

Article

International Business, Product Change Exercise, and Evaluation: Lesson from Ethiopia

Tessema B. Woldegiorgis (Ph.D.)

ID: UD46581BBU55486

July 2017

Copyright© 2017 Tessema B. Woldegiorgis

All rights reserved.

International Business, Product Change Exercise, and Evaluation

Abstract

A natural statistic for international business or trade, i.e. the trading volume compared to GDP, is introduced and its shortcomings are highlighted. In attempting to improve on significance towards socio-economic considerations, more appropriate key ratios and parameters are presented and put into context, both in developing and developed nations. International business or trade describes generally the exchange of goods and services between nations. This kind of transaction between nations could contribute to the economic development countries. According to World Trade Organization (WTO) within the last 25 – 30 years international business/ trade displayed an important expansion, such that the global traded value "increased by more than 7 percent per year on average [...], reaching a peak of US\$ 18 trillion at the end of [2011]" (World Trade Organization, 2013, p. 5). Anton (2013) sheds light that this represents nearly a quarter of the gross world product (CIA, 2013) and might be due to a wide range of multinational trade agreements between nations as well as advances in technology, leading to an increase in tradable goods and logistic capabilities. In this article lessons from Ethiopia is also highlighted.

World Bank (2013) report asserted a rising GDP can be seen as an indicator of a country's economic development; and it is, in turn, more or less linked to its trading activity. However, some countries are exporting a moderate 25 % or less of their GDP, whereas the relative success and wealth of others are based heavily on trade. For instance, Singapore exported about 207 % of its' GDP value in 2011 Nevertheless, trading volume in relation to GDP is not an absolute determinant for comparing countries and their socio-economic development. The USA, for example, exported only about 14 % of its GDP in 2011, which however translates to more than 60 times the value of Singapore. It is therefore seen as a methodological mistake to use this number (export volume divided by GDP) as the main element for socio-economic comparison, better-suited elements, factors and measures are called for.

Introduction

There is a fundamental truth about construction. Any building that is constructed has a better chance at lasting on bedrock than on sand. That is a guarantee! This is why it is so important that your business has a solid foundation. How can you make sure that this is the case with your business? By honestly taking stock of how you have structured your company and making the necessary upgrades and adjustments so that you are operating like a well-oiled machine. Communication, branding and effective use of technology in international business could play a key role. In here one needs to ask how innovative and attractive the business is critical. If the business is not innovative and attractive our effort and interaction with our partners is futile.

The global business challenges are unavoidable for international business (IB) leaders in their day-to-day business undertakings. It is evident to asking questions about the IB tendency that could help the business leaders to properly interact and confront the business environment around them for their future business strategies (Pend, 2004 a). What drives business leaders strategically in international business (IB) and the needs of product changes for competitive advantage? What determines them to success and failure of their products and firms around the world (Hall & Soskice, 2001 et al 2005)? Many scholars agree that there are two major perspectives that determine the success and failure of the IB organization in the business world. These views are the industry-based or technology-based view that is mainly on firms strategy and performance and a resource -based views that shows the specific differences that drive strategy and performances (Porter,1980 and Barney 1991).Strategic management is the primary sources of the above-mentioned views for the development of IB. In my developing countries business leaders, both international and local business firms hardly ask questions about their business undertakings before and after they start a business due to the low level of competitions. In Ethiopia, few international businesses (IB) organizations are engaged in different products and made them the sole agent to undertake their business in the country without competition. Even the business companies will not evaluate and measure on regular basis the quality of their products to introduce changes for their customers. For example, few of international business

Cement mega factory (Dangote) and Chinese glass factory, flower farms, and horticultural farms could be a good example in Ethiopia.

