel of distribution 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).

3.4. Sources of Data

Both data sources (i.e., Primary and Secondary) are utilized so as to get valuable information regarding the indirect channel distribution strategic and its actual performance that might affect the sales performances of the company, indirectly.

3.4.1. Primary Sources

Since the study was performed in quantitative and qualitative ways, structured close-ended questionnaires and semi-structured interview were the primary sources of data collection so as to address the research objectives using statistical based methods.

3.4.2. Secondary Sources

The secondary sources of data was gathered mainly from Ethio-Telecom's indirect channel department, residential sales division, website of the company and in its intermediaries i.e., main distributors, sub-distributors and retailers past and recent data which are exist via report forms, intranet portals, published and unpublished ways. And additionally articles, books, journals and websites based references are 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 was written.

3.5. Procedures of Data Collection

3.5.1. Questionnaire Survey

Because questionnaire survey is a major one method of collecting large amount of data from a sample population in an economical ways (Saunders et al., 2009), the researcher distributed close-ended questions to the individuals who have at least one year experience on the indirect channel of distribution. The questionnaires' was prepared within two languages i.e., English and Amharic. Hence, the respondents made to be able to describe their attitudes, behaviors, trends and experiences while they have been engaged in distribution chains of products and services of ET.

After preparation of questionnaire, by adopting and adapting from related studies; formats, sequences and instruments was evaluated by academic advisor prior to the data collection so as to maintain the validity of the instruments. Then after, before the distribution and collection of the survey questions to the total sample populations, reliability test was performed with the standard reliability test instrument. On the data collection time, questionnaire was delivered by hand to each respondent with the support of 20 data collectors in a convenient available ways. The very advantage of collecting with the support of data collectors was their knowledge and information about the targeted

population in their own zones. Each data collectors had distributed about 10-15 questionnaires, individually.

Even if the questionnaire was distributed by the data collectors, the hand it back was made later by delegating and make a call to the higher level chain members. The hand it back takes about a month. Some late respondents were reminded by the researcher and delegated persons via walk-in and phone call to the delegated higher level distribution chain. And all the hand it back questionnaires was checked by the researcher for incompetency, missed values and other types of errors. Therefore, the proper ones were used in the analysis of the study.

3.5.2. Semi-Structured Interview

The semi-structured interview plan was made between the key informants from the six zonal indirect channels of distribution. Those key informants were managers with full understanding of problem explored in distribution chains. To undertake the interview, the researcher had sent the consent form and interview plan to the respondents via e-mail, so as to appoint the date and location of interview. It was constructed by an open-ended question which was taken an average time of 30 minutes questioning and answering session. Out of those six key informants, due to time factors, two of them (SWAAZ & SAAZ IDC managers) were interviewed. While working the analysis parts of the research, and so as to validate the findings, the interview result was classified and identified with the main topic covered on the study.

3.6. Method of Data Analysis

As the data collection method is quantitative and qualitative, the data analysis was performed by inferential and descriptive statistics. The data analysis was processed by IBM SPSS statistics (statistical Package for social scientists) software version 20 which is purposefully prepared for helping the finding using statistical analysis.

3.6.1. Descriptive Statistical Analysis

After validity test and the data collection, the collected data was analyzed and the final report was produced through central tendency measurements (frequency and frequency distribution, valid & cumulative percentage and comparison of mean). In addition to this, with the help of SPSS, figures and tabular explanations are used to present the result.

3.6.2. Inferential Statistical Analysis

In inferential statistical analysis; ANOVA, correlation and multiple linear regression method were utilized using statistical package for social sciences (SPSS) software. These statistical tools usage and methods of presentation are described as follows.

a) ANOVA

Analysis of Variance (ANOVA) is used to see if there exists a difference between those 14 determinants of sales performance variables.

b) Correlation

Correlation (r) is used to describe the degree of relationship among two variables. Since all variables are measured as an interval level, Pearson product moment correlation was used. Correlation “r” outputs are always lies between -1.0 and +1.0 and if “r” is negative, there exists a negative relationship between the variables; if it's positive, the relationship is positive. While computing a correlation, the significance level shall be set at 95% with alpha value of 0.05 or a chance of occurrence of odd correlation is 5 out of 100.

c) Multiple Regression Analysis

Multiple regression analysis is a major statistical tool for predicting the unknown value of a variable from the known value of two or more variables. And it is about finding a relationship between variables and forming a model. The Model was developed using 14 explanatory variables or predictors, which have influences on a sales performance.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \dots + \beta_nX_n + \varepsilon$$

Where Y is the response and the independent variables are those which explain the response ranges from X₁ to X₁₄.

Table - 3.5: Model Specification of Variables.

S.No	Predictor Variable (X)	Beta Coefficient (β)	Predictor X-Value Assigned
1	Commitment	β_1	X_1
2	Communication	β_2	X_2
3	Conflict	β_3	X_3
4	Cooperation	β_4	X_4
5	Coordination	β_5	X_5
6	Distribution Flexibility	β_6	X_6
7	Esprit De Corps	β_7	X_7
8	Ethical Behavior	β_8	X_8
9	Motivational Factor	β_9	X_9
10	Punishment Fairness	β_{10}	X_{10}
11	Regulation	β_{11}	X_{11}
12	Relationship	β_{12}	X_{12}
13	Support	β_{13}	X_{13}
14	Trust	β_{14}	X_{14}
15	Sales Performance	Constant	Y

3.7. Measurement Instruments

Since the study employed structured questionnaire, it includes contents with general information and Likert scale. The general information includes; age, gender, years of experience on distribution, type of distribution, education status and work position of the respondents.

Five point Likert scales was used to the independent and dependent variables, which ranges from Strongly-Agree (5) to Strongly-Disagree (1) level of agreement, in all cases. These five point Likert scale are adapted from different literatures of scholars. The independent variable or determinant factors of indirect channel of distribution questions were adapted from (Griffith et al., 2000; Mehta et al., 2000; Huanga et al., 2008; Shoham et al., 2008; Dong et al., 2010; Gu et al., 2010; Brettel et al., 2011; Samaha et al., 2011; Wang et al., 2013 and Yu et al., 2013;) studies. Whereas the sales performance measurement questions were adopted from (Jobber and Lancaster, 2003; Ahearne, Lam, Hayati, & Kraus, 2013; and Mukherjee, 2013) researches.

3.8. Ethical Considerations

Since writing this study required a collection of data, the data collection techniques was interview with IDC managers and survey over questionnaires. Therefore, the following are ethical issues that were considered while writing the entire research.

The data collected from the interview for supporting the study and the participants of survey over the questionnaire i.e., distribution chain sample respondents, data collectors and their organizations are protected with trust. The trust and credibility was established between the researchers and the participants by getting permission from Ethio-telecom's higher officials and by including cover letter with brief description of the purpose and benefits of the study without misusing the results to the advantages of the researcher or for the company.

On reviewing related literatures and on writing findings, analysis and interpretation, the confidentiality of the prior findings, publications and other written or non-written material which are helpful throughout the study is remained confidential, cited well and the data is kept for a reasonable period of time.

The study is not engaged on duplicating and redundant publication and not included any biased languages, falsifying, suppressing and inventing finding to meet researchers or an audience's needs.

3.9. Validity and Reliability Test

3.9.1. Validity Test

Since validity of a research study is a conceptual and scientific soundness, the test focused on eliminating or minimizing the effect of extraneous influences, variables and explanations that might detract the accuracy of the ultimate findings. After the researcher has constructed the questionnaire, pre-testing was done with persons who have knowledge of the area by allowing them to read it. These persons provided comments on Amharic translated questions on its ambiguities, the length, the structure and wording. 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.

3.9.2. Reliability Test

Reliability refers to the consistent of measurements throughout the entire finding of the study and it is a determination of obtaining the same results with in the sample respondents. Therefore, the reliability checks for internal consistency of variables was done on 42 sample questionnaire using Cronbach’s Alpha coefficient before distributing the entire 267 sample population as shown on table-3.6.

Table - 3.6: Reliability Test Processing Summary.

Case Processing Summary			
		N	%
Cases	Valid	42	100.0
	Excluded ^a	0	0.0
	Total	42	100.0
a. Listwise deletion based on all variables in the procedure.			

Source: Respondents Survey Result, 2015.

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.

Based on the following rule of thumb of (George and Mallery, 2003, p. 231), if “ $\alpha > 0.9$ – ‘Excellent’, >0.8 – ‘Good’, >0.7 – ‘Acceptable’, >0.6 – ‘Questionable’, >0.5 – ‘Poor’, and <0.5 – ‘Unacceptable’.”

Since performing internal consistency test makes a greater confidence on the reliability of the entire findings of the research, the survey result indicates in the below table-3.7., that there is “*acceptable*” and “*good*” internal consistency of each independent variable’s parameters used. And the study has the sum of the independent variables average Cronbach’s alpha value of ($\alpha = 0.783$) and the reliability test of the study is located on “*Acceptable*” range.

Table - 3.7: Reliability Test of Variable's Using Cronbach's Alpha

Reliability Statistics					
S.No	Variable Name	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items	(α) reliability ranges
1	Commitment	.818	.818	3	<i>Good</i>
2	Communication	.748	.773	4	<i>Acceptable</i>
3	Conflict	.714	.717	3	<i>Acceptable</i>
4	Cooperation	.873	.875	4	<i>Good</i>
5	Coordination	.790	.792	2	<i>Acceptable</i>
6	Distribution Flexibility	.742	.740	3	<i>Acceptable</i>
7	Esprit De Corps	.861	.860	3	<i>Good</i>
8	Ethical Behavior	.777	.778	3	<i>Acceptable</i>
9	Motivational Factor	.705	.705	3	<i>Acceptable</i>
10	Punishment Fairness	.773	.777	2	<i>Acceptable</i>
11	Regulation	.814	.810	4	<i>Good</i>
12	Relationship	.709	.766	2	<i>Acceptable</i>
13	Sales Performance	.776	.784	7	<i>Acceptable</i>
14	Support	.772	.766	4	<i>Acceptable</i>
15	Trust	.872	.874	4	<i>Good</i>
Total/ Average		.783		51	<i>Acceptable</i>

Source: Respondents Survey Test Result, 2015.

CHAPTER FOUR

FINDINGS AND DISCUSSION

Under this chapter, discussion of the study, interpretation & analysis of results, empirical reviews of other scholars and interview results were used so as to substantiate the main research areas called “determinants of indirect channels of distribution sales performance with the cases of Ethio-telecom’s main-distributors, sub-distributors and retailers. Therefore, throughout the discussion and analysis, descriptive and inferential statistics are used.

Descriptive analysis consists of central tendency measurements (frequency and frequency distribution, percentage, valid & cumulative percentages and comparison of mean). In addition to this, with the help of SPSS, figures and tabular explanations are used.

Inferential statistical tools like; ANOVA, correlation and multiple linear regression also used so as to present the findings and analysis of this particular study with the help of statistical package for social sciences (SPSS) software. For analyzing the data collected from the respondents, each 14 variables was summed individually and converted into the average response of each variable. This is due to the fact that, originally the data collected using a five point Likert scale was measured at an ordinal level as a non- parametric nature, and in order to convert the data into continuous and for making it as a parametric nature. Hence it is possible to conduct Pearson correlation and linear multiple regression (Creech, 2011).

Pearson correlation (r) is used to describe the degree of relationship among those 14 variables. In addition, multiple regression is used as major statistical tool for predicting the unknown value of sales performance of indirect channels of distribution from the known value of those 14 variables.

4.1. Findings of the Study

4.1.1. Distribution Chain Level of the Respondents

As already mentioned in the *sample size and sampling technique* parts of chapter three, there exist three indirect distribution chain levels (Main Distributors, Sub-distributors and Retailers) in the company. From the survey we can see that, 13 main distributors, 45 sub distributors and 165 retailers have filled the questionnaire with disproportionate sampling.

Table - 4.1: Distribution Chain Level of the Respondents

Distribution Chain Level				
		Frequency	Valid Percent	Cumulative Percent
Valid	Main Distributor	13	6	6
	Sub Distributor	45	20.8	26.9
	Retailer	165	73.1	100
	Total	223	100	

Source: Own Survey, 2015.

4.1.2. Descriptive Analysis for the General Information of the Respondents

This sub-section includes respondent's general information and Likert scale frequencies of each type of questions. Table 4.2 shows the valid data responded regarding to general information of respondents. The service year of the respondents are missed about 55 times (24.66%), the others missing values are relatively better.

Table - 4.2: Valid and Missing Response Summary

		Statistics						
		Age	Distribution Experience	Education	Distribution Chain Level	Position	Service year	Sex
N	Valid	221	223	217	223	223	168	222
	Missing (88) ²	2	0	6	0	0	55	1

Source: Own Survey, 2015.

² The value (88) is an adjusted code in SPSS for the missed responses by respondents, in the sampled 267 chain members.

4.1.2.1. Gender of the Respondents

Based on the below table 4.3, out of 222 respondents, 75.2 % (167) of them are male whereas the remaining 24.8% (55 respondents) are Female, excluding 1 missing value. This figure shows that, mostly, such types of businesses are run by Male than Female.

Table - 4.3: Gender of the Respondents

		Gender		
		Frequency	Valid Percent	Cumulative Percent
Valid	Male	167	75.2	75.2
	Female	55	24.8	100
	Total	222	100	
Missing	(88)	1		
	Total	223		

Source: Own Survey, 2015.

4.1.2.2. Age of the Respondents

The higher frequency of age of the respondents was accounted with in the ranges of 31-40 years as 90(40.7%) of the total 223 respondents. Between 18-30 years of age was reported 63 (28.5%) of the time, the next 41-50, 51-60 and above 60 ages was 48 (21.7%), 17(7.7%) and 3(1.4%), respectively. Therefore, the indirect distribution activities have been mainly conducted by those respondents with the age of 31-40 followed by respondents with age category between 18-30 years. From this we understand that the largest majority of the respondents' age falls at an age category of below 40 years accounted for the cumulative percentage of 69.2% and such types of businesses are run by these youngsters and middle aged persons.

Table - 4.4: Age of the Respondents

		Age		
		Frequency	Valid Percent	Cumulative Percent
Valid	18-30	63	28.5	28.5
	31-40	90	40.7	69.2
	41-50	48	21.7	91.0
	51-60	17	7.7	98.6
	Above 60	3	1.4	100
	Total	221	100	
Missing	88	2		
Total		223		

Source: Own Survey, 2015.

4.1.2.3. Formal Education Status of the Respondents

Table 4.5 shows that, nearly 31.8% (69) of the respondents educational status was high school and below and 57 (26.3%) of the total respondents attended College diploma. The next is 40 TVET graduates, 49 First degree and 2 Second degree holders with 18.4%, 22.6% and 0.9%, respectively. Six respondents missed responses regarding to the educational status. Hence, 68.2% of the respondents attended tertiary or higher education, irrespective of their levels and these respondents met the agreement of the company.

Table - 4.5: Higher Formal Education Attendance of the Respondents.

		Education		
		Frequency	Valid Percent	Cumulative Percent
Valid	High School and Below	69	31.8	31.8
	TVET	40	18.4	50.2
	College Diploma	57	26.3	76.5
	First Degree	49	22.6	99.1
	Second Degree	2	0.9	100
	Total	217	100	
Missing	88	6		
Total		223		

Source: Own Survey, 2015

4.1.2.4. Distribution Experiences of the Respondents

The student researcher asked the respondents' distribution experiences in years so as to check whether they have been in distribution experience of above one year with 5 scale options mentioned below (i.e., Below a Year, a year, 2 Years, 3 Years and 4 years). This is done because of the fact that the better experienced persons and chains can answer with better understanding. The reason for setting 4 year as the highest distribution experience was due to the consideration of the establishment year (2010 G. C., after the reorganization and contract management by France- telecom) of indirect channel of distribution.

Based on the responses of 223 questionnaire from the below table 4.6, no one was filled the questionnaire as "Below a Year". Hence, we can say that the questionnaire was distributed for the respective (one year and above experienced) bodies. To explain in detail basis, 33.6% (75) of them have an experience of one year, respondents with experience of 2 years & 4 Years are accounted for 24.2%(54) and 23.3%(52) respectively. The least percentage contribution was with experiences of 3 years as 18.8% (42).

Table - 4.6: Distribution Experience of the Respondents

		Distribution Experience		
		Frequency	Valid Percent	Cumulative Percent
Valid	Below a Year	-	-	-
	One Year	75	33.6	33.6
	Two Year	54	24.2	57.8
	Three Year	42	18.8	76.7
	Four Year	52	23.3	100
	Total	223	100	

Source: Own Survey, 2015.

