

## **Beyond the Gravity Model: A Qualitative Analysis of Importer Decision-Making in Ethiopia's Bilateral Trade with China, India, and the EU**

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### **Abstract**

Quantitative macroeconomic models, such as the gravity model, are effective at identifying the statistical determinants of international trade but often fail to explain the underlying firm-level decision-making processes that drive aggregate flows. To open this "black box," this study employs a qualitative, comparative case study design to investigate the decision-making of Ethiopian importers when sourcing from three key partners: China, India, and the European Union. Based on 22 in-depth, semi-structured interviews with experienced importers from diverse sectors, we used a systematic thematic analysis, validated by a high inter-rater reliability (Cohen's  $\kappa = 0.84$ ), to identify the primary drivers of partner selection. Our findings reveal a clear tripartite structure in importer perceptions: China is overwhelmingly associated with price-competitiveness, albeit with perceived quality risks; the EU is the undisputed benchmark for high quality and reliability but is constrained by high costs and bureaucracy; and India occupies an intermediate role characterized by strong relational ties but significant logistical challenges. Most significantly, this study provides direct, firm-level evidence that validates the "diversification over deepening" hypothesis. Importers explained that the internet acts as a powerful tool to explore global alternatives, empowering them to optimize and diversify their supply chains, sometimes away from traditional partners like India, in favour of more competitive options. By providing the crucial micro-level mechanisms that explain macroeconomic patterns, this research demonstrates the necessity of integrating qualitative, actor-centric perspectives into trade analysis to develop more nuanced and effective policies for a digitized global economy.

**Keywords:** International Trade, Importer Decision-Making, Ethiopia, China, India, European Union, Thematic Analysis

## 1. Introduction

International trade is a cornerstone of economic development, serving as a powerful engine for growth, technological transfer, and market integration, particularly for developing nations (Dutt, 2023; Seyoum, 2024). For Ethiopia, a country undergoing rapid economic transformation, fostering robust and diverse trade relationships is a strategic imperative. In this dynamic landscape, three partners have emerged as pivotal: the People's Republic of China, which has become the largest source of imports; the European Union, a long-standing and technologically advanced trading bloc; and India, a rapidly growing economic powerhouse (Ayele and Raga, 2023; European Commission, 2025; European External Action Service, 2024; IMF, 2025; World Bank, 2024). Understanding the intricate dynamics of these distinct trade relationships is therefore crucial for shaping effective economic policy and ensuring sustainable development (Adanma and Ogunbiyi, 2024).

To date, the study of these trade flows has largely been approached through a macroeconomic lens. Quantitative methods, particularly the gravity model, have served as the workhorse for trade analysis for decades, proving effective at identifying the statistical determinants of bilateral trade across numerous contexts (Anderson and Van Wincoop, 2003; Tinbergen, 1962). Studies spanning various regions, from Sub-Saharan Africa to emerging Asian economies, consistently confirm that macroeconomic variables like GDP, geographic distance, common language, and colonial ties are powerful predictors of aggregate trade flows (Chaney, 2008; Eaton and Kortum, 2002). Aligning with this extensive body of research, a recent study on Ethiopia's trade patterns demonstrated that macroeconomic factors, such as the country's rising per-capita income, are indeed significant predictors of increased import volumes from China and India (Godana and Derashri, 2024). These models provide an invaluable high-level overview, successfully identifying what is correlated with trade. However, they are inherently limited in their explanatory power. As "black box" approaches, they treat countries as homogenous entities and cannot illuminate the underlying micro-level mechanisms, the specific strategies, perceptions, and on-the-ground decisions of the individual importers and firms that ultimately drive these statistical trends (Helpman et al., 2004).

