

Destination Distributor Selection and Relationship Management by SMEs involved in Non-Traditional Exporting: A Case Study of Three SMEs in Ghana

Sena Esi Ahiaboo Govina¹, John Kojo Ahiakpa^{3*} and Anthony Ebo Spio².

¹Ghana Technology University College, Faculty of Engineering, Department of Telecommunications Engineering, PMB 100, Accra-North, Ghana.

²Ashesi University College, Department of Business Administration, 1 University Avenue, Berekuso; PMB CT 3, Cantonments-Accra, Ghana.

³Graduate School of Nuclear and Allied Sciences, Department of Nuclear Agriculture and Radiation Processing, University of Ghana, P. O. Box AE 1, Atomic-Accra, Ghana.

***Corresponding Author:** J.K. Ahiakpa*, Department of Nuclear Agriculture and Radiation Processing, University of Ghana, P. O. Box AE 1, Atomic-Accra, Ghana, Telephone: +233 (0) 264663941/277786645; *Email: jnckay@gmail.com.

Abstract

A survey was conducted to ascertain approaches adopted by small and medium enterprises (SMEs) to assess selection criteria and challenges of managing foreign distributor relationship in marketing of non-traditional exports (NTEs) from Ghana. Praise Export Services Ltd (PESL), Nature's Best Fruits and Juices Ltd (NBFJL) and A₁ Secko Farms (A₁SF), a subsidiary of Secko Foods Ltd were proportionately selected as case studies. Questionnaires and one-on-one interviews were administered to these selected SMEs. The study revealed that, SMEs in the non-traditional export sector of Ghana's export industry employ multiple approaches and strategies in selection of foreign destination distributors. Personal visits, trade exhibitions and 'distributor own initiative' were the most prominently adopted approaches, whereas strategic approach is the least used method for foreign distributor selection. SMEs' relationships with foreign distributors can be classified as porous. Onuses, agreements, goals and objectives of foreign distributors were not defined and formally documented. Trade promotion organisations and business associates were important in selecting foreign distributors and verifying authenticity of distributors' qualities and attributes. Performance records, financial strength, market knowledge, infrastructure, market orientation, product knowledge, non-conflicting portfolio, good reputation and image, commitment and trustworthiness were the major selection criteria for recruiting foreign distributors. Regular communication, competitive pricing, consistent supply of quality and unique products, attractive margins, invitation to SME's home base and extended credit were the key motivators of foreign distributors and agents. Trust, honesty, integrity, consistent supply of quality and unique products, communication, commitment, security in relationship, openness, respect and understanding between SMEs and foreign distributors were key to lasting successful business relationships.

Key Words: Export marketing; foreign distributors; SMEs, relationship management; non-traditional exports.

Introduction

Although Ghana's economy has shown a satisfactory performance in recent years, it is still hugely reliant on agriculture, accounting for about 40% of gross domestic product (GDP) and about half of total employment. Ghana has set the goal of reaching full middle income (upper status) by 2015, mainly through an export led growth and empowerment of the private sector as the principal driver of business. Export led growth requires export diversification and, as a consequence, promotion of non-traditional exports (NTEs) particularly in the wake of economic partnership agreement (EPA) with the European Union. The NTEs comprise all merchandise exports except for cocoa beans, logs and lumber and mining products. They are grouped as agricultural products including horticultural produces, fish and seafood, processed and semi-processed goods; and handicrafts (Takane, 2004; Mensah, 2004).

Ghana's non-traditional export sector is said to have performed well, both in regional and in international markets accounting for 15% of all export earnings (Ghana Export Promotion Authority, 2010). Non-traditional exports alone contributed 48.74% in export earnings generating US\$1.629 billion and US\$2.423 billion in 2010 and 2011, respectively for the nation (Ghana Export Promotion Authority, 2012). The Ghana Export Promotion Authority has therefore; set a target of US\$5 billion in 2015 to be attained from non-traditional exports alone. Recently, as part of government project, Export Development and Agricultural Investment Fund (EDAIF), Marketing and Promotion Division (MPD), Product Development and Supply Base (PDSB), Market Access and Development (MAD), Research and Information Division (RID), Export Trade Information Dissemination and Communication Support (ETIDCS) have been instituted as strategies to provide support in diverse forms (Ghana

Export Promotion Authority, 2012) to local SMEs in the non-traditional export sector. The European market has been the main market destination of Ghanaian non-traditional exports (NTE), absorbing about 82.6% of the total agricultural exports in 2004 (Addo and Marshall, 2000).