4.1.2.5. Job Position of the Respondents

The job position required for this study was already framed in the methodology part, for the owners, supervisory and management bodies of the indirect channels of distribution. To the same, the reason of framing was knowledge of the area and the primary engagement of the business. Hence, according to the responses in the below table 4.7; the chain owners, managers, coordinators and supervisors have filled the entire 223 questionnaires. The lion-shares of the response go to the 160 owners of the chain (71.75%) and only 24.67% (55) managers. Coordinators and supervisory job position of the respondents accounted the remaining 2.24% (5) and 1.34% (3) percentages.

Table - 4.7: Job Position vs. Distribution Chain Level of the Respondents

		Distribution Chain Level			Frequency	Valid Percent
		Main Distributor	Sub-Distributor	Retailer		
Position	Coordinator	1	4	-	5	2.24
	Manager	10	22	23	55	24.67
	Owner	1	17	142	160	71.75
	Supervisor	1	2	-	3	1.34
Total		13	45	165	223	100

Source: Own Survey, 2015.

4.1.2.6. Service Years of the Respondents

According to the responses of 168 respondents, the service years of the respondents scattered from 1- 20 years of services. From 1 up to 6 years of service is accounted 87.5% (147 respondents) of the total 168. The remaining (21) percentage of respondents service year lies between 7-20 years. Whereas the remaining 48 respondents missed to provide

their service year and recognized in SPSS software as missed by the respondents “88”. The service year’s frequency report is attached in the back side appendixes F, table - 4.8.

4.1.3. Inferential Analysis

4.1.3.1. Correlation

Correlation shows how the strength or the magnitude and direction of the variable relationship with each other’s. The linear relationship between variables can be measured by correlation coefficient (r), which is commonly called as *Pearson product moment correlation*. Person’s “r” mainly measures the data from the interval or ratio level and used to measure based on the deviation from the mean (Muluadam, 2015).

The below table- 4.9 shows the measures of association and descriptive adjectives between the predictors variables, which was originally developed by MacEachron (1982).

Table – 4.9: Measures of Associations and Descriptive Adjectives

Measure of Association	Descriptive Adjective
> 0.00 to 0.20 ; < -0.00 to – 0.20	Very weak or very low
> 0.20 to 0.40; < -0.20 to – 0.40	Weak or low
> 0.40 to 0.60; < -0.40 to – 0.60	Moderate
> 0.60 to 0.80; < -0.60 to – 0.80	Strong or high
> 0.80 to 1.0; < -0.80 to – 1.0	Very high or very strong

Source: (MacEachron, 1982)

Therefore, using the above table 4.11 and the SPSS output of the survey, the below results of the dependent and the independent variables is going to be discussed in detail basis.

Table – 4.10: Correlation Matrix between Sales Performance and Independent Variables

		Correlations ^c														
S.No		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Sales Performance	1														
2	Commitment	.635**	1													
3	Communication	.593**	.464**	1												
4	Conflict	.071	.054	.066	1											
5	Cooperation	.520**	.490**	.330**	-.049	1										
6	Coordination	.515**	.311**	.379**	.176**	.360**	1									
7	Distribution Flexibility	.618**	.445**	.472**	.172*	.338**	.460**	1								
8	Esprit De Corps	.652**	.594**	.407**	.048	.411**	.413**	.560**	1							
9	Ethical Behavior	.432**	.397**	.342**	-.111	.423**	.254**	.242**	.343**	1						
10	Motivational Factor	.606**	.469**	.477**	.248**	.263**	.321**	.557**	.545**	.149*	1					
11	Punishment Fairness	.511**	.380**	.441**	.133*	.265**	.261**	.393**	.453**	.168*	.566**	1				
12	Regulation	.538**	.507**	.416**	.025	.276**	.468**	.471**	.548**	.371**	.437**	.341**	1			
13	Relationship	.633**	.563**	.524**	.132*	.382**	.423**	.448**	.516**	.394**	.450**	.375**	.448**	1		
14	Support	.470**	.272**	.394**	.204**	.213**	.378**	.395**	.328**	.074	.399**	.345**	.293**	.369**	1	
15	Trust	.635**	.542**	.421**	.046	.419**	.421**	.496**	.540**	.452**	.436**	.344**	.463**	.577**	.365**	1
		**. Correlation is significant at the 0.01 level (2-tailed).														
		*. Correlation is significant at the 0.05 level (2-tailed).														
		c. Listwise N=223														

Source: SPSS output of the survey, 2015.

4.1.3.1.1. Commitment and Sales Performance

Based on the survey results, the correlation between *sales performance* and *commitment* is positive and they are significantly correlated at ($R = .635^{**}$), ($P < 0.01$). According to MacEachron (1982) magnitude of correlation the relationship between the two variable was strong.

In the emperical study of Schwepker (2013) and Shoham et al., (2008) commitment was positive and statistically significant on actual performance of channels with ($R = 0.44^{**}$), and ($R = .71$), respectively. Therefore, as mentioned above, the correlation between these two variables is again tested and founded here as a statistically significant.

4.1.3.1.2. Communication and Sales Performance

According to the outputs of survey, the correlation between *sales performance* and *communication* is positive and they are significantly correlated at ($R = .593^{**}$), ($P < 0.01$). Based on the MacEachron (1982) measure of association the magnitude of relationship between the two variables was moderate.

Empirically, the study of Chang and Wang (2008) found that communication and interaction on e-business activity is positively related with sales performance ($\beta = 0.275$). Shoham et al., (2008) founded that the correlation of standardized communication was positive and significant on actual performance of channels ($R = .65$).

4.1.3.1.3. Conflict and Sales Performance

There is a positive ($R = .071$) correlations between *sales performance* and *conflict* but it is statistically insignificant. According to MacEachron (1982), if the r value lies between $> \pm 0.00$ to ± 0.20 , it is referred as “Very weak or very low correlation”.

4.1.3.1.4. Cooperation and Sales Performance

The correlation between *sales performance* and *cooperation* was founded as ($R = .520^{**}$), ($P < 0.01$) with a positive significant relationship between the two variables. According to MacEachron (1982) magnitude of relationship between the two variables it is found to be “*moderate*”.

Empirically, Shoham et al., (2008) founded that the correlation of standardized cooperation was positive and significant on actual performance of channels ($R = .73$). Samaha et al., (2011) founded that, the channel member cooperation was significantly correlated with channel members performance ($R = .33$), ($P < 0.01$). Hence the result of the present study is inline with the above results.

4.1.3.1.5. Coordination and Sales Performance

The correlation between *sales performance* and *coordination* was founded as ($R = .515^{**}$), ($P < 0.01$). According to the MacEachron (1982) magnitude of correlation, the relationship between the two variables is moderate with a positive significance. Empirically, Shoham et al., (2008) founded that the correlation of standardized coordination was positive and significant on actual performance of channels ($R = .73$). From this we can understand that, the result of this empirical study is found to be consistent with the present study.

4.1.3.1.6. Distribution Flexibility and Sales Performance

The correlation between *sales performance* and *distribution flexibility* was founded as ($R = .618^{**}$), ($P < 0.01$) and it has a positive statistical significance. And according to MacEachron (1982), there exist a strong relationship between the two variables. To the same, Samaha et al., (2011) founded that, the channel member flexibility was significantly correlated with channel members performance ($R = .32$), ($P < 0.01$).

4.1.3.1.7. Esprit De Corps and Sales Performance

The correlation between *sales performance* and *esprit de corps* was founded as ($R = .652^{**}$), ($P < 0.01$) and it has a positive statistical significance. And according to MacEachron (1982) and the outputs of the survey, the relationship between the two variables has again strong magnitude of correlation. Empirically, same result was confirmed by Shoham et al., (2008) that, the correlation of standardized esprit de corps was positive and significant on actual performance of channels ($R = .71$).

4.1.3.1.8. Ethical Behavior and Sales Performance

The correlation between *sales performance* and *ethical behavior* was founded ($R=.432^{**}$), ($P<0.01$) as statistically significant with a positive relationship. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a moderate level of association.

4.1.3.1.9. Motivational Factors and Sales Performance

The correlation between *sales performance* and *motivational factors* was founded at ($R=.606^{**}$), ($P<0.01$) as statistically and positively significant. As MacEachron (1982) indicated, same level of correlation falls in a *strong* level of association.

4.1.3.1.10. Punishment Fairness and Sales Performance

The Pearson's correlation between *sales performance* and *punishment fairness* was founded at ($R=.511^{**}$), ($P<0.01$) as statistically and positively significant. Again, the magnitudes of relationship between the two variables are "moderate" based on the MacEachron (1982) level of association.

4.1.3.1.11. Regulation and Sales Performance

The Pearson's correlation between *sales performance* and *regulation* was founded as positively and statistically significant at ($R=.538^{**}$), ($P<0.01$). The same levels of association between the two variables are categorized under a moderate level of association based on MacEachron (1982) magnitude of correlation. Empirically, Shoham et al., (2008) founded that the correlation of standardized control was positive and significant on actual performance of channels ($R= .70$). This showed that, the result of the present study was consistent with this empirical evidence cited.

4.1.3.1.12. Relationship and Sales Performance

The Pearson correlation test conducted between the response variable sales performance and the predictor variable relationship shows there is a significant positive association

between them at ($R=.633^{**}$), ($P<0.01$). Based on MacEachron (1982) magnitude level of correlation, the magnitude of relationship between the two variables are strong.

4.1.3.1.13. Support and Sales Performance

The correlation between *sales performance* and *support* was fall at moderate stage of magnitude with a positive statistical significant levels as ($R=.470^{**}$), ($P<0.01$). In Empirical survey of Shoham et al., (2008), the correlation of standardized support was positive and significant on actual performance of channels ($R= .54$) and same result was supported the result of the present study.

4.1.3.1.14. Trust and Sales Performance

Strong *sales performance* and *trust* association was seen with a positive and significant pairwise correlation between the two variables at ($R=.635^{**}$), ($P<0.01$). Chang and Wang (2008) on their study discussed that trust is positively associated with channel performance.

Summary: based on the above 14 correlation analysis, the basic research question is called “what is the nature of relationship among various variables that determines sales performance?” can be answered. Therefore, all of 14 determinant factors of sales performance have a positive correlation with sales performance. And only conflict has a positive but not statistically significant correlation with sales performance.

With regard to the magnitude of the correlation, there exist 7 strong (Communication, Commitment, Distribution Flexibility, Esprit De Corps, Motivation, Relationship, Trust), 6 moderate and the remaining 1 (Conflict) have very weak level of correlation.

4.1.3.2. Multiple Regression Assumption Test

Prior to conducting multiple regression analysis, the student researcher performed test of five assumptions of multiple regression and the data was proven against those assumptions.

Assumption 1 - Normality Distribution

Multiple regressions require the independent variables to be normally distributed. The normal distribution of the data can be described by the skewness and kurtosis statistics. According to Smith and Wells (2006) *kurtosis* is defined as “a property of a distribution that describes the thickness of the tails. The thickness of the tail comes from the amount of scores falling at the extremes relative to the Gaussian distribution”. Where as *skewness* is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point.

In order to test the first assumptions of normality of distribution, skewness and kurtosis statistics was computed from the data obtained on the survey, in the below table - 4.11. All the skewness and kurtosis statistics needed to be within the acceptable ranges of ± 1.0 . In the present study since all the values of skewness and kurtosis for each variable are within an acceptable range, the data is said to be normally distributed.

Table – 4.11: Normality Distribution Measures through Skewness and Kurtosis

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Sales Performance	223	-0.532	0.163	0.12	0.324
Commitment	223	-0.504	0.163	-0.051	0.324
Communication	223	-0.346	0.163	-0.31	0.324
Conflict	223	-0.141	0.163	-0.485	0.324
Cooperation	223	-0.655	0.163	0.404	0.324
Coordination	223	-0.626	0.163	0.424	0.324
Distribution Flexibility	223	-0.285	0.163	0.004	0.324
Esprit De Corps	223	-0.445	0.163	-0.266	0.324
Ethical Behavior	223	-0.196	0.163	-0.655	0.324
Motivational Factor	223	-0.442	0.163	-0.324	0.324
Punishment Fairness	223	-0.444	0.163	0.097	0.324
Regulation	223	-0.541	0.163	-0.46	0.324
Relationship	223	-0.226	0.163	-0.006	0.324
Support	223	-0.408	0.163	-0.068	0.324
Trust	223	-0.297	0.163	-0.575	0.324
Valid N (listwise)	223				

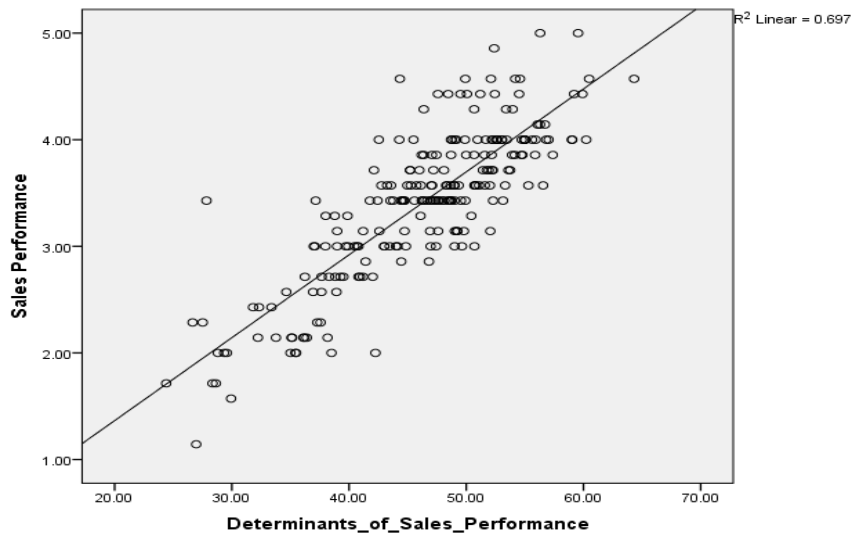
Source: SPSS output of the questionnaire survey, 2015.

Assumption 2 - Linearity Relationship

The second assumption for computing multiple regressions is testing of the linear relationships between dependent and the independent variables. As depicted in the below scatter plot, figure - 4.1, the visual inspections of the scatter plot shows there exists a linear relationship between the predictors (*Determinants of sales performance*) and the predicted variable (*Sales performance*).

This means that, a unit increase of the one or all predictors causes respective increments for the sales performances of the indirect channels of distribution.

Figure - 4.1: Scatter Plot Linearity Assumption Measures



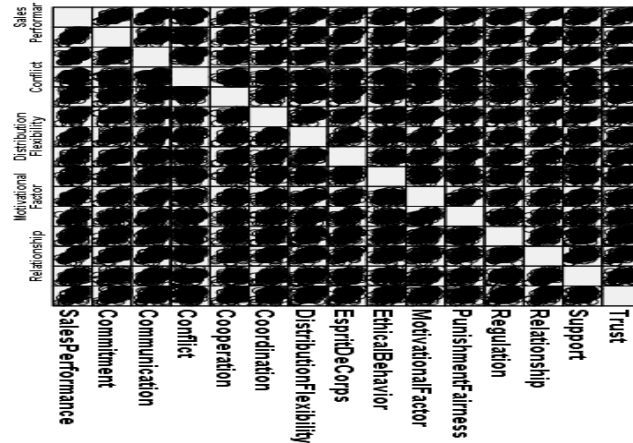
Source: SPSS output of the questionnaire survey, 2015.

Assumption 3 - Homoscedasticity (Equal Variance)

The homogeneity of the variance (equal variance) is the third assumption for computing multiple regressions in which the model errors are generally assumed to have an unknown but finite variance that is constant across all levels of the predictor variables. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. From the below scatter plot (figure - 4.2) the visual inspection of the average results of the dependent variable sales performance and its determinants is constructed. The first matrix row of the 14 independent

variables constructs was proved in this particular study. It means simply that, the variance of sales performance for each value of IV is constant in the population and hence homoscedasticity is not really a pressing problem of this particular study.

Figure - 4.2: Scatter Plot Homoscedasticity Measures



Source: SPSS output of the questionnaire survey, 2015.

Assumption 4 - Multicollinearity of the Regressor Variables

Similar to the multiple regression assumption tests of the above, the fourth assumption is related to the multicollinearity of the independent variables. Multicollinearity can be measured either by *correlation matrix* or *VIF* and *degree of tolerance*. Even if the VIF and the degree of tolerance assumption were also met, for this particular study the correlation matrix can be discussed.

The pair-wise correlation matrix of the independent variables can show the errors of multicollinearity if the correlation between each independent variables is higher than .80 (Hair, Anderson, Tatham and Black, 2006). According to those scholars, the acceptable range for multicollinearity is below .80. Obtaining greater than .80 correlations among the independent variables means, multicollinearity is a concern. As shown in the below table 4-12, multicollinearity was not the concern for this particular study since the pair-wise correlation of the determinants of sales performance are far below .80. Hence, the pair-wise correlated variables have not provided us redundant information about the responses.

