DETERMINANTS OF EXPORT PERFORMANCE OF MALAYSIAN MANUFACTURING FIRMS

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UNIVERSITI UTARA MALAYSIA

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DETERMINANTS OF EXPORT PERFORMANCE OF MALAYSIAN MANUFACTURING FIRMS

A thesis submitted to the Postgraduate Studies College of Business in partial fulfillment of the requirements for the degree Master of Business Administration (General)

Universiti Utara Malaysia

By

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Declaration

I declare that this thesis entitled “Determinants of Export Performance of Malaysian Firms” is a result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted as a candidate for any other degree.

I certify that any help had received in preparing this thesis and all the sources used have been acknowledged.

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Abstract

Export has been identified as a key means of improving economic viability. The empirical research on the determinants of export performance has produced fragmented and conflicting results. The present study is designed to re-examine the relationship between export performance and some factors that have been frequently examined in existing export marketing literature. Specifically, this investigation contemplates the impact of firm characteristics, export marketing strategy, management perceptions, and export commitment on three non-financial measures of export performance i.e. export sales, market share, and profitability. Data was collected via a postal survey using questionnaires completed by senior managers of manufacturing firms in Malaysia. Subsequently, a descriptive analysis was used in order to delineate the salient variables affecting export performance. The findings show that, except for managers' perception of export problems, all independent variables are positively related to export performance. However, only adaptation, rather than standardization, of export marketing strategies, management perception of competitive advantages, and push factors of export stimuli have significant direct impacts on export performance.

Keywords: Export; export marketing; export performance; determinants of export performance.
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CHAPTER ONE: INTRODUCTION

In this chapter, first we introduce the study by highlighting its background followed by a brief description of Malaysia's economy and external trade based on relevant statistics related to economic growth trends and international trade, respectively. Next, we further proceed to look in detail at the export performance concept. Then, we indicate the current major products exported by Malaysian firms, and their main export destinations. Research problem, question, and objectives, followed by the significance, scope, limitations, and organization of the paper, are all discussed in the last part of the chapter.

1.1. Background of the Study

With the increasing trend of globalization, the arena of market and competition for business firms has expanded from domestic markets to the international markets. This has accentuated the importance of understanding the behavior of firms in foreign markets. Exporting represents a viable strategic option for firms to internationalize and has remained the most frequently used foreign market entry mode chosen (Zhao & Zou, 2002), as it provides the firm with the flexibility needed to penetrate and compete in new international markets.

Exporting is considered to be one of the most important ways for developing countries to link with the world economy. It has been identified by governments and public policy makers as a priority (Morgan, 1997). In 2001, the World Bank published the report Globalization, Growth and Poverty: Building an Inclusive World Economy. The report shows that 24 developing countries, which increased their integration into the world economy, achieved higher growth in incomes, longer life expectancy and better schooling (Van Dijk, 2002).
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