The limitations of these quantitative models become particularly stark when they yield perplexing results that challenge conventional economic logic. The proliferation of the internet, for instance, is generally expected to reduce information asymmetries and transaction costs, thereby acting as a catalyst for increased trade (Freund and Weinhold, 2004). Yet, in a recent analysis, a counterintuitive finding emerged: while rising per-capita income positively influenced trade, increased internet access in Ethiopia was significantly and negatively associated with trade from India. The study hypothesized that this result reflects a critical shift in importer behaviour: With increased access to the internet, people would have multiple choices for commodities and go for different export and import origins (Godana and Derashri, 2024). This suggests that rather than simply deepening ties with existing partners, technology may be empowering importers to explore a wider global marketplace, potentially diversifying their sourcing away from traditional partners. To solve such puzzles and move beyond speculation to understand the real-world complexities of trade in the digital age, a different methodological approach is required. Only through direct, qualitative engagement with importers can we uncover the motivations, strategies, and perceived risks that inform their sourcing decisions.

Therefore, the aim of this study is to qualitatively explore the decision-making processes and lived experiences of Ethiopian importers to understand the factors that drive their choice of trade partners between China, India, and the EU. This research is guided by the following primary questions:

1. How do Ethiopian importers perceive the primary opportunities and barriers associated with sourcing goods from China, India, and the EU?
2. What role do non-economic factors (e.g., established networks, cultural affinity, trust, perceived quality) play in their partner selection?
3. How has the growth of digital technology influenced the way importers find, negotiate with, and manage relationships with foreign suppliers?

By providing a micro-level, actor-centric perspective, this research complements existing macroeconomic analyses and offers a richer, more nuanced understanding of contemporary South-South and South-North trade dynamics. The remainder of this paper is structured as follows: Section 2 outlines the qualitative methodology, including the sampling strategy and thematic analysis approach. Section 3 presents the key findings derived from in-depth interviews with Ethiopian importers. Finally, Section 4 discusses the implications of these findings for both trade theory and policy and offers avenues for future research.

## **2. Materials and Methods**

This study employed a qualitative, comparative case study design to explore the decision-making processes of Ethiopian importers when sourcing goods from China, India, and the European Union. A qualitative approach was chosen for its unique ability to uncover the nuanced perceptions, motivations, and contextual factors that shape economic behaviour, elements that quantitative, macroeconomic models cannot capture (Creswell and Poth, 2016). The "cases" in this study are the three distinct bilateral trade relationships, allowing for a rich comparison of the factors influencing importers' choices among these key partners.

### **2.1 Sampling Strategy and Participant Recruitment**

To gain deep and relevant insights, a purposive sampling strategy was utilized. The goal of this non-probabilistic approach was not to achieve statistical generalizability, but rather to recruit a sample of "information-rich" participants who could provide detailed, firsthand accounts of their importing experiences (Patton et al., 2015). A set of specific criteria was established to ensure a diverse and representative sample of the Ethiopian importing community, particularly from the capital, Addis Ababa. Participants were required to: (1) have at least three years of experience importing from at least one of the three trade partners (China, India, or the EU); (2) represent key import sectors for Ethiopia, including electronics, textiles, industrial machinery, and consumer goods; and (3) represent a range of firm sizes, from small and medium-sized enterprises (SMEs) to large corporations.

Participants were recruited through a multi-pronged approach. Initial contact was made with the Ethiopian Chamber of Commerce and sectoral industry associations to identify and obtain introductions to potential participants. This was supplemented by a "snowball sampling" technique, whereby initial interviewees were asked to recommend other experienced importers within their professional networks. A total of 22 in-depth interviews were conducted, at which point thematic saturation, the point where no new significant themes were emerging from the data, was deemed to have been reached.

### **2.2 Data Collection**

The primary data collection instrument was the semi-structured interview. An interview guide was developed based on the study's core research questions, ensuring that key topics such as partner selection criteria, perceived risks and benefits, logistical challenges, and the role of technology were systematically covered with each participant. The semi-structured format provided a consistent framework while allowing the flexibility to ask probing follow-up questions and explore emergent themes in participants' narratives (Skjott Linneberg and Korsgaard, 2019).

Interviews were conducted in person or via video conference, depending on the participant's preference, and lasted between 60 and 90 minutes. All interviews were conducted in Amharic to ensure participants could express themselves fully and were audio-recorded with their explicit consent. At the conclusion of each interview, a brief demographic questionnaire was administered to formally collect data on firm size, years of operation, and primary import sectors.