Table – 4.12: Pair-Wise Correlation Matrix for Assessing Multicollinearity

		Correlations ^c														
S.No		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Sales Performance	1														
2	Commitment	.635**	1													
3	Communication	.593**	.464**	1												
4	Conflict	.071	.054	.066	1											
5	Cooperation	.520**	.490**	.330**	-.049	1										
6	Coordination	.515**	.311**	.379**	.176**	.360**	1									
7	Distribution Flexibility	.618**	.445**	.472**	.172*	.338**	.460**	1								
8	Esprit De Corps	.652**	.594**	.407**	.048	.411**	.413**	.560**	1							
9	Ethical Behavior	.432**	.397**	.342**	-.111	.423**	.254**	.242**	.343**	1						
10	Motivational Factor	.606**	.469**	.477**	.248**	.263**	.321**	.557**	.545**	.149*	1					
11	Punishment Fairness	.511**	.380**	.441**	.133*	.265**	.261**	.393**	.453**	.168*	.566**	1				
12	Regulation	.538**	.507**	.416**	.025	.276**	.468**	.471**	.548**	.371**	.437**	.341**	1			
13	Relationship	.633**	.563**	.524**	.132*	.382**	.423**	.448**	.516**	.394**	.450**	.375**	.448**	1		
14	Support	.470**	.272**	.394**	.204**	.213**	.378**	.395**	.328**	.074	.399**	.345**	.293**	.369**	1	
15	Trust	.635**	.542**	.421**	.046	.419**	.421**	.496**	.540**	.452**	.436**	.344**	.463**	.577**	.365**	1
		**. Correlation is significant at the 0.01 level (2-tailed).														
		*. Correlation is significant at the 0.05 level (2-tailed).														
		c. Listwise N=223														

Source: SPSS output of the questionnaire survey, 2015.

Assumption 5 - Independence of Residuals

The last assumption for multiple regression is the independence of residuals. The independence of the residuals can be measured by Durbin-Watson statistics. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated from one observation to the other one) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015). For this study Table- 4.13, the output value of Durbin-Watson is **1.991**; approximate to 2, indicating that there is no correlation among the residuals.

Table – 4.13: Durbin-Watson Statistics for Independence of Residuals

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.850 ^a	.722	.704	.38756	1.991
a. Predictors: (Constant), Trust, Conflict, Punishment_ Fairness, Cooperation, Support, Regulation, Ethical Behavior, Coordination, Communication, Distribution Flexibility, Relationship, Commitment, Motivational Factor, Esprit De Corps					
b. Dependent Variable: Sales Performance					

Source: SPSS output of the questionnaire survey, 2015.

Summary: *As it is clearly stated in the above, the five step-by-step pre-model fitting assumption tests were found to be satisfactory. Since those five assumptions of multiple regressions were met, the next step is to process the output of multiple regression. Those outputs are; the model summary (R and R²), the model fit (ANOVA), and the beta coefficient (standardized and unstandardized beta).*

4.1.3.3. Multiple Linear Regression Analysis

Under multiple regression analysis, the following methods of analysis are used. The first task of multiple regressions was performed above with the help of the five assumptions and the next was producing output relating to Model Summary, ANOVA and Beta coefficient. So that the model can be developed and the relative importance of the determinants of sales performance of indirect channels of distribution can be identified, the student researcher relied on unstandardized and standardized beta coefficients respectively.

4.1.3.3.1. Model Summary

In the below model summary table – 4:14,

- The multiple correlation coefficients, **R**, indicate a *very strong correlation* of **.85** between sales performance and the 14 explanatory variables, by recalling the rule of thumb of the strength of relationship.
- From the R square ($R^2 = .722$, $F = 38.65$) value (*coefficient of determination*) the model fits accounts 72.2% of the variation in the sales performance explained by the fitted model linear combination of all the (predictors) determinants of sales performance.

Table – 4.14: Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.850^a	.722	.704	.38756	1.991
a. Predictors: (Constant), Trust, Conflict, Punishment_ Fairness, Cooperation, Support, Regulation, Ethical Behavior, Coordination, Communication, Distribution Flexibility, Relationship, Commitment, Motivational Factor, Esprit De Corps					
b. Dependent Variable: Sales Performance					

Source: SPSS output of the questionnaire survey, 2015.

4.1.3.3.2. ANOVA Model Fit

The regression model overall fit can be examined with the help of ANOVA table- 4.15 of this study. In doing so, the ANOVA table determined the relationship between the independent variable and the dependent variable (Muluadam, 2015). As shown in the below table, the value of **R** and R^2 obtained under the model summary part was statistically

significant at (F=38.653), (P<0.001) and it can be said that there is a relationship between sales performance and the predictors (determinant factors of sales performance).

Table – 4.15: ANOVA Model Fit

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.279	14	5.806	38.653	.000 ^b
	Residual	31.241	208	.150		
	Total	112.521	222			
a. Dependent Variable: Sales Performance						
b. Predictors: (Constant), Trust, Conflict, Punishment Fairness, Cooperation, Support, Regulation, Ethical Behavior, Coordination, Communication, Distribution Flexibility, Relationship, Commitment, Motivational Factor, Esprit De Corps						

Source: SPSS output of the questionnaire survey, 2015.

4.1.3.3.3. Beta Coefficient

➤ Standardized Beta Coefficient

The standardized coefficients are the coefficients which explained the relative importance (RIW) of explanatory variables. These coefficients are obtained from regression after the explanatory variables are all standardized. The idea is that the coefficients of explanatory variables can be more easily compared with each other as they are then on the same scale.

Here it is seen, in the below table- 4.16 that the *motivational factors* standardized coefficient is larger than the other 13 determinants of sales performance. The second is *commitment* and from third to fourteenth factors are; *distribution flexibility, cooperation, relationship, esprit de corps, trust, support & communication*³, *coordination, ethical behavior, punishment fairness, conflict and regulation*, respectively. The larger the standardized coefficient, the higher is the relative importance and contribution of the factors to the sales performances of the distribution channel. Thus one can be conclude that a change in motivational factors has a greater relative effect (RIW = 14.2%) on sales performance value than the successor factors. The others also have their own relative importance's in a respective manner as; (RIW = 12%, 11.5%, 11%, 10.9%, 10.7%, 10.4%, 10.1%, 10.1%, 9.8%, 7.5%, 7.3%,(-5.6%) and 0.6%).

³ Support and Communication have the same relative importance weights, i.e., 10.1%.

The significance tests of the 14 explanatory variable coefficients indicate that 9 of the explanatory variables are significant with p-value ($P < 0.05$) for predicting sales performance of indirect channels of distribution. The other 5 of the 14 predictor variables had a p-value > 0.05 ($P > \delta$), and then it infer that these factors of sales performance are not statistically significant for predicting sales performance of indirect channels of distribution. Even if *Esprit de corps*, *Ethical Behavior*, *Punishment Fairness*, *Regulation* and *Conflict* are not statistically significant, it does not infer that they have no contribution to sales performance.

Table – 4.16: Beta Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	.018	.180		.100	.921
Commitment (X_1)	.097	.044	.120	2.218	.028
Communication (X_2)	.085	.042	.101	2.055	.041
Conflict (X_3)	-.046	.032	-.056	-1.402	.162
Cooperation (X_4)	.095	.039	.110	2.399	.017
Coordination (X_5)	.086	.041	.098	2.089	.038
Distribution Flexibility (X_6)	.095	.042	.115	2.249	.026
1 Esprit De Corps (X_7)	.092	.047	.107	1.955	.052
Ethical Behavior (X_8)	.056	.034	.075	1.636	.103
Motivational Factor (X_9)	.120	.045	.142	2.635	.009
Punishment Fairness (X_{10})	.061	.039	.073	1.571	.118
Regulation (X_{11})	.005	.039	.006	.129	.897
Relationship (X_{12})	.098	.047	.109	2.096	.037
Support (X_{13})	.088	.038	.101	2.301	.022
Trust (X_{14})	.079	.040	.104	1.986	.048

Source: SPSS output of the questionnaire survey, 2015.

➤ **Unstandardized Beta Coefficient (β)**

By recalling the model specifications of the variables from the chapter three of methodology part, it was said that, the unstandardized coefficients (β_1 up to β_{14}) are the coefficients of the estimated regression model. The model variable's specifications were written in line with each

model, as it is now rewritten in the above table - 4.18. Hence, the model of sales performance can be written by including error term (ϵ), in the below form.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \dots + \beta_{14}X_{14} + \epsilon$$

$$Y = 0.18 + .097_1X_1 + .085X_2 - .046X_3 + .095X_4 + .086X_5 + .095X_6 + .092X_7 + .056X_8 + .120X_9 + .061X_{10} + .005X_{11} + .098X_{12} + .088X_{13} + .079X_{14} + 0.05$$

The intercept (β_0) is the point on the vertical axis where the regression line crosses the Y axis. And in here, it gives the expected value of sales performance (Y) as **0.18** where all the 14 predictor's variables of sales performance are null or not exists. The other sales performance determinant beta's can be obtained and interpreted from the above beta coefficient table-4.16 as follows.

Keeping all other variables constant;

- For every one unit increment on *commitment* of the distribution chain members, the % of sales performance increases by 9.7%.
- For every one unit increment on *communication* of the company's indirect channels of distribution, the % of sales performance increases by 8.5%.
- For every one unit increment on *conflict* among the distribution chain members, the % of sales performance decreases by 4.6%.
- For every one unit increment on *cooperation* of the distribution chain members, the % of sales performance increases by 9.5%.
- For every one unit increment on *coordination* of the company's indirect channels of distribution, the % of sales performance increases by 8.6%.
- For every one unit increment on *distribution flexibility* of the distribution chain members and of the company's indirect channels of distribution, the % of sales performance increases by 9.5%.
- For every one unit increment on *esprit de corps* of the distribution chain members, the % of sales performance increases by 9.2%.
- For every one unit increment on *ethical behavior* among the distribution chain members, the % of sales performance increases by 5.6%.

- For every one unit increment on *motivational factors* for the distribution chain members, the % of sales performance increases by 12%.
- For every one unit increment on *punishment fairness*, the % of sales performance of the distribution chain member's increases by 6.1%.
- For every one unit increment on *regulation* of the distribution chain members, the % of sales performance increases by 0.5%.
- For every one unit increment on *relationship* between the distribution chain members and of the company's IDC, the % of sales performance increases by 9.8%.
- For every one unit increment to *support* the distribution chain members, the % of sales performance increases by 8.8%.
- For every one unit increment on *trust* of the of the company's IDC, the % of sales performance increases by 7.9%.

Summary: *Even if this particular study has no hypothesis, the research question relating to identifying which determinant variables contribute significantly to the variance in response variable of sales performance has got an answer from the table-4.16, stating the RIW of each determinant variables.*

4.2. Discussion of the Study

Till now, all the above analysis showed the statistical and quantitative explanations of the unknown and the known variables with a specific emphasis on the title called “determinants of indirect channels of distribution sales performance on the cases of distributors, sub-distributors and retailers operating in Addis Ababa.

Here under, the major discussion part is going to incorporate existing theories and empirical literatures of scholars, the frequencies and means of each predictor’s variables questions, the statistical significances, the relative importance weights of each variable and the interview results obtained from the Ethio-telecom zonal managements of the indirect channels of distribution.

4.2.1. Motivational Factors of Distribution Chain Members

Verbeke et al., (2011); Demirag, (2011); Brettel et al., (2011), Dong et al., (2010) and Mehta et al., (2000) theoretically wrote on the types of motivational factors of sales as; sales incentive, economic reward and punishment, high slotting allowance, trade discount, strong advertizing and promotional support and training.

As the interviewee tried to reply on the motivational factors of the distribution channel members, there are two types of motivational incentives in Ethio-Telecom’s indirect channels of distribution. 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). An increment of commission payment was done for those distributors who have a 100% + sales performance accomplishment with in the entire year. And the one-time reward is awarded for the best and consistent sales performers.

Accordingly, as it was stated earlier, the linear combination of the 14 predictors value is significantly related with sales performance at ($R^2=.722$, $F=38.65$ and $P<0.001$). On this particular study, for the companies indirect distribution, *motivational factors* showed the *first* relative importance (RIW = 14.2%) with a statistically significance level of ($P<.05$).

On this study the motivational factors three questions are adapted from Dong et al., (2010) and Brettel et al., (2011). From the frequency table of responses, attached on the appendix F, it is shown that, the financial motivational factor (*commission for the quota achievements =22.9% levels of disagreement*) has a higher negative variance to the dependent variable sales performance. To the eyes of the respondents, the 1st question related to *commission for the quota achievements (22.9%)* is relatively an important motivational factor than the 2nd and the 3rd, i.e., *predictability of sales volume (13.9%)* and *performance recognition (9.4%)*. It is not at all to mean that, the latter two, i.e., predictability of sales and performance recognition do not have an impact for the sales of the distribution chain, but their negative variance is relatively lower than the commission for quota.

Therefore, based on the results obtained from the respondents, it can be said that, working to the best the respondents disagreement on motivational factors will have a positive impact on the RIW of the IV motivational factor since it is the first determinant factors of sales performance.

4.2.2. Commitment of Distribution Chain Members

According to Mathur (2013), Griffith et al., (2000), Simintiras, (2012), Shoham et al., (2008), Schetzle and Drollinger (2014) discussions, if the channel partners needs are fulfilled; commitment is a desire to maintain a valuable relationship in the long-term basis and a central to all relational exchanges. So that cooperation, satisfaction, retention of customers can be gained. And the final goal of them, mutual profitability, can be achieved.

Empirically, Schwepker, (2013) found that salespeople's commitment to providing superior customer value is positively related with outcome sales performance ($b = 0.225, p < 0.01$). On this study also commitment of the distribution chain members have a positive significant relationship with the sales performance of IDC ($b= 0.120, P < 0.05$). It is also the *second* relatively important factor with a percentage contribution of RIW=12%. It shows that, the theoretical and empirical findings are consistent with this study.

By relating to the specific factors of commitment, three questions are adapted from Shoham et al., (2008). Accordingly, based on the 3rd questions of commitment which was asked as “*we have high levels of commitment to ET*”, relatively, small numbers of respondents (12.1%) replied with the agreement levels of “strongly disagree and disagree” and with a mean values of 3.81 than the 1st and 2nd questions (i.e., 3.43 & 3.48 mean value).

On the other hand, the 1st question “*the feeling for the future intimate linkage to the company*” and the 2nd question of “*the bond between the company*” shows 28.3% and 20.6% of negative agreements explaining the variation in the response variable of the IDC. Because it is the second relative important factor with RIW= 12% contribution, if the company tries to work on questions where the chain members were not agreed, the commitment level of the chain members will have a higher positive variance to sales performance. The interview results was also found to be consistent with the response obtained from the customers and they never denied the fact that there is no strong bond between the company and its chain members.

4.2.3. Distribution Flexibility of the Channel Members and IDC

According to Samaha et al., (2011) and Yu et al., (2013) study, distribution flexibility is composed of logistics and relationship flexibility. It is generally refers to a willingness to be adaptive or adjust (to create, extend, or modify its own resource base, in addition to its partners’ resources) in response to changing conditions, coordinative modification, flexibility in storage, delivery, transportation, and inventory so as to generate competitive benefits and performance enhancements.

The interview was conducted between managers to explain the distribution flexibility of the chain. As they replied on the relational flexibility of the company, there was some rigidity from ET side, for instance, before January 2015 there was a shortage of SIM Card & Voucher card. Even if the problem is at hand, chain members are expected to meet the sales target in order to secure the full commission. The fact is the sales target of the distributors can’t be met in such situations and the distributors asked full commission to be paid since the problem was from ET. According to the interviewee, ET has to be flexible in such a

situation to keep its relation with the chain members for having a strategic relationship (i.e., they have to get commissions even if they couldn't meet the quota).

On the distribution logistics flexibility, if there exists Voucher Card shortage (shortages of 5 ETB and 10 ETB voucher card denominations), distributors are forced to buy around 40% of the denomination from 25 ETB voucher card and above. And they are expected to meet a 100% sale per month. This is done based on ET interests even if it makes them not comfortable with this.

Occasionally system failures might happen. If it happens, for issuance of VC and SIM, flexibility was seen and the problem of system failure will be solved by discussion with commercial committee on the issues and the committee provides an alternative solution to the problem faced. Therefore, we can say that if there is no general distribution flexibility, it will affect the distribution ability of the market and influence downstream distributors' operations.

Even if the above interview discussions of the managements shows the existences of such types of distribution flexibility from the side of the company, whereas, the responses from the chain members on "*the willingness of the ET to makes adjustments for special problems and circumstances*" and "*the relationship between chain members able to respond quickly to requests*" shows a negative disagreement levels of 27.4% and 29.6% of the time.

The negative variance of the distribution flexibility was seen from the chain members by asking "*their frequency of balancing inventory of the key product and services*" as 27.4% disagreements, based on Yu et al., (2011) and Samaha et al., (2011) questions.