Foreign distributor management is however, an important element of the export marketing mix as it encompasses many essential aspects: how to manage accounts; the quality of distributor management; delineation of distributor territories and resolving overlaps; the size of distributor margins and pricing (Ghobril, 1997). Local SMEs face ever-increasing competition as they endeavour to penetrate international markets. Destination distributors or agents carry on the responsibility of marketing SMEs' product and services to customers in foreign markets. Sales performance and marketing strategy implementation will be directly tied to the result of each decision. The characteristics that contribute to successful destination distributors are numerous, making it imperative for local SMEs to employ a systematic approach in selection and recruitment of foreign destination distributors.

It has been observed that the critical role of foreign distributors in export performance and for that matter, export success cannot be underestimated. Overseas distributors are an important part of many SMEs involved in international business, as majority of export sales in the free world today are conducted through independent distributors (Rosson and Ford, 1982). Export has been described as the bedrock of economic development of any country. What is needed in most developing countries' (like Ghana) to make economic development realistic and meaningful is to engage in effective export marketing and marketing in general (Opara and Adiele, 2010). Whereas export in itself is part of an economy's international trade relationship, distributor relationship management is one of the key ingredients that will contribute to the success of and /or failure of exports.

Once the finished product is exported overseas, the rest is the distribution effort that will bring the product to the final consumer. In this regard are the key distribution challenges. Some perceived problems and questions that the study sought to answer include the underlisted:

- i. In contending with challenges of export marketing, exporters may distribute directly to the end user or customer or engage the services of distributors. Where foreign distributors are engaged, what approaches are used by Export Companies in the non-traditional export sector in selecting these foreign or destination distributors or agents?
- ii. After the relationship has been established as a direct outcome of the selection process, how are the foreign distributors' or agents' relationship managed to ensure the success of marketing non-traditional products?
- iii. Relationship management may be constrained by issues or challenges that may affect the quality and continuance of the relationship. What factors are responsible for a successful relationship Management?
- iv. What are the challenges to Foreign Distributor Relationship Management in marketing non-traditional export products?

The study was thus, aimed at investigating foreign distributor selection and relationship management practices on selected non-traditional exporting SMEs in Ghana; ascertain what constitutes best practices or otherwise in managing foreign distributor relationship in the non-traditional export sector.

Research Methodology

Questionnaires were administered to managers and owners of SMEs in the study area and in-depth interviews conducted to gain insight and knowledge of the challenges and approaches of export marketing among Ghanaian exporting SMEs. Information on the current state of development of the non-traditional export sector of Ghana were sourced from publications from government institutions such as the Ghana Export Promotion Authority (GEPA), Ministry of Trade and Industry (MoTI), Federation of Association of Ghanaian Exporters (FAGE) and SMEs engaged in exports of non-traditional products from Ghana. Three SMEs (cases) engaged in non-traditional exports for the past five years were sampled for this study, namely Praise Exports Services Limited (PESL), Nature's Best Fruits and Juices Limited (NBFJL) and A₁ Secko Farms (A₁SF), a subsidiary of Secko Foods Limited.

Export managers, marketing directors, customer service managers, and general managers directly involved with destination distributors selection, recruitment and relationship management were interviewed and interacted with for the study. A challenge that was faced in the administering of the questionnaire was the response time from staff. Two (2) weeks grace period was initially given to respondents but had to be extended to three (3) weeks because some of the respondents took a longer time to respond to the questionnaires.

Research Design

The case study strategy was used to review approaches for selection and foreign distributor-exporter relationship management by SMEs in the non-traditional export sector in Ghana. The study took an investigative and

qualitative approach in order to discover, describe and analyse rather than to measure phenomena. This study though is investigative in nature ultimately arrived at:

- a portrayal of approaches adopted by non-traditional exporters in Ghana for selecting and recruiting foreign distributors and agents
- a 'toolkit' as a guide for non-traditional exporters in Ghana

The interview was an open discussion on approaches and relationship management practices adopted by Praise Export Services Limited (PESL), Natures Best Fruits and Juices Limited (NBFJL) and A₁ Secko Farms (A₁SF); specific questions asked included specific approach for selection of foreign distributors and infrastructure for relationship management, policy framework for business (formal contract), arbitration and resolution of conflicts, monitoring and measurement of distributor performance (meeting set targets). The following areas coinciding with the research objectives were covered:

- SMEs background and export history
- Selection of foreign distributors/agents
- Relationship management and marketing
- Elements of successful relationship management
- Causes of relationship breakdown
- Foreign distributor and export success

The interviewees were also given the privilege to express views on how relationships were managed by these SMEs, problems encountered by them in terms of budgetary allocations for logistics, space and training activities for staff and distributors. Responses from interviewees were recorded in a notebook.

Data Analysis

Responses from the questionnaire administered and interview conducted among the three SMEs were content analysed. Analysis was done by grouping responses in the context of the five (5) sections in the questionnaire. Tables were provided for each section of the questionnaire and responses gathered were recorded therein.

