INTERNATIONALIZATION KNOWLEDGE TOWARDS PERFORMANCE AMONG EXPORT ORIENTED ORGANIZATIONS IN MALAYSIA

By

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INTERNATIONALIZATION KNOWLEDGE TOWARDS PERFORMANCE AMONG EXPORT ORIENTED ORGANIZATIONS IN MALAYSIA

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ABSTRACT

Globalization has stimulated international trade and influenced a growing number of organizations to engage in the internationalization process. Building upon the insights of the resource-based view theory, the purpose of this study is to establish the antecedents and the outcomes of internationalization knowledge in the context of export-oriented organizations in Malaysia. The antecedents include international ambidexterity, external environmental factors, dynamic marketing capability and market orientation as its dimensions, with the expected outcome of export performance. This study bridged the gap by linking the organizational level of internationalization knowledge within its capability and resources to achieve export performance. This study has utilized a survey-based approach to collect the data. The sample consisted of 370 mid-tier companies operating in multiple industries in Malaysia as registered with MATRADE database. Structural equation modeling analysis of Smart PLS was used to test the hypothesized model. The direct effects of all variables and market orientation on the export performance were positively significant. The results validated the claim that by explicitly describing these internationalization knowledge assets, the exporting activities within an organization can more effectively leverage knowledge and improve performance. Therefore, this study extended further empirical evidence on internationalization knowledge and export performance in the multi-industries of emerging economies context. The dissertation presented an internationalization knowledge framework to describe distinctly separate sources of knowledge within organizations. These knowledge sources are constructed as knowledge capabilities and resources that can allow the organization to engage in international operations particularly in export business more successfully. The theoretical and practical implications of the study as well as suggestions for future studies were also discussed.

Keywords: external environment factors, dynamic marketing capability, market orientation, export performance

ABSTRAK

Globalisasi telah merangsang perdagangan antarabangsa dan mempengaruhi peningkatan jumlah organisasi untuk melibatkan diri dalam proses pengantarabangsaan. Berdasarkan teori pandangan berasaskan sumber, kajian ini bertujuan mewujudkan anteseden dan basil pengetahuan pengantrabangsaan dalam konteks organisasi berorientasikan eksport di Malaysia. Anteseden ini merangkumi kedwicekatan antarabangsa, faktor persekitaran luaran, keupayaan pemasaran dinamik dan orientasi pasaran sebagai dimensi, dengan hasil jangkaan prestasi eksport. Kajian ini merapatkan jurang dengan menghubungkan tahap pengetahuan pengantarabangsaan antara keupayaan dan sumbernya untuk mencapai prestasi eksport. Pendekatan berasaskan tinjauan digunakan untuk mengumpulkan data. Sampel kajian terdiri daripada 370 buah syarikat peringkat pertengahan yang beroperasi dalam pelbagai industri di Malaysia seperti yang didaftarkan dalam pangkalan data MATRADE. Analisis permodelan persamaan berstruktur *Smart PLS* telah digunakan untuk menguji model hipotesis. Kesan langsung kesemua pemboleh ubah iaitu faktor persekitaran luaran, keupayaan pasaran dinamik dan orientasi pasaran terhadap prestasi eksport didapati signifikan secara positif. Dapatan ini mengesahkan dakwaan bahawa dengan menerangkan aset-aset pengetahuan pengantarabangsaan ini secara eksplisit, aktviti eksport sesebuah organisasi dapat memperluaskan pengetahuan dan meningkatkan prestasinya dengan lebih berkesan. Oleh demikian, kajian ini telah memberi bukti empirik yang lebih lanjut tentang pengetahuan pengantarabangsaan dan prestasi eksport pelbagai industri dalam konteks ekonomi baharu. Kajian ini membentangkan kerangka kerja pengetahuan pengantarabangsaan untuk menggambarkan secara jelas tentang pengasingan sumber pengetahuan dalam organisasi. Sumber pengetahuan tersebut dibina sebagai keupayaan pengetahuan dan sumber yang membolehkan organisasi melibatkan diri dengan lebih berjaya dalam operasi antarabangsa khususnya perdagangan eskport. Implikasi teori dan praktikal serta cadangan untuk kajian akan datang juga dibincangkan.

Kata kunci: faktor persekitaran luaran, keupayaan pemasaran dinamik, orientasi pasaran, prestasi eksport

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

Appendix No.	Title of Appendix	Page
APPENDIX A1	Questionnaire	197

xiii

LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CR	Composite Reliability
GDP	Gross Domestic Product
IK	Internationalization Knowledge
IMF	International Monetary Fund
LVs	Latent Variables
MATRADE	Malaysia External Trade Development Corporation
MITI	Ministry ofInternational Trade and Industry
MNC	Multi National Corporation
MTC	Mid-Tier Companies
MTCDP	Mid-Tier Companies Development Program
MVs	Manifest Variables
PLS	Partial Least Square
SEM	Structural Equation Modelling
SPSS	Statistical Package for Social Science
RBV	Resource Based View

CHAPTER 1
INTRODUCTION

1.0 Introduction

In the introductory chapter the reader will get an overview regarding the purpose of this research. In this section the reader will learn that this study is conducted within the contextual setting of export performance in Malaysia. Thereafter, this thesis briefly describes the gaps in marketing and international business premises. This enables the reader to get the synopsis of the research objectives of this thesis. This is followed by the methods that have been applied by the researcher for untangling the causal relationship among constructs of the proposed conceptual model.

1.1 Background of the Study

Continued globalization has stimulated international trade and influenced a growing number of organizations to engage in the internationalization process. An organization's internationalization process integrate and manage the accumulated knowledge of the organization through several processes that result in an increasing commitment to foreign markets. Worldwide exporting has grown to surpass eighteen trillion dollars annually and represents more than 25% of global economic activity (World Bank, 2016). Since the big push on industrialization started in the 1980s, Malaysia had successfully developed from a commodity based economy to one focused on manufacturing.

Manufacturing grew from 19.4 percent of the gross domestic product in 1970 to 35 percent in the 2015, while agriculture and mining, which together had accounted for 37.2 percent of the gross domestic products in 1970, dropped to 8.3 percent in 2015 (Economic Report, 2015/2016). Gross exports are projected to expand 3.4 per cent to RM948.7 billion in 2018 whereby, 2017: RM917.5 billion, led by continued demand for electrical and electronics products and commodities (Economic Report, 2017/2018). One of the examples was pointed out by Baily and Bosworth (2014) where the United States manufacturing output share which was on average at 25 percent in the 1960s had declined to approximately 12 percent in 2010, after more than 50 years of stable and remarkable growth.

Similarly, as recorded by the World Bank (2015) database, Germany and Japan also recorded high shares of manufacturing output at 27 percent each in 1991 and 1981, respectively. However, the share had also declined to 23 percent and 19 percent, respectively in 2014. However, several organizations are not able to achieve positional advantages in export markets as they have inadequacy in accumulating marketing resources along with utilizing properly marketing resources. An example of this is the statistic carried out by Malaysia External Trade Development Corporation (MATRADE) showed that due to deficiency in marketing capabilities such as corporate branding, several organizations in Malaysia are experiencing low growth and struggle to survive in export markets. Researchers is identifying that inter organization export performance varies due to heterogeneity in knowledge based resources as well as difference in knowledge management processes (Morgan et al., 2003, Sattar, 2015, Petersen and Pedersen, 1999).

This means that several exporters are unable to maintain a smooth operation process in export markets because of their inability to accumulate and manage knowledge based resources. An organization's decision about foreign market entry or expansion is contingent on knowledge about market opportunities and the organization's underlying capabilities to utilize the chances (Sakarya et al., 2007). Hence, the exporter's ability to enhance knowledge based resources and strength in knowledge management capabilities are treated as the influential components of its growth and survival in export markets. Marketing researchers explain that an organization should possess marketing capabilities in order to adopt and interpret market knowledge (Martín-de Castro, 2015).

The role of marketing capability is to convert accumulated information into successful business strategies that allow the organization to achieve enhanced business performance. However, an organization's lack of expertise in practicing marketing capabilities may create obstacles to satisfying market demands. Even if an organization pursues robust research and development capability, its inability in the market knowledge management processes can create difficulties in deploying commercially valuable products or services in export markets.

An organization's design of sustainability strategies are contingent on the applicability of distinct types of marketing functions (Mariadoss et al., 2011). Lo and Sheu (2007) proposed that in order to develop long term shareholder value, an organization's sustainability strategies act as active business processes through managing risk and sensing opportunities from three areas such as economic, social and environmental concern.

In addition, organizations' possession of different types of marketing capabilities increase efficiency in designing organizational sustainability strategies, which in turn lead to their competitive advantage achievement process. This encouraged most prior studies (Tan and Sousa, 2015, Morgan et al., 2012, Zou et al., 2003) to identify the relationship between mid level marketing mechanisms, specialized marketing functions such as pricing, selling, marketing research, distribution, advertising and business performance based on the belief that exporters' possession of specialized marketing capabilities can generate competitive advantages in export markets. According to Schilke (2013) an organization "is said to have a competitive advantage when it enjoys greater success than current or potential competitors in its industry".

Marketing scholars (Merrilees et al., 2011, Krasnikov and Jayachandran, 2008) developed a two level hierarchy in order to determine marketing capabilities, that is, mid order marketing capabilities and higher order marketing capabilities. Previous studies provided modest evidence in terms of achieving competitive advantages by simply pursuing mid order marketing capabilities. But simply investigating the role of mid order marketing capabilities to achieve competitive advantages provides an incomplete picture. The reason for this is that an organization's possession of mid order marketing capabilities is not equipped to deal with unpredictable changes in market demands and aggressive competition, which in turn create barriers to surpassing major competitors.

A hierarchical model of marketing processes and capabilities is proposed progressing from culture, through strategy formulation to operational implementation. The model follows closely Webster's conceptualization oflevels of marketing processes, locating Day's conceptualization of capabilities primarily at the tactical, or operational level, in that hierarchy, but recognizing the contribution to culture of market orientation. An introduction on first level, as marketing culture (Barney, 1986; Deshpand´e and Webster, 1989; Deshpand´e, Farley and Webster, 1993) can be seen as a key resource capable of creating SCA. On the criteria identified above it can be seen to offer clear value in focusing the activities of the organization on customer requirements and there are barriers to duplication or imitation through causal ambiguity. Second level of marketing strategy Competitive positioning decisions form the core of a firm's marketing strategy (Ries and Trout, 1982; Porter, 1996; Hooley, M¨oller and Broderick, 1998; Hooley, Saunders and Piercy, 1998). As expounded by Webster (1992) decisions on how to segment the market, which market segments to target and how to achieve that targeting, constitute the positioning strategy adopted. At the third level the hierarchy recognizes the capabilities and skills that are needed to operationally implement the marketing strategy. At this level the concern is with highly specific marketing operations, tactics and activities that are deployed to achieve the desired competitive positioning.

Marketing capabilities help an organization by solving short term problems and ultimately satisfying short term consumer demand. In order to solve short term challenges, marketing processes are involved in designing marketing mix functions, market research and market management (Merrilees et al., 2011, Song, 2014, p. 31).

Dynamics marketing capability reveals distinctive cross-functional business process to create and deliver superior customer value in response to market changes by reconfiguring higher order marketing capabilities. The main function of dynamics marketing capability is to absorb market knowledge and support effective knowledge management processes (Bruni & Verona, 2009). Marketing capabilities require constant support from higher order knowledge management capabilities so as to create and reconfigure these capabilities (Merrilees et al., 2011). For example, pricing is determined or modified through a unifying approach from marketing capabilities. In general mid order marketing capabilities are necessary but insufficient to improve an organization's performance alone, as it requires support from organizational capabilities.

In reality the export market environment is highly competitive and unpredictable, and it would be difficult for exporters to achieve desirable export performance by pursuing marketing capabilities. In increasingly fragmented market conditions, an organization needs to develop, reconfigure and integrate its higher order resources and capabilities portfolio so as to meet market demands, whereas ordinary capabilities are satisfying short term opportunities (Haapanen et al., 2016). In adverse market conditions companies need a greater understanding of the internal processes through which market knowledge can be implemented successfully to achieve a competitive advantage. In this context, the organization requires such capabilities that influence systematic change and the building of new resources or capabilities to achieve competitive advantage.

1.2.1 Current Issues

Currently there is scant understanding about the relationship between international ambidexterity constructs, external environmental, dynamic marketing capability and export performance. Therefore, the next aim of this thesis attempts to investigate the role of market uncertainty and competitive intensity and explore the relationship between international ambidexterity, external environmental factors, dynamic marketing capability and market orientation toward export performance. Earlier theoretical arguments show that it would be challenging to confirm the superiority of a strategy without contemplating the external environmental determinants (Venkatraman, 1989). By resolving the research question, this study suggests that the success of this integrated internationalization process might depend on the learning of market uncertainty and competitive intensity.