Empirically, channel member flexibility significantly enhanced channel member performance (Samaha et al., 2011) ($r = .32$), ($b = .13$, $p < 0.01$). And on this particular study, there exists a positive significant relationship between the distribution flexibility and sales performances of the IDC ($r = .618$), ($b = .095$, $P < 0.05$) with a *third* RIW = 11.5%.

Therefore, the company as well as the distribution chain members should have to look their own distribution flexibility factors in which some respondents were not agreed. Hence,

similar to the theoretical and empirical literatures, distribution flexibility can have a chance to enhance a sales performance of the IDC.

4.2.4. Channel Member Cooperation

According to Shoham et al., (2008) discussion the meaning of cooperation can be summarized as; “the degree to which the firm and its representatives jointly put forth effort, interdependent relationship and collaborate toward the achievement of their specific and joint goals”.

Empirically as Samaha et al., (2011) studied on their research called perceived unfairness in channels of distribution, channel member cooperation was positively and significantly related with channel member performance ($r=.33$), ($b=.14$, $P<0.01$). Here also channel member cooperation has a positive significance ($b= .11$, $P<0.05$ with a *fourth* RIW = 11% and it is consistent with the above findings of the researchers.

Four factors of the independent variable cooperation were mainly adopted from Shoham et al., (2008). Accordingly, the 1st factor in which respondents of the chain member asked as” *The conscientiousness and responsiveness about maintaining a cooperative relationship*”. And it accounted a mean value of 3.44 and 26.9% of negative disagreement variance to sales performance. The remaining 3 questions have mean values of 3.83, 3.87 & 4.08 and 13.9%, 13.9% & 7.2% levels of disagreements explaining the variation in the response variable. These factors are the following; “*willingness to collaborate with the company to enhance the smooth operation of the relationship*”, “*to promote mutual interests*” and “*to assist the company to achieve business goals/objectives*”, respectively.

Hence, in order to have a greater positive variance and RIW of cooperation for explaining the dependent variable sales performance, mainly, it is better to work *first* on the **conscientiousness and responsiveness** of the chain members for maintaining a cooperative relationship.

4.2.5. Relationship between Distribution Chain Members and the Company

According to Rajagopal et al., (2010); Johnston and Marshall, (2006); Shoham et al., (2008); Rodriguez et al., (2012) and Mathur (2013) relationship is important so as to create primary link and possibility of reliability of seller's. It also strengthen relationship between buyers and sellers, and hence, the strengthen relationship produces mutually beneficial outcomes, and finally the long-term inter-firm relationships increase return on investments.

According to the replays of the management of IDC, the formal business relationship between the company and the distribution chain members actually is "*transactional relationship*", but it should be a "*strategic relationship*". In a sense, the transactional relationship mean that the channel members is been acting as a one-time buyers. Hence, the ethical behavior that is required from them might not expect. Additionally, the relationship between the company and the distribution chain is being performed mainly on the higher level chain members (i.e., main-distributors and to some extent to sub-distributors). The major strategy of the relationship creation was "*distributors' day meeting*" which is being held on monthly basis with a major emphasis of the problems faced in the chain activities.

As Rajagopal et al., (2010) empirically supported that relationship between customer and marketing channels have a positive relationship between outcome performance ($r=.484$), ($b=.5772$, $P<.05$). Whereas this study reveals that it is the *fifth* relatively important factor with a percentage contribution of RIW= 10.9%. And it has a positive significant relationship between sales performance of IDC at ($r=.633$), ($b=.109$, $P<.05$). It is proved that there exists a significant relationship between sales performance and relationship.

The IV "relationship" factors are mainly adapted from Gu et al., (2010) with the main focus on "willingness for long-term relationship" and "sharedness of long-term goal to the company IDC". According to the mean and frequency distribution results of the IV relationship, the disagreement & strongly disagreement (the negative variance to relationship) level of the respondents for "sharing own long-term goal to the company" accounted as 24.2%. To the opposite of sharing long-term goal to the company, the distribution chain members have a greater willingness to develop a longterm relationship

(13.1% disagreement). It can be said like, “*Desire of relationship without the ability of sharing own’s longterm goals*”.

To this regard, if the distribution chains members really have a willingness of long-term relationship, the seeking to improve RIW of relationship might be harmed by not able to “share the long-term goals of the chain members with ET”. Hence, working to the best of not agreed factors by respondents will have a positive contribution to sales performance of IDC.

4.2.6. Esprit De Corps of Distribution Chain Members

According to Shoham, et al., (2008) and Schuler & Weber, highly cohesive groups have common characteristics of cooperation, low levels of emotionalism, and goal directed activities and this is referred as team spirit. Higher levels of esprit de corps may lead to higher levels of performance.

Based on the above theories of the researchers and the output of this study, there is a strong correlation and significance relationship between the esprit de corps of the chain members with sales performance of IDC at ($r=.652$), ($b=.107$, $P\approx 0.05$, 0.052) and it has the *sixth* RIW= 10.7% contribution.

The study adopted three questions under esprit de corps dimension from Shoham et al., (2008). Based on the frequency table responses attached on the appendix F, “the feeling of togetherness”, “emotional feeling attachment for achieving goals” and “feeling as part of a big family of ET” were asked to respondents under the distribution chains of the company. The disagreement for each factors accounted as 26.5%, 34.1% & 28.7%, respectively.

Based on the above response, some chain members were not agreed on questions brought forward regarding **esprit de corps**. And it can be inferred that, the lower level of feeling of the chain members limits the RIW contribution to the positive variances of esprit de corps and the dependent variable, sales performance.

4.2.7. Trust between Distribution Chain Members and the Company

Griffith et al., (2000); Mathur, (2013); and Chang & Wang, (2008) defined trust as, trust can be occurred when one party has a willingness and believing confidence in its partner's re-liability, integrity, fulfillment of agreements and acts of honesty, keeping promises which can make the relationship to be retained and sustained.

Based on the interviewee's replays on trust related issues, the first issue relating to *fulfillment of agreement* of distribution chain was replied by relating with trade license cases of the chain member. Since the company is the government owned one, it requires valid document for distribution of products and services and they think that such linkages will have taxing issues. Due to this tax payment issues, the potential new comers as well as the insiders frustrate not to engage in such business activity.

The other fact that might have an impact of trust to the company is the termination issue. Based on their interview response, within the past 4 years 37 main- distributors were terminated, and in fact, currently the company have a main-distributor base of only 40 distributors (as stated on the methodology and introduction section of this study too). This shows as 92.5% of them were terminated within 4 years intervals.

On the other hand, while the company wants a BID to recruit new distributor's pool, the potential business men or firms were not coming as expected. Based on the interviewee thought, those who are terminated within the past 4 years might tell the negative sides and forced others not to have a business agreement with ET. The above trust related interview results is consistent with the theoretical foundation of this particualr study.

Since, the student researcher not able to find empirical findings on relationship of trust with sales performance, this study shows a significant positive relationship between trust and sales performance of distribution chain members at ($r = .635$), ($b = .104$, $P < 0.05$). and it is also the *seventh* relatively important factor with a percentage contribution of (RIW=10.4%).

On this study the distribution chain members were asked the following four trust factors which are adopted from Griffith et al., (2000); Wang et al., (2013). To this regard, the level

of trust on “*fulfillment of agreement*”, “*cheating by business associate*”, “*the trust level of ET*” and “*the credibility of promise*” have 26.5%, 24.7%, 27.4% & 25.6% level of disagreement to the negative variance of trust of the company IDC and between chain members. Therefore, these four types of negative variances of trust should be minimized and hence the RIW of trust can have an increment to the positive variance on the dependent variable sales performance.

4.2.8. Support of the Company

According to Shoham et al., (2008), support types are described as the following; “providing technical guidance, promotion materials or advertising, training, and visits by headquarters’ personnel, free samples, finance and trade allowance”.

The management of IDC replied that, with regard to support, the company’s IDC by its initiation performs market health assessment, commercial items assessment and notification for the shortages of fast moving voucher cards (example of fast moving Voucher cards like; 5 ETB and 10 ETB denominations), the forwarding of communication materials for free and recruitment of sub-distributors and retailers (even if the task was the distributors) is being performed as a support to the chain members.

Shoham et al., (2008) founded that positive but not significant outcome on the impact of standardized representatives’ support on performance ($r=.28$), ($b=.07$). Whereas in this particular study, contrary to the above mentioned findings, support of the ET’s IDC has a positive significant relationship with sales performance ($r=.47$), ($b=.088$, $p<0.05$). And it is the *eighth* relatively important factor with a percentage contribution of (RIW=10.1%).

Based on four questions adopted from Dong et al., (2010) and Shoham et al., (2008) the training, financial/credit scheme, fast and professional assistances provision of the company’s IDC was requested from the distribution chain members. Accordingly, the result showed that the support mean value (3.09) is below the total IV mean (3.30). As compared to the previously discussed IV’s factors, it is observed as “high disagreement level” with the independent variable support. Particularly, the training, financial, help & suggestion and professional assistance responses of the chain members shows as 37.7%, 40.8%, 31.8% and 21.5%, level of disagreement, respectively.

As Shoham et al., (2008) mentioned that, sufficient level of support determines performance; to the contrary, insufficient and adapted level of support might be hindering the performance of distribution channel firms. And from the replays of the interview it can be inferred that, some types of support is being provided by the company side. Whereas, the training and financial assistance schemes were not specified or token with interview session as well as the survey report showed higher disagreements for support given by the company. Therefore the level of disagreements of the respondent and the interview results shows the insufficiency of support.

4.2.9. Communication between the Company and Distribution Chain Members

Different scholars like Mathur, (2013); Michman and Lynn; Shoham et al., (2008); Srivastava & Chakravarti, (2009); Yu et al, (2013); Johnston et al., (2012) and Chang & Wang, (2008) wrote on communication importance of distribution channels. To sum up the importance, a complete, timely, a well-constructed, a clear, an open, a systematic, frequent, a strong-tie and a bi-directional communication is a key component for successful distribution. It also creates smooth and harmonious relationships, produces quicker and more efficient agreements, able to access to rich information and knowledge transfer, and fosters associations and long-term relationships which drive to channel equity.

According to the interview results obtained from the managements of IDC, in the beginning of every month, for all distributors (Local with territory, National distributors and Small and Medium Enterprise) monthly target of Voucher Card, Handset and SIM will be distributed. In the 2nd or 3rd days all the IDC managers and all main distributors will have a meeting regarding to past month achievements as well as the target for this month too. Hence the interview report shows there is a timely, a well-constructed, a clear and open communications between the channel members and the IDC, whereas the frequency of direct communication is only 2 or 3 times in a month. And the communication emphasis of the company IDC is majorly on the main-distributors whereas the sub-distributors and retailers are being communicated either through their respective distributors' or the POS coordinators of the company.

The other communication tools of the IDC are the direct observations on actual work places of distribution chain members through all POS coordinators. And hence they will see all ordinary business activities with regard to price, territory violations and other factors that might hinder the performances of the chain.

Empirically, as Chang and Wang, (2008) found that communication and interaction on e-business activity is positively related with sales performance ($b=.275$) and Shoham et al., (2008) added an existence of relationship between standardized communications with representatives to performance ($r=.22$), ($b=.05$, $P<.05$). This particular study founded that, there is a positive and statistically significant relationship ($r=.593$), ($b=.085$, $P<.05$) and hence it is consistent with the above finding of researchers.

Again communication is the *eighth* relatively important factor with a percentage contribution of 10.1%, the same as with support. On this study, by adapting Shoham et al., (2008) and Yu et al., (2013) the distribution chain members were asked communication related questions as the following;

- The frequency of communication with the distribution chain members.
- The strong-tie communication with the distribution chain members.
- The openness and honestly communication with the distribution chain members.
- The ahead of time information to the chain members.

According to the mean values of each cases under the communication variable of sales performance, the negative variance (strongly disagree and disagreement) of the strong-tie communication (24.7%) and ahead of time communication (26.5%) is relatively higher than the rest two cases. Additionally, the mentioned two cases mean values (3.50 & 3.44) are lower than the positive variance of the total communication mean value (3.52). Therefore, the RIW contribution of communication will increase for the positive variance of sales performance if the company's IDC can give major emphasis on "*strength of communication*" as well as on "*ahead of time information*" to the chain members, in addition to the other two factors.

4.2.10. Coordination between the Company and Distribution Chain Members

In the wider business network, there exists a connected business relationship in which the coordination of activities with partners is crucial (Shoham et al., 2008). Because of these connected relationships between partners, differences in perspectives and goals and challenges in coordinating activities between channel members are inevitable (Hughes & Ahearne, 2010).

To support the theoretical constructs, Shoham et al., (2008) founded positive and significant relationship between coordination and actual performance as ($r=.40$), ($b=.43$, $P<0.05$). And according to this study, coordination has a positive significant relationship between sales performance of the IDC at ($r=.515$), ($b= .086$, $P<0.05$) with a percentage contribution of ($RIW=9.8\%$) with *ninth* relative importance. Hence, the prior research findings are inline to this particular study.

On this study the distribution chain members were asked the following coordination factors; which are adapted from the works of (Shoham et al., 2008). The first factor was related on “*ET’s ability of looking for synergies to do business together*” responses show that, a negative variance of 18.8% disagreement and positive variances of 61%. From the second responses of “*ET and the distribution chain member are working together to exploit unique opportunities*”, a negative variance of 18.4% and positive variances of 52.9% was responded. This means that, even if the positive variance of coordination outweighs, still the negative variances of the chain member respondents will have an impact on the RIW increment regarding to the independent variable coordination.

4.2.11. Ethical Behavior of Distribution Chain Members

According to Huang et al., (2008); Bowersox, and Copper, (2004); Jobber and Lancaster, (2003) and Rajagopal et al., (2010) theoretical discussions, in distribution activities some business environments can lead distribution chain members to unethical behaviors. The issues of ethical behavior in distribution are unauthorized distribution (selling of products and services without the knowledge of the owner of that products and services), upsetting price stability, taking unfair advantage over an authorized distributors, losing control of

market channels, increasing the opportunity for the entry of black-market, (illegal counterfeit) products and ‘free ride’ on the after-purchase service and not maintaining the rule of selling activities to one specific region with exclusive territorial arrangement are the major problems raised.

The interview result shows that, there is a price violation, territory violation and sales activities for the unauthorized ones. Specifically in regional boundaries (i.e., the regional boundaries are located out of Addis Ababa six zonal boundaries), there exists intense violation activities. To the same, in Addis Ababa places like; Merkato, Piassa, 4 killo and Saris areas have been experiencing an intense violation since the places are metropolitan and the major business activities of the city is being transacted. Hence the interview result shows some level of association with the theoretical background regarding to the ethical behaviors in distribution activities.

The theoretical analysis of other researcher’s shows, sales territory design also largely influences the level of performance both directly and indirectly through its relationship with salespeople’s behavioral performance. A positive and significant relationship among financial incentives, performance monitoring and assigned territory variables leads to the effectiveness of the sales units. On the other hand, the relationship of ethical behaviors with other factors leads to lower levels of role conflict and higher levels of job satisfaction, but has no effect on performance (Rajagopal et al., 2010).

This study also shows that, consistent with the Rajagopal et al., (2010) results, it has no statistical significant relationship between ethical behavior and sales performance ($R=.432$), ($b= .056$), but it has statistically insignificant contribution. Even if it has statistically insignificant contribution, it has *tenth* relative importance weight with a percentage contribution of $RIW=7.5\%$.

The ethical behavior factors were adapted from Huanga et al., (2008). Taking these three questions mean values of the responses, as compared to ethical behavior mean (3.45), *sales activity based on the set price* (3.36) and *sales on the assigned territory* (3.43) mean values

are low, whereas, *sales activity with unauthorized distributors* is above the mean of IV ethical behavior.

According to the outputs of the frequency distribution, even if the positive variance of ethical behavior to sales performance is nearly 49% - 53%, the remaining percentage is accounted for neutral and negative variances agreement levels. Specifically there are 24.2%, 14.8% and 18.8% of negative variance of disagreement on *sales based on price-set, authorized distribution* and on *assigned territory*, respectively. This shows that, relatively, sales activities with unauthorized distributors are low. And to the contrary, the price and territory violation is somehow higher with in the distribution chain of the company.

4.2.12. Fairness of Punishment on Distribution Chain

Disciplinary actions or punishments are unavoidable because incoherence and belief discrepancy often arise among channel members. For instance, dysfunctional behavior of distributors (distributor gray-marketing, dumping behavior, noncompliance, and below-standard sales performance) can be the punishment factors (Wang et al., (2013)).