Results and Discussion

Background of SMEs and Export History

Praise Export Services Limited (PESL)

Praise Export Services Limited (PESL) is a 100% Ghanaian owned food-processing company incorporated in 1994 as a private Limited Liability company. The company first started operating as a service provider in the areas of packaging, documentation and shipping with a three (3) member staff. In 1995, PESL started exporting a small range of local processed and non-processed food stuffs, like Gari and fresh yams to the United Kingdom. The company has been gradually adding to its list of processed foods over the years, such that it presently processes over a dozen food preparations for export not only to the US, Canada and UK but also to other European countries, including the Netherlands, Australia, Germany and Norway, generating an average annual turnover of GH¢2,000,000.00. PESL presently has staff strength of 110 and operates from three different sites producing and packaging Canned palm cream concentrate, Canned egg plants, Edible palm oil, Banku mix, Gari, Cereal Mix, Kokonte, Hausa Koko Powder, Peanut Butter, Barbecue Powder, etc.

Nature's Best Fruits and Juices Limited.

Nature's Best Fruits and Juices Ltd is a Ghanaian-based company that specialises in the production of quality dried tropical fruits. The company is mainly into processing of dry and fresh organic fruits. Dried Organic Pineapples, Dried Organic Mango, Dried Organic Coconut and Dried Organic Banana are currently exported by the SME to USA, UK, Canada, Netherlands, South Africa and Germany.

A1 Secko Farms

A1 SECKO Farms, a subsidiary of SECKO Foods Limited is a wholly Ghanaian owned food-processing company incorporated in 1996 as a private Limited Liability company. SECKO Foods Limited has over the years been producers of variety of processed foods including bakery products, fresh mango fruit, oyster mushrooms, fresh tilapia and palm fruit. In 2004, the company in collaboration with local mango farmers in the Somanya district began exporting fresh mangoes to neighbouring countries such as Togo and Benin and currently export fresh mangoes to East Africa, central Africa, and south Africa, the US, UK, Germany and Australia.

Core Operations, Annual Turnover and Percentage Turnover per Export of SMEs.

The core operations, average staff strength, number of respondent per SME, exporting experience, annual turnover and percent turnover from export of Praise Export Services Ltd, Nature's Best Fruits and Juices Ltd and A₁ Secko Farms are shown below in Table 1 and Figure 1. From the table, responses are highest in NTE

processing sector for Praise export services Ltd. This SME has the highest number of employees, 19 years experience in export, the highest annual and moderate percent turnover from exports. Praise export services Ltd has been exporting NTEs for over ten years now and as such has garnered vast experience in the sector which is reflective in their infrastructural setup, products branding, market coverage, foreign distributor selection and relationship management strategies.

Processing is the core business of Nature’s Best Fruits and Juices Ltd, with less number of employees and has been in the export business for less than ten years. It can be said that the number of sector an SME engages in plays a major role in contributing to overall turnover and market coverage as evident in the inventory of this SME.

A₁ Secko Farms has been exporting for close to five years now. This SME is into production of fruits and vegetables with marketing of agro-produce as core operation. The company is still in her infant stage of development with less number of employees (47). About eighty five percent (85%) of her annual turnover (GH¢180,000) is derived from export.

Table 1: Profile of SMEs used for the Study

SME	Core operational Area of SME	Number of employee	Exporting experience	%Export turnover	Annual turnover (GH¢)
PESL	Processing/manufacturing	50	11-15	85	2000,000
NBFJL	Food processing	48	1-3	98	160, 000
A ₁ SF	Marketing/fresh fruit&vegetables	47	1-5	85	180, 000

However, among all three SMEs, response rate for the questionnaires were generally low due to a number of factors. Fatigue in answering these questionnaire because they have been inundated earlier with lot of surveys by other researchers; employees were putting their annual report together to their heads of unit and others were tasked to combine colleagues’ duties with their own duties as some were indisposed.