In accordance with external environmental factors, a pivotal role of market orientation formation process factors are required for strengthening the stock of knowledge based resources along with reconfiguring of underlying dimensions of market orientation. Specifically, the present thesis will contributes to the sparse extant studies in the premises of market exploration and market exploitation by showing the significance of external environmental factors and Dynamic Marketing Capability for enhancing learning.

1.2.2 Location of this study

Malaysia appears to be a suitable case study given the fact that it is one of the small open economies among the developing countries which recorded consistent economic growth rate since its independence. Reported by World Bank, World Development Indicators, November 2019, in the last three decades Malaysia has maintained an average of 7.5 percent growth annually . Malaysia also has had a long history of commodity trade but has been successful in diversifying and shifting its export base toward manufactured goods following the emphasis of government policy which shifted from import substitution to export expansion strategies. It had also managed to sustain economic growth after the Asian crisis in 1997 without major borrowing from the International Monetary Fund (IMF), compared to the other ASEAN countries.

1.2 Problem Statement

Under the lens of continuously changing market conditions, recent studies showed the importance of how dynamic marketing capability of an organization's knowledge-based resources converts into value for the customers (Cacciolatti and Lee, 2016). Bruni and Verona (2009) defined the term dynamic marketing capability as essential abilities of developing, releasing and integrating market knowledge to successfully address changes in the environment. Similarly, Barrales-Molina et al. (2013) said that dynamic marketing capability is when an organization collectively controls knowledge management practices in order to identify the needs of customers, interprets major rivals' action plans and transform market knowledge into commercially valuable innovations.

In their theoretical study Haapanen et al. (2016) proposed that organizations need to adopt and integrate market knowledge management capabilities to attain successful internationalization process. In this respect, marketing scholars have tried to understand the influence of dynamic marketing capabilities as a higher order marketing processes in the adverse marketing conditions. Specifically, marketing theorists are interested in conceptualizing the dynamic marketing capability foundation process. Focusing on the development process of dynamic marketing capability, several higher order components have been identified in recent marketing studies (Sharma et al., 2016, Santos-Vijande et al., 2013, Barrales-Molina et al., 2013, Fang and Zou, 2009), which are new product development, customer relationship management capability, brand management capability and market orientation and supply chain management capability. In recent years several researchers (Fang and Zou, 2009, Davčik and Sharma, 2016) showed the need for dynamic marketing capability is essential for long term growth and survival, and also offered an integrated model for understanding crucial constructs of dynamic marketing capability.

However, in reviewing the literature, the following section illustrates several shortcomings in this dynamic marketing capability premise. Marketing theorists have showed the performance implication of marketing capabilities within dynamic capability premise, whereas dynamic marketing capability premise is limited in identifying crucial higher order knowledge management constructs that are needed to create values for export markets. In this sense, dynamic marketing capability studies are lagging behind in the export setting, as researchers (Fang and Zou, 2009) have put emphasis on the international joint venture or domestic market environment (Bruni and Verona, 2009).

Specifically, marketing theorists (Krasnikov and Jayachandran, 2008, Boso et al., 2012, Merrilees et al., 2011) have introduced a wide array of marketing capabilities in dynamic marketing capability premise, but have not produced a general agreement about the crucial components that are required for applying dynamic marketing capability in export conditions. In this respect, previous studies have introduced contradictory conceptualization in defining dynamic marketing capability. This is evident in a work of Fang and Zou (2009) that puts more concentration on higher order integrated organizational capabilities to generate formative construct of Dynamic Marketing Capability.

On the other side, most recent studies (Santos-Vijande et al., 2013, Sharma et al., 2016) have used individual higher order marketing capabilities (e.g. brand management capability) to demonstrate that competitive advantage can be achieved by practicing an adequate market knowledge management practice. This refers some theorists have used dynamic marketing capability as a single construct, in which researchers have overlooked its theoretical foundation. Barrales-Molina et al. (2013) claim that the underlying dimensions of dynamic marketing capability are cluttered in previous studies because researchers incompetently analyzed the mixture of marketing capabilities to explain the implication of dynamic marketing capability. In general, marketing theorists have been acknowledging the role of higher order marketing capabilities (e.g. brand management, customer relationship management, innovativeness, market orientation) in attaining competitive advantages. Nonetheless, the dynamic marketing capability assumption is limited in showing that a combination of higher order marketing capabilities are treated as crucial underlying constructs of dynamic marketing capability.

To date previous empirical investigations have not treated dynamic marketing capability internal structure in much detail and thus the evidence about performance implication of dynamic marketing capability is inconclusive. In order to react swiftly and effectively in adverse market conditions, organizations require a well structured higher order market knowledge management competencies, and these capabilities are embedded in dynamic marketing capability. Accordingly, this thesis postulates that it is essential to address the development process of dynamic marketing capability in order to validate its adequacy in adverse conditions. From this perspective, a potential aim of this research is to clarify the actual impact of dynamic marketing capability on export performance, and as such, this study conceptualized as well as conducted an empirical analysis on the multi-level structure of dynamic marketing capability.

The internal process through which market exploration and market exploitation influences export performance are not discovered yet. An organization should adopt, integrate and disseminate its resources for providing better market offerings based on the resource advantage theory (Hunt and Morgan, 1996). As noted above, the foundation of dynamic marketing capability refers to a process of absorbing market specific knowledge and reconfiguring knowledge management capabilities for the purpose of competing with rivals in heterogeneous markets. The dynamic marketing capability view provides a suitable theoretical foundation in the context of implementing exporter's internationalization knowledge. Hence, the present study addresses existing knowledge gaps in internationalization process by showing that dynamic marketing capability is a crucial higher order component that supports the internationalization knowledge implementation in exporting context.

In this thesis, the research stream is also to look into the crucial effect of external environmental element on the relationship between an exporter's internationalization knowledge and export performance. For the most part, empirical evidence confirms that International Ambidexterity constructs are positively related to organizational international performance. According to Grant (1996) an organization can enhance its performance through generating capabilities, which are contingent on improving an organization's learning processes. This implies that the competency of both market exploration and market exploitation are not improved independently. In particular, the importance of the learning mechanism is crucial within the relationship of an organization's internationalization processes and international performance (Hsu and Pereira, 2008).

On the basis of the accumulated information about market uncertainty and competitive intensity, an exporter can understand potential risks that have been associated to changes in competitors' strategy and customers' preferences. An exporter benefits by learning about changes in market movements and competitive pressures. In this regard, the interaction between external environmental factors and International Ambidexterity constructs are important for the exporter's to enhance its stocks of internationalization knowledge. Afterwards, the exporter may utilize these knowledge based resources to reconfigure knowledge management capabilities, and subsequently allows it to offer better values in the export markets. In essence, an exporter should generate and modify its market knowledge management capabilities in such a way that transform knowledge based resources into value for export markets.

This thesis admits dynamic marketing capability as a crucial higher order construct of knowledge management processes whereby the stock of knowledge based resources that are generated from interactive learning could lead to improved export performance. Previous studies found that an organization's competency in market orientation largely relies on learning from external environmental factors in the international context (Zhou et al., 2007, Cadogan et al., 2003). From this, marketing researchers (Murray et al., 2011, Cadogan et al., 2003) see market uncertainty and competitive intensity as crucial construct in its use of export market orientation.

Although the importance of external environmental factors in the linkage between market orientation and export performance have been established in previous studies (Murray et al., 2011, Cadogan et al., 2003), the effectiveness of the internationalization knowledge absorption processes depends on a firm's learning from external environmental factors, and still warrants further investigation. As an example, De Noni and Apa (2015) suggested that "existing research examining the internationalization performance link has overlooked potential variables". International Ambidexterity studies provide a limited amount of empirical support to comprehend how successfully an exporter can implement the exporting process. For instance, Lisoba et al. (2013) showed the role of market uncertainty only supports the relationship between export market exploration and export performance. This indicates that past studies were limited by showing the impacts of external environmental factors in the relationship of exploitative and explorative learning on export performance. In particular, there is no general agreement about how market orientation association of the internationalization knowledge absorption processes and export performance.

1.3 Research Questions

This research has used dynamic marketing capability within the interaction terms and export performance linkages, and this will overcome some shortcomings of previous studies by showing the effectiveness of external environmental factors in exporters' internationalization process. Based on the above discussions, this thesis identifies four main research streams that are related to knowledge based resources, dynamic marketing capability and export performance. The four research questions that will be covered are illustrated in the following section:

1. What is the relationship between international ambidexterity and export performance?
2. What is the relationship between external environmental factors and export performance?
3. What is the relationship between dynamic marketing capability and export performance?
4. What is the relationship between market orientation and export performance?

1.4 Research Objectives

The study has the following objectives:

1. To investigate the relationship between international ambidexterity and export performance.
2. To study the relationship between external environmental factor and export performance.
3. To explore the relationship between dynamic marketing capability and export performance.
4. To examine the relationship between market orientation and export performance.

1.5 Scope of Study

This study followed a positivism deductive method for supporting its empirical investigations, in which quantitative research design was chosen as the best suitable approach within this research philosophy. In order to answer the research questions, this study selected the context of the export-oriented organizations mainly from manufacturing and information technology (e.g. textile, plastic goods, finished leather, leather goods, ceramics, handicraft and furniture, light engineering and IT service) organizations within Malaysia.

1.6 Significance of the Study

The research on dynamic marketing capability currently is at an incipient stage, thus the outcome of this research objective brings some noteworthy contributions within the dynamic marketing capability premise. This study contributes to the literature by showing how an export oriented organization can develop dynamic marketing capability by modifying and integrating higher order knowledge management capabilities for the purpose of overcoming market uncertainty and aggressive competition. By applying dynamic marketing capability within the exporting context, this study extends the view of resource based theory, dynamic capability view and dynamic marketing capability view.

As this research provides an integrated framework for dynamic marketing capability, this enables the researcher to alleviate the lack of theoretical support by showing the configuration process of dynamic marketing capability. The second stream of this research outlines a crucial role of dynamic marketing capability in supporting the implementation of internationalization knowledge in such a way that enhances export performance. In this section the researcher seeks to address possible research gaps in the internationalization process. Previous studies showed that an organization's effective internationalization process improve its export performance, and this encouraged several scholars to draw two distinct influential approaches of internationalization process, namely incremental and accelerated internationalization processes (Weerawardena et al., 2007). As noted, the export business arena is highly competitive and unpredictable, hence, to accelerate the internationalization process recent studies encouraged an exporter to pursue international ambidexterity dimensions (Lisboa et al., 2013).

The term international ambidexterity tries to explain that by pursuing market exploration and market exploitation simultaneously an exporter can create a knowledge portfolio that is better fit to business environments (Prange and Verdier, 2011, Skarmeas et al., 2016). This is generated by emphasizing exploration, exploitation and integration of the learning processes. International ambidexterity dimensions have showed that market exploitation is mainly focused on learning how to improve existing knowledge, while exploration refers to development of knowledge about new market opportunities (Villar et al., 2014, Hsu et al., 2013). In particular, the main aim of international ambidexterity constructs are improving knowledge based resources by proper learning processes. An organization's exploration and exploitation are two types of learning processes that improve the diversity of its knowledge portfolio (March, 1991, Atuahene-Gima and Murray, 2007). Both these learning processes are essential for enhancing internationalization knowledge portfolio. Researchers identified that the "General Electric" is more qualified to satisfy international market demands by improving its internationalization knowledge portfolio (Feng et al., 2010).

In this regard, international ambidexterity dimensions are treated as crucial contributing factors to offset an organization's late mover disadvantages. In recent years, performance implications of international ambidexterity dimensions have received growing attention in international business literature (Hsu et al., 2013, Lisboa et al., 2013), but those studies failed to identify a crucial internal processes that may leverage the effectiveness of market exploration and market exploitation in the exporting context.

1.7 Contribution of the Research

To bridge this research gap of this research empirically verifies the internationalization knowledge implementation effects of dynamic marketing capability towards the enhancement of export performance.

This research objectives contributes to the international business literature by drawing on the logics of international ambidexterity constructs, resource based theory, knowledge based theory and dynamic marketing capability perspective. By using these theories this study demonstrates that international ambidexterity constructs are the driver of enhancing internationalization knowledge-based resources, which helps the company experience better export performance by pursuing dynamic marketing capability strategy. To the best of our knowledge, no prior studies have clearly explored the link between knowledge based resources and an integrative knowledge management capabilities in export markets. This study is using dynamic marketing capability concept to explain the effects of international ambidexterity constructs on export performance.

The findings will bring an important contribution to the field of knowledge based view in a sense that knowledge based resources are embedded in international ambidexterity arena. In the context of least development countries, previous dynamic marketing capability and international ambidexterity studies often overlook their implication on emerging economies' organizations.

From this perspective, this research would provide conceptualization and empirical support for the use of international ambidexterity constructs and dynamic marketing capability of export oriented organizations in emerging economies. The influence of international ambidexterity constructs on performance are not straightforward but depends on several external environmental factors. In order to better understand the influence of the internationalization processes on export performance, it is crucial to consider a number of factors in the research. Hsu and Pereira (2008) state that "the link between internationalization and performance will be strengthened when firms engage in organizational learning activities."