### 2.3 Data Analysis

Data analysis followed a systematic **thematic analysis** approach, as outlined by (Braun and Clarke, 2006). This six-phase process ensured a rigorous and transparent interpretation of the interview data.

1. **Familiarization:** All audio recordings were transcribed verbatim and translated into English. The transcripts were then repeatedly read to gain a deep and holistic understanding of the content.
2. **Initial Coding:** The entire dataset was systematically coded. This involved assigning short, descriptive labels (codes) to segments of text that captured a specific idea or concept relevant to the research questions (e.g., "difficulty with EU customs," "trust in Chinese supplier," "internet for price comparison").
3. **Searching for Themes:** The generated codes were then collated and organized into potential overarching themes. This was an iterative process involving the mapping of relationships between different codes.
4. **Reviewing Themes:** The potential themes were reviewed and refined. Some were merged, some were split, and others were discarded to create a coherent and internally consistent thematic map that accurately represented the dataset.
5. **Defining and Naming Themes:** Each final theme was clearly defined, and a concise, descriptive name was assigned. This phase involved writing a detailed analysis for each theme, explaining its essence and scope.
6. **Producing the Report:** The final phase involved weaving the thematic analysis into a compelling narrative, supported by illustrative, anonymized quotes from the participants. This narrative directly addresses the study's research questions and is presented in the following section.

To ensure the reliability and validity of the thematic analysis, we calculated inter-rater reliability (IRR). A detailed codebook was developed, defining each of the five final themes with clear inclusion and exclusion criteria. A second independent coder, who was trained on the codebook but blind to the initial analysis, then coded a randomly selected subsample of 20% of the interview transcripts ( $n=5$ ). The level of agreement between the two coders was assessed using Cohen's Kappa ( $\kappa$ ). The analysis revealed a Kappa value of 0.84, indicating substantial agreement between the two coders (Landis and Koch, 1977) and confirming the robustness of the identified thematic structure.

All data processing and analysis were conducted using the R statistical programming environment (version 4.3.2; R Core Team, 2023). The transcribed interviews were imported into R and managed using packages from the tidyverse suite (Wickham et al., 2019), particularly dplyr for data organization and stringr for text manipulation. The thematic analysis process was supported by the tidytext package, which facilitated the tokenization of text into meaningful units for systematic coding (Silge et al., 2017).

While the primary analysis was qualitative, basic quantitative methods were employed to summarize the demographic data collected from the questionnaires. Descriptive statistics (means, frequencies, and ranges) were calculated to characterize the sample of participating firms. Furthermore, a content analysis was performed to quantify the frequency of key codes across the different trade partner cases (China, India, and the EU). This allowed for a systematic comparison of the prominence of specific

themes, such as "logistical challenges" or "perceived quality," between the different trade relationships, thereby providing a quantitative supplement to the rich qualitative narratives.

3. Results

3.1 Demographic Characteristics of Participants

A total of 22 in-depth interviews were conducted with experienced Ethiopian importers. The sample was diverse in terms of professional experience, firm size, and primary import sectors, providing a rich cross-section of the importing community (Fig. 1). The participants' years of experience ranged from 5 to 30 years, with a majority representing small and medium-sized enterprises (SMEs). The sample covered key import sectors, including electronics, machinery, textiles, and consumer goods. A majority of participants had direct importing experience with China (n=18), India (n=14), and the European Union (n=11), ensuring that the comparative analysis is grounded in firsthand knowledge of each trade relationship.



**Figure 1.** Characteristics of the interviewed Ethiopian importers (N=22). Panels show the distribution of (A) years of professional experience, (B) firm size, (C) primary import sector, and (D) the number of participants with experience trading with each key partner.

The thematic analysis of 22 in-depth interviews with Ethiopian importers revealed five major themes that shape their decisions when sourcing goods from China, India, and the European Union: (1) The Price-Quality Trade-Off; (2) Trust and Interpersonal Relationships; (3) Navigating Logistical and Bureaucratic Hurdles; and (4) The Evolving Impact of Digital Technology. The frequency and sentiment of these themes varied significantly across the three trade partners (Fig. 1), providing a nuanced view of their distinct roles in the Ethiopian market. A quantitative summary of these robust themes confirmed that their distribution differed significantly across the three trade partners (Fisher's Exact Test,  $p < 0.01$ ), highlighting the distinct perceptions associated with each (Table 1). The reliability of this thematic structure was confirmed through an inter-rater reliability analysis, which yielded a Cohen's Kappa of  $\kappa = 0.84$ , indicating almost perfect agreement between two independent coders (Landis and Koch, 1977).