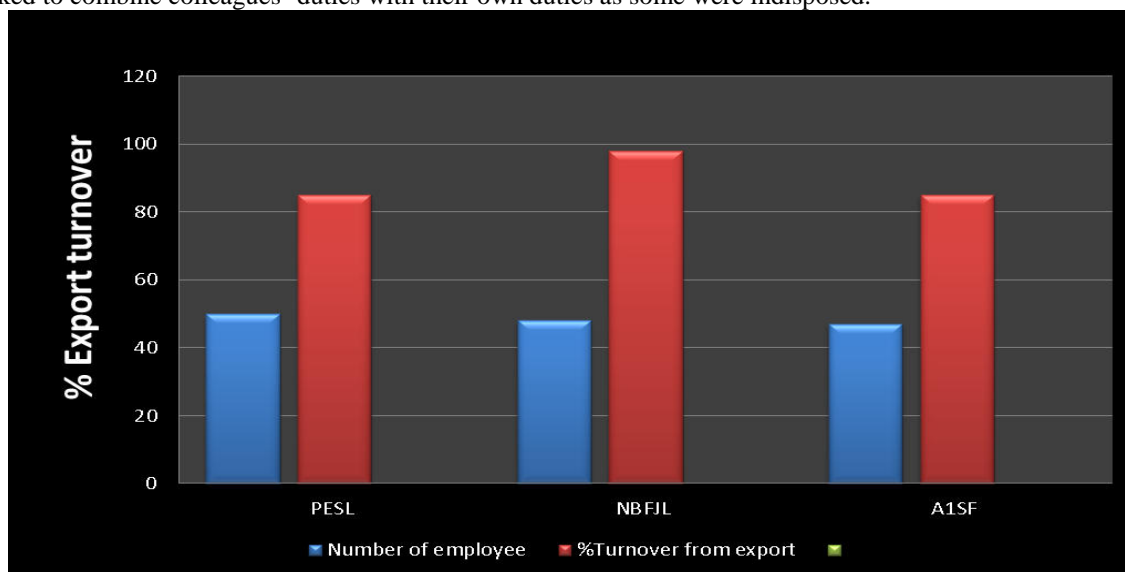


Figure 1: Impact of Size of SME on Export Turnover

The questionnaire was consequently kept simple, clear and concise to address the above concerns. From table 1, it can be established that among the three SMEs (cases), Praise Export Services Ltd (PESL) and A₁ Secko Farms are more experienced in exporting while Nature’s Best Fruits and Juices Ltd is less experienced in exporting. Thus, 67% of the SMEs have been exporting for more than five years. This may be indicative of the low rate of entry into the non-traditional export sector in Ghana which should be of deep concern to the export industry after four years of the implementation of the national export development strategy (Takane, 2005) and the ‘controversial’ economic partnership agreement (EPA). The key target of the strategy is to promote and accelerate the development and expansion of the production base of non-traditional exports (NTE), and diversify Ghana’s export base from traditional exports (Ghana Export Promotion Authority, 2007).

Also, from the results above, all three cases (SMEs) have their annual turnover being less than 6 million dollars and could be classified as passive exporters according to Spio (1999). This could be a huge limitation to their capacity to adequately invest in their export business. It is therefore important that all the export marketing mix

including foreign distributor selection and sustained management of distributor relationship which are the main focal drives of this study be properly handled and managed to ensure accelerated growth of the non-traditional export industry in Ghana since their contributions to the national economy is enormous and even in the waves of EPA.

APPROACHES ADOPTED BY SMEs FOR SELECTION OF FOREIGN DISTRIBUTORS AND AGENTS

Foreign distributor selection criteria by the three SMEs differ from SME to SME. All the three SMEs employ more than a single approach in selecting their destination distributors or agents. Common strategies and approaches adopted by the three SMEs (Cases) in selection and recruitment of foreign distributors and agents are displayed in the Figure 2 below.