The History of Horticulture, floriculture and International Business (IB) in Ethiopia

The origin of the industry in Ethiopia can be traced back to the thirty years ago. When summer flowers for export were grown on state farms (Melese & Helmsing, 2010). Horticulture and floriculture farm was started by the state farm in Ethiopia which was implemented under the Ministry of Agriculture (MOA). The first a state-owned farm in Ethiopia, Ethioflora were begun exporting seasonal flowers to Europe. The type of flower was only summer flower (Embassy of Japan 2008). Based on the new economic reform two Ethiopian firms, private owned Meskel flower and Ethioflora started their operation in 1997 with a few hectares of land. However, they faced some difficulties because of insufficient experience and knowledge about the business in the flower farm. Moreover, the minimal support from an appropriate government office, supplying suitable land, financing and transporting of flowers to the market was challenging task as per the demand of international market. Fortunately, the country offered an opportunity and it was a turning point for flower industry development. This was an arrival of Golden Rose in 1999 from the UK and showed Ethiopia's potential to grow quality roses. Since then, foreign direct investment has increased rapidly, especially from Dutch country, The Netherlands (Melese & Helmsing 2010).

The Flower Farm and International Market in Ethiopia

The flower production is now a major part of the industry by the international investors in Ethiopia. Because of the flower farm, the country economy has shown considerable potential for Ethiopia in terms of creating employment opportunity and foreign exchange earnings which can be further enhanced by applying the appropriate production technology with change and innovation for the provision of support for diversification of marketing outlet destinations. However, the flower farm sector still needs innovative and dynamic change for better production using technology. To make the aforementioned farm modern, using the concept of an Extra Sensory Perception

(ESP) is critical to measure the quality of flower production to attract more customers to the international market. The Ethiopian government has introduced favorable investment policy and incentive packages that could be also the source of attraction for the current growth of flower industry both by domestic and foreign investors' to be engaged. However, the implementation of the policies, such as corporate social responsibility (CSR) policy is not well practiced and weak to engage the international and domestic investors. According to data from EHPEA (Ethiopian Horticultural Exporter Producers Association) and EHDA (Ethiopian Horticulture Development Agency), the sector is the fastest growing agricultural sub-sector in the country and is a major contributor to GDP (HDA 2012).

Currently, the Ethiopian Horticulture Development Agency reported that over 120 foreign and domestic investors have already started and engaged their flower farm and started production and exporting their products (floriculture, vegetables, fruits & herb) to European market successfully. The total area covered by the horticulture industry is also growing from 40 hectares in 2004/05 to 26,727 from this the floriculture covers about 1,442 hectares at the end of 2011/12. Due to the international and domestic investors engagement in horticulture export, the gross earning is growing from 660 thousand USD in 2004/05 to 265.71 million USD at the end of 2011/12 (EHDEA, 2012) and from this, the floriculture gross earning is 212.56 Million USD. The use of technology in this horticultural and flower farm undertaking is not adequate, if it had been more technology applied, the aforementioned success in international market could show double results. The contribution of horticulture export to the overall GDP will increase from the current results shown from 0.10 percent in 2004/05 to 12 percent in 2011/12 (EHDEA, 2012).

The international businesses (IB) by foreign investors have joined these investment activities from Europe and the Middle East. What attracts more the investors is due to the fact that Ethiopia has a favorable climate, proximity to Europe, comparatively abundant land and cheap labor as well as reasonably good water resources that created ample opportunities for horticulture and floriculture production. Moreover, the agroecological factors of the country give the chances of all-year-round production capability. The existing agro-ecological factors also allow producing a great

variety of flower crops. The major flower varieties produced in the country and entered in to export business includes Roses, gypsophila, Hypericum, Carnation (Stand, Spray) Carthamus Statice (Yellow, Purple, and White). The environment is also particularly suitable for the production and export of cuttings of ornamental plants and this forms an important part of the ornamentals sector (EHDEA, 2012).