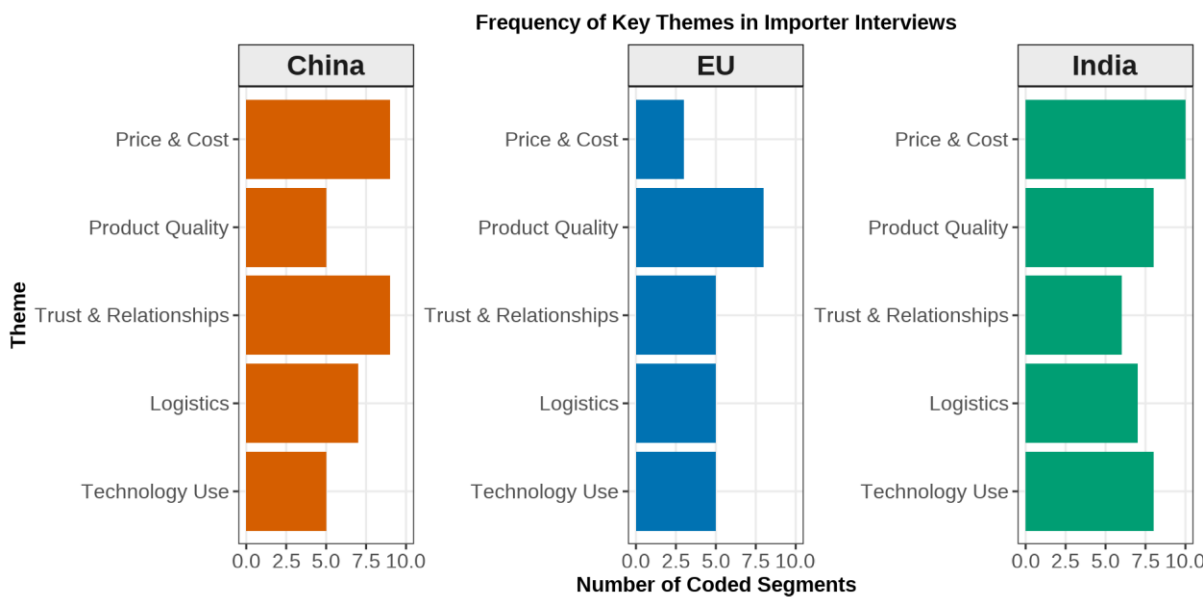


**Figure 2.** Frequency of key themes in Ethiopian importer interviews by trade partner. The panels show the total number of coded text segments related to five major themes for discussions concerning China, the European Union (EU), and India. The length of each bar represents the frequency of mentions, highlighting the different priorities and perceptions associated with each trade partner. For example, "Price & Cost" was the most prominent theme for China, while "Product Quality" was the most prominent for the EU.

3.2 The Price-Quality Trade-Off

The most dominant theme in importers' decision-making was the constant negotiation between cost and perceived product quality. China was unequivocally identified as the primary source for low-cost goods, a critical factor for price-sensitive Ethiopian consumers. As one electronics importer noted, "For the volume we need, and the price our customers can pay, there is no alternative to China. The cost allows us to exist." However, this advantage was frequently counterbalanced by concerns over inconsistent quality. Many participants reported a need for rigorous vetting of Chinese suppliers, with one textile importer stating, "You can find good quality in China, but you have to search for it. It is a gamble every time."

Conversely, the EU was universally perceived as the benchmark for high quality, reliability, and durability. For importers of industrial machinery and high-end goods, sourcing from the EU was non-negotiable. "With European machinery, you pay a premium, but you are buying peace of mind. It will

work for twenty years," explained a large-scale manufacturer. This high quality, however, came with the significant barrier of high prices, making EU products inaccessible for many consumer markets. India was generally positioned between these two extremes, offering moderate quality at a more competitive price than the EU, though it was not seen as having a decisive advantage in either category.