Organizational learning from market orientation and competitive intensity are critical for an organization since these factors support the improvement of knowledge based resources. What if an organization's learning from external environmental factors can be joined with international ambidexterity constructs to improve its knowledge based resources and also help the organization to achieve better performance?. To answer this question, this study explores whether market orientation factors can effect the internationalization knowledge absorption processes and export performance.

1.9 Organization of the Dissertation

The dissertation is arranged into five chapters including this chapter. In Chapter 1, it introduces the background information identifying the research problem, the purpose of the research, and its contribution to knowledge. Chapter 2 highlights the literature relevant to the internationalization knowledge in relation to international ambidexterity, external environmental factors, dynamic marketing capability, and market orientation constructs as well as the export performance. This chapter also includes the theoretical framework and the hypotheses posited in this study. Further, Chapter 3 covers the methodology used in the study. It includes a description of the research approach, the population and sampling design, the measures, the data collection procedure, and the statistical methods used to analyze the data.

Chapter 4 focuses on the analyses and results of the study. This chapter explains the statistical techniques used in this study to reveal the findings of this study. The first section explains the data screening procedures that were applied in this study. The second section describes how this research confirms the reliability and validity of the constructs. The third section represents the research objective, in which the researcher explains the significance of variables in this research model. This section highlights the outcomes by testing the hypotheses H1, H2, H3, and H4.

Finally, Chapter 5 presents the conclusion and recommendation of the study. This chapter includes the discussion of the findings in line with the objectives of the study where the researcher demonstrates how the results attempt to answer the research questions and the generation process of all variables along with its role in supporting the export performance. In addition, the chapter covers the implication of the study's finding both to the literature and practitioners. The discussion later follows with the limitations and suggestions for future research.

1.10 Summary

This chapter has provided an introduction to the issues that this research has been designed to address. The research topics were organized as the research background, research problem, research aim, research questions, the main area of the study and the significance of the study. The next chapter will present a review of literature, as well as the theoretical framework for this study.

CHAPTER2

LITERATURE REVIEW

2.0 Introduction

Malaysia is a fast growing country which has targeted to be a developed country by year 2020. Initially the economic growth depended mainly on the contribution of the agriculture sector: however since the 1980s the growth has been driven by the manufacturing sector. Although from 2000 until the present the contribution of the manufacturing sector to economic growth has started to decrease and was taken over by the service sector, the growth of the industrial activities in Malaysia is still crucial in generating persistent GDP and export growth.

For centuries, Malaysia has profited from its location at a crossroads of trade between the East and West, a tradition that carries into the 21st century. Geographically blessed, peninsular Malaysia stretches the length of the Strait of Malacca, one of the most economically and politically important shipping lanes in the world. Capitalizing on its location, Malaysia has been able to transform its economy from an agriculture and mining base in the early 1970s to a relatively high-tech, competitive nation, where services and manufacturing now account for 73 percent of GDP (51 percent in services and 22 percent in manufacturing in 2017).

Malaysia's GDP projection for2018 is 5.3 percent while the 2017 GDP was 5.9 percent, 2016 GDP growth was 4.2. Prior to this, Malaysia's GDP growth in 2015 was 5 percent, 6 percent in 2014, and 4.7 percent in 2013. Malaysia is an oil and gas producing country and the government budget is impacted by the price movement of this commodity.

Over the past few years Malaysia's currency, the Ringgit (RM), experienced downward pressure; however, since the beginning of 2018, it has been strengthening to US$1 = RM3.94. In 2013, the average exchange rate for the Malaysian Ringgit against the US Dollar was US$1=RM3.12. In 2014, US$1=RM3.30. In 2015, it was US$1=RM3.90. For 2016, it averaged around RM4.15 and in 2017 it hovered around US$1 to RM4.30. The lower exchange rate impacted Malaysia's economy and the government has been taking financial policy steps to strengthen its currency. The weaker ringgit and slower growth dampened consumer sentiment and spending throughout 2016 and into early 2017.

Malaysia's per capita income was RM42,930/ US$10,732 (Department of Statistics Malaysia, 2018). Translated in purchasing power per capita terms, it is the third highest in ASEAN, after Singapore and Brunei, at approximately US$28,700. Malaysia's level of economic development drives both consumer and business demand for products and services. Its consumers, though price sensitive, are accustomed to several decades of strong growth. Thus, they are attracted to and are familiar with international branded products, better education, quality healthcare products and services, as well as ecological lifestyle offerings. By December 2017, Malaysia reported it population size to be 32 million. According to Bank Negara Malaysia (Malaysia's Central Bank), Malaysia's 2017 GDP is RM1,353,381 million (US$338,345 million). Looking back, its 2016 GDP was RM1,230,121 million (US$298,573 million), RM1,062,805 million (US$272.5 million) in 2015, and RM1,012,506 million (US$306,820 million) in 2014. The World Bank classifies Malaysia as an upper-middle income nation. Malaysia's total trade for 2017 was $413 billion. This is a 15.2 percent increase in value compared to 2016.

2.1 The International Ambidexterity

Organizational learning literature asserts that an organization's distinct level of learning processes influences its competencies that further impact on performance (Huang and Wang, 2011). By drawing on the concept of organizational learning, scholars (Bapuji and Crossan, 2004) investigated why a firm surpass rivals due to the existence of different learning processes in changing markets environment. The organization's learning mechanisms are capable of generating better products or services through providing valuable information to cross-functional business processes for reconfiguring resources and capabilities. According to Zollo and Winter (2002) "dynamic capabilities are shaped by the coevolution of different learning mechanisms", as the organization is modifying or renewing capabilities based on the information of cross-functional business processes. This infers the importance of knowledge accumulation together with implementing knowledge-based resources under the lens unpredictable and competitive business environment.

An organization requires direct involvement in implementing accumulated market knowledge to response rapidly together with effectively in the competitive business environment (Beer et al., 2005). Nonetheless, previous studies showed little attention to understand the causal relationship between organizational learning processes and an organization's strategy implementation systems (Santos-Vijande et al., 2012). This thesis emphasizes organizational learning theory to contribute not only to explain different knowledge absorption techniques, but also examine the influence of knowledge absorption processes to effective implementation of market knowledge.

This study proposes that an organization's better learning processes improve its knowledge based resources, by which the organization can take advantages of environmental opportunities and avoiding possible threats. This research identifies two set of learning mechanisms encompassing both the exploration of market knowledge together with considering exploitation of market knowledge so as to comprehend the articulation and codification of collective knowledge. The application of exploration and exploitation has been examined in the studies of organizational learning since March (1991) investigated the trade-off between them.

In general, exploration and exploitation are incompatible, however an organization can practice both these learning techniques simultaneously (Auh and Menguc, 2005). This encourages researchers to draw the idea of organizational ambidexterity in order to show the robustness of learning processes in enhancing profitability. Arguments in favor of ambidexterity reveal that an organization's' simultaneous practice of exploitation and exploration processes for adopting market knowledge is considered to be the determinant in terms of inventing a new method and advancing technical competency (Myers, 1997). The term 'ambidexterity' means that an organization needs to focus on both the exploitation of current strengths, and the exploration of new opportunities (Bharadwaj et al., 2005). Whereas an organization's exploration capacity is involved in experimentation so as to find new alternatives along with the accumulation of new knowledge, skills and technologies, the role of exploitation capacity improves the strength of its existing knowledge, skills and technologies (Rossmannek and Rank, 2019).

In general, ambidexterity has been applied to situations in which an organization's weaknesses in terms of operational processes can be minimized by balancing a relative level of exploitation and exploration process at the same time (Wu, Ma and Liu, 2019). In reality, an international organization experiences significant challenges in terms of accumulating along with deploying knowledge due to adverse market conditions and the presence of high level competitive pressure. Hence, theorists of international marketing have introduced the term international ambidexterity, a concept which refers to an internationalization knowledge absorption strategy that the organization can use to tackle these difficulties (Hsu et al., 2013, Prange and Verdier, 2011).

The role of international ambidexterity constructs may be influential organizational ability of seeking opportunity to do better in the international markets by the exploitation of current market opportunities and at the same time exploration of new market opportunities for the purpose of allowing growth and survival (Vahlne and Jonsson, 2016). This reasoning reinforce the consideration of practicing both market exploration and market exploitation as dynamic capabilities which can "identify opportunities along with mobilizing relevant resources both within the own firm and within other firms involved in the international opportunity seeking processes" (Vahlne and Johanson, 2013, Vahlne and Jonsson, 2016).

Even though, some researchers considered the role of international ambidexterity as the dynamic capability, this research adhere O'Reilly III and Tushman (2008) in which stressed that "ambidexterity only becomes a dynamic capability if the firm's exploitation and exploration activities are strategically integrated" and that "the focus on ambidexterity as a dynamic capability is not itself a source of competitive advantage but facilitates new resource configurations that can offer a competitive advantage".

This implies international ambidexterity constructs provide valuable information to reconfigure market knowledge so that the organization can achieve competitive advantage in the market. An export organization can experience greater survival possibilities in the export markets by emphasizing its exploitative learning process for accumulating market based knowledge. On the other hand, an export organization's market exploration process captures new market opportunities for realizing continued growth in the export markets.

Nonetheless, if an organization overemphasizes any individual knowledge-absorption process, it can develop core rigidities within its knowledge portfolio (Hsu et al., 2013). Thus, the organization should coordinate exploitative and explorative learning in order to support its ability to grow and survive in export markets (Luo and Rui, 2009, Prange and Verdier, 2011). It is imperative for the organization to combine its organizational capabilities with learning processes to simplify the application of ambidexterity and confirm long-term survival in the international markets (Ancona et al., 2001, Hsu et al., 2013).

This infers that the sustainable competitive advantage is not directly contingent on the application of explorative and exploitative learning processes, but rather on the development and reconfiguration of higher order knowledge management capabilities. An organization may experience long term growth and survival in the export markets when it uses knowledge based resources to offer customers more value than key competitors. This draws attention to the importance of using dynamic marketing capability to implement absorbed knowledge based resources, which in turn enable the organization to offer better customer value propositions.

The term 'dynamic marketing capability' acts as a potential higher order knowledge management capability within uncertain market environments, whereas the perspective of international ambidexterity constructs act as higher order dynamic internationalization capability that influences an organization's growth and survival in the international market by helping its constant modification of other higher order capabilities (Prange and Verdier, 2011). The exporter needs to adjust its knowledge management capabilities systematically so as to understand the strength of its adopted internationalization knowledge from exploration and exploitation.

Some scholars (Villar et al., 2014) suggest that it is essential to emphasize international ambidexterity constructs as the determinants of knowledge management capabilities instead of examining only the direct effects of market exploration and market exploitation on export performance.

Specifically, international business scholars (Hsu et al., 2013) have postulated that international ambidexterity has a positive influence on international performance in spite of the fact that no evidence of dynamic marketing capability role was detected in this context. From this perspective, in the exporting context it is important to address the benefits of the market exploration and exploitation learning processes on export performance through dynamic marketing capability.

2.1.1 Relationship between International Ambidexterity and Export Performance

In the context of the internationalization process, Anderson (1993) has classified the knowledge portfolio into market specific knowledge and generic knowledge. In the same way, Keen and Wu (2011) showed that an organization's international strategic success is dependent on its possession of internationalization knowledge and market-specific knowledge. An organization's market specific knowledge involves accumulating crucial information from customers,' by improving an organization experiences in foreign markets (Andersen, 1993). Conversely, researchers showed that an organization's accumulated internationalization knowledge is used to modify knowledge management practices so as to generate satisfying outcomes for customers (Eriksson and Chetty, 2003).

Researchers have revealed that internationalization knowledge must be linked with market-specific knowledge so that an organization's knowledge portfolio fits with its capabilities' portfolio with respect to market demands (Keen and Wu, 2011). Figure 2.1 shows an illustrative knowledge map, which depicts that higher order market specific knowledge and knowledge management processes are supported by the organization's lower level internationalization knowledge.

An organization's higher order knowledge management practices may not achieve the expected goal, if the organization inappropriately relates lower-level internationalization knowledge to upper level market specific knowledge. This indicates that an organization's ineffectiveness in its internationalization knowledge portfolio may generate challenges in terms of accumulating market-specific knowledge from its overseas operations. Marketing strategists claim that the accumulation of internationalization knowledge is essential for an organization, although its mere possession is not enough without considering market specific knowledge for enhancing an organization's value offerings. In order to execute the exporting process, an exporter market-specific knowledge is seen as being an influential knowledge based resource, by which the exporting organization realizes customers' specific demands (Forsgren, 2002). In that sense, the current thesis postulates that internationalization knowledge leads to market specific knowledge. Specifically, an exporter market specific knowledge is supported by simultaneously learning from market exploration and market exploitation.

Furthermore, an organization's a successful internationalization strategy is contingent on the strength of knowledge based resources, in spite of the fact that knowledge based resources in and of themselves are not sufficient to build valuable products and services. This refers to the fact that knowledge-based resources must be deployed in such a way that the organization would be able to improve its value offerings for customers.