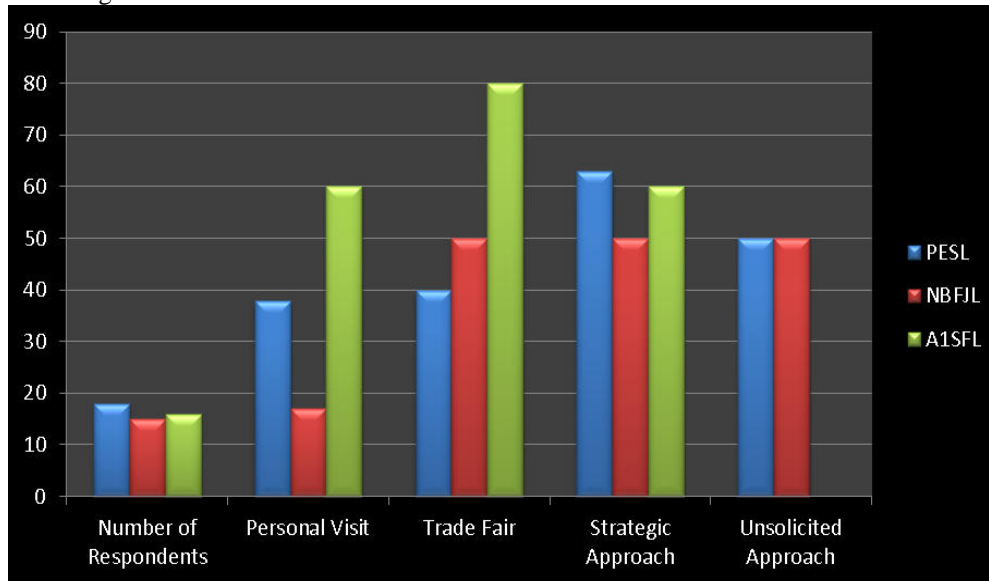


Figure 2: Foreign Distributor Selection Approach

From the figure (2) above, personal visit, strategic approach (where SMEs devote resources including time to develop and nurture relationship with their distributors to grow brands), network approach (Addo and Marshall, 2000) and unsolicited approach are the frequently used criteria for recruiting destination distributors. The main exporting modes used by Praise Export Services Ltd are the use of wholesalers or distributors and agents. However, the choice of mode of exporting is dictated by country and the import regulations of that country, the type of products being exported, the level demand for products and capacity to meet them in that country, competitiveness of products and corporate targets for a particular market.

On the other hand, trade exhibition/fair, strategic approach, network and unsolicited approaches are among the key criteria adopted by Nature's Best Fruits and Juices Ltd in selecting and recruiting destination distributors. It can be observed that, the predominant criteria used by Nature's Best Fruits and Juices Ltd are strategic approach, unsolicited and trade exhibitions. Nature's Best Fruits and Juices Ltd however employ the services of wholesalers and distributors as their main mode of exporting. According to most of the respondents interviewed (Table 1), factors such as the type of products being exported, market prospects, country and the import regulations of that country are key for the choice of mode of exporting.

Again, responses from A₁ Secko Farms Ltd revealed that, the SME uses multiple methods in scouting and selecting foreign distributors. Some methods may seem to predominate in all three cases; one cannot conclusively assert that this is dictated by the core operations of the SME. The study has revealed that the three SMEs export their products through various means and some firms do combine different modes simultaneously. The main exporting modes used by A₁ Secko Farms include the use of wholesalers or distributors and agents and end-users such as manufacturing companies. Respondents of this SME insisted that the choice of approach of exporting is determined by country and the import regulations of that country, the type of products being exported, the SME's financial standing, potential market prospects for their products, level of competition and non-competitive products and set objectives for that market.

Personal Visit Approach

Senior personnel from the exporting SME make a visit to the target markets to prospect for customers without prior identification of prospective customers from any source. The SMEs scout the market for customers who deal in their products making presentation of their products to as many distributors as possible. The exporters

may also take the opportunity to assess the prospective distributors to start a relationship with any distributor who expresses interest in their products and commence dealing with them on their return home. The possibility of getting a suitable distributor is completely left to chance; hence Spio (1999) described this kind of approach as "Try and Error" approach.

Trade Exhibition Approach

This is where exporters meet prospective foreign distributors at trade fairs/exhibitions and trade missions to overseas markets. Praise Export Services Ltd asserted that most of their trusted and reliable distributors have been met at trade exhibitions. The exporters engage in business discussion with the aim of developing acquaintance with prospective distributors. SMEs may then start experimenting after the exporter has returned to his home country. Promising initial relationship may culminate in a lasting business venture.

Unsolicited or Distributor Own Initiative Approach

This is where the SMEs enlist prospective customers who express prior interest in distributing their products abroad. In the experiences of the three SMEs (case), these customers usually apply to through their contacts provided on their products; others also are recommended and guided by relations and business associates abroad to apply formally to the SMEs. The SMEs shortlist these applicants and undertake verification checks on their reputation, financial standing, influential knowledge of the market and dependableness of doing business with them. They also confirm from relations and business associates who directed them. They however hardly make a formal visit to the applicant.

Strategic Approach.

With this approach, SMEs devote resources including time to develop and nurture relationship with their distributors because they tend to have brands to grow, hence role of distributors is indispensable to the realisation of set export targets. These prospective distributors are mostly sourced from directories of Ghana Missions Abroad (GhMA), Ministry of Trade and Industry (MoTI), Ghana Export Promotion Authority (GEPA) and Federation of Associations of Ghanaian Exporters (FAGE) and other trade associations. These bodies assist the SMEs to authenticate the creditworthiness and capacity of these distributors. The SMEs then communicate to these distributors expressing their interest in doing business with them. Two of the SMEs sampled (Praise Export Services Ltd and A₁ Secko Farms) do request for scheme of work or marketing plans from prospective distributors who agree to work with them. The SMEs then assess the scheme of work of the prospective distributor and sometimes may travel to the distributor's home country for further deliberations prior to enlistment. This strategic approach adopted by these three SMEs can be summarised diagrammatically to follow a systematic pattern as proposed by Spio (1999).