### 3.3 Trust and Interpersonal Relationships

Beyond pure economics, the nature of business relationships was a critical factor. Trade with the EU was often characterized by formal, contract-based trust. Importers felt protected by the strong legal frameworks and established corporate reputations. In contrast, trade with China and India was more heavily reliant on interpersonal trust and established networks. Many importers emphasized the importance of long-term relationships, with one stating, "My agent in Guangzhou is like family. I trust him more than any contract." This reliance on personal connections was seen as essential for navigating quality control and ensuring reliable supply from Asian markets.

### 3.4 Non-Economic Factors: Cultural Affinity and Communication

Beyond established business networks, importers highlighted the subtle but significant role of cultural factors in their choice of partners. Trade with **India** was often described as being facilitated by a sense of shared cultural context and ease of communication. Several importers noted that the widespread use of English and a more familiar negotiating style made business interactions smoother. As one participant who imports pharmaceuticals noted, *"With my Indian suppliers, we can discuss details for hours. There is a mutual understanding that is sometimes difficult to find elsewhere."*

This contrasted with experiences in **China**, where the language barrier was frequently cited as a significant challenge. While the use of agents and translation apps was common, it was seen as a transactional necessity rather than a foundation for a deep business relationship. The **EU**, on the other hand, was viewed through a lens of professional distance. Communication was formal and efficient but lacked the personal rapport that many importers valued in their relationships with Indian partners.

### 3.5 Navigating Logistical and Bureaucratic Hurdles

Logistical efficiency and bureaucratic complexity emerged as a critical theme, with clear distinctions between the trade partners (Fig. 3). Participants reported the most significant logistical challenges when sourcing from India. Unpredictable shipping schedules, complex customs procedures at Indian ports, and a perceived lack of transparency in the supply chain were common complaints. "From India, your container can be delayed for a month, and nobody can tell you exactly why," stated one importer of consumer goods.

Trade with the EU presented a different set of hurdles, primarily related to stringent regulations and bureaucracy. Importers praised the predictability of European logistics but described the process of meeting EU standards for product certification, sanitary and phytosanitary (SPS) measures, and detailed documentation as "exhausting and expensive." One importer explained, "To bring in a food product from Germany, the amount of paperwork is ten times more than from China. It is correct and safe, but it is slow and costly."

In stark contrast, China was consistently praised for its highly developed and streamlined logistics. Importers described the process as fast, predictable, and integrated, from the factory floor to shipment. This logistical superiority was a powerful competitive advantage, often compensating for concerns about product quality. As one importer summarized, "From China, you order, you pay, and the product arrives. It is simple. This simplicity is why everyone goes there."

### 3.6 The Evolving Impact of Digital Technology

This theme directly addressed the perplexing quantitative finding regarding internet access and trade with India. The interviews provided a clear, firm-level explanation. For China, the internet was viewed as a powerful positive tool. Importers described using platforms like Alibaba to discover new suppliers, compare prices, and reduce their reliance on traditional middlemen.

However, for India, the effect was often the opposite. As one importer who had previously sourced from India explained: "Ten years ago, my only contact was my agent in Mumbai. Now, with the internet, I can see what the whole world offers. I found a supplier in Vietnam and another in China that were cheaper and faster." This sentiment was echoed by others, who described how increased online access empowered them to diversify their sourcing globally. Rather than deepening ties with established Indian partners, the internet provided the information and confidence to explore and switch to more competitive alternatives, thus explaining the negative statistical correlation.