Figure 2.1, illustrated the structure of knowledge transformation in the internationalization process. With this aim, market exploration and market exploitation internationalization knowledge absorption processes need to be adjusted in such a way that enables the organization to properly transform its learning into knowledge management capabilities.

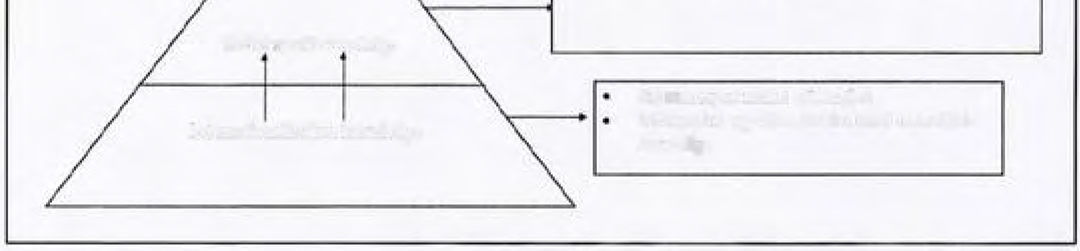

Figure 2.1
Structure of knowledge transformation in the internationalization process
Source: Keen and Wu, 2011.

At the same time as the organization accumulates internationalization knowledge, it is essential to possess higher order organizational capabilities so as to achieve sustainable international performance. This is because an international organization's higher order organizational capabilities can bring significant modification to its business strategies (Fletcher et al., 2013, Weerawardena et al., 2007).

This implies that higher order organizational capabilities moderate the relationship between exporters' accumulated internationalization knowledge and better export performance. In particular, international ambidexterity theorists (Atuahene-Gima, 1995, Villar et al., 2014) have suggested that by focusing on market-knowledge management processes, an organization learning from market exploitation and market exploration can generate better outcomes. Some researchers argue that organization's market-knowledge management capabilities must be dynamic in order for the organization to benefit from export market exploration and export market exploitation processes (Lisboa et al., 2013).

Despite the fact that the application of knowledge based factors has received notable attention in international marketing studies in terms of developing a successful internationalization strategy, there has been scant empirical evidence that showed the association between knowledge-based resources and multi level knowledge management processes.

In particular, the performance implications of international ambidexterity has received considerable attention, however, extant studies have failed to report what factors can empower market exploration and market exploitation in exporting contexts. This is because researchers did not identify the processes by which international ambidexterity constructs should be deployed in order to achieve better international performance.

That indicates the past empirical examinations have been problematic in international ambidexterity context. While a small number of studies have shown the influence of international ambidexterity constructs in multinational organizations or in the internationalization process of international joint ventures, little attention has been paid to the export context in international ambidexterity studies. For example, to date only two empirical studies have individually investigated the influence of international ambidexterity within the foreign direct investment (Hsu et al., 2013) and exporting (Villar et al., 2014) context respectively. Although the most recent critical examination of the international ambidexterity context by Villar et al. (2014), conjectured that the dynamic capability concept could be used to explain export performance, so far their study has only been applied to small and medium enterprises.

Specifically, the scant attention that has been paid to the export marketing context is considered to be an important limitation in international ambidexterity studies, as exporting is the first entry mode choice by which an organization becomes internationalized. Therefore, this study has selected exporting as an important area for knowledge management research. Additionally, until now it has not been clear how to generate knowledge based dynamic capability within the exporting context, together with the concurrent impacts of exploration and exploitation on export performance.

Overall, past research has not acknowledged what the potential marketing capabilities are with an added complication being the fact that they are embedded with market specific knowledge that drives international ambidexterity towards export performance. Weerawardena et al. (2007) argued that an organization's possession of dynamic marketing capability enables it to respond swiftly within multiple overseas markets by implementing internationalization knowledge.

This study therefore sets out to address following hypothesis:

There is a positive relationship between International Ambidexterity and export performance.

2.2 External Environmental Factors

International marketing studies have shown that external environmental factors such as competitive intensity and market uncertainty have a critical influence on an international organization's operational processes (Jaworski and Kohli, 1993, Fang and Zou, 2009). In the same vein, Hussey and Eagan (2007) suggested that an organization's performance is associated with the function of external business factors, and hence future research should address the importance of external environmental factors in internationalization process. In export marketing literature, researchers have shown the external environmental factors on the association between market specific knowledge and marketing capability development processes (Murray et al., 2011). In addition to that, there have been an increasing number of studies within the dynamic capability paradigm that inappropriately describe the terminology of market uncertainty and market dynamism.

According to Chari et al. (2014), market dynamism is a basic feature of market uncertainty that creates a threat to the organization by causing a high degree of disorderly change in the market. On the other hand, an organization's incompetency to absorb valuable market specific information creates difficulties to modify its marketing capabilities. The organization is affected by market uncertainty when managers are unable to predict or concern about market trends (Bowman and Ambrosini, 2000). This indicates the importance of learning about external environmental factors to improve the quality of market knowledge portfolio.

In terms of explaining the strength of external environmental factors, marketing scholars claim that in a complex business environment the organization's performance is dependent on the application of higher order marketing capabilities (Merrilees et al., 2011). In accordance with market uncertainty, organizations are experiencing challenges in terms of conceptualizing customers' attitudes towards brands as well as customers' expressed and unarticulated needs. This encourages managers to focus on modifying marketing capabilities in such a way that enables the organization to respond to market changes effectively and enhance its profit margin.

Whilst several attempts (Narver et al., 2004) reported the determining role of market uncertainty in capability formation processes, other groups (Matear et al., 2004, Aspara et al., 2011) have addressed the issue of competitive intensity as an influential external environmental factor with respect to domestic and international business boundaries. The term 'competitive intensity' is generally understood to mean a situation in which an organization is experiencing fierce competition as well as facing scant opportunities for future growth in the markets (Auh and Menguc, 2005).

Marketing literature has revealed that an organization becomes more innovative and market oriented by emphasizing lessons learned about competitive intensity (Jaworski and Kohli, 1993a). The presence of high level competitive pressure often prompts the organization to improve its product development process so that the organization can surpass its key rivals (Porter, 1980a, Lamore et al., 2013).

An exporter's knowledge based resources portfolio becomes obsolete if the exporter is unable to reconcile knowledge accumulation processes with the results of competitive intensity (Matear et al., 2004, Kohli and Jaworski, 1990). Thus, exporting organizations experience challenges in terms of adjusting their marketing capabilities to satisfy customers' expressed and unexpressed needs.

By focusing on learning from competitive pressure, an exporter can improve the quality of knowledge based resources, which supports the modification of its marketing capabilities (Murray et al., 2011). This implies that an exporter can improve its knowledge portfolio and modify its knowledge management capabilities by comprehending the market trends and competitive intensity.

2.2.1 Relationship between External Environmental Factor and Export Performance

A number of authors have attempted to explain why external environmental factors should be treated as fundamental elements in the association between marketing capability and performance. Market uncertainty and competitive intensity has received growing attention in marketing strategy studies, specifically in the context of responsive market orientation and proactive market orientation (Narver et al., 2004, Kohli and Jaworski, 1990, Bodlaj et al., 2012).

In addition, several attempts have showed external environmental determinants in the dynamic capability and market knowledge management premise (Zhang and Duan, 2010, Boso et al., 2012). For instance, Murray et al. (2011) showed that the effectiveness of market specific knowledge on export performance varies due to the presence of different degrees of external environmental factors.

It is apparent from their study that external environmental factors dominate market based knowledge, whereas the development of marketing capabilities hinges on the level of market uncertainty and competitive intensity. In the internationalization process an organization presents a knowledge gap when its accumulated knowledge ignores learning from external environmental factors. Thus, to minimize the knowledge gap of external factors, internationalization knowledge is modified by the learning activity of the organization.

Most marketing studies have examined the influence of competitive intensity in market orientation and innovation interfaces (Murray et al., 2011, Jansen et al., 2006). In the past, the theoretical model showed the link between an organization's learning mechanisms and performance, however, to date little research has empirically verified the role of influential on the relationship between internationalization process and international performance. This is evident in the case of a few previous studies (Murray et al., 2011, Cadogan et al., 2003), in which researchers showed the significant role between export market orientation and export performance.

In particular, previous investigations showed that the foundation of export market orientation is concerned with absorbing responsive based market specific knowledge from export markets a process that overlooks unexpressed needs of customers. In addition, researchers did not evaluate what types of market knowledge management capabilities have the strongest influence in converting accumulated knowledge based resources into performance under high level of adverse market conditions. This indicates that limited empirical research has emphasized the ability of an exporter learning from external environmental factors to leverage the execution of exporting processes into better export performance.

In the same way, international ambidexterity studies (Hsu et al., 2013, Lisboa et al., 2013, Villar et al., 2014) have focused little attention on identifying the role of external environmental factors on the link between international ambidexterity and international performance. Past studies demonstrated that the effects of market knowledge are contingent on the organization's external environmental factors (Day and Wensley, 1988, Slater and Narver, 1994). Following upon this logic, the current thesis postulates that the effectiveness of international ambidexterity constructs are contingent on external determinants in the exporting context. The value of external environmental factors in terms of improving the internationalization knowledge portfolio has been demonstrated in a work by Lisboa et al (2013), in which researchers identified that market uncertainty has a significant impact on export market exploration and export performance.

However, the proponents found a non-significant relationship between market exploitation and export performance in the condition of market uncertainty. The reason is that their investigation did not consider the knowledge management practices through which each construct of international ambidexterity influences export performance.

In view of this, the second research question is designed to determine the following hypothesis:

There is a positive relationship between external environmental factor and export performance.

2.3 The Dynamic Marketing Capability

Highly uncertain market environments require a greater emphasis on management capability, because superior customer value can only be delivered through the dynamism of marketing functions (Weerawardena, 2003). This fact has encouraged several studies to consider the concept of mid-level marketing capabilities by utilizing the theoretical foundation of dynamic capability (Danneels, 2008, Vorhies and Morgan, 2005, Morgan et al., 2004, Sok et al., 2013). However, in the context of changing export market environments, it is far more challenging to obtain superior export performance by emphasizing classical 'marketing mix' Several scholars (Merrilees et al., 2011) have criticized the adequacy of mid level marketing capability within adverse business environments.

Kyriakopoulos and Moorman (2004) claim that marketing capabilities that do not possess higher level market knowledge are unable to deliver worthwhile information in cross functional business units of an organization. This creates a deficiency in terms of the organization's ability to understand customers' needs, competitors' actions and market trends within changing market conditions.

This research has postulated that some export organizations have only a few higher order knowledge management capabilities that enable them to surpass their key competitors. As of now little is known about the main underlying dimensions of higher order dynamic marketing capability construct as well as the robustness of higher order dynamic marketing capability construct. This means that dynamic marketing capability view warrants more research in order to untangle underlying dimensions of dynamic marketing capability (Pacheco, 2019). One useful avenue for research would be to study the internal structure of dynamic marketing capability and its influence in the exporting context.

With respect to the resource based theory and the dynamic capability assumptions, the present study has identified similarities between marketing capabilities and their underlying elements to understand specific components of dynamic marketing capability. This thesis has also identified the formation process of influential marketing capabilities within the dynamic capability premise. Table 2.1 is organized to present specific components and underlying processes of marketing capabilities.

From Table 2.1 we can comprehend that the organization's market knowledge absorption capacities as well as knowledge dissemination mechanisms are involved in its higher order marketing practices, and these marketing capabilities operate in cross functional units. When the capabilities have a knowledge absorptive capacity along with a deployment competency within cross functional units, a combination of capabilities can be considered to be the driving forces required to achieve an improved international performance (Bruni and Verona, 2009). In addition, after reviewing the studies in table 2.1, it is clear that marketing theorists broadly used of higher order capabilities in dynamic capability premise, and these are: customer relationship management capability, brand management capability and new product development capability.

In contrast to these capabilities, however, few studies have detected supply chain management capability within the marketing capability premise. While previous researchers (shown in table 2.1) have proposed a mixture of higher order and mid order marketing capabilities in dynamic capability studies, this thesis proposes that an organization's dynamic marketing capability is based around the improvement of efficiency in cross functional marketing processes. The dynamic marketing capability concept says that higher order marketing capabilities that operate in cross functional business processes are the underlying constructs of dynamic marketing capability. The concept of dynamic marketing capability is required in order to account for the satisfaction of customer value within changing market conditions, and this approach separates dynamic marketing capability from the general assumptions of dynamic capability.

2.3.1 Internal Dimensions of Dynamic Marketing Capability

With respect to export market conditions, it is crucial to understand the internal dimensions of dynamic marketing capability, as the application of this marketing practice is most suitable for highly uncertain environments. The underlying dimensions of dynamic marketing capability comprises higher order marketing capabilities, and those capabilities are essential for processing customer oriented valuable information (Barrales-Molina et al., 2013).