With regard to the punishment situations of the company, those chain members who are participated in unethical behavior are being punished and received a warning letter and actions. According to the interview results obtained from the managements of the company, there are 4 levels of punishment i.e., 1st, 2nd, 3rd warnings and the 4th is Termination. The 1st punishment level will have a written warning. The second and the third warning will have a financial punishment of 50,000 & 100,000, respectively, and finally, the last (the “4th” warning) option of the company is terminating the main distributors from related business activities.

As Wang et al., (2013) explanations, punishment affects not only the disciplined party but also the attitudes and behaviors of others in the network. Furthermore, punishment has an impact on punished and observer firms. To this regard, as the interviewee said, the punished one reacts and stops the buying and selling activities. One of the interviewee mentioned that some punishments are done loosely by managers and POS. But if there is punishment in the channel and the penalties takes effective, it is observed that the channel violation at least temporarily reduced for one to two months. The above theoretical and

interview foundation shows the relationship of punishment fairness and performances of firms.

The punishment fairness result of this study shows that there is no statistical significance relationship between sales performance but positively related ($r=.511$), ($\beta=0.061$). But it is an *eleventh* contributor for sales performance with (RIW=7.3%).

The fairness of punishment was asked from the chain member by adopting (Wang et al., 2013) questions. The disagreement level of the respondents on “*Punishment fairness compared to the violated obligations*” and “*Punishment fairness compared to what other distributors punished with the same violation*” was 29.1% and 26%, respectively. To the other side, the positive variance of fairness of punishment to sales performance is only 42.2% and 39%. The difference of the positive and the negative variance is left as **neutral** agreement of the respondents (didn’t know the fairness level or didn’t punished yet). Hence, some of the respondents were not agreed on the question forwarded regarding to punishment fairness. And in order to increase the RIW contribution to the dependent variable sales performance, it will be better to consider the fairness of punishment for the positive variance of sales performance.

4.2.13.Regulation of the Company

Management control and effective evaluation is recognized as an important performance indicator and could have a positive financial and strategic performance in a given company, according to Rajagopal, Pitt and Price, (2010); Ramaseshan et al., (2013). Monitoring practices such as frequent site visits and phone contact with customers develop the firm’s channel tracking capabilities, allowing managers to better monitor downstream activities (Wallace et al., 2009), alleviate information asymmetry, detect future violations in the network (Wang, Gu and Dong, 2013).

According to the interview replay on the regulation systems of the company’s IDC, the regulation of the distribution chain is performed based on the specified contractual terms. The contractual terms mainly emphasized on unethical behaviors of channel members; such as, violation on territory & price and underperforming channel members. And the activities

of the channel members will be assessed and if there exist disparity against the contractual agreements, warnings and terminations will be held on those distributors. One of the interviewee mentioned that some punishments are done loosely across managers and POS.

With regards to the reward systems of the company, there was one-time reward (Laptop and Smartphones) and some increments of commission payment for those distributors who have a better sales accomplishment in the entire year. Additionally, so as to make the market free of dysfunctional behaviors, mystery shopping will be done by IDC POS coordinators. According to the interview results it is observed that, the regulation system of the company consists of a monitoring, directing, evaluating and “some levels of rewarding” system.

Empirically, standardized representatives’ control with performance was supported ($r=.24$), ($P<0.05$) as Shoham et al., (2008) studied. The now study shows it is the *thirteenth* relatively important factor with percentage contribution of 0.6%, and it is not statistically related ($r=.538$) ($b=.005$). The study adopted the below stated factors of regulation from Shoham et al., (2008) and the responses are analyzed with frequency distribution and mean values accordingly. The requested factors of regulation are the following;

- The company monitors the distribution chain sales activities.
- The company directs the distribution chain sales activities.
- The company evaluates the distribution chain sales activities.
- The company rewards the distribution chain sales activities.

The mean values of each factors to the positive variance of regulation to sales performance shows that, the company’s rewarding system (3.20) is fall below the mean value of the independent variable regulation (i.e., 3.40). And based on the frequency tables of responses, distribution chain member replied as “strongly disagree and disagree” accounted 30.9% of the time for the statement *rewarding*. As compared to the other three factors, the company’s IDC rewarding practice was rated with higher disagreement level. The other three factors rated with disagreement level as 24.7%, 24.2% & 21.5%, respectively.

Hence the company’s IDC should have to consider each negative variance of these factors of regulation since some of the chain member respondents were not agreed on regulation

factors and the RIW contribution can be increased as well as the sales performance of the chain might be improved.

4.2.14. Conflict within Distribution Chain Members and the Company

Conflicts between channel members are inevitable because of their differing perspectives and goals (Hughes & Ahearne, 2010). According to the interview results, conflicts can be raised either between the company and the distribution chain or within the chain members.

The conflict between the company and chain members starts from *target* with the major issue of the chain members by saying “the target set for us is too high”. And the second conflict arises from the *demands of selling* only Voucher Cards instead of including SIM card, because of the fact that SIM card will have other processes (like collection of CAF, and returned to ET). In the other side, the company primary objective is to sell more SIM and by implication the Voucher Card sales will increase. These two conflicting issues might create conflicts between the two parties.

The lateness of the commission payment to the distributors (to illustrate, the contractual agreement said “the commission of the last month shall be paid after 15 days of each month”) is another conflict issue of the chain. The situations actual shows that, the commission payment was not paid for the latest three months (March, April and May). To other side of the conflict issues, both the distributors and company’s IDC clearly knows who the violators are but punishment actions is not being effective on the violators yet.

Conflict generally has a deleterious effect on channel member performance (Mehta, et.al, 2000) and also tends to decrease the overall level of satisfaction within the relationship (Griffith et al., 2000). Therefore conflict management, detection and resolving efforts are needed. Such theoretical styles are obliging, avoiding, integrating and compromising.

Based on the above theoretical backgrounds, the interviewee management of the company’s IDC explained the channel conflict management systems of the company as follows.

There exists a negotiation practices with the distributors together. For instance, if there exists a system failure for the issuance of monthly target and distributors didn’t reach 100%

target of the month, the commission payment has been paid through commercial committee since the problem is from the side of ET (in real case situation, in Feb March and April there was CRM system problem). But getting approval from the commercial committee also has drawbacks of lateness.

In addition to the above theoretical and interview results and inferences, the student researcher also tried to find out the relationship between conflicts and sales performance. The correlation as well as the beta coefficients are not statistically significant at P-value ($P > 0.05$), ($r = 0.071$, $b = -0.046$). In absolute terms, conflict is the *twelfth* relatively important factor with a percentage contribution i.e., *-5.6%*.

The distribution chain members were responded to the questions adapted from (Griffith et al., 2000 and Mehta et al., 2000) on the following conflict factors;

- The intensity of disagreements of goals and perspectives with our associate.
- Disagreements of goals and perspectives with our associate have been moderate at times, occasionally.
- There is an attempt to detect, resolve and suggest solution to conflicts stemming from the sales throughout the chain members.

As shown from the frequency tables at the appendix F, on the intensity and occasionally of disagreement on goals and perspectives the respondents replied “*strongly disagree* and *disagree*” as 42.2% and 40.8% of the time. It infers that the goal and perspectives disagreements of the chain members are intense and high in some occasional times (once in a while). The reply of respondents regarding to the conflict detection, resolving and suggestion mechanism employed within the chain shows that, the negative variance agreement is greater than the positive variance agreements (i.e., 38.1% and 30.5%). Therefore, the researcher concluded that, the negative response obtained from the chain members under the above questions, significantly affected the contribution of lower conflict dimension towards explaining the variation in the response variable sales performance.

Summary: The statistical significance values of conflict, regulation, ethical behavior, punishment fairness and esprit de corps shows that, all the five determinants of sales performances of the indirect channels of distribution have not a statistically significant contribution. It is not the same as there is no contribution to the positive variances of sales performance, but there is a minimal contribution to it. Except Esprit de corps, the RIW (relative importance weight) of these variables also well below the other 9 variables. To mean this, the contribution to sales of products and services are minimal as compared to the other 9 predictor variables.

Additional Interview Results

✓ ***Alternative strategies on the view of the managements of IDC***

According to the interviewees perspectives and observations, there are alternative ways to improve sales performance of the indirect channel of distribution.

- Increasing the number of ***National distributions***, since they have been contributing from 35-40% share of sales performance of the channel.
- Increasing the distribution channels of *SME* (small and medium enterprises) since it has an impact for reducing unemployment rate and for open additional job opportunities of the society in general.
- As the company is on the way to launch the new project called “*E-top-up*”, fastening of this project is crucial and will have an opportunity for reducing unethical behaviors that might hinder the company’s distribution performance.

✓ ***Sales performance of IDC on the view of the managements of IDC***

- Before the opening of indirect channels of distribution, the former ETC retail outlet was 950-1000, but the now ET recently has more than 76,000 retail outlets. Hence, the channel is the very true and essential to the company revenue (more than 70% contribution) in general.
- Since service giving and distribution of products & services by the company itself will increase costs than operating with external distribution channels, simply managing the channel through 120 POS coordinators will decrease the costs down.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, summaries and conclusions are drawn, recommendations are forwarded, researcher's gaps are identified and further research directions are indicated.

5.1. Summary of the Findings

- ✓ The total sample size was 267 and 280 questionnaires were distributed within six zones. Out of which, 223 questionnaire were returned as 13 distributors, 45 Sub-distributors and 165 retailers respondents with a response rate of 100%, 85% and 82%, respectively.
- ✓ The sum of the independent variables average Cronbach's alpha value is ($\alpha = 0.783$) and the reliability test of the study is located on "Acceptable" range.
- ✓ Out of 222 respondents, 75.2 % (167) of the respondents are male whereas the remaining 24.8% (55) are Female, excluding 1 missing value.
- ✓ The largest majority of the respondents age falls at an age category of below 40 accounted for the cumulative percentage of 69.2%, whereas, 41-50, 51-60 and above 60 ages was 48 (21.7%), 17(7.7%) and 3(1.4%), respectively.
- ✓ 68.2% of the respondents attended tertiary or higher education, irrespective of their levels and the remaining have attended high school and below.
- ✓ 33.6% (75) of the distribution chain have an experience of one year, respondents with experience of 2 years & 4 Years are accounted for 24.2%(54) and 23.3%(52) respectively. The least percentage contribution was with experiences of 3 years (18.8%).
- ✓ The lion-shares of the response go to the 160 (71.75%) owners of the chain and only 24.67% (55) managers. Coordinators and supervisory job position of the respondents accounted the remaining 2.24% (5) and 1.34% (3) percentages.
- ✓ The correlation between *sales performance* and *commitment* is positive and significantly correlated at ($R = .635^{**}$), ($P < 0.01$ with strong magnitude of correlation).

- ✓ The correlation between *sales performance* and *communication* is positive and significantly correlated at (R=.593**), (P< 0.01) with moderate magnitude of correlation.
- ✓ The correlation between *sales performance* and *conflict* is positive and but not significantly correlated at (R = .071), ($\hat{\rho}$ -value > P-value) with very weak magnitude of correlation.
- ✓ The correlation between *sales performance* and *cooperation* is positive and significantly correlated at (R=.520**), (P<0.01) with moderate magnitude of correlation.
- ✓ The correlation between *sales performance* and *coordination* is positive and significantly correlated at (R= .515**), (P<0.01) with moderate magnitude of correlation.
- ✓ The correlation between *sales performance* and *distribution flexibility* is positive and significantly correlated at (R=.618**), (P<0.01) with strong magnitude of correlation.
- ✓ The correlation between *sales performance* and *esprit de corps* is positive and significantly correlated at (R=.652**), (P<0.01) with strong magnitude of correlation
- ✓ The correlation between *sales performance* and *ethical behavior* is positive and significantly correlated at (R=.432**), (P<0.01) with moderate magnitude of correlation
- ✓ The correlation between *sales performance* and *Motivational factor* is positive and significantly correlated at (R=.606**), (P<0.01) with strong magnitude of correlation
- ✓ The correlation between *sales performance* and *punishment fairness* is positive and significantly correlated at (R=.511**), (P<0.01) with moderate magnitude of correlation
- ✓ The correlation between *sales performance* and *regulation* is positive and significantly correlated at (R=.538**), (P<0.01) with moderate magnitude of correlation

- ✓ The correlation between *sales performance* and *relationship* is positive and significantly correlated at ($R=.633^{**}$), ($P<0.01$) with moderate magnitude of correlation
- ✓ The correlation between *sales performance* and *support* is positive and significantly correlated at ($R=.470^{**}$), ($P<0.01$) with moderate magnitude of correlation
- ✓ The correlation between *sales performance* and *trust* is positive and significantly correlated at ($R=.635^{**}$), ($P<0.01$) with moderate magnitude of correlation
- ✓ The pre-model fitting five assumptions (i.e., Normality, Linearity, Multicollinearity, Homoscedasticity and Independence of Residuals) of multiple regressions are met accordingly.
- ✓ The model summary results showed that, a linear combination of all the independent variables considered under the study predicts ($R^2=.722$), of the variance in the dependent variable sales performance.
- ✓ The ANOVA test result showed that, the value of \mathbf{R} and \mathbf{R}^2 obtained under the model summary part was statistically significant at ($F=38.653$), ($P<0.001$).
- ✓ The standardized beta coefficient of each independent variables with relative importance contribution (RIW) to the sales performances of the distribution channel is; *motivational factors* (14.2%), *commitment* (12%), *distribution flexibility* (11.5%), *cooperation*(11%), *relationship*(10.9%), *esprit de corps*(10.7%), *trust*(10.4%), *support & communication*⁴(10.1%), *coordination* (9.8%), *ethical behavior* (7.5%), *punishment fairness* (7.3%), *conflict* (-5.6%) and *regulation* (0.6%), respectively.
- ✓ The unstandardized beta coefficient of each independent variables is; *commitment* ($\beta=.097$), *communication* ($\beta=.085$), *conflict* ($\beta=-.046$) *cooperation*($\beta=.095$), *coordination* ($\beta=.086$), *distribution flexibility* ($\beta=.095$), *esprit de corps*($\beta=.092$), *ethical behavior* ($\beta=.056$), *motivational factors* ($\beta=.12$), *punishment fairness* ($\beta=.061$) *regulation* ($\beta=.005$), *relationship*($\beta=.098$), *support* ($\beta=.088$) and *trust* ($\beta=.079$), respectively.

⁴ Support and Communication have the same relative importance weights, i.e., 10.1%.

5.2. Conclusions

The GTP strategy of Ethiopia and Ethio-Telecom's strategic plan shows that the company has a future prospective of intensifying its network coverage and customer base throughout the country. This will create an opportunity for significant increment of the sales of the company in general and the distribution channels' of it in particular.

The sales performance of the indirect channels of distribution (IDC) has been increased from 13.398 billion ETB in 2012/13 to 14.599 billion ETB in 2013/2014 and expected to reach around 16 billion ETB in the year 2014/15 G.C., as the customer bases of the company and the network coverage's increases.

This study emphasizes on the determinants of indirect channels distribution sales performance in the cases of Ethio-telecom's distributors, sub-distributors and retailers operating in Addis Ababa by considering 14 independent variables. Those determining factors with their relative importance contribution (RIW) for the sales performances of the company's IDC are; motivational factors, commitment, distribution flexibility, cooperation, relationship, esprit de corps, trust, support, communication, coordination, ethical behavior, punishment fairness, conflict and regulation, respectively.

All determinant factors of sales performance have a positive correlation with sales performance. And only conflict has a positive but not statistically significant correlation with sales performance. The correlation between the dependent variable sales performance and the 14 independent variables was with magnitude ranges of "strong" (6), "moderate" (7) and "very weak" (1) level of correlations.

The pre-model fitting five assumptions (i.e., Normality, Linearity, Multicollinearity, Homoscedasticity and Independence of Residuals) of multiple regressions are met accordingly. The model summary results showed that, a linear combination of all the independent variables considered under the study predicts 72.2% of the variance in the dependent variable sales performance. The ANOVA test result showed that, the value of R and R^2 obtained under the model summary part was statistically significant.

The multiple linear regression analysis of the independent variables and dependent variables shows that, 9 of 14 explanatory variables (motivational factors, commitment, distribution flexibility, cooperation, relationship, trust, support, communication and coordination) have a statistically significant relationship for predicting sales performance of indirect channels distribution. The other 5 (*Esprit de corps*, *Ethical Behavior*, *Punishment Fairness*, *Regulation* and *Conflict*) of the 14 predictor variables are not statistically significant for predicting sales performance of indirect channels distribution.

Generally, for companies operating throughout the country like Ethio-Telecom, to address for the final markets end-to-end in an efficient and effective ways, working with an external indirect channel of distribution is a key marketing strategy. Therefore, for addressing greater market coverage and better firm performance through greater sales, determination and consideration of the above discussed factors of sales performance will have an importance.