According to Ethiopian Horticulture Development Agency Report (2012), the flower industry has some unique characteristics when compared with others agriculture products produced in Ethiopia. For example, we can mention that flowers are not consumed or not produced for national consumption purpose. It is 100% export oriented industry and on the other hand, it is highly perishable products. Therefore, the firms should have to think globally to sell their products in a competitive manner by introducing new technology and better product to generating profit. Since the globalized thinking of business concepts has to lead the business world towards a more advanced and well-established system of the transaction which business organizations are required to provide the best quality with environmentally friendly and socially responsible products and services. This could be materialized by introducing the concept of an Extra Sensory Perception (ESP) to be competitive in the global market. In addition, those companies engaged in such activities are working towards attaining the corporate social responsibility (CSR) of a business which concerned with benefit to all stakeholder groups by incorporating social, economic and environmental practices into their business strategy. Now a day different developed countries have been developing different codes of conduct and standards in relation to the floriculture industry that encourages, monitor and recognize the application of CSR. Standards include; Global Gap, ETI, Mark& Spencer field to Fork, Fairtrade, etc. In a situation where there is growing pressure on companies to deliver both shareholder value and social and environmental value, managers focus their attention on maximizing value-added across the triple bottom line. The triple bottom line focuses on three dimensions of sustainability: economic, environmental, and social. As corporate social responsibility (CSR) is a new phenomenon it is relatively more established in the developed world than that of the developing countries. In addition, it is not common to find a specific form of corporate social responsibility practices in the developing countries (like Ethiopia),

otherwise, it could be seen from business perspectives. At the moment, there is an increasing awareness and concern with the CSR of producer and marketing organizations.

Ethiopia is one of the developing countries where the philosophy of Corporate Social Responsibility is not well developed and also the governance system takes the form of mere control and decision making rather than encouraging development and implementation of a well developed ethical code of conduct. However, currently, there are some good starts by some industries like the Ethiopian Horticulture Association has been developed its own code practice for its specific horticulture industry. Moreover, the Sc of CSR is in infant stage in Ethiopia. It is worth mentioning in this paper that the horticulture industry operated by international companies have started the CSR as an emerging practice in the floriculture industry by their own initiatives, but the practice is very little. Therefore, in order to enhance the growth of flower exporting industry and to keep the quality with innovative production technique as per the market demand, it is necessary to make a further study on the whole horticultural industry in Ethiopia. This particular paper would like to focus on CSR practice of 53 flower exporting firms in the country in one regional administration, near to Addis Ababa, here under called "Farm" in one hand and the use of technology for better production to attract the customer in the agriculture sector on the other hand.

The Agricultural Sector in Ethiopia and Technology

The development of the agricultural sector largely determines the pace of the economic development of the nation. The performance of the other economic sectors depends upon the results achieved in the agricultural sector, as agriculture provides food energy, foreign income, and employment for the most of the rural and urban population. As agriculture is the most important activity in the country, the nation's economic problems originate from the poor performance of this sector. In order to have the possible economic growth, strategies like use of modern technological inputs to raise output per unit of input, the diffusion of new technology, the introduction of new agricultural investment opportunities and efficient utilization of existing resources are necessary. This approach could enhance the country to be food self-sufficient, to

increase the export earning capacity, income, and employment opportunities through diversifying agriculture.

What is Extra Sensory Perception?

According to Noel Extrasensory perception (ESP) is also called sixth sense or second sight, includes reception of information not gained through the recognized physical senses but sensed with the mind. The term was adopted by Duke University psychologist J. B. Rhine to denote psychic abilities such as intuition, telepathy, psychometry, clairaudience, and clairvoyance, and their trans-temporal operation as precognition or retrocognition (Noel, 2002). The concept of an Extra Sensory Perception (ESP) writer was proposed as a product that effectively puts thoughts into words on paper. ESP is often referred to as a sixth-sense or second sight where thoughts are sensed with the mind (Wood-Black, 2012).

The ESP Writer is a catchy name for the use of a computer program to synthesize thoughts into written form on Microsoft Word and therefore the program perceives thoughts through a sensory functionality. Applications and uses for this technology could be endless, reaching for IB firms, for-profit and not –profit organizations alike. Electrodes would attach to a user's temples on either side of the forehead which would transcribe thoughts into written form. Current day needs for greater productivity in shorter time frames requires technological advances to help with this growing trend. The ESP Writer will cut down on work time spent typing, fitting more into a workday and personal life overall. Pricing for this product may be quite high due to research and development fees, and positive profit margins for a worth-while launch.