An organization must be prioritize the inclusion of higher order marketing capabilities in cross functional business units to realize better outcomes from the repeated application of dynamic marketing practice. This argument is consistent with an earlier study by Srivastava et al. (1999), which suggested that combining different management capability can generate better performances than an individual management capability alone. This implies that when an organization is focused on any individual higher order management capability instead of a group of higher order management capability, the organization is unable to satisfy the customers in a time of unstable market conditions. And there is a first mover advantage, as an organization's major competitors face increased barriers in codifying their knowledge management capabilities if the original organization focuses on the interaction between higher order management capabilities (Morgan et al., 2009a). The reason for this is that when various higher order management capability are combined within cross functional business units, the organization can generate greater value offerings compared to the offerings that are generated from individual higher order management capability.

Table2.1

The elements of marketing capabilities formation within the dynamic marketing context

Authors	Specific components		Underlying rocess	Marketing capabilities	Other organizational capabilities
	Knowledge-absorption capacity	Knowledge management	Cross-functional business process		
(Barrales-Molina et al., 2013)	√	√ √	√	New product development, proactive market orientation.	Not mentioned
(Santos-Vijande et al., 2013)	√			Market orientation, brand management, new product development.	Not mentioned
(Mitrega et al., 2012)	√ √	√	√	Networking capability.	Not mentioned
(Landroguez et al., 2011)	√ √	√	√	Customer-relationship management, market orientation.	Not mentioned
(Hou and Chien, 2010)	√ √	√	√	Not mentioned	Not mentioned
(Fang and Zou, 2009)				Customer-relationship management, new product development, supply-chain management.	Not mentioned
(Maklan and Knox, 2009)				Customer relationship management, brand management, proactive market orientation.	Not mentioned
(Easterby-Smith and Prieto, 2008)				Customer relationship management, market orientation.	Not mentioned

The logic for this follows Morgan (2012) work on cross functional marketing capabilities and links to the work by Barrales-Molina et al., (2013) defining the internal structure of dynamic marketing capability as some form of "capability that a marketing department must first absorb and assimilate market knowledge and then integrate the accumulated knowledge into the rest of the organization through knowledge management".

2.3.2 New Product Development Capability

Past studies often advocate the use of new product development capability or innovation capability as a constituent of DC (Dacko et al., 2008). New product development capability can generate greater value when it can integrate outside and inside knowledge together (Day, 1994). In their excellent investigation of innovation in manufacturing sector, Jin et al. (2004) defined innovation or new product development capability as the organization's continuous process of generating new ideas by exploiting along with exploring knowledge, and then implementing these knowledge for satisfying customer demands. New product development capability is a process of converting accumulated information by reconfiguring, leveraging and integrating resources and capabilities so as to introduce commercially viable products within distinct levels of the market environment (Teece, 2012).

In general, new product development capability operates in cross functional business processes that accumulate valuable information internally or externally, and then integrate the knowledge in such a way as to provide solutions in the markets. The organization should encourage the possibility of new product offerings by improving its innovation processes in the context of adverse market conditions. Improved innovation is required because a range of products can be made obsolete rapidly due to an organization's shorter product life cycle in highly uncertain market conditions. Export marketing researchers have indicated that new product development capability is a crucial export marketing practice (Lages et al., 2009), by which the exporter can maintain repeated product offerings in export markets (Yang et al., 2012).

As a higher order marketing capability, new product development capability (Merrilees et al., 2011, Sharma et al., 2016) promotes the modification of an organization's innovativeness so that the organization can satisfy demands in new export markets. In addition to that, new product development capability encourages an organization to be proactive by exploring new innovation instead of merely exploiting the strength of existing products.

Previous studies have uncovered the fact that an organization's innovations are positively related to better performance (Hughes and Morgan, 2007, Jin et al., 2004), and to support new innovations the organization should improve its new product development processes. An exporter requires an in depth concentration of investing in new product development capability so as to leverage the quality of innovation processes. An organization's new product development capability can satisfy the role of causal ambiguity when it is bundled together with other marketing capabilities. In doing so the new product development capability can be seen as a crucial complementary capability (Menguc and Auh, 2006).

An exporter can experience a low level of growth as well as market expansion opportunities because its inadequacy in innovativeness (Uner et al., 2013). In order for an exporter to improve its growth seeking strategies and chances for long-term survival in export markets, it should focus on the continuous development of new products.

In this sense, the exporter can offer new values in foreign markets by modifying its new product development capability and combining it with other sets of marketing capabilities. Specifically, rather than being valuable per se, new product development capability needs to be integrated with other marketing capabilities in order to fully meet the basic assumptions of dynamic capability (Krasnikov and Jayachandran, 2008). When new product development capability is complementary with other marketing capabilities in cross-functional business processes, an organization can introduce better products, which can be developed within a limited time frame. In the exporting context, the current thesis proposes that new product development capability is the extent to which an exporter uses this process along with other market knowledge management processes in order to satisfy the underlying assumptions of dynamic marketing capability.

2.3.3 Customer Relationship Management Capability

Similar to the new product development capability, customer relationship management capability is recognized as another essential component of dynamic marketing capability (Morgan, 2012). The term customer relationship management capability refers to the complex organizational process that acquires knowledge from existing and potential customers, and subsequently circulates the information into cross functional business units so that the organization can leverage market value propositions (Boulding et al., 2005, Srivastava et al., 1999). Customer relationship management capability involves identifying potential customers, developing knowledge about customers' expressed and unarticulated needs and generating ideal profit growth through maximizing customer responses.

Merrilees et al (2011) explained that customer relationship management capability is another type of higher order market knowledge management process, which operates within cross functional business units so as to maintain a connection between customer relationship management and customer satisfaction. Export ventures can accumulate knowledge about export market requirements through applying customer relationship management capability, and based on this customer oriented knowledge an exporter can offer possible solutions for use in cross functional business units (Morgan et al., 2004).

Having a highly successful customer relationship management capability allows an organization to improve innovation processes in order to adapt to changing market demands. This is because an organization's new product development is contingent on the available customer information that comes from effective customer relationship management processes. An organization's customer relationship management process does not simply rely on gathering new ideas about products, rather it involves the potential customers in a series of experiments so as to comprehend the market's specific needs (Ramaswami et al., 2009). In other words, customer relationship management capability may not just be a route to successful innovation because it provides valuable information, but it may also be involved in interaction with other knowledge management capabilities. An organization's customer relationship management capability is a most valuable operational capability that requires significant time to develop, and the effectiveness of customer relationship management capability is dependent on the level of experiential knowledge and the interpersonal skills of the organization's staff.

The organization should focus on achieving a high level of responsiveness in order to leverage the strength of customer relationship management practices. When the organization provides high value to its customers and concentrates on customized offerings as well as robust personalized communication, then it is clear that the organization is maintaining a high quality of customer relationship management capability (Zhou et al., 2005, Day, 1994, Mathias and Capon, 2003). By following better customer relationship management practices, the organization can increase the retention rate of its customers, which in turn generates a higher level of profitability. In general, customer relationship management capability is an organization's crucial competency in terms of identifying potential and existing customers for the purpose of increasing its customer retention rate.

In the exporting context, an exporter can generate better performance by bundling new product development capability and customer relationship management capability (Kaleka, 2011). The reason is that a simultaneous application of customer relationship management capability and other marketing capabilities can improve the strength of an organization's marketing capabilities portfolio. By combining customer relationship management capability and other market knowledge management capabilities, an exporter is able to unravel customers' needs as well as furnish solutions for tackling adverse conditions in export markets.

This thesis proposes that the organization's customer relationship management capability should be complemented with other marketing capabilities for attaining superior performance. Since the complementary influence of customer relationship management capability and other higher order marketing capabilities can generate greater degree of values within uncertain environments, customer relationship management capability is treated as an important component of dynamic marketing capability development processes.

2.3.4 Brand Management Capability

Brand management capability is a strategic and comprehensive process, which can enhance the value of organizations and create strategic competitiveness in the market (Huang and Tsai, 2013). BMC is an additional knowledge management process that yields brings specialized capabilities from underlying processes in order to capitalize on brand assets (Cadogan et al., 2009). The function of brand management capability is to allow the organization to reconfigure, combine and deploy knowledge management capabilities so as to generate satisfying customer outcomes as well as improving the value of reputational assets.

To develop a strong brand, brand management capability integrates brand valuation processes, management systems and working processes on the basis of all the gathered information (Prevel Katsanis, 1999). In particular, brand management capability follows a systematic and strategic approach for creating a strong brand in an integrated and coordinated way.

Brand management capability requires close connection among marketing capabilities within cross-functional business processes, which ultimately leverage the reputational competitiveness of the organization within the export market environment. This implies that brand management capability creates a platform for the exporter's growth and survival within export markets by building a strong corporate brand. The core attributes of brand management capability, brand orientation, internal branding and brand management strategy cannot be easily transferred to another organization (Dechernatony and MacDonald, 1992, Santos Vijande et al., 2013). By investing in brand management capability a strong corporate brand can be developed that shows the ability of the organization to secure its competitive position in the markets.

An organization's appropriate investment in brand management processes reflects its concentration on brand orientation, whereby potential buyers are attracted to its newly deployed products in the markets. In order to show strength in brand management capability, an organization should combine its brand management capability with other knowledge management capabilities.

A strong brand development leads to the organization's ability to innovate within adverse market space (Beverland et al., 2010). For instance, in the consumer electronics sector, Apple's strong brand building capability enables it to deploy new products for example, the Apple watch, iPhone's new series in the market so as to balance continuous growth and survival in international markets (Sharma et al., 2016). In this sense, brand management capability is treated as a crucial complementary capability. Rather than paying attention simply to what new products are on offer, an organization needs to maintain a strong brand to enhance its reputation within the international context.

In short, it is clear that the interaction of brand management capability and new product development capability can generate a greater return of investment than either of these two capabilities alone. In a similar vein, other scholars argue that an organization can transform its negative outcomes into positive performances through the integration of brand management competency and customer relationship management capability (Morgan et al., 2009). The competency of customer relationship management capability assists the organization in collecting appropriate information about market demand (that is, customers' attitudes towards the products and the corporate brand), and later on in disseminating this knowledge to brand management units so that the value of reputational assets can be improved over time. In order to show the complementary influence of brand management capability, Hooley et al. (2005) concludes that an organization can offer better marketing performance when brand management processes are bundled together with market orientation processes.

In line with the above discussion, this thesis conjectures that the function of brand management capability should be treated as a higher order marketing capability (Santos Vijande et al., 2013, Merrilees et al., 2011, Sharma et al., 2016), and an important dimension of dynamic marketing capability.

2.3.5 Relationship between Dynamics Marketing Capability and Export Performance

The dynamic marketing capability is an advanced marketing process that is involved in the modification arrangement of higher order marketing capabilities. Also, the underlying dimensions of dynamic marketing capability possess a knowledge absorption capacity as well as a commitment to the knowledge management processes.

On the basis of the higher order management capability concept, Morgan (2012) identifies three higher order marketing capabilities (namely, new product development capability, brand management capability and customer relationship management capability) that operate in marketing cross functional business processes, whereas Barrales-Molina et al. (2013) proposed that dynamic marketing capability consists of two higher order management capability (namely, new product development capability and proactive market orientation).

This thesis will set out the fundamental constructs of dynamic marketing capability foundation processes in subsequent sub sections of this chapter. Based on the generation process of dynamic marketing capability proposed in the theoretical work of Morgan (2012) and Barrales Molina et al. (2013), the current thesis extends the conceptual study of dynamic marketing capability by developing a multi-level dynamic marketing capability scale that comprises three dimensions. These capabilities are: new product development capability, customer relationship management capability and brand management capability.

In view of this, the second research question is designed to determine the following hypothesis:

There is a positive relationship between dynamic marketing capability and export performance.

2.4 Market Orientation

Market orientation reveals that it is an organization's marketing support capability that provides valuable market specific information (Vorhies and Morgan, 2005). This enables the organization to enhance its learning about customer demands and market trends. The main objective of an organization's marketing capability is to satisfy customers' needs in a stable or changing market environment by implementing accurate market knowledge (Aragón-Sánchez and Sánchez-Marín, 2005). Two schools of thoughts addressed the Market orientation concept in the early 1990s. Narver & Slater (1990) defined the term from the organizational cultural viewpoint, in which an organization concentrates on customer orientation, competitor orientation and inter functional coordination so as to accumulate and deploy information with the support of coordination mechanisms.

On the other hand, Kohli & Jaworski (1990) proposed a concept of market orientation from a behavioral perspective, in which they demonstrated the importance of customers' unarticulated and expressed needs, the significance of disseminating accumulated market knowledge within cross-functional business units, and the organization's responsiveness in terms of satisfying customers' expectations. In order to provide greater value offerings in the markets, organizations are focusing on market orientation, however some organizations are experiencing a diminishing marginal return as well as low levels of innovativeness (Lamore et al., 2013). This has encouraged marketing strategists to extend the market orientation concept, and has introduced two dimensions of market orientation, responsive market orientation, and proactive market orientation.