5.3. Recommendations

- The educational background of some respondent's shows that there exists 31.8% of them as a "high school and below" status. Therefore, intensive training is needed for the creation of same level of understanding between the chain members rather than simply focusing on sale.
- Since there exists 120 POS coordinators for more than 70,000 distribution chain members, the proportion is not significant for making effective sales follow-up. Therefore, man power requirement of the channel should have to be considered.
- The interview and the survey results showed in most of the time, the communication, the coordination and relationship activities of the company mainly focused on the main-distributors and sub-distributors only, this shows that the lower level of the chain, i.e., the retailers are neglected. Therefore, communications, coordination and creation of relationship between the lower levels of the chain should be created, so that the hindrances of the overall distribution chain will be reduced in some level. In addition to this, for improving communication between ET and the distribution chain members the company should strengthen its communication, not only with the higher levels of the chain members but also to the lower level chain members as well and ahead of time communication through support team and training.
- As long as the main aim of the indirect channel's members is to get their own profits, the issue of setting the commission policies (as one part of motivational factors) should be given a higher priority of importance. Therefore, additional motivational policies should be included in addition to the company commission payment and one-time reward. Such as;
 - ✓ Pay commission for every amount of sales done by channel members taking in to account proper balancing of inventory as a sales performance measurement tool and company's flexibility problem rather than for only those who achieved quota.

- ✓ Regular performance recognition, rewarding and acknowledgments of best performers should be included as motivational strategies of the company's IDC.
 - ✓ The margin prices of VC should be considered as one factors of motivation for the lower level distribution members.
- In order to improve the commitment level and to create a bond for future intimate relationships between the distributions channels, the company should implement different strategies. Such as; providing regular on job and off-job training program, organizing recognition programs and strengthening regular meeting for planning, setting goals and strategic discussions by including the lower levels of distribution channel chain.
- As a third tool for improving sales performances of the indirect distribution channels, the distribution flexibility should have to be increased with ET and chain members side by increasing the willingness of ET to make adjustment in the case of special problems happening. And the creation or strengthening of products and services inventory balancing mechanism and reporting relationships is needed by including the lower level chain members with the help of proper database.
- In order to create a cooperative long-term relationship, the company has to do on the creation of proper registration system and sales database should be the first task by adopting some international channel standardization and management tools. And So as to create strategic relationship between the chain and the company, the company should be able to work on sharing each chain members' long-term goals, action plan or proposal.
- For creating punishment fairness across the distribution chain, it is better to work on creating awareness on the types of punishments and impacts of violations through meeting and support team till the lower levels of the chain members. And consideration of the punishment severity to the positive side of the objectives of the company is essential.
- In order to enhance an ethical behaviors (sales activity based on price set, sales on the assigned territory and Unauthorized distribution) of some distribution chain members, the company should have to work on the following major activities

- ✓ Promoting and communicating unethical behavior for the chain members (through meeting) and societies (through TV or radio advertisings)
 - ✓ The fastening of launching new projects like “Etop-up” (electronic commerce) technologies
 - ✓ Strengthening regulating visit programs across the chain member on monthly basis or less
- For creating trust among the chain members, the company should have to work on the creation of a long-term profitable relationship through fulfillment of agreement before beginning of the distribution activity, strengthened regular visit programs across the chain member on monthly basis or less and work on maintaining creditability of promise, reducing commission payment delay and distribution flexibility problems.
- For creating loyal chain member and conscious & responsive feeling on the chain members provision of sufficient levels of support is required. So that, the following supportive mechanizes should be implemented;
- ✓ In cases of new product launching or selling skill requirement; regular training session is required according to the level of distribution chain,
 - ✓ Providing financial or credit assistance scheme ,
 - ✓ In cases of the requirements of help and suggestions by the chain members- strengthening the frequency of regular visit,
 - ✓ Regarding to the technological help requirements of the chain members, assigning professional assistance team is required.

5.4. Researcher's Gap and Further Research

This research only focused on indirect distribution channels with in Addis Ababa six zones by excluding the out station areas, whereas, others might include outstation areas and all regional boundaries of the indirect distribution channels and hence, the IDC sales performance determinants can be seen in a deeper ways. In addition to the study of IDC, the direct channels of distribution of the company can be included for examining the overall performances of the company in general.

Other researcher might use independent T-Test so as to compare the mean differences, the levels of association and the relative importance of each determinant's of sales performances of those three stratum (Main-distributors, Sub-Distributors and Retailers).

This particular study utilized semi-structured interview with the managements of indirect channels of distribution. Even if this in-depth interview provided relevant information, if the place and time management fulfilled, it will be better to be arranged as the focus group discussion with the management.

Since Ethio-Telecom is a monopolized service industry, others might study on the competitive service as well as on manufacturing firms and hence in the competitive businesses, the determinants of sales might be seen in another perspective.

Finally, it is observed that there exist some levels of negligence of the respondents while filling the questionnaire. Even if the negligence's of respondents were seen while conducting this particular study, the student researcher was restrained mainly on primary sources of data. This is due to the fact that, poor data handling of the IDC of the company that could not able to use the secondary and time series data in a detail basis.

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Appendices

Appendix A: Questionnaire (English Version)



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES MBA PROGRAM

This questionnaire is designed to assess the determinants of indirect channel of distribution sales performance the cases of Ethio-Telecom's distributors, sub-distributors and retailer operating in Addis Ababa. The research output is mainly to fulfill the partial requirement of **Masters of Business Administration**. The information gathered will be used fully and with due attention for academic purpose only. 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 the quality and 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!

Fissha Hailu

Email: fissha.woldehana@gmail.com

Mobile: 0911510421

Part I. General Information

1. **Your age** 18-30 31-40 41-50 51-60 Above 60
2. **Sex** Male Female
3. **Highest formal education attended**
 High school and below
 Technical school: Specialized in
- College Diploma: Specialized in
- Bachelor’s Degree Specialized in
- Advance Degree studies Specialized in
4. **Your current position** _____
5. **Years of service in distributing Ethio-Telecom’s P&S** _____
6. **The firm’s distribution chain level;** Main Distributor
 Sub- Distributor
 Retailer
7. **The firm total distribution experience of Ethio-Telecom’s product and service?**
 Below a Year 1 Year 2 Years 3 Years 4 Years

Part II. Determinants of Sales Performance

I. Communication between the company and distribution chain members

How would you characterize the following aspects of communication? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

No	Statements	1	2	3	4	5
1	The company’s relationships with distribution chain benefit from frequent communication. (Shoham et al., 2008)					
2	The company’s relationships with distribution chain benefit from Strong tie between communications. (Shoham et al., 2008)					
3	The company’s working relationship with the distribution chain members is characterized by open and honest communication. (Yu et al., 2013)					
4	The company often informs us all information early enough. (Shoham et al., 2008)					

II. Coordination between the company and distribution chain members

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree. (Shoham et al., 2008)

N ^o	Statements	1	2	3	4	5
1	The company is always looking for synergies to do business together.					
2	The company and the distribution chain members work together to exploit unique opportunities.					

III. Regulation of the company

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Shoham et al., 2008)

N ^o	Statements	1	2	3	4	5
1	The company monitors the distribution chain sales activities.					
2	The company directs the distribution chain sales activities.					
3	The company evaluates the distribution chain sales activities.					
4	The company rewards the distribution chain sales activities.					

IV. Support of the company

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

N ^o	Statements	1	2	3	4	5
1	The company has provided us support on training (Shoham et al., 2008)					
2	The company has provided us credit scheme (financial assistance). (Shoham et al., 2008)					
3	Whenever we need help or suggestions, the company responds promptly. (Dong et al., 2010)					
4	The company has sent in professionals to assist our business. (Dong et al., 2010)					

V. Relationship between distribution chain members and the company

How do you rate the following statements about the following? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Gu et al., 2010)

No	Statements	1	2	3	4	5
1	We share our long-term goals with this company.					
2	We would like to develop a long-term relationship with this company.					

VI. Conflict within distribution chain members

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

No	Statements	1	2	3	4	5
1	Disagreements of goals and perspectives with our associate have been minimal. (Griffith et al., 2000)					
2	Disagreements of goals and perspectives with our associate have been moderate at times. (Griffith et al., 2000)					
3	There is an attempt to detect, resolve and suggest solution to conflicts stemming from the sales of P&S throughout the chain members (Mehta et al., 2000)					

VII. Ethical Behavior of Distribution Chain

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

No	Statements	1	2	3	4	5
1	The sales activity in the distribution chain is performed based on the price set by the company.					
2	There is no practice of selling and purchasing P&S with unauthorized distributors. (Huanga et al., 2008)					
3	The sales trend of the distribution chain is only in its assigned territory.					

VIII. Trust between distribution chain members and the company

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

Nº	Statements	1	2	3	4	5
1	I can always trust that my distribution chain associate will fulfill all of its agreements. (Griffith et al., 2000)					
2	I have never felt deceived by my business associates. (Griffith et al., 2000)					
3	Our business relationship with the company is characterized by a high level of trust. (Wang et al., 2013)					
4	The promises between the company and us are credible (Wang et al., 2013)					

IX. Distribution Flexibility of the Channel Members

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (the 1st four question (Yu et al., 2013) and the last one from (Samaha et al., 2011)

Nº	Statements	1	2	3	4	5
1	I frequently balance inventory of the key product and services while working.					
2	The relationship between us and other chain members is able to respond quickly to requests.					
3	The company willingly makes adjustments to help us out when we are faced with special problems or circumstances.					

X. Esprit De Corps of distribution chain members

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Shoham et al., 2008)

Nº	Statements	1	2	3	4	5
1	We feel like we are “in it together.”					
2	We feel emotionally attached to each other to achieve goals.					
3	Working for the company is like being a part of a big family.					

XI. Commitment of distribution chain members

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Shoham et al., 2008)

N ^o	Statements	1	2	3	4	5
1	We feel as our future is intimately linked to the company.					
2	The bonds between us and the company are strong.					
3	We have a high level of commitment to the company.					

XII. Channel Member Cooperation

To what extent do you agree or disagree with the following statements? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Shoham et al., 2008)

N ^o	Statements	1	2	3	4	5
1	We are conscientious and responsive about maintaining a cooperative relationship.					
2	We are willing to collaborate with the company to enhance the smooth operation of the relationship.					
3	We always act in ways that promote mutual interests.					
4	We are interested in assisting the company to achieve business goals/objectives.					

XIII. Motivational factors of distribution chain members

How would you characterize the following aspects? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

N ^o	Statements	1	2	3	4	5
1	The commission payment that the company offers us while meeting the quota is satisfactory. (Dong et al.,2010)					
2	Our company's sales volume for product and service is predictable. (Brettel et al., 2011)					
3	When we perform better the company's recognition is satisfactory.					

XIV. Fairness of punishment on distribution chain

How would you characterize the following aspects of fairness of punishment while working as indirect distribution channel chain members? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree (Wang et al., 2013)

№	Statements	1	2	3	4	5
1	Punishment on distribution chain is fair compared to the violated obligations.					
2	Punishment on distribution chain is fair compared to what other distributors with the same dysfunctional behavior.					

Part III. Dependent Variable (Sales Performance)

How do you rate the following statements by considering the last year sales performance? 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

№	Statements	1	2	3	4	5
1	In the year 2013/14 your firm has achieved high sales revenue. (Ahearne, Lam, Hayati, & Kraus, 2013) and (Jobber and Lancaster, 2003)					
2	In the year 2013/14 your firm has generated high sales per potential demanded. (Jobber and Lancaster, 2003)					
3	In the year 2013/14 your firm is being experiencing high amount of sales to new customers. (Jobber and Lancaster, 2003)					
4	In the year 2013/14 the number of order of products and services has significantly increased. (Jobber and Lancaster, 2003)					
5	In the year 2013/14 sales quota achievement has been very satisfactory. (Mukherjee, 2013) and (Ahearne, Lam, Hayati, & Kraus, 2013).					
6	In the year 2013/14 the distribution network expansion has been improved (Mukherjee, 2013).					
7	In the year 2014/15 sales performance is expected to be higher.					

Thank you! Fissha Hailu

Appendix B: Questionnaire (Amharic Version)



የቅድስተ ማርያም ዩኒቨርሲቲ

የድህረ ምረቃ ትምህርት ቤት

MBA ፕሮግራም

ይህ መጠይቅ የተዘጋጀው የኢ-ቀጥተኛ የሽያጭ አውታር (Indirect Channel) አጠቃላይ የሽያጭ አፈጻጸም ላይ አስተዋጽኦ የሚያደርጉ ጉዳዮችን በኢትዮ-ቴሌኮም ዋና፣ ንዑስ እና ችርቻሮ አከፋፋዮች ዙሪያ ለመዳሰስ ነው። የዚህ ጥናት ውጤት በዋናነት የሚውለው በቢዝነስ አድሚኒስትሬሽን ለሁለተኛ ዲግሪ ማሟያ የጥናት ጽሑፍ ነው። ይህ የሚሰበሰበው መረጃ ሙሉ በሙሉ የሚውለው ለአካደሚክ ወይም ለትምህርት አገልግሎት ብቻ ነው።

ስለሆነም መረጃው በማንኛውም መንገድ ለሌላ ለምንም ዓይነት አገልግሎት እንደማይውል ላረጋግጥ እወዳለሁ። የሚሰጡኝ ትክክለኛ፣ ታማኝ እና ጊዜውን የጠበቀ ፈጣን ምላሽ ጥናቱን በጥራት እና በስኬት ለማጠናቀቅ ከፍተኛ አስተዋጽኦ ይኖረዋል።

አጠቃላይ መመሪያዎች፤

- ስም መጻፍ አያስፈልግም።
- አማራጭ ምላሾች ለቀረቡላቸው ጥያቄዎች ለእርስዎ ተስማሚ በሆነው የምላሽ ቁጥር እና ቦታ ላይ ምልክት ያድርጉበት።
- የእርስዎን አስተያየት ለሚሹ ጥያቄዎች ምላሽዎን በጥያቄው መሠረት በተሰጠው ክፍት ቦታ ላይ ይግለጹ።

ለሚደረግልኝ ትብብር በቅድሚያ አመሰግናለሁ!

ፍሥሐ ኃይሉ

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ጥባይል: 0911510421

(iii) የማከፋፈያ ሰንሰለት ቁጥጥር					
7	ኢትዮ-ቴሌኮም የማከፋፈያ ሰንሰለቱን የሽያጭ ክንውኖች ይቆጣጠራል።				
8	ኢትዮ-ቴሌኮም የማከፋፈያ ሰንሰለቱን የሽያጭ ክንውኖች ይመራል።				
9	ኢትዮ-ቴሌኮም የማከፋፈያ ሰንሰለቱን የሽያጭ ክንውኖች ይገመግማል።				
10	ኢትዮ-ቴሌኮም የማከፋፈያ ሰንሰለቱን የሽያጭ ክንውኖች ገምግሞ አስፈላጊውን ማበረታቻ ያደርጋል።				
(iv) ለማከፋፈያ ሰንሰለት የሚደረግ ድጋፍ					
11	የስልጠና ድጋፍ በኢትዮ-ቴሌኮም በኩል ይሰጣል።				
12	የገንዘብ ነክ (ብድር ማመቻቸት... ወዘተ) ድጋፍ በኢትዮ-ቴሌኮም በኩል ይሰጣል።				
13	ርዳታ እና አስተያየት በሚያስፈልገን ጊዜ ኢትዮ-ቴሌኮም አፋጣኝ ምላሽ ይሰጣል።				
14	የሽያጭ ስራዎቻችንን ለማገዝ ኢትዮ-ቴሌኮም ባለሙያዎቻን ይልካል።				
(v) የኢትዮ-ቴሌኮም እና የማከፋፈያ ሰንሰለቱ የእርስ በርስ ትስስር					
15	የረጅም ጊዜ ግባችንን ለኢትዮ-ቴሌኮም አሳውቀናል።				
16	የረጅም ጊዜ የእርስበርስ ትስስር ከኢትዮ-ቴሌኮም ጋር እንዲኖረን እንፈልጋለን።				
(vi) በማከፋፈያ ሰንሰለቶች ውስጥ የሚፈጠሩ ግጭቶች					
17	በማከፋፈያ ሰንሰለቱ አባላት ውስጥ የዓላማ እና ተያያዥ ጉዳዮች አለመግባባት በዝቅተኛ ደረጃ ይታያል።				
18	አንድ-አንድ ጊዜ በማከፋፈያ ሰንሰለቱ አባላት ውስጥ የዓላማ እና ተያያዥ ጉዳዮች አለመግባባት መጠነኛ ይሆናል።				
19	በምርት እና አገልግሎት ሽያጭ ወቅት ግጭትን የማወቅ፣ መፍቻ መንገዶች የመፈለግ እና የመፍታት ሙከራዎች በመከፋፈያ ሰንሰለቱ ውስጥ አለ።				
(vii) የማከፋፈያ ሰንሰለቱ አባላት ስነምግባር					
20	የሽያጭ ሥራዎች ኢትዮ-ቴሌኮም ባስቀመጠው ዋጋ መሰረት ይከናወናል።				
21	የግዢ እና ሽያጭ ፈቃድ ከሌላቸው አከፋፋዮች ጋር አንሰራም።				
22	የሽያጭ ሥራዎች ኢትዮ-ቴሌኮም በከለላቸው ድንበሮች መሰረት ይከናወናል።				
(viii) በኢትዮ-ቴሌኮም እና በማከፋፈያ ሰንሰለቶች አባላት መካከል ያለው መተማመን					
23	የአከፋፋይ ሰንሰለቱ አባላት ስምምነቱን እንደሚያሟሉ አምናለሁ።				
24	በአከፋፋይ ሰንሰለቱ ውስጥ ምንም ዓይነት መጭበርበር ደርሶብኝ አያውቅም።				
25	የእኛ እና የኢትዮ-ቴሌኮም ትስስር ከፍተኛ መተማመን ያለበት ነው።				
26	በኢትዮ-ቴሌኮም እና በእኛ በኩል ያለው ቃል ሁሌም የተጠበቀ ነው።				
(ix) የአከፋፋይ ድርጅቶች የማከፋፈል ሥርዓት ተለዋዋጭነት (ግትርነት የሌለበት)					
27	ድርጅታችን የዋና ዋና ምርት እና አገልግሎቶችን ክምችት ከወጪ ቀሪ ቶሎ ቶሎ ይሰራል።				
28	በእኛ እና በሌሎች የማከፋፈያ ሰንሰለት አካላት መካከል ያለው ትስስር ለጥያቄዎች አፋጣኝ ምላሽ ለመስጠት ያስችላል።				
29	ለየት ያለ ችግር እና ሁኔታዎች ሲያጋጥሙን እኛን ለመርዳት ኢትዮ-ቴሌኮም በራሱ ተነሳሽነት ማስተካከያዎችን ያደርጋል።				
(x) የአከፋፋይ ድርጅቶች የመተባበር መንፈስ					
30	አንድ ላይ እንዳለን ያህል ይሰማናል።				