Moreover, team feedback on this product is positive and constructive, providing guidance on improvements and safety concerns. The end product should be an improvement over the original if regulatory and safety concerns are taken into consideration. Testing should also be considered part of research and development to ensure end-user safety. This may require submission to the US and other country regulatory agencies for review, which will be a priority before product development begins. The rationale behind the different aspects of communicating with the ESP writer is the desire to improve productivity and business performance (Roustela, Lönnqvist,

Palvalin, Vuolle, & Patjas, 2015). Based on team feedback, improvements would allow for a launch of the product in blind schools improving the expressions of the thoughts that the visually impaired would like to share. This product could significantly reduce the drudgery of extended writing in professional and scholastic settings.

The energy of the team seemed to remain high during discussions of product development and implementation and everyone is in line with processes and procedures moving forward. One of the main concerns is to ensure a patent application is filed as this is the area that development teams tend to forget or attend to too late (Bently and Sherman, 2014). The other concern was ensuring the safety of end users which will be addressed before moving forward with product development. In the workplace, the team provided great insight and energy is high as we move into the next phase. No unnecessary suggestions for development were mentioned from the team, and an overall effectiveness through shared leadership was the result (Barnett & Weidenfeller, 2016). Collective knowledge and expertise of the team are more effective than a single leader insisting one process, and this team proved that success.

There were no breakthroughs in the process since the basic concept is to develop a program that writes thoughts down electronically, but applicability, safety discussions, and legal perspectives were enhanced through team discussion. The team was open to discussion and provided great insight. There were no negative aspects to team participation.

Managing innovation within an organization means understanding the backgrounds, views, strengths, and weaknesses of the team in international business (IB) and how each of these points affects the overall process (Lindskog, 2012). Effectively managing innovation within an organization also means to keep employees informed through enhanced communication. Team members who are unnecessarily surprised by changes end up with low morale and low desire to put forth their best ideas for the improvement of the organization (Tello, Latham, & Kijewski, 2010).

Through team discussion, learning of shared leadership and implementation of team ideas for change and concepts was put into an actual simulation where benefits could be seen as they unfolded. The concept of teamwork and communication is not new and has been a discussion point throughout the working environment of our daily life as a

corporate leader with our working team members. Applicability of concepts into situations provides another layer of learning how, as a business leader; we can apply these concepts to current work and personal life.

Team discussion provided insight into the actual functionality of systematic inquiry acquiring new knowledge into development and rollout of this product. This team provided very good insight into opinions, supported by research, for improvements, safety concerns, and legal perspectives. The competence of the team is very high and would be a success in an actual organizational setting. The integrity and honesty of the team seem very high and both responders were team members in different private firms in my network. As a team, they are extremely responsive, very insightful, and provided consistent honesty. The exercise of participating in a team effort to improve upon an innovative product was insightful in terms of teamwork, collective knowledge, and feedback. The product under discussion could be a useful tool for many industries and for those with significant handicaps. Applying the practices of feedback and implementation of new ideas in a classroom setting can often be theoretical and this exercise helps to put practice into the next step of discussion.

Conclusion

Using the concept of an Extra Sensory Perception (ESP) is instrumental in productivity and business performance (Roustela, Lönnqvist, Palvalin, Vuolle, & Patjas, 2015). Furthermore, product improvement and customers satisfaction in the firm is the result of change and innovation in a business firm. International business leaders need to focus on continuous improvement strategy to satisfy their customers need and competitive in the market. Benchmarking is one the business strategy as well to measure and finally to evaluate the products. Benchmarking will also help to compare factors that can yield tangible improvements that are important too, and experienced by companies and individual customers. Peter suggests that when measuring satisfaction, focus 100% on your customers rather than your own company or your competitors (Peter, 2016).