Responsive market orientation has concentrated on the customer's expressed needs, whereas proactive market orientation has stressed the important role of identifying customers' unarticulated needs (Bauer and Matzler, 2014). Due to a narrow understanding regarding the application of market orientation, most international marketing studies have drawn attention to response based market orientation, and largely overlooked the importance of examining unarticulated needs in the markets. However, the first systematic study of Narver et al (2004) overcame the gap by reporting the significant influence of proactive market orientation and responsive market orientation in innovation contexts. The current thesis reviewed market orientation studies that drew attention to the role of proactive market orientation and responsive market orientation.

Based on the literature review on market orientation, this thesis has found that export marketing studies mostly used responsive based market orientation and often overlooked proactive based market orientation in studies of export performance. By investigating previous findings, it is clear that proactive market orientation is more appropriate than responsive market orientation in a situation where an organization is experiencing a high level of market uncertainty and competitive pressure (Ahmed and Brennan, 2019). The application of proactive market orientation in an exporting context can generate a greater degree of valuable information for the organization due to the highly uncertain characteristics of export markets.

In general, an exporter should absorb information in such a way that combines knowledge about the expressed and unexpressed needs of its customers. In support to accumulate both types of information (i.e. latent and unarticulated knowledge), Lamore, Berkowitz, & Farrington (2013) advised that future research should investigate the combined effect of proactive market orientation and responsive market orientation strategy on performance.

Further, Tan and Liu (2014) asserted that by balancing the articulated and unarticulated needs of customers an organization is following ambidextrous market orientation. This term is generally understood to mean an organization's effort to balance responsive market orientation and proactive market orientation culture concurrently. In their study, it can be seen that the use of both market orientation at the same time can generate a greater level of overall performance than if the organization merely uses market orientation culture. While previous studies have showed the imperative role of ambidextrous market orientation in new product development performance, marketing strategy studies have failed to draw attention to it as a crucial dimension of dynamic marketing capability anatomy. This research evaluates the application of proactive market orientation and responsive market orientation in different situations (as illustrated in Table 2.2).

Table 2.2 summarizes the application of market orientation m several marketing strategy studies. This thesis has found that the majority of studies used market orientation with other types of marketing capabilities to understand its effect on business performance. This study corroborates the idea of market orientation in the work of Menguc and Auh (2006), which claims that an organization's possession of market orientation is not valuable per se, rather it must be integrated with other operational capabilities to endorse the valuable, rare, inimitable and organizational process criteria of capabilities. This study asserts that an organization can leverage its operational processes efficiency by integrating market orientation with other complementary capabilities. The reason is that an organization's complementary capabilities can generate greater value offerings compared to its possession of only single marketing capability.

Whereas an organization's strategic similarities of resources and capabilities are strong indictors that it will experience positive returns (Pehrsson, 2006, Meyer and Altenborg, 2008), its complementary capabilities create difficulty for competitors in terms of imitating and utilizing the capabilities. Complementary capabilities provide a greater degree of value creation support through the actions of mutually supportive capabilities. In particular, this study believes that the complementary effect of higher order marketing capabilities reinforces an organization's dynamic marketing capability development processes. Thus, it is logical to propose that the interaction of ambidextrous market orientation with other marketing capabilities can promote the development of dynamic marketing capability.

2.4.1 Relationship between Dynamic Market Orientation and Export Performance

The elements of international ambidexterity, namely, exploitation and exploration, are considered as part of the internationalization knowledge absorption process (Hsu et al., 2013, Lisboa et al., 2013). A mature organization utilizes exploitation mechanisms for comprehending opportunities in its existing market orientation, whereas international new ventures tend to pursue exploration processes for handling new business opportunities in potential markets.

Authors

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Table 2.2
Different approaches to market orientation in marketing strategy studies

Authors	Market Orientation approach X	Marketing Capability			Findings
		New product development capability	Customer relationship management capability	Brand management capability	
Bauer and Matzler, 2014	X Proactive market X orientation	√	X	[illegible]	Proactive market orientation and technolog organization effects on new product deve through the mediation of entrepreneur orien
Barrales-Molina et al., 2013	Proactive market orientation	√	[illegible]	[illegible]	Proactive market orientation and new proc crucial components of dynamic marketing
Creswel ,	Proactive market orientation	√	X	X	Firms follow the Proactive market ori strengthen their knowledge development, influence on their innovativeness. Proacti leads firms to show a higher level of co compared to responsive market orientation
Bodlaj et al., 2012	Proactive market orientation & Responsive market orientation.	√	X	X	The moderation effects of external environ linkage of proactive market orientation ar orientation towards new product developme that proactive market orientation has a grea product development than responsive capability.
Raju et al , 11	Responsive market orientation.	√	X	X	Responsive market orientation has signifi product development process. This study a that reputational assets are affected by i orientation. The moderation effect of ext factors influences new product deve performance.
Gaur et al., 11	Responsive market orientation	√	X	X	External environmental factors moderate th responsive market orientation and new prod
Zhang and Duan, 2010	Proactive market orientation & Responsive market orientation	√	X	X	Proactive market orientation is more vibr market conditions for new product de Responsive market orientation is more a market contexts for new product developme

This refers to the fact that at the inception, a new international venture can hardly practice an exploitation process to accumulate valuable information. However, international new ventures start to follow market orientation processes after a while in order to survive in competitive international markets. This means that an organization's knowledge absorption process does not depend only on market orientation processes, but rather on market exploitation mechanisms as well. By using both knowledge absorption approaches, an international organization remain feasible in the long run.

International marketing researchers claim that an organization should maintain a balance between market exploration and market exploitation so that it can assure its survival and growth (Katila and Ahuja, 2002), in spite of the fact that the underlying logic of the two approaches differs significantly. In this sense, export organizations should pursue both market exploitation and market exploration processes in order to ensure the international ambidexterity structure.

In line with the discussion about internationalization process, a few recent studies have raised the question as to whether international ambidexterity constructs, namely market exploration and exploitation have a combined impact on value maximization processes in an international environment or not (Hsu et al., 2013). No other research except Lisboa et al. (2013) has individually analyzed the two constructs of international ambidexterity so as to unravel their influences on export performance. In their study of international ambidexterity constructs, Lisboa et al. (2013) found a positive relationship between exploitation and performance, but a negative relationship between market exploration and performance. One of the shortcomings of their study was that it overlooked the processes by which accumulated knowledge can be implemented in order to enhance value offerings in export markets.

Past studies (Grant, 1996, Murray et al., 2011) revealed that knowledge based resources by themselves do not influence an organization's business performance; however, the organization can achieve better performance through utilizing knowledge based marketing capabilities. This implies that an exporter's simple possession of knowledge based resources does not play a role in the value addition process; rather it is knowledge deployment mechanisms that can contribute to the achievement of positional advantages in export markets. An organization's survival and growth in overseas operations is contingent upon the possession of marketing capabilities (Morgan et al., 2012). According to Villar et al. (2014) "market knowledge management is considered to facilitate the achievement of higher performance and efficient responses to customers' needs and requirements."

In uncertain market environments, an organization's overemphasis on the knowledge accumulation processes and underinvestment in knowledge management dynamic capabilities may create obstacles to attain long term growth and survival. As can be seen from "Nokia," they focus on existing technology along with exploring new market opportunities, but did not concentrate on knowledge management competencies that were needed to bring changes in product offerings. Consequently, Nokia has not performed well in the Smartphone market and lost its market share (Haikio, 2001). The USA based e-commerce company 'Ebay' can be seen as an example of the opposite, because it focuses on opportunities in existing markets as well as options in new markets, and offers products based on the demands in the world markets. Ebay is pursuing market exploitation as well as market exploration to accumulate knowledge, and they emphasize knowledge management processes so as to confirm customers' value offering. As a result, Ebay expanded rapidly in the world market through satisfying customers' demand. These examples show the role of knowledge-management marketing competencies to realize positive from market exploitation and market exploration in unpredictable market environments. This thesis states that an organization's marketing capabilities must be structured in such a way so as to support the implementation of accumulated knowledge.

As noted, the underlying dimensions of market orientation act as knowledge management processes in a changing market environment. This indicates that the strength of market orientation directs the implementation of an exporter's accumulated internationalization knowledge along with helping information dissemination among decision makers to formulate marketing strategies.

Prange and Verdier (2011) suggested that the internalization knowledge absorption processes are not directly linked to improving international performance. Instead, the application of dynamic capabilities within this linkage may achieve better international performance by modifying an organization's resources and capabilities.

The absorbed internationalized knowledge is essential but insufficient to improve international performance, and the international performance effects of internationalized knowledge absorption processes are leveraged with the market orientation process. In this sense, it is crucial to focus our attention on the effects of market exploration, market exploitation and dynamic marketing capability on export performance through the practice of market orientation. The reason is that the effects of market exploration, market exploitation and dynamic marketing capability on export performance are strengthened when an organization's absorbed knowledge is implemented by market orientation capabilities. Following the suggestion of Prange and Verdier (2011) in order to formulate a theoretical framework, the present study has placed the market orientation concept of the export implementation process. By developing market orientation, it is clear that an exporter can implement its adopted internationalization knowledge so as to respond quickly in relation to changes in market demands.

Market exploitation supports the exporter by accumulating internationalization knowledge incrementally. Zaheer (1995) suggests that an exporter needs to minimize the 'liability of foreignness', the high level of uncertainty to enter into foreign market. In order to minimize the risk of foreign liability, the organization should accumulate more robust internationalization knowledge (Lord and Ranft, 2000) to enhance its knowledge about international market trends. This refers to the fact that the exporter needs to develop its international strategy on the basis of market knowledge, in which the exporter's incremental knowledge absorption mechanisms lead it to refine its market specific knowledge portfolio.

This enables the exporter to identify new opportunities along with challenges (Wang and Li, 2008). An exporter's knowledge management capabilities can overcome challenges in international markets by implementing accumulated market knowledge (Villar et al., 2014, Hsu et al., 2013). The international organization's identification of an appropriate process may support its market knowledge implementation in such a way so as to enable it to disseminate satisfying products and services to consumers. In keeping with the market exploitation concept, an organization requires knowledge management capabilities to survive in export markets.

As discussed above, the role of market orientation is to modify knowledge management capabilities in such a way as to enable organizations to adjust their processes to changing market conditions. This higher level marketing practice supports the implementation of knowledge gained from market exploitation.

This implies that when an exporter possesses market orientation, it displays a high level of efficiency in its knowledge deployment regarding existing export markets, which in turn leads to a minimization of operational mistakes and an increase in customer retention rate. Accordingly, the exporter can get the benefits of exploiting internationalization knowledge by implementing market orientation within its export implementation processes.

In contrast to market exploitation logic, international marketing scholars have theorized that exporters should pursue market exploration strategies in order to experience continuous growth in international markets (Lisboa et al., 2013). This encourages the exporter to discover new business opportunities within new export markets.

The strength of market exploration processes improves the flexibility of internationalization process as well as enlarging operation portfolios in the export markets (Jansen et al., 2006, Yalcinkaya et al., 2007). Market exploration acts as a key international learning process that influences an organization's market knowledge deployment. An international organization's better global performance is contingent on its ability to select new market opportunities along with its expertise to execute international marketing strategies (Boso et al., 2013a, Gabrielsson et al., 2012). International marketing scholars have analyzed the direct relationship between market exploration and international performance based on the idea that learning from market exploration can generate better performance (Lisboa et al., 2013).

However, 69 previous studies provide an incomplete understanding of the role market exploration can play in terms of influencing an organization's performance (Prange and Verdier, 2011, Villar et al., 2014). The reason is that an international organization can generate competitive advantage in international markets when it adequately implements market exploration knowledge (Prange and Schlegelmilch, 2009).

An organization needs to transform its available resources into operational processes in order to enhance its adaptability to markets (Lin and Wu, 2014). In their study of knowledge based resources Hunt and Morgan (1996) explained that an organization must nurture its knowledge based resources in such a way so as to improve its value offerings in the markets. In an excellent analysis of market orientation importance, scholars (Wu, 2010, Wu, 2007) showed that the market orientation is can be treated as a convertor that transforms accumulated resources into enhanced value offerings.

Accordingly, an organization needs to reconfigure its knowledge management capabilities based on knowledge gained from market exploration so as to obtain higher business returns. For instance, the development of the Apple Watch was generated by Apple's intensive market exploration strategy (Cui et al., 2014). By modifying its knowledge management capabilities, Apple deployed a new product, the Apple Watch in order to satisfy the needs of international markets. This reflects the fact that Apple's market exploration strategy supports identifying new market opportunities, and on the basis of new opportunities it modifies its knowledge management capabilities.

It is clear that, if an exporter depends only on exploring market knowledge, then it would be difficult to generate better export performance. Therefore the exporter needs to identify the internal processes through which market exploration affects export performance.

Export managers need to modify their higher order marketing capabilities in light of their market exploration processes. In that sense, market exploration helps the exporter to select a bundle of knowledge management capabilities that are needed to satisfy markets' specific demands. An exporter that aligns its internationalization knowledge with its knowledge management capabilities will likely experience better investment returns than key rivals who fail to pursue this course. The present study posits that market orientation as knowledge management capability can play a crucial role in such a relationship. Market orientation enables the organization to institute changes in its knowledge management capabilities in such a way as to match volatile export market environments. This study is uniquely placed to look at whether market orientation as a knowledge implementation tool to the relationship between export market exploration and export performance. Therefore, this study postulates that knowledge management marketing capabilities can be treated as bridge between export market exploration and improved export performance.