Table 2: Strategic Approach for Selection of Foreign Distributor

Step 1:	Select market via friends, business associates or trade exhibitions
Step 2:	Locate and collect information on prospective distributors via GhMA, FAGE
Step 3:	Verify financial standing of prospective distributor via credit agencies
Step 4:	Assess reputation via friends, relations & business associates prior to selection
Step 5:	Formally write to distributors with ideal reputation and character
Step 6:	Visit prospective distributors for assessment and face-to-face deliberations
Step 7:	Presentation and negotiation with prospective distributors
Step 8:	Finalise decision and appoint a distributor

The systematic illustration of the strategic approach presented above (Table 2) may look less complicated compared to those that pertain in larger corporate institutions, but it is very systematic in nature hence the name strategic approach may be appropriate in a sense. This approach could be even adapted in unsolicited approach by SMEs to engage in a more formalised approach to selection of foreign distributors which will breed more confidence between the exporter and the distributor.

Foreign Distributor-Exporter Relationship Management

About eighty percent (80%) of respondents admitted that impact of foreign distributors is so huge and that they were integral to successful marketing of their products abroad. They further claimed that the distributors were in good relationships with them. It is important to note that SMEs, deal with distributors strictly on a contract basis. They agree on specific profit objectives, sales objectives and occasionally on market share objectives. The SMEs sometimes select their distributors based on documented profile and criteria. Performance records, financial strength, market knowledge, market coverage, good reputation or image and trustworthiness are the main qualities they look for prior to recruiting any foreign distributor.

However, sales objectives and revenue objectives are agreed on as annual objectives between them and their foreign distributors. This is consistent with findings of Shipley et al. (1989, pp.80) that atleast these two key

targets are common among serious exporting SMEs. Nature's best fruits for instance, have a written down profile of services for all their foreign distributors as confirmed with this assertion; *'the ability to promote and market our products abroad, achieve a certain sales target, perform business on behalf of our company without engaging in activities detrimental to our interest, must be a legally registered business entity in country of distribution and adhere to local tax laws are the conditions anybody or entity must satisfy to become our distributor'* (the Export Manager, Nature's Best Fruits&Juices Ltd, 2012).

Additionally, performance records, financial strength, market knowledge, infrastructure such as warehouse and delivery vans, market orientation, product knowledge, non-conflicting portfolio (not carrying competitive lines), good reputation/image, personal commitment and trustworthiness are the essential qualities SMEs consider in appointing foreign distributors. This finding is in consonance with Spio (1999, pp. 84) and Ramaseshan and Patton (1994). They suggested that small business exporters, even with a high volume of exports are extremely circumspect in selecting foreign distributors and managing their direct channel operations in foreign countries. One of the main benefits of appointing foreign distributors is that, it is relatively inexpensive and affordable; hence the use of foreign distributors by SMEs in the non-traditional export sector in Ghana is in the right direction; as it spares them extra cost in managing their foreign operations.

Third party verification of the authenticity of foreign distributors is conducted through the Federation of Associations of Ghanaian Exporters (FAGE), partners of Ghana Chamber of Commerce (GCC), Ghana Trade Union Congress (TUC), Chamber of Commerce (CC) in the country of distribution, and Credit Reporting Agencies (CRA) in the country of distribution. Lindgren and Rosendahl (2004) emphasised the relevance of third party verification of authenticity of foreign distributors by SMEs. This instils mutual certainty between the exporter and distributor, strengthens confidence and openness in the business relationship, and facilitates quality service delivery as both parties mutually act as a check on direction of the business (Addo and Marshall, 2000). The Ghana Export Promotion Authority (GEPa), Ghanaian Embassies Abroad (GEA), Ghana Investment Promotion Centre (GIPC) and credit guarantee and insurance companies such as friends, perceived trusted customers, other distributors and business associates are local bodies contacted by SMEs to verify authenticity of foreign distributors.

Elements of Successful Business Relationship Management

A healthy relationship is the livewire of any human institution and is no exception in business. Responses from this study highlight sustained progress in export sales and lasting business engagement with foreign distributors as manifestations of fruitful business relationship. The content analysis of the questionnaires and interview responses revealed that trust, honesty, integrity, consistent supply of quality and unique products, communication, commitment, security in relationship, openness, respect and understanding are key ingredients of a successful business relationship between non-traditional exporters and foreign distributors. Leonidou and Kaleka (1998, pp.391) and Spio (1999, pp. 119) have observed that export development is closely linked with high levels of trust among numerous other factors which is consistent with findings of this study. The emphasis of trust is indicative of duration of relationship since it is not predicated on a single transaction and therefore requires trust, honesty and integrity for sustaining it.