31	እርስ በርስ በስሜት እንደተያያዘን ይሰማናል።						
32	ለኢትዮ-ቴሌኮም መስራት የትልቅ ቤተሰብ አካል እንደመሆን ነው።						
(xi) የአከፋፋይ ድርጅቶች ዝግጁነት							
33	ከኢትዮ-ቴሌኮም ጋር ጠለቅ ያለ የወደፊት ቁርኝት እንዳለን ይሰማናል።						
34	የእኛ እና የኢትዮ-ቴሌኮም ትስስር ጠንካራ ነው።						
35	ከኢትዮ-ቴሌኮም ጋር ለመሥራት ከፍተኛ ፍላጎት አለን።						
(xii) የአከፋፋይ ድርጅቶች ትብብር							
36	የእርስበርስ ግንኙነታችንን ለማጠንከር በትጋት እየሰራን ነው።						
37	የተረጋጋ የእርስበርስ ትስስር ለማጎልበት ከኢትዮ-ቴሌኮም ጋር ለመተባበር ፈቃደኛ ነን።						
38	የጋራ ፍላጎቶችን ለማስጠበቅ ሁልጊዜ እንሰራለን።						
39	ኢትዮ-ቴሌኮም ግቡን እና አላማውን እንዲመታ ለመርዳት እንፈልጋለን።						
(xiii) የአከፋፋይ ድርጅቶች የማነቃቂያ ምክንያቶች							
40	የተሠጠው የሽያጭ ወሰን ላይ ለደረሰ ድርጅት ኢትዮ-ቴሌኮም የሚከፍለው የኮሚሽን ክፍያ በቂ የሚባል ነው።						
41	የምርት እና የአገልግሎቶች ሽያጭ አፈጻጸም ሊተነበይ የሚችል ነው።						
42	እኛ ጥሩ አፈጻጸም ሲኖረን ኢትዮ-ቴሌኮም በቂ እውቅና ይሰጠናል።						
(xiv) በአከፋፋይ ድርጅቶች ላይ ያለው የቅጣት አግባብ							
43	ከተፈጸሙት ጥፋቶች አንጻር በአከፋፋይ ድርጅቶች ላይ የሚጣለው ቅጣት አግባብ ነው።						
44	ቅጣት የተጣለባቸው የአከፋፋይ ድርጅቶች ከሌሎች ተመሳሳይ ጥፋት ከፈጸሙ ድርጅቶች ጋር ሲወዳደር ቅጣታቸው ተመጣጣኝ ነው።						

ክፍል 3: ከአከፋፋይ ድርጅቶች የሽያጭ አፈጻጸም ጋር የተያያዙ ጥያቄዎች

ተ.ቁ.	ዝርዝር ነጥቦች	1	2	3	4	5
1	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. ከፍተኛ የሽያጭ ገቢ አግኝተዋል።					
2	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. ከአጠቃላይ ፍላጎት አንፃር ከፍተኛ ሽያጭ እስገኝተዋል።					
3	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. ከፍተኛ ሽያጭ ለአዳዲስ ደንበኞች ሸጧል።					
4	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. የምርት እና አገልግሎት አቅርቦት ጥያቄ ከፍተኛ በሆነ ሁኔታ አግኝተዋል።					
5	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. የሽያጭ ወሰንን (ከታ) ከማሟላት አንጻር የሚያረካ ውጤት አግኝተዋል።					
6	አከፋፋይ ድርጅቶችን በ2006 ዓ.ም. ጀምሮ የማከፋፈያ ሰንሰለቱ እያሰፋ ይገኛል።					
7	በያዝነው 2007 ዓ.ም የሽያጭ አፈጻጸማችን ከፍተኛ ይሆናል።					

ላደረጉልኝ ትብብር እና ለሰጡኝ እጅግ ጠቃሚ መረጃ በጣም አመሰግናለሁ! ፍሥሐ ኃይሉ

Appendix C: Interview Question for IDC Managers

Interview Questions

1. What kinds of strategies and mechanisms have been used in the entire chain members with relation to the Communication, Coordination, Regulation and Support? If it is not provided yet, or in some extent only, what are those various reasons of not providing?
2. How do you see the relationship between chain members & the company? Do you think that chain members have shared their own long-term goals so as to develop long-term relationship between the companies?
3. Is there disagreement between chain members on goals and perspectives and what attempts have been made from ET so as to detect, resolve and suggest solutions for their disagreements?
4. How do you measure the ethical behaviors of distribution chain members? In which areas (i.e., Distributors, Sub-Distributors and Retailers) the ethical behaviors (territory, Price and selling or buying from unauthorized ones) become intense/lower?
5. Do you think that the distribution chain members trusted the supplier (ET)? What aspects make the company to be trusted by them?
6. What the distribution flexibility of the company and the chain members looks like? What kinds of mechanisms have been used for increasing distribution flexibility (System based, Transportation facilities, Inventory balancing, quick response to the problem faced).
7. How do you see their cooperation and Esprit De Corps so as to meet better sales performance?
8. How do you evaluate the commitment levels of Distributors, Sub-distributors & Retailers for bright future and for the mutual benefits?
9. What are those various motivational factors that have been given for them? Which motivational factors make the distribution chain members to achieve highest sales ever?

10. In relation to bad ethical behaviors, did the company identified types of bad practices and penalize accordingly? And what kinds of –ve/+ve impacts are seen on the distribution chain, totally, and on the punished one’s specifically?
11. What kinds of mechanisms do the company performs for securing highest level of performance? And which of those are frequently used for best achievements?
12. What kinds of problems have been faced on the side of ET & Distribution Chain so as to meet highest level of sales performance?
13. How do you evaluate the sales strategy of the IDC in response to acquiring highest achievement on sales performance of today? Are there any alternative strategies that can make it successful?
14. How do you evaluate the sales performance of the company in relation to the entire demand of the society, the supply of products and services and the future prospects of the company?
15. What do you recommend to improve sales performance and to create smoothen long-term relationship between the distribution chain members and the company?
16. Do you have anything to add?

Thank you in advance for your valuable and in-depth information.

Fissha Hailu

Company mail: Fissha.hailu@ethiotelecom.et

Contact Number: 911-51-04-21

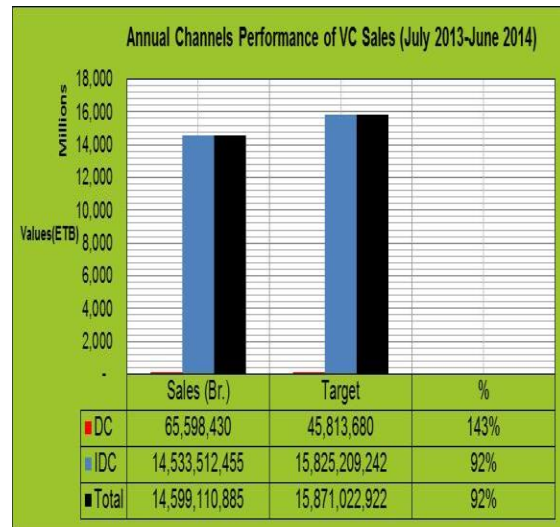
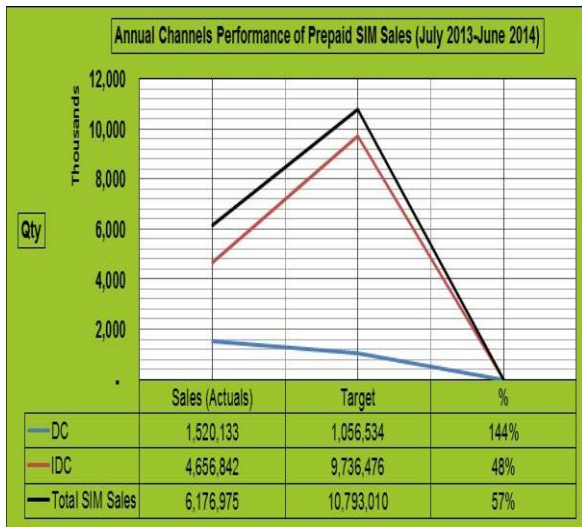
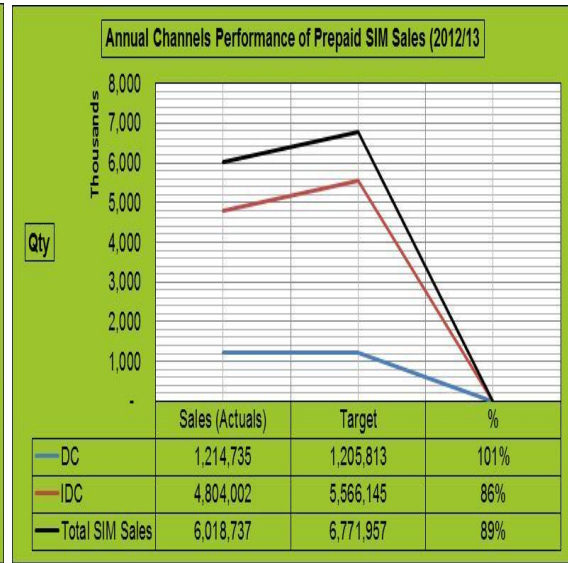
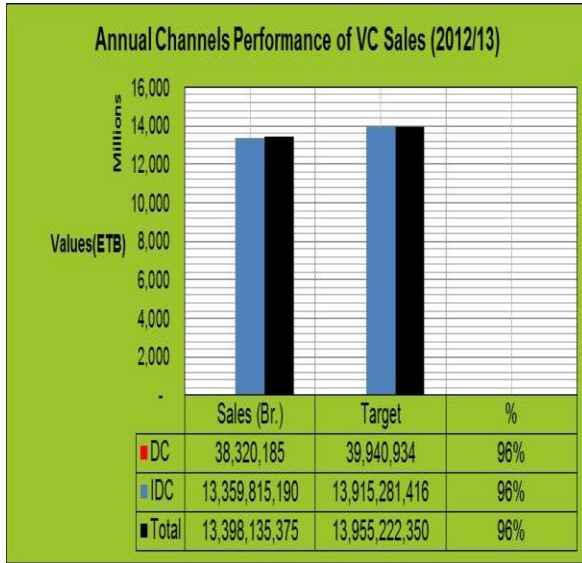
Appendix D: The Total Number of IDC Chain Operating Throughout the Country

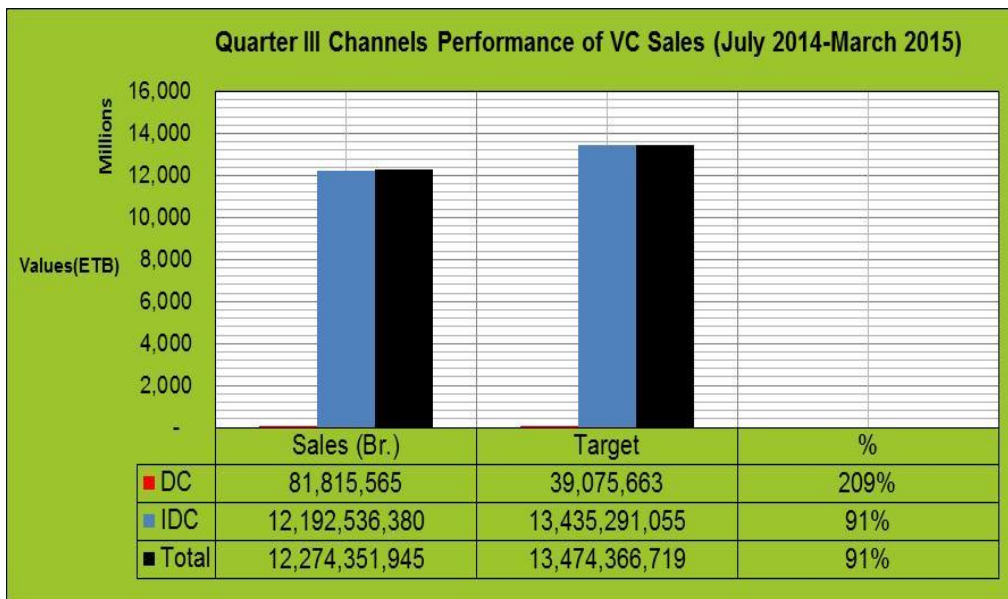
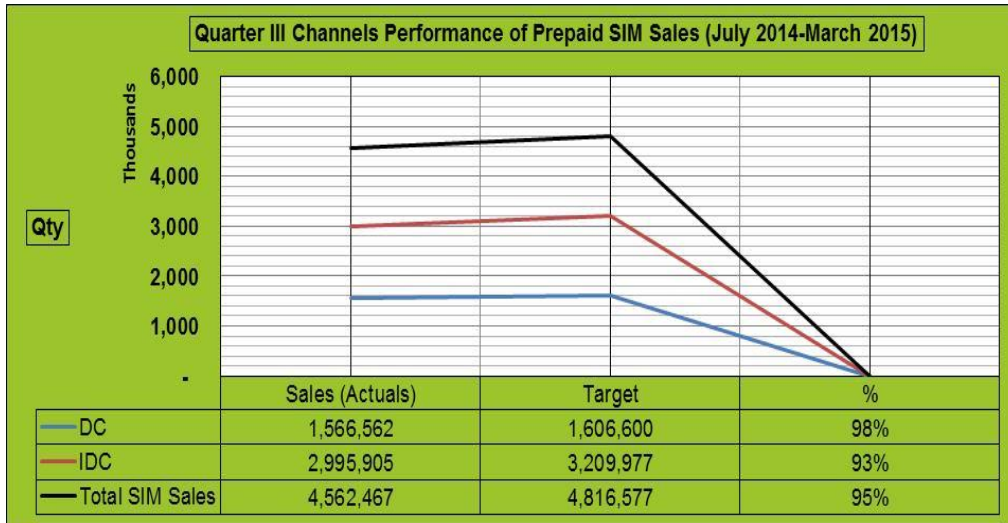
Table: The total number of indirect channel of distribution chain, compiled by the researcher.