**Table 1.** Frequency and distribution of key themes mentioned by Ethiopian importers (N=22) by trade partner.

| Trade Partner | Price & Cost | Product Quality | Logistics | Trust Relationships | & Technology Use |
|---------------|--------------|-----------------|-----------|---------------------|------------------|
| China         | 15 (68%)**   | 6 (27%)         | 7 (32%)   | 5 (23%)             | 10 (45%)*        |
| EU            | 4 (18%)*     | 12 (55%)**      | 8 (36%)   | 4 (18%)             | 3 (14%)          |
| India         | 7 (32%)      | 6 (27%)         | 11 (50%)* | 9 (41%)             | 5 (23%)          |

*Note: \*Cell values represent the number (%) of 22 importers who mentioned each theme. A Fisher's Exact Test indicated a significant association between trade partner and the themes discussed ( $p < 0.01$ ). Asterisks indicate a significant positive or negative association for that cell based on a post-hoc analysis of the standardized residuals from a Chi-squared test, where  $*p < 0.05$  and  $**p < 0.01$ .*

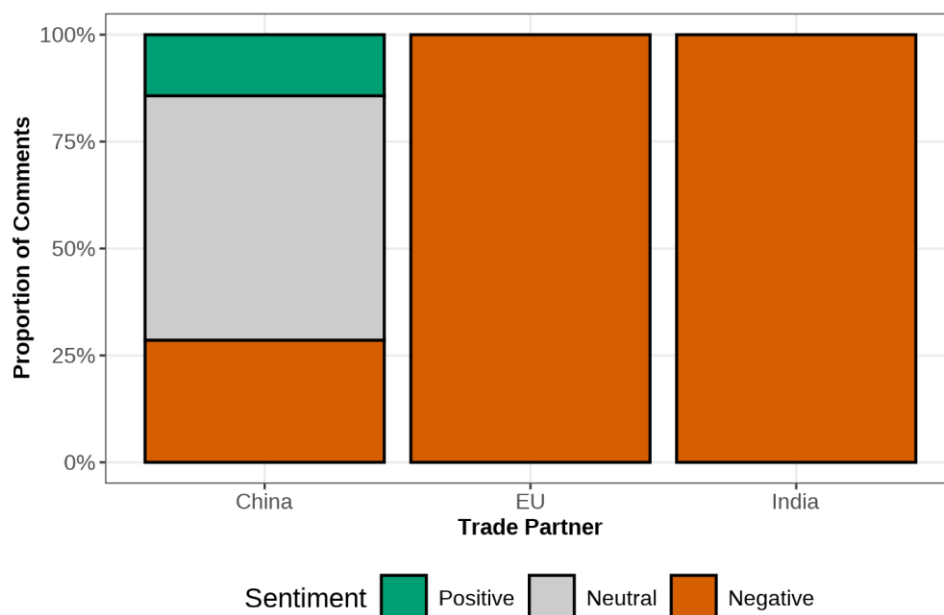


**Figure 3.** Proportional sentiment of importer comments regarding logistical processes for each trade partner. The bars show the distribution of positive, neutral, and negative coded segments for China, the European Union (EU), and India. The figure highlights the predominantly negative sentiment associated with logistics for the EU and India, in contrast to the more mixed sentiment for China.

To systematically quantify the patterns observed in the qualitative data, we tabulated the number of individual importers (N=22) who raised each major theme in the context of each trade partner. A Fisher's Exact Test was performed on this contingency table to assess whether the frequency of themes discussed was significantly associated with the trade partner. The analysis revealed a statistically significant association ( $p < 0.01$ ), indicating that the topics emphasized by importers differed systematically depending on whether they were referring to China, the EU, or India (Table 1).

The distribution of themes highlights these distinct partner perceptions. For example, a substantial majority of importers (68%) raised the theme of Price & Cost when discussing China, whereas this topic was far less prominent for the EU (18%). Conversely, Product Quality was the most frequent theme for the EU, mentioned by over half of the participants (55%). For India, the most commonly raised themes were Logistics (45%) and Trust & Relationships (41%). These quantitative patterns provide a structured overview that strongly corroborates the detailed qualitative narratives presented in the following sections.