Communication, security of commitment in relationship and openness equally received significant mention among respondents. Louter et al. (1991), Leonidou and Kaleka (1998, pp.391) observed that export development is directly linked with greater resource and personnel commitment, more communication sufficiency, high levels of co-operation and substantial partnership dependence, thus giving credence to the observation of the study. Communication, commitment and openness were particularly noted by respondents as key to long-lasting successful exporter and distributor relationships. Consistent supply of quality and unique products were key motivating factors for foreign distributor and exporter relationships; but not sufficient to accomplish a successful business relationship for the long term as supported by Spio (1999, pp. 121) and Piercy et al. (1997). They concluded that product quality and competitive pricing are essential but not sufficient for sustained and lasting exporter-importer relationship.

Causes of Exporter-Distributor Relationship Breakdown

Findings of the study show that SMEs in the non-traditional export sector have ever experienced conflicts with their destination distributors and occasionally escalated into complete ruin or breakdown of the business relationship. Non-payment, delay in payment of debt, unsatisfactory performance, personality clashes and unreasonable demands by distributors were cited as leading debilitating factors to breakdown in business relationship. This is however at variance with reports of Spio (1999, pp. 124).

Unsatisfactory performance by either party, particularly foreign distributors was identified as one of the most predominant causes of breakdown in relationship between SMEs and their foreign distributors. The root cause of unsatisfactory performance has been referred to as role and domain incongruity by Bowersox and Cooper (1992, pp. 327). They argued that role definition represents a code of conduct defining a channel member's

anticipated contribution, permitting members to predict the behaviour and measure contribution of each partner. Thus, poorly defined role may precipitate conflicts among channel members. Findings of this study has uncovered that SMEs in the non-traditional export sector scarcely document profile of foreign distributors' role and sign legal contracts with them to concur with specific goals and targets. This probably is the root cause of unsatisfactory performance as there will be different expectations from either party, which may results in frustration on either side when expected sales performance does not materialise.

Conclusion

Diverse approaches or strategies are available for selection of foreign distributors; however, local SMEs in the NTE sector employ multiple strategies or approaches. Personal visit, trade exhibition and distributor own initiative is the frequently used method by SMEs in the non-traditional export sector in Ghana for recruiting foreign distributors and agents. Strategic approach is the less used method by SMEs in selecting their foreign distributors. However, selection criteria adopted by most of these local SMEs to recruit their foreign distributors are defined by their resource strength, business size, and perceived ability. This study has however accentuated the necessity for advanced screening and verification of each distributor prior to selection. The strategic approach for selection of foreign distributor is unequivocally recommended for SMEs since it is systematically structured and documented and will assist SMEs to circumvent avoidable mistakes in selection and recruitment decisions; as successful management of relationships between SMEs and foreign distributors requires a balancing act between pragmatism and professionalism.

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Supplementary Material

Destination Distributor Selection and Relationship Management by SMEs involved in Non-Traditional Exporting: A Case Study of Three SMEs in Ghana

Introduction

Foreign distributors/agents play a very important role in the performance of companies broad. It is therefore pertinent to understand how exporters manage their relationship with them. This will enable us build wealth of knowledge and devise means of improving Ghanaian exporters' relationship with their foreign distributors/agents. The ultimate aim is to significantly improve Ghana's export performance in an increasing competitive world market.

Your participation in this research is of particular importance and we greatly appreciate the time and effort you will invest in answering the questionnaire.

Questionnaire

Please indicate the name of your company:

1. Which of the following does your company use to export its products?

(Please tick all that apply to you)

- Agents
- Wholesalers/distributors
- Direct to supermarkets/department stores/end-users
- Own distribution outlet/sales office
- Others (specify)

2. Which of the following describes your company's approaches to selecting/appointing foreign distributors/agents?

(Please tick all that apply to you)

- A visit by a person from our company to target market to prospect for distributors/agents.
- Enlist distributors/agents you meet at Trade Exhibitions/Fairs.
- Employ the services of third party distributor/agent recruitment companies/firms e.g. Ghana missions abroad
- Enlist distributors who apply to sell our products.
- Recruit foreign distributors/agents based on the recommendation of friends, business associates, customers, suppliers, bankers etc.
- As part of export plan shortlist and write to prospects obtained from a directory, evaluate, visit prospects and appoint.
- Others (briefly describe)

3. Does your company set annual objectives in each of the following areas, which you strive to achieve? (Please tick one box on each line)

- | Yes | No | Sometimes | |
|--------------------------|--------------------------|--------------------------|-------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Profit objectives |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sales objectives |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Market Share objectives |

4. Does your company have formal contracts/agreement with your foreign distributor/agents? (Please tick one box only)

- Yes
- No
- Sometimes (specify)