S.No	Region/ Zone	Ethio- Telecom's Indirect Channel Distribution Chain Operating in Ethiopia		
		Main Distributor	Sub-Distributor	Certified Retailer
1	Addis Ababa without outstation areas	13	79	1772
2	North Region	2	37	573
3	North East Region	2	21	527
4	North West Region	6	44	466
5	South & SSW Region	7	71	1617
6	South East Region	5	51	812
7	South West Region	1	13	433
8	East & JigJiga Region	3	18	296
9	West & Assossa region	1	19	24
10	National Distributors	2	83	128
	Total	40	436	6992
11	Not Certified	-	-	71,705
	* Total Number of Retailers, POS (including the above certified retailers)			<u>78,697</u>

Appendix E: Ethio-Telecom's Channels Performance Report

Figure – Appendix E: Ethio-Telecom's Direct and Indirect Channels Performance Report





Appendix F: Statistical Outputs

Item-Total Statistics					
Average	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Communication Ave	46.47	114.42	.641	.619	.927
Commitment Ave	46.86	107.79	.777	.821	.923
Conflict Ave	47.04	106.86	.806	.861	.922
Cooperation Ave	46.51	116.00	.513	.578	.930
Coordination Ave	46.89	105.70	.746	.770	.924
Distribution flex Ave	46.96	104.75	.839	.803	.921
Esprit De Corps Ave	47.36	107.28	.715	.784	.924
Ethical behavior Ave	46.66	112.52	.549	.807	.929
Motivation Ave	47.12	111.41	.636	.643	.927
Punishment Ave	47.31	112.27	.479	.748	.932
Regulation Ave	47.17	109.23	.707	.618	.925
Relationship Ave	46.78	107.94	.706	.727	.925
Sales Performance Ave	47.16	117.56	.511	.563	.930
Support Ave	47.37	112.35	.616	.742	.927
Trust Ave	46.74	107.65	.711	.728	.925

Table - 4.8: Service Year Status of the Respondents

Service Year				
		Frequency	Valid Percent	Cumulative Percent
Valid	1	28	16.7	16.7
	2	33	19.6	36.3
	3	34	20.2	56.5
	4	25	14.9	71.4
	5	13	7.7	79.2
	6	14	8.3	87.5
	7	4	2.4	89.9
	8	4	2.4	92.3
	9	3	1.8	94
	10	8	4.8	98.8
	12	1	0.6	99.4
	20	1	0.6	100
		Total	168	100
Missing	(88)	55		
Total		223		

Source: Own Survey, 2015.

SPSS Output; Frequency Table from Questionnaires

Commitment1: We feel as our future is intimately linked to the company.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.7	6.7	6.7
	Disagree	48	21.5	21.5	28.3
	Neutral	47	21.1	21.1	49.3
	Agree	53	23.8	23.8	73.1
	Strongly Agree	60	26.9	26.9	100.0
	Total	223	100.0	100.0	
Mean Value		3.43			

Commitment2: The bonds between us and the company are strong.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	5.4	5.4	5.4
	Disagree	34	15.2	15.2	20.6
	Neutral	58	26.0	26.0	46.6
	Agree	74	33.2	33.2	79.8
	Strongly Agree	45	20.2	20.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.48			

Commitment3: We have a high level of commitment to the company.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.6	3.6	3.6
	Disagree	19	8.5	8.5	12.1
	Neutral	54	24.2	24.2	36.3
	Agree	69	30.9	30.9	67.3
	Strongly Agree	73	32.7	32.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.81			

Cooperation1: We are conscientious and responsive about maintaining a cooperative relationship.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	30	13.5	13.5	13.5
	Disagree	30	13.5	13.5	26.9
	Neutral	34	15.2	15.2	42.2
	Agree	70	31.4	31.4	73.5
	Strongly Agree	59	26.5	26.5	100.0
	Total	223	100.0	100.0	
Mean Value		3.44			

Cooperation2: We are willing to collaborate with the company to enhance the smooth operation of the relationship.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.6	3.6	3.6
	Disagree	23	10.3	10.3	13.9
	Neutral	38	17.0	17.0	30.9
	Agree	85	38.1	38.1	69.1
	Strongly Agree	69	30.9	30.9	100.0
	Total	223	100.0	100.0	
Mean Value		3.83			

Cooperation3: We always act in ways that promote mutual interests.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.9	4.9	4.9
	Disagree	20	9.0	9.0	13.9
	Neutral	34	15.2	15.2	29.1
	Agree	81	36.3	36.3	65.5
	Strongly Agree	77	34.5	34.5	100.0
	Total	223	100.0	100.0	
Mean Value		3.87			

Cooperation4: We are interested in assisting the company to achieve business goals/objectives.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	3.1	3.1	3.1
	Disagree	9	4.0	4.0	7.2
	Neutral	35	15.7	15.7	22.9
	Agree	80	35.9	35.9	58.7
	Strongly Agree	92	41.3	41.3	100.0
	Total	223	100.0	100.0	
Mean Value		4.08			

Distributionflex1: I frequently balance inventory of the key product and services while working.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	9.4	9.4	9.4
	Disagree	40	17.9	17.9	27.4
	Neutral	62	27.8	27.8	55.2
	Agree	66	29.6	29.6	84.8
	Strongly Agree	34	15.2	15.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.23			

Distributionflex2: The relationship between us & other chain members is able to respond quickly to requests.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	9.4	9.4	9.4
	Disagree	45	20.2	20.2	29.6
	Neutral	67	30.0	30.0	59.6
	Agree	65	29.1	29.1	88.8
	Strongly Agree	25	11.2	11.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.13			

Distributionflex3: The company willingly makes adjustments to help us out when we are faced with special problems or circumstances.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	28	12.6	12.6	12.6
	Disagree	33	14.8	14.8	27.4
	Neutral	55	24.7	24.7	52.1
	Agree	73	32.7	32.7	84.8
	Strongly Agree	33	14.8	14.8	99.6
Missing		1	.4	.4	100.0
Total		223	100.0	100.0	
Mean Value		3.21			

Esprit1: We feel like we are “in it together.”

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	12.1	12.1	12.1
	Disagree	32	14.3	14.3	26.5
	Neutral	60	26.9	26.9	53.4
	Agree	61	27.4	27.4	80.7
	Strongly Agree	43	19.3	19.3	100.0
	Total	223	100.0	100.0	
Mean Value		3.27			

Esprit2: We feel emotionally attached to each other to achieve goals.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	10.3	10.3	10.3
	Disagree	53	23.8	23.8	34.1
	Neutral	59	26.5	26.5	60.5
	Agree	62	27.8	27.8	88.3
	Strongly Agree	26	11.7	11.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.07			

Esprit3: Working for the company is like being a part of a big family.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	25	11.2	11.2	11.2
	Disagree	39	17.5	17.5	28.7
	Neutral	63	28.3	28.3	57.0
	Agree	60	26.9	26.9	83.9
	Strongly Agree	32	14.3	14.3	98.2
Missing		4	1.8	1.8	100.0
Total		223	100.0	100.0	
Mean Value		3.10			

Motivation1: The commission payment that the company offers us while meeting the quota is satisfactory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	9.4	9.4	9.4
	Disagree	30	13.5	13.5	22.9
	Neutral	34	15.2	15.2	38.1
	Agree	65	29.1	29.1	67.3
	Strongly Agree	73	32.7	32.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.62			

Motivation2: Our company's sales volume for product and service is predictable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.9	4.9	4.9
	Disagree	20	9.0	9.0	13.9
	Neutral	43	19.3	19.3	33.2
	Agree	80	35.9	35.9	69.1
	Strongly Agree	67	30.0	30.0	99.1
Missing		2	.9	.9	100.0
Total		223	100.0	100.0	
Mean Value		3.74			

Motivation3: When we perform better the company's recognition is satisfactory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.2	2.2	2.2
	Disagree	16	7.2	7.2	9.4
	Neutral	49	22.0	22.0	31.4
	Agree	77	34.5	34.5	65.9
	Strongly Agree	76	34.1	34.1	100.0
	Total	223	100.0	100.0	
Mean Value		3.91			

Punishment1: Punishment on distribution chain is fair compared to the violated obligations.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	7.6	7.6	7.6
	Disagree	48	21.5	21.5	29.1
	Neutral	94	42.2	42.2	71.3
	Agree	58	26.0	26.0	97.3
	Strongly Agree	6	2.7	2.7	100.0
	Total	223	100.0	100.0	
Mean Value		2.95			

Punishment2: Punishment on distribution chain is fair compared to what other distributors with the same dysfunctional behavior.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	6.3	6.3	6.3
	Disagree	44	19.7	19.7	26.0
	Neutral	87	39.0	39.0	65.0
	Agree	69	30.9	30.9	96.0
	Strongly Agree	9	4.0	4.0	100.0
	Total	223	100.0	100.0	
Mean Value		3.07			

Com1: The company's relationships with distribution chain benefit from frequent communication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.2	2.2	2.2
	Disagree	45	20.2	20.2	22.4
	Neutral	23	10.3	10.3	32.7
	Agree	116	52.0	52.0	84.8
	Strongly Agree	34	15.2	15.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.58			

Com2: The company's relationships with distribution chain benefit from Strong tie between communications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	55	24.7	24.7	24.7
	Neutral	34	15.2	15.2	39.9
	Agree	101	45.3	45.3	85.2
	Strongly Agree	33	14.8	14.8	100.0
	Total	223	100.0	100.0	
Mean Value		3.5			

Com3: The company's working relationship with the distribution chain members is characterized by open and honest communication

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	36	16.1	16.1	17.9
	Neutral	48	21.5	21.5	39.5
	Agree	99	44.4	44.4	83.9
	Strongly Agree	36	16.1	16.1	100.0
	Total	223	100.0	100.0	
Mean Value		3.57			

Com4: The company often informs us all information early enough

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	3.1	3.1	3.1
	Disagree	52	23.3	23.3	26.5
	Neutral	37	16.6	16.6	43.0
	Agree	90	40.4	40.4	83.4
	Strongly Agree	37	16.6	16.6	100.0
	Total	223	100.0	100.0	
Mean Value		3.44			

Conflict1: Disagreements of goals and perspectives with our associate have been minimal

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	26	11.7	11.7	11.7
	Disagree	68	30.5	30.5	42.2
	Neutral	68	30.5	30.5	72.6
	Agree	52	23.3	23.3	96.0
	Strongly Agree	9	4.0	4.0	100.0
	Total	223	100.0	100.0	
Mean Value		3.78			

Conflict2: Disagreements of goals and perspectives with our associate have been moderate at times

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	26	11.7	11.7	11.7
	Disagree	65	29.1	29.1	40.8
	Neutral	67	30.0	30.0	70.9
	Agree	52	23.3	23.3	94.2
	Strongly Agree	13	5.8	5.8	100.0
	Total	223	100.0	100.0	
Mean Value		3.83			

Conflict3: There is an attempt to detect, resolve and suggest solution to conflicts stemming from the sales of P&S throughout the chain members

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	10.3	10.3	10.3
	Disagree	62	27.8	27.8	38.1
	Neutral	70	31.4	31.4	69.5
	Agree	52	23.3	23.3	92.8
	Strongly Agree	16	7.2	7.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.89			

Coord1: The company is always looking for synergies to do business together.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.2	2.2	2.2
	Disagree	37	16.6	16.6	18.8
	Neutral	45	20.2	20.2	39.0
	Agree	114	51.1	51.1	90.1
	Strongly Agree	22	9.9	9.9	100.0
	Total	223	100.0	100.0	
Mean Value		3.5			

Coord2: The company and the distribution chain members work together to exploit unique opportunities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.2	2.2	2.2
	Disagree	36	16.1	16.1	18.4
	Neutral	64	28.7	28.7	47.1
	Agree	93	41.7	41.7	88.8
	Strongly Agree	25	11.2	11.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.43			

Ethical1: The sales activity in the distribution chain is performed based on the price set by the company.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	5.8	5.8	5.8
	Disagree	41	18.4	18.4	24.2
	Neutral	60	26.9	26.9	51.1
	Agree	71	31.8	31.8	83.0
	Strongly Agree	38	17.0	17.0	100.0
	Total	223	100.0	100.0	
Mean Value		3.36			

Ethical2: There is no practice of selling and purchasing P&S with unauthorized distributors.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.7	2.7	2.7
	Disagree	27	12.1	12.1	14.8
	Neutral	71	31.8	31.8	46.6
	Agree	74	33.2	33.2	79.8
	Strongly Agree	45	20.2	20.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.56			

Ethical3: The sales trend of the distribution chain is only in its assigned territory.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.5	4.5	4.5
	Disagree	32	14.3	14.3	18.8
	Neutral	69	30.9	30.9	49.7
	Agree	70	31.4	31.4	81.1
	Strongly Agree	41	18.4	18.4	99.5
Missing	1	.4	.4	100.0	
Total		223	100.0	100.0	
Mean Value		3.43			

Regu1: The company monitors the distribution chain sales activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.5	4.5	4.5
	Disagree	45	20.2	20.2	24.7
	Neutral	24	10.8	10.8	35.4
	Agree	108	48.4	48.4	83.9
	Strongly Agree	36	16.1	16.1	100.0
	Total	223	100.0	100.0	
Mean Value		3.52			

Regu2: The company directs the distribution chain sales activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	50	22.4	22.4	24.2
	Neutral	40	17.9	17.9	42.2
	Agree	100	44.8	44.8	87.0
	Strongly Agree	29	13.0	13.0	100.0
	Total	223	100.0	100.0	
Mean Value		3.45			

Regu3: The company evaluates the distribution chain sales activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.6	3.6	3.6
	Disagree	40	17.9	17.9	21.5
	Neutral	46	20.6	20.6	42.2
	Agree	100	44.8	44.8	87.0
	Strongly Agree	29	13.0	13.0	100.0
	Total	223	100.0	100.0	
Mean Value		3.46			

Regu4: The company rewards the distribution chain sales activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	8.1	8.1	8.1
	Disagree	51	22.9	22.9	30.9
	Neutral	51	22.9	22.9	53.8
	Agree	75	33.6	33.6	87.4
	Strongly Agree	28	12.6	12.6	100.0
	Total	223	100.0	100.0	
Mean Value		3.2			

Relation1: We share our long-term goals with this company.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	5.8	5.8	5.8
	Disagree	41	18.4	18.4	24.2
	Neutral	64	28.7	28.7	52.9
	Agree	79	35.4	35.4	88.3
	Strongly Agree	26	11.7	11.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.29			

Relation2: We would like to develop a long-term relationship with this company.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	27	12.1	12.1	13.9
	Neutral	54	24.2	24.2	38.1
	Agree	96	43.0	43.0	81.2
	Strongly Agree	42	18.8	18.8	100.0
	Total	223	100.0	100.0	
Mean Value		3.65			

Supp1: The company has provided us support on training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.7	6.7	6.7
	Disagree	69	30.9	30.9	37.6
	Neutral	52	23.3	23.3	60.9
	Agree	72	32.3	32.3	93.2
	Strongly Agree	13	5.8	5.8	99.0
Missing		2	.9	.9	100.0
Total		221	100.0	100.0	
Mean Value		2.97			

Supp2: The company has provided us credit scheme (financial assistance)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	12.1	12.1	12.1
	Disagree	64	28.7	28.7	40.8
	Neutral	57	25.6	25.6	66.4
	Agree	66	29.6	29.6	96.0
	Strongly Agree	9	4.0	4.0	100.0
	Total		223	100.0	100.0
Mean Value		2.85			

Supp3: Whenever we need help or suggestions, the company responds promptly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	6.3	6.3	6.3
	Disagree	57	25.6	25.6	31.8
	Neutral	52	23.3	23.3	55.2
	Agree	82	36.8	36.8	91.9
	Strongly Agree	18	8.1	8.1	100.0
	Total		223	100.0	100.0
Mean Value		3.15			

Supp4: The company has sent in professionals to assist our business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	4.0	4.0	4.0
	Disagree	39	17.5	17.5	21.5
	Neutral	49	22.0	22.0	43.5
	Agree	99	44.4	44.4	87.9
	Strongly Agree	26	11.7	11.7	99.6
Missing		1	.4	.4	100.0
Total		223	100.0	100.0	
Mean Value		3.41			

Trust1 I: can always trust that my distribution chain associate will fulfill all of its agreements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.9	4.9	4.9
	Disagree	48	21.5	21.5	26.5
	Neutral	45	20.2	20.2	46.6
	Agree	85	38.1	38.1	84.8
	Strongly Agree	34	15.2	15.2	100.0
	Total	223	100.0	100.0	
Mean Value		3.37			

Trust2: I have never felt deceived by my business associates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.5	4.5	4.5
	Disagree	45	20.2	20.2	24.7
	Neutral	52	23.3	23.3	48.0
	Agree	81	36.3	36.3	84.3
	Strongly Agree	35	15.7	15.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.39			

Trust3: Our business relationship with the company is characterized by a high level of trust

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.6	3.6	3.6
	Disagree	53	23.8	23.8	27.4
	Neutral	57	25.6	25.6	52.9
	Agree	77	34.5	34.5	87.4
	Strongly Agree	28	12.6	12.6	100.0
	Total	223	100.0	100.0	
Mean Value		3.29			

Trust4: The promises between the company and us are credible

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	6.3	6.3	6.3
	Disagree	43	19.3	19.3	25.6
	Neutral	50	22.4	22.4	48.0
	Agree	90	40.4	40.4	88.3
	Strongly Agree	26	11.7	11.7	100.0
	Total	223	100.0	100.0	
Mean Value		3.32			

Declaration

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Getie Andualem (Ph.D.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Fissha Hailu

Name

Signature & Date