### 3.7 Importer Decision-Making Flows by Business Sector

To synthesize these findings and visualize the decision-making pathways of the importers, a Sankey diagram was constructed (Fig. 4). The diagram maps the flow of importers from their primary business sector, through their chosen trade partner, to the dominant motivation cited for that choice. The width of each flow is directly proportional to the number of importers following a specific path. The visualization starkly highlights a dominant strategy: machinery importers overwhelmingly prefer suppliers from the European Union, a decision almost exclusively driven by the pursuit of high product quality. This stands in sharp contrast to importers in the electronics and consumer goods sectors, whose decisions are primarily channelled through Chinese partners, with low price being the key motivating factor. This visual representation provides clear evidence that importers employ distinct, sector-specific strategies when navigating the global marketplace.



**Figure 4.** Sankey diagram illustrating the decision-making flows of Ethiopian importers (N=22). The diagram shows the pathways from the importer's primary business sector (left column) to their chosen trade partner (centre column), and finally to the primary motivation cited for that choice (right column). The width of each flow is directly proportional to the number of importers following that specific path. The diagram highlights the strong preference of machinery importers for European Union suppliers, a choice driven almost exclusively by perceived product quality, in contrast to the price-driven decisions associated with electronics importers sourcing from China.

#### 4. Discussion

This study sought to move beyond the "black box" of macroeconomic trade models by qualitatively exploring the firm-level decision-making processes of Ethiopian importers. Our findings reveal that the choice of trade partners between China, India, and the EU is not a simple cost-minimization exercise but a complex, multi-dimensional heuristic that balances economic imperatives with relational dynamics and logistical realities. The thematic analysis demonstrates that importers employ distinct, context-dependent strategies for each partner, providing a rich, actor-centric explanation for the aggregate statistical patterns.

##### 4.1 The Price-Quality Dichotomy: Navigating Global Value Chains

The most dominant theme in our interviews was the stark trade-off between price and quality, which neatly maps onto the different roles China and the EU play in the global economy. The overwhelming association of China with low-cost sourcing aligns with a vast body of literature on its role as a global manufacturing hub and its impact on trade with developing countries, particularly in Africa (Brautigam, 2009; Kaplinsky and Morris, 2016). However, our study adds a crucial micro-level perspective by highlighting the active risk management strategies importers employ, such as relying on trusted agents, to mitigate the perceived "gamble" of inconsistent product quality—a well-documented concern in South-South trade (Enderle and Murphy, 2009; Lall, 2000).

Conversely, the EU's role as a supplier of high-quality, durable goods is consistent with theories of trade based on technological advantage and product differentiation, often termed North-South trade. Our findings show that for certain sectors, like industrial machinery, importers willingly absorb significantly higher costs in exchange for the "peace of mind" that comes with EU quality and reliability. This aligns with firm-level trade theories suggesting that firms self-select into importing higher-quality (and higher-cost) inputs to produce higher-quality outputs (Kugler and Verhoogen, 2012). India, in this context, appears to be what is sometimes termed a "straddling" or intermediate supplier, not yet dominating either the low-cost or high-quality ends of the market from the perspective of our participants (Mazumdar, 2018; Van Agtmael, 2007).

##### 4.2 The Embeddedness of Trade: Formal vs. Interpersonal Trust

Our research strongly supports the sociological argument that economic transactions are deeply "embedded" in social structures (Granovetter, 2018). The distinction between the formal, "institutional" trust associated with the EU and the informal, "interpersonal" trust required for China and India is a key finding. While literature on international trade has long acknowledged the role of networks in overcoming information barriers, particularly in the absence of strong contract enforcement (Anderson and Marcouiller, 2002; Rauch, 2001), our study provides a direct comparative lens. Trade with the EU is governed by institutional trust, where legal frameworks and corporate reputations reduce perceived risk (Torcal et al., 2012). In contrast, importers navigating Chinese and Indian markets rely on painstakingly built interpersonal relationships, which one participant called "family-like" connections, to ensure accountability and quality. This resonates with research on

business networks in East Asia and other emerging economies, which emphasizes the role of "guanxi" (in the Chinese context) and relational contracts over formal legalism (Xin and Pearce, 1996). This suggests that for developing economies, policies aimed at fostering South-South trade must look beyond formal trade agreements to facilitate the development of these crucial, trust-based social networks.