On the basis of the above discussion, it is possible to hypothesis:

There is positive relationship between market orientation and export performance.

2.5 Theoretical Background

The above literature review indicating the potential of resource based theory, and then continuing with an extensive investigation so as to show how this theory leads to the development of dynamic capability theory. Researcher highlighted the gap between resource based theory and dynamic capability theory in order to understand the background of the dynamic marketing capability concept. In reviewing the literature, this thesis argue that dynamic marketing capability theory requires additional revelations to do with categorizing a complete set of marketing capabilities that are essential to configure dynamic marketing capability within an export environment.

2.5.1 Resource Based Theory

Resource Based Theory was first introduced into economic and strategic management literatures during the 1950s (Hooley *et al*., 2005). After that, Resource Based Theory was more widely applied within marketing and operation management research.

Resource Based Theory demonstrates that the acquisition of resources leads to enhanced organizational performance, and that the heterogeneity of acquired resources is responsible for the differences in performance between organizations over time (Grant, 1991). According to Barney (1991), since organizations possess bundles of resources, their superior performance is underpinned by nontransferable specific resources.

In order for an organization to gain a competitive advantage, the nature of resources that are available to organization must be valuable, rare, inimitable and non-substitutable (Barney and Arikan, 2001). The foundation of superior performance is driven by the effective deployment of an organization's resource portfolio because a proper combination of resources creates barriers preventing rivals from imitating an organization's stock of resources.

2.5.2 The Role of Resource Based Theory in Marketing Research

Resource Based Theory was first popularized by the notable economic study of Penrose (1959), who wrote: "an organization may achieve superior performance not only because it is endowed with better resources but also because it is better able to use those resources." Many scholars in the field of strategic management, marketing strategy, international marketing and the internalization process have been using the Resource Based Theory to understand how organizations can use resources to get a competitive advantage.

Marketing scholars have drawn attention to Resource Based Theory, and argued that an organization's competitive advantage is contingent upon its utilization of resources and capabilities (Barney and Clark, 2007, Haapanen et al., 2016). The Resource Based Theory paradigm has received significant attention in strategic management literature, and the application of Resource Based Theory has increased by 500% in marketing strategy literature (Kozlenkova et al., 2013). In the marketing arena researchers have applied Resource Based Theory within the theoretical framework of marketing strategy, international marketing and innovation marketing (Kozlenkova et al., 2013).

Resource Based Theory suggests that organizations put emphasis on those resources that can generate superior value but ignore some resources that have a lower chance to enhance value proposition (Wernerfelt, 2014). In addition, marketing scholars claim that Resource Based Theory is concerned with identifying resources and capabilities requirements within organizational processes (Kozlenkova et al., 2013). According to the assumption of RBT, this study reveals that one fundamental aim of Resource Based Theory is to understand how organizations can sustain their profits in the long term by utilizing their resources and capabilities. Based on the assumption of Resource Based Theory, it is imperative to understand the internal characteristics of resources and capabilities. Resources are the tangible and intangible assets of organizations, in which organizations can accumulate resources from external sources that are treated as essential assets of production processes (Kozlenkova et al., 2013).

On the other hand, capability is a subset of an organization's resources, by which an organization can improve the productivity of its resource portfolio (Makadok, 2001).

In general, organizations can enhance the effectiveness of their resources through proper development and management of capabilities. According to the assumptions of the Resource Based Theory, when an organization is realizing sustainable competitive advantages, its resources and capabilities are simultaneously valuable, rare, inimitable and exploitable by the organizational process (Barney and Hesterly, 2008).

The first requirement of a resource is that it must have strong value. For instance, some resources are valuable in terms of reducing the cost and increasing the profit in such a way that influences inter-organization competition (Martínez-López et al., 2013). The second dimension of a resource is rarity, and this refers to instances when an organization holds rare resources within its resource portfolio that its competitors are not aware of or capable of acquiring (Martínez-López et al., 2013). Thirdly, the inimitable nature of resources supports organizations that maintain their resources in the long run due to their rivals' inability to reproduce resources efficiently (Vorhies et al., 2009).

Finally, exploitable capacity by organizational processes is the potential characteristic of an organization's resources. This criteria suggests that when an organization's resources are exploitable by the organisational process, then it should lead towards the achievement of competitive advantage (Kozlenkova et al., 2013). It would be challenging for key competitors to duplicate an organization's a mixture of idiosyncratic and inimitable marketing resources as well as marketing capabilities that are aligned with environmental opportunities. Resource Based Theory reveals that the formation and implementation of an organization's competitive strategy is influenced by the possession of a variety of marketing resources and marketing capabilities.

Business strategy scholars asserted that Resource Based Theory blends various literatures across different phenomena for proposing an integrative framework (Palmatier et al., 2007). This encourages marketing strategy researchers' attention to Resource based theory, through which researchers develop their theoretical foundations for their studies.

In marketing literature, resource based theory has been used to identify potential marketing resources along with deploying marketing resources in such a way that support the formulation of marketing strategies (Lages et al., 2009, Santos-Vijande et al., 2013). This improves marketing scholars' understanding of the position (i.e. strength or weakness), of various marketing resources, in the resources portfolio. With the aim of understanding the influence of marketing determinants on performance, several marketing studies have shown the collaborative effects of multiple resources and capabilities. This can be seen in the study of Kaleka (2011), which showed the multivariate effect of marketing resources on performance.

2.5.3 Knowledge Based View: An Extension of Resource Based Theory

Another arena of marketing research, namely, international marketing studies, has been applying resource based theory logic to help international organizations' improvement in utilizing of multiple resources and capabilities in such a way that supports the development and delivery products or services to the customers of foreign markets

(Villar et al., 2014). Morgan (2012) classified marketing resources into seven different types: knowledge based resources, physical resources, reputational resources, informational resources, relational resources, organizational resources and legal resources. Several international marketing researchers (Tan and Sousa, 2015, Murray et al., 2011) applied Resource Based Theory logic in order to reveal the potential of knowledge based resources to help search for international market expansion opportunities.

For instance, marketing studies (Murray et al., 2011, Tan and Sousa, 2015) within the exporting context have addressed the fact that knowledge-based resources are one of the prominent strategic factors that lead to the achievement of competitive advantages when this resource effectively deploys in organizational processes. In particular, over the past decades marketing scholars (Gupta and Govindarajan, 2000) have presented a new school of thought that has been labeled the 'knowledge based view'.

International marketing studies have applied knowledge based view logic in their conceptual frameworks to reveal the potential of knowledge-based resources to help in searching for international market expansion opportunities. The knowledge based view is taken to be a proper extension of Resource Based Theory (De Carolis, 2002). The reason researchers extended Resource Based Theory was that the foundation of resource based theory encompasses a broad area. Whereas the knowledge based view explains the accumulation and utilization of knowledge based resources and capabilities. While international marketing literature reveals that a number of studies have examined the link between multiple resources and organizational performance in multinational or joint venture organizations, there have been few empirical studies that simultaneously investigate the multiple components of the knowledge based view in the export context.

As mentioned above, capability is another dimension of resource based theory; this section describes the role of capability within the theoretical foundation of resource based theory. Past studies indicate that resources per se cannot contribute to the attainment of positional advantage unless the resources transform into the capability for enhancing value offerings (Merrilees et al., 2011).

This reflects the fact that capability is mostly intangible, and involves effective utilization of knowledge and skills to take part in value enhancement processes (Makadok, 2001). Capability generation is a complex amalgam of skills and knowledge within different organizational levels (Grant, 1996).

The foundation of capability is an organization's routine process, and that focus on creating challenges to copy value offerings for major competitors. (Krasnikov and Jayachandran, 2008). In that sense, the accumulation and deployment of internationalization knowledge is a challenging and expensive process that needs to be developed in the international context. Thus, the organization should blend different groups, systems, and resources for supporting the development of capabilities.

This study found that marketing researchers widely used the resource based theory paradigm to explain their conceptual model, nonetheless, scholars since the 1990s have recognized one major drawback of resource based theory. Most especially, critics have mentioned that resource based theory is inadequate to explain the mechanism by which resources and capabilities are deployed within a highly uncertain market environment to achieve competitive advantage (Lengnick-Hall and Wolff, 1999, Priem and Butler, 2001). For instance, this study points out that international organizations may not achieve superior performance unless they emphasis a capabilities reconfiguration process (Kozlenkova et al., 2013). This indicates that an international organization should possess an exclusive mechanism that facilitates the modification of resources and capabilities in a repeated manner so that the organization can protect itself from adverse market movements. With this aim, and to correct the major limitations of resource based theory, Teece et al. (1997) introduced the term 'dynamic capability'. The critical role of the 'dynamic capability' concept pursues sequential reconfiguration of operational processes in such a way that enables the organization to satisfy its current market demands. This study claims that the theoretical foundation of a research should present resource based theory assumptions in such a way that supports the examination of the synergistic influence of multiple resources and capabilities on business performance. In particular, it is important to recognize the mutual influence of resource based theory and dynamic capability assumptions because organizations need repeated adoption and modification of their resources and capabilities portfolios for long term survival and growth in the markets (Zahra et al., 2006). Accordingly, this study pays attention to resource based theory, the knowledge based view and the dynamic capability assumptions for examining how exporters' performance can be enhanced by linking knowledge based resources and marketing capabilities so as to cope with adverse market environments. This research addresses the nature of 'dynamic capability' and its development processes in following section.

2.5.4 Dynamic Capability Theory: An Extension of Resource Based Theory

An organization faces several barriers to achieving competitive advantages when its resources and capabilities are fixed in a fluctuating business environment (Winter, 2003). This is because the limitations of stagnant resources and capabilities are unable to respond positively in highly uncertain market conditions. However, the dynamic capability view stresses the importance of reconfiguring capabilities to achieve a competitive advantage in conditions of high level market uncertainty.

This thesis draws upon a dynamic capability view of international organizations in order to develop a novel conceptualization of dynamic marketing capability. The dynamic capability view is an extension of Resource Based Theory. The underlying process of dynamic capability considers higher order capabilities that are involved in rebuilding and reconfiguring ordinary capabilities to attain positional advantage in the markets (Zahra et al., 2006). Several previous studies have defined the term dynamic capability and also shown its influence on performance. For instance, according to Teece et al. (1997) an organization's "ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments" reveal the roots of dynamic capabilities, and the function of dynamic capability are the true determinants of the organization's long-term competitive advantage.

Other scholars (Eisenhardt and Martin, 2000) showed dynamic capability follows path dependent repeated pattern that enable the organization to alter resources and capabilities systematically to adjust in a changing market environment. These scholars conceptualized dynamic capability as a routine organizational task that supports to the gaining of competitive advantage within uncertain market contexts. In order to define dynamic capability, this research draws attention to Helfat et al. (2009) as considers both previous studies (Teece, 2007 and Eisenhardt and Martin, 2000). The research of Helfat et al. (2009) claims that the development of dynamic capabilities are contingent on continuous learning and changed based routines. In particular, dynamic capability is an organization's higher order capacity that acts purposefully for developing, extending and modifying resources and capabilities.

In an investigation into dynamic capability, Barrales-Molina et al. (2013) suggested that the term 'dynamic' implies reconfiguration, whereas 'capability' refers the organization's intentional effort to bring about valuable changes. Combining these two words reveals that 'dynamic capability' is an organization's intentional inter functional reconfiguration process, in which the development of dynamic capability must be grounded in an organization's learning mechanism and knowledge implementation competency (McKelvie and Davidsson, 2009). This study demonstrates that dynamic capability is an organization's active process that follows a constant modification of resources and capabilities, so that the organization can respond swiftly within the existing market environment. In this sense, the contribution of dynamic capabilities on the competitive advantage achievement process can be evaluated by applying resource based theory concept.

Past studies have advised that potential international organizations should develop dynamic capability because it helps the organization to detect new international expansion opportunities and formulate vibrant international strategies (Bowman and Ambrosini, 2003, Zollo and Winter, 2002). The fundamental attribute of international markets is that they change dramatically, hence if the organization does not reflect its efficiency in resource utilization by following capabilities modification then it will not perform properly in adverse market conditions (Weerawardena et al., 2007). The main goal of dynamic capability is developing and reconfiguring ordinary capabilities that enable the organization to determine its market position strategy, which in turn influence its performance. This prompts international organizations to pursue dynamic capability for the purpose of reacting swiftly to changing market conditions.

In reality, resource based theory is concerned with achieving superior performance when market demands do not fluctuate excessively. The vibrant nature of international markets cause an organization to reconfigure its capabilities and develop long term international strategies. This encourages marketing researchers to examine the mutual influence of resource based theory and the dynamic capability on the long term growth and survival of international organizations. In export market contexts, the application of resources and capabilities can be improved by emphasizing dynamic capability view (Li et al., 2016).