References

- Barnett, R. C., & Weidenfeller, N. K. (2016). Shared leadership and team performance. *Advances in Developing Human Resources*, 18(3), 334-351. doi:10.1177/1523422316645885
- Bently, L., & Sherman, B. (2014). *Intellectual property law*. Oxford University Press, USA.
- Ethiopian Council of Ministry Regulation No.207/2011 on code of practice of the floriculture sector page -5924
- Central Intelligence Agency (CIA) , 2013) GWP (Gross World Product): \$71.83 trillion (2012 est.); own calculation
- Ethiopian Horticulture Producer Exporters Association (EHPEA) (2007), Code of Practice for sustainable Flower production, Bronze Level, Version 2.0.[Online] Available <http://edepot.wur.nl/5301> [2011-04-15] and <http://www.ehpea.org>[2012-04-30]
- Ethiopian Horticulture Producer Exporters Association (EHPEA) (2007), *Code of Practice for sustainable Flower production, Bronze Level, Version 1.0*. [Online] Available: <http://edepot.wur.nl/5301> [2011-04-15]
- Ethiopian Review (2010), *Ethiopian flower export's 97% value never reaches Ethiopia*, [online] Available: <http://www.ethiopianreview.com/content/29573> [2011-03-28].
- Edwin M. Epstein, (2007).The Good Company: Rhetoric or Reality? Corporate Social Responsibility and Business Ethics Redux, 44 AM. BUS. L.J. 27
- Elkington, J. (1997) *Cannibals with Forks: The Triple Hall*, P., & Soskice, D. (2001). An introduction to varieties of capitalism. In P. Hall and D. Soskice (Eds), *Varieties of Capitalism: The institutional foundations of comparative advantage*: 1–70. Oxford: Oxford University Press. [CrossRefGoogle Scholar](#)
- Lindskog, M. (2012). Mythbusting in the logistics domain: A second look at systems theory usage. *Logistics Research*, 5(1-2), 3-20. doi:<http://dx.doi.org/10.1007/s12159-012-0078-9>
- Marcelo Anton, 2013, International Trade as a Tool for Socio-Economic Development of

- Countries, Munich, GRIN Verlag, <https://www.grin.com/document/269146>
- Noel Sheehy; Antony J. Chapman; Wendy A. Conroy(2002).*BioDictionary of Psychology*. Taylor & Francis. pp. 409–. ISBN 978-0-415-28561-
- Peng, M., Wang, D. & Jiang, Y. J Int Bus Stud (2008) 39: 920.
doi:10.1057/palgrave.jibs.8400377: [Journal of International Business Studies](#)
July 2008, Volume 39, [Issue 5](#), pp 920–936
- Peng, M. W. 2002. Towards an institution-based view of business strategy. *Asia Pacific Journal of Management*, 19 (2): 251–267.[CrossRefGoogle Scholar](#)
- Peng, M. W. 2003. Institutional transitions and strategic choices. *Academy of Management Review*, 28 (2): 275–296.[Google Scholar](#)
- Peng, M. W. 2004a. Identifying the big question in international business research. *Journal of International Business Studies*, 35 (2): 99–108.[CrossRefGoogle Scholar](#)
- Roustela, J., Lönnqvist, A., Palvalin, M., Vuolle, M., & Patjas, M. (2015). 'New ways for working' as a tool for improving the performance of a knowledge-intensive company. *Knowledge Management Research & Practice*, 13(4), 382-390. doi: 10.1057/kmrp.2013.57
- Tello, S., Latham, S., & Kijewski, V. (2010). Individual choice or institutional practice. *Management Decision*, 48(8), 1261-1281.
doi:<http://dx.doi.org/10.1108/00251741011076780>
- Wood-Black, F. (2012). esp. *Journal of Chemical Health and Safety*, 19(6), 44.
doi:10.1016/j.jchas.2012.09.004