5. Does your company set/agree on annual targets with your distributors/agents in each of the following areas for them to achieve? (Please tick one box on each line)

- | Yes | No | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Sales Objectives (e.g. tonnage, cartons, cases etc.) |
| <input type="checkbox"/> | <input type="checkbox"/> | Revenue objectives |

6. Does your company have a written down profile of services you want your distributors/agents to perform for you? (Please tick one box only)

- Yes (specify).....
- No

7. Does your company document specific qualities, which guide in selecting distributors/agents? (Please tick one

box only below)

- Yes
- No

8. Now concerning qualities that exporters look for in appointing distributors/agents, which of the following does your company consider very important in appointing foreign agents/distributors? (Please tick all that apply)

- Performance record
- Financial Strength
- Market Knowledge
- Coverage
- Infrastructure (e.g. warehouse, delivery vans, etc.)
- Contacts
- Marketing Orientation
- Product Knowledge
- Non-conflicting portfolio (i.e. not carrying competitive lines)
- Well managed
- Long established
- Good reputation/image
- Availability of Sales force
- Commitment
- Trustworthiness
- Others (specify)

9. Does your company seek Third Party verification of the authenticity of foreign distributor/agents? (Please one box only)

- Yes
- No

10. Which organisations or persons verify the authenticity of the distributors/agents' claims about the qualities mentioned above? (Please tick all that apply to you)

- Ghana Export Promotion Authority (GEPA)
- Ministry of Trade and Industry (MOTI)
- Ghana Embassies Abroad
- Credit Guarantee and Insurance companies (e.g., Friends, customers, other distributors, business associates)
- Trade Associations (e.g., Federation of Ghanaian Exporters, Ghana Chamber of Commerce, Trade Union Congress)
- Other (specify).....

11. Where you have experienced satisfactory relationships with your foreign distributors/agents, what would you say are the reasons for the success? (Please tick all that apply to you)

- Trust/Honesty/Integrity
- Consistent Supply of quality/unique products
- Understanding
- Communication
- Commitment
- Co-operation/Assistance
- Security in relationship
- Respect
- Openness
- Friendship/Social Interactions
- Customer contacts (e.g. Personal Visits)
- Others (specify)

12. What motivates your foreign distributors/agents to strive to improve sales or increase their focus on your company's products?

- (Please tick all that apply to you)
- Personal Visits
 - Competitive pricing
 - Attractive margins
 - Financial support for plans/programmes
 - Consistent supply of unique/quality products
 - Social interaction/friendship
 - Invitation to exporters' home base (Ghana)
 - Extended Credit
 - Receptive to Distributors/Agents ideas
 - Regular Communication
 - Provide Training for agents/distributors & staff

Others (specify).....

13. We now want to consider the impact of your foreign distributors/agents' performance on your export business. How will you rate their impact? (Please tick one box only)

- Big Impact
- Moderate impact
- No impact

14. Has your company experienced any conflicts or breakdown in your relationship with foreign distributors/agents? (Please tick one box only)

- Yes
- No

15. What in the experience of your company have been the causes of the conflicts/breakdown in the relationship? (Please tick all that apply)

- Delay/non-payment of debt
- Personality Clashes
- Taking on distribution for competitors
- Breach of agreement/contract
- Unreasonable demand on partner
- Unsatisfactory performance
- Conflict on future direction of business/brands
- Dishonesty/Fraud/Bribery
- Cultural Differences
- Others (specify)

16. How does your company resolve such conflicts? (Please tick all that apply)

- Negotiation
- Termination of distribution/agency agreement
- Suspension of supplies
- Legal Action
- Others (specify)

17. About your Company

I. What percentage of your company's sales is derived from exports?

II. How long has your company been exporting? (Please tick one box only)

- Less than one year
- 1-5 years
- 6-10 years
- 11-15 years
- more than 15 years

III. Approximately how many employees work in your company?

IV. Approximately, what is your annual turnover?

V. What sector of the Non-Traditional Exports are you in? Please indicate (Examples: Artefacts, processed food, fresh fruits & vegetables, Alcoholic beverage, salt, aluminium products etc.)

VI. What is your core operation? (Please tick one box)

- Manufacturing
- Marketing
- Processing
- Fishing (Seafood only)
- Others (specify)

VII. Which of the following persons in your organisation is responsible for managing your company's relationship with foreign distributors/agents. (Please tick one box only)

- Managing Director
- Marketing Director
- Export Director
- Export Manager
- Customer Service Manager
- Sales Manager
- Other (specify)

Thank you very much for your time and help. Please mail the completed questionnaire in the enclosed envelope to Sena Esi Ahiaboo Govina, Tel: 0202698218 (senahia@yahoo.co.uk).

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