However, typically resource based theory and the dynamic capability view are not enough to explain how international organizations can accumulate and implement market based knowledge. Accordingly, it is worth examining how an organization's adaptive knowledge-based resources and capabilities contribute to a better performance achievement process. A new school of thought called 'dynamic marketing capability' has emerged that describes the management of market based knowledge more clearly.

This study stresses that the degree of knowledge accumulation and continual knowledge reconfiguration processes should be treated as the evolutionary roots of dynamic marketing capability. Based on the above evaluation, the current thesis claims that resource based theory and dynamic capability be treated as the main theoretical foundation of the dynamic marketing capability concept.

2.6 Theoretical Model

In the hypothesized model this research shows that under export market conditions an organization should pursue an accurate knowledge implementation process to realize better export performance. The parsimonious hypothesized model allows path of the ambidexterity, external environmental factors and dynamic marketing capability in the international business literature to export performance. In explaining the robustness of higher order construct, this study showed the theoretical ground for positioning market orientation as a variable.

On the other hand, based on the extensive research on ambidexterity, external environmental factors and dynamic marketing capability in the international business literature, a potential rival model would be one that focuses on the more central role of market exploitation, market exploration market uncertainty, competitive intensity, new product development capability, customer relationship management capability and brand management capability Whereas the parsimonious hypothesized model will be examined by the mediation effects of market orientation between the linkage of internationalization knowledge absorption process of export performance. An organization's international ambidexterity constructs are learning processes that emphasize radical and incremental internationalization knowledge absorption processes. In the theoretical model, dynamic marketing capability is modeled as antecedents of the internalization knowledge absorption processes.

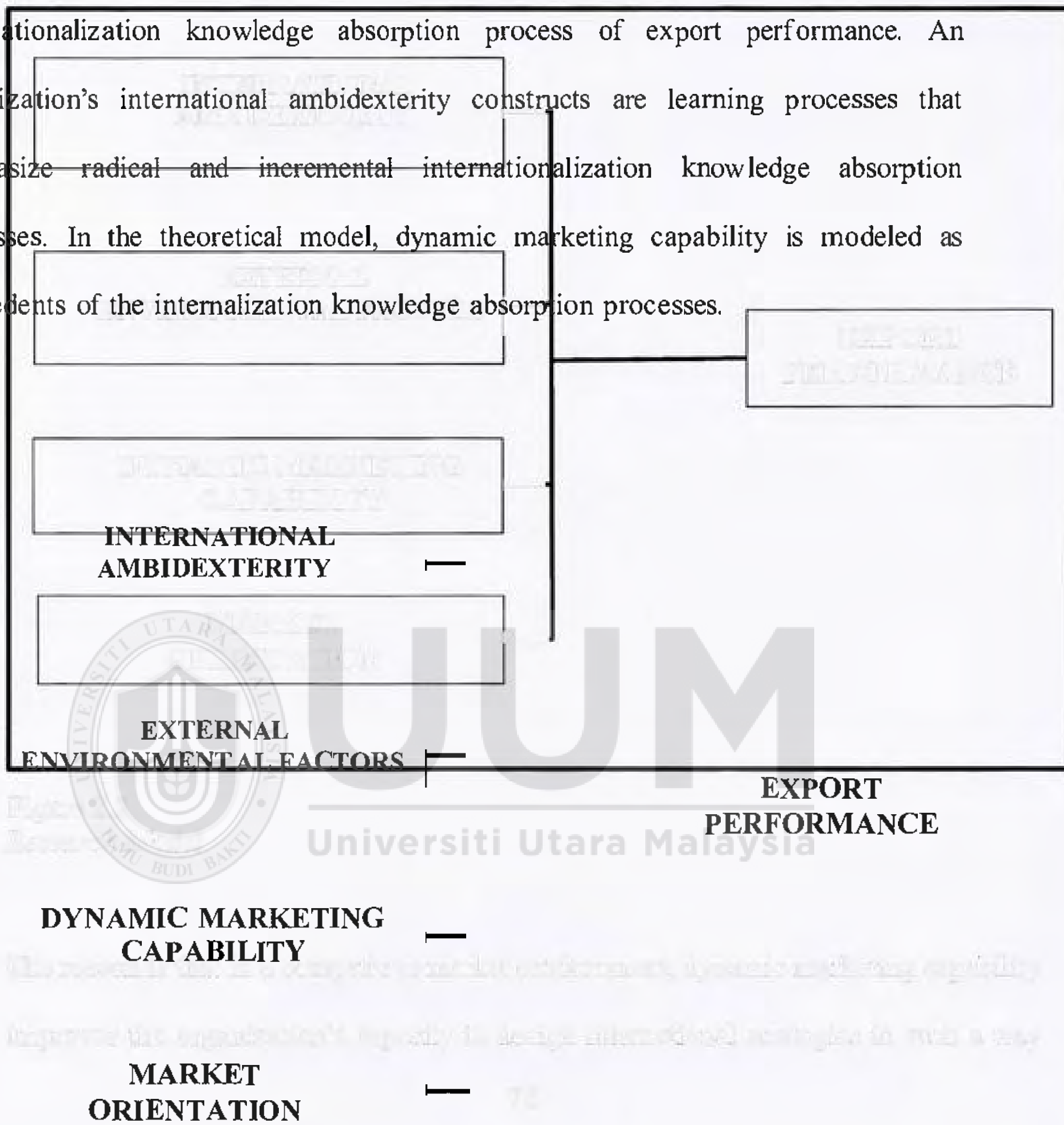


Figure 2.2
Research Model

The reason is that in a competitive market environment, dynamic marketing capability improves the organization's capacity to design international strategies in such a way that allow them to identify international opportunities. For example, when an organization is actively practicing the dynamic marketing capability structure, it allows the organization to effectively access and penetrate multiple markets with their commercially viable and leading edge innovative outcomes. Therefore, the theoretical model in Figure 2.2 represents a solid theory based alternative model to this thesis's hypothesized model.

The propose research framework for this study was developed incorporating key variables derived from a review of the research literature. In Table 2.3, the research variables will in this study are summarized.

Table 2.3
Research variables in the study

Research Variables

Variables	**Theoretical Contexts**
International Ambidexterity	Resource Based Theory
External Environmental Factors	Resource Based Theory
Dynamic Marketing Capability	Dynamic Capability Theory: An Extension of Resource Based Theory
Market Orientation	Dynamic Capability Theory: An Extension of Resource Based Theory

Sources: Group of factors is adopted from Penrose (1959), Teece et al. (1997), Hooley et al. (2005), Palmatier et al. (2007), Helfat et al. (2009)

Based on the literature review above, it can be concluded that there are several categories of factors: international ambidexterity, external environmental factor, and dynamic marketing capability, which contribute to the export performance.In order to address the questions, the following hypotheses (H) were specifically examined in this study.

H1: There is a positive relationship between international ambidexterity and export performance.

H2: There is a positive relationship between external environmental factor and export performance.

H3: There is a positive relationship between dynamic marketing capability and export performance.

H4: There is a positive relationship between market orientation and export performance.

2.7 Summary

The purpose of this chapter was to describe the theoretical underpinnings of this research study. In summary, this chapter has described the importance and the success of the use of export performance in business organizations in Malaysia particularly for Mid-Tier Companies registered with Malaysia External Trade Development Corporation (MATRADE). As the Malaysian Mid-Tier Companies roots begin from MATRADE. Launched in 2017, by Minister of Trade, Malaysian Mid-Tier Companies seeks to become the go-to platform for Mid-Tier Companies with global ambitions.

Mid-Tier companies are classified as companies with a turnover of RM 50 million per annum in manufacturing and RM 20 million in service industries.

CHAPTER3

RESEARCH METHODOLOGY

3.0 Introduction

This section addressed in detail the methodology for each issue as outlined in the first chapter. It can be divided into four main construct namely the international ambidexterity, external environmental factors, dynamic marketing capability and market orientation . The chapter also explained the variables selected for the analysis and the sources for the data. The last part of the section clarifies the tools and statistical estimation techniques used for analysis.

3.0.1 Research Framework

Figure 3.1 below shows a research framework for this study.

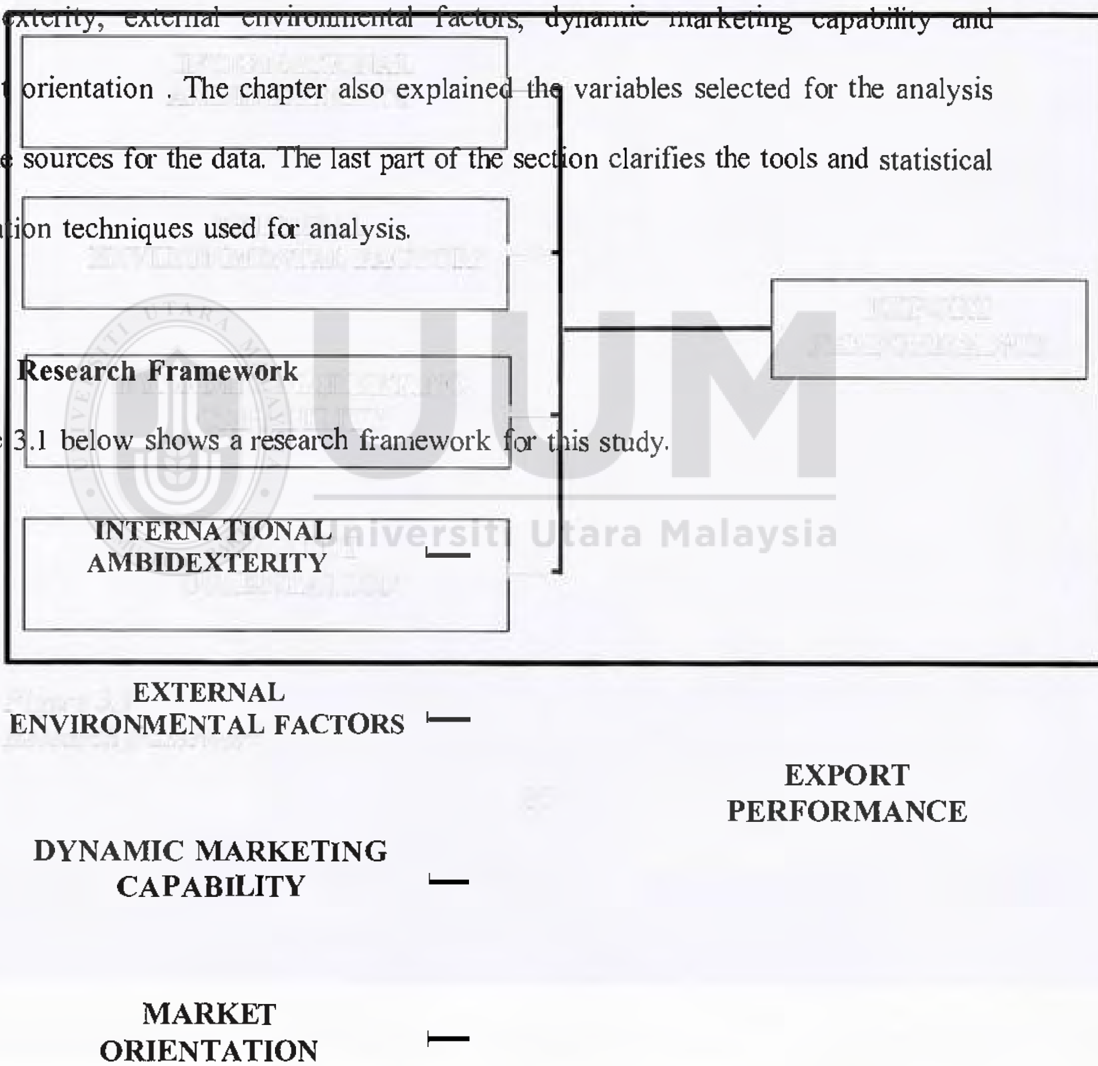


Figure 3.1
Research framework

3.1 Research Paradigm

While discussing the ontological and the epistemological paradigms of this research, it is essential to develop a philosophical stance for ensuring the quality of this research. Research philosophy requires a researcher understanding in relation to appropriateness of a research design to untangle the research problems. Scholars claim that the advantage of understanding research philosophy is minimizing the errors in methodological context of a research (Hughes and Sharrock, 1997). Research methodology can be defined as a scientific procedure of investigating reality (Healy and Perry, 2000). The aim of research methodology is to investigate the relationship between variables.

The selection of an appropriate research philosophy is embedded in epistemological and ontological paradigms (Burrell and Morgan, 1979). In moving the discussion to research design and research methods that are used in this research, it is pivotal to point out the potential of research paradigms selected in this research. To better understand the research paradigms, researchers adopt ontological and epistemological paradigms of research philosophy for designing a research framework that better describe the worldview (Silverman, 2013). Kuhn (2012) claims that scientific research follows a well-structured model by which researcher can provide solutions of research problems. Hence, to represent research philosophy researchers are using both ontological and epistemological paradigms for providing a conceptual model of social reality. The underlying dimension of