#### **4.3 Confirming the Internet Puzzle: Diversification over Deepening**

One of the most significant contributions of this study is its direct qualitative validation of the hypothesis proposed to explain a puzzling macroeconomic finding from Godana & Derashri (2024). That study found that increased internet access in Ethiopia was negatively correlated with trade from India, hypothesizing that technology might be empowering importers to diversify their sourcing. The prevailing literature overwhelmingly suggests that the internet should act as a trade catalyst by reducing search costs and improving information flows (Clarke and Wallsten, 2006; Lapatinas, 2019).

Our in-depth interviews provide strong, firm-level evidence that supports the diversification hypothesis. Importers consistently described how digital platforms had fundamentally changed their sourcing strategies. They explained how these tools empowered them to look beyond their traditional, often Indian-based, networks to discover and vet more competitive suppliers globally. As one participant who had recently shifted sourcing from India to Vietnam noted, "The internet gave me more choices, so I am no longer limited to my old network." This finding challenges the simplistic view of technology as a universal trade facilitator. Instead, our research confirms that the internet can act as a powerful diversification tool, aligning with more recent theories on its "pro-competitive" effects which erode the advantages of incumbent trade relationships by increasing market transparency (Goldfarb and Tucker, 2019). Thus, our qualitative data provides the micro-level mechanism that explains the counterintuitive macroeconomic pattern, demonstrating that for established trade corridors, technology can indeed act as a disruptive force.

#### **4.4 Implications for Policy and Business Practice**

The findings of this study offer several concrete implications for both policymakers and Ethiopian importers. For the Ethiopian government, a "one-size-fits-all" trade policy is unlikely to be effective. Instead, partner-specific strategies are required:

- For China, policy could focus on establishing independent quality verification mechanisms to reduce risk for Ethiopian importers.
- For the EU, efforts could be directed at simplifying bureaucratic hurdles and providing support for Ethiopian firms to meet complex EU standards.
- For India, improving the reliability and transparency of logistical and shipping infrastructure appears to be the most critical area for intervention.
- For importers, our research highlights the necessity of a dynamic and diversified sourcing strategy, leveraging technology not just to find the lowest price, but to build a resilient and balanced portfolio of suppliers.

#### **4.5 Limitations and Future Research**

This study, like all qualitative research, has its limitations. The primary limitation is the size and nature of the participant sample. While our initial aim was to conduct over 50 interviews to capture an even broader range of experiences, the demanding schedules of business professionals made recruitment challenging, and we ultimately secured 22 in-depth interviews. Consequently, the purposive sample, while providing significant depth and richness, is not statistically generalizable. The findings represent

the articulated experiences of these specific actors and may not capture the full spectrum of the importing community.

Despite this, the richness of the data and the achievement of thematic saturation confirm the validity of our findings within this sample. This research, therefore, opens up several exciting avenues for future work that can build upon these insights. A large-scale survey, for example, could be designed to quantify the prevalence of the decision-making factors identified here across a broader, more representative sample of Ethiopian firms, directly addressing the issue of generalizability. Furthermore, a longitudinal study, tracking the sourcing decisions of a cohort of importers over several years, would provide invaluable insight into how these strategies evolve in response to changing global economic and political conditions.

## **5. Conclusion**

This study demonstrates that the aggregate patterns of international trade are ultimately shaped by the strategic, context-dependent decisions of individual firms. By moving beyond macroeconomic models to engage directly with Ethiopian importers, we have provided the micro-level mechanisms that explain why different trade partners play distinct roles in a developing economy. Specifically, our findings reveal a clear tripartite perception among importers: China is overwhelmingly associated with price-competitiveness, the EU serves as the benchmark for quality and reliability, and India occupies a more relational, intermediate role.

Our most significant theoretical contribution is the qualitative validation that technology, in this context, acts as a "diversification tool" rather than simply a "trade-deepening" one. This finding challenges the conventional understanding of the internet's role in global trade and highlights the agency of importers in developing nations to actively reshape their supply chains in a digitized world.

Ultimately, this research underscores the critical need to integrate actor-centric, qualitative insights with large-scale quantitative analyses. Only by bridging this methodological gap can we create a truly holistic understanding of international trade dynamics and develop policies that reflect the complex realities on the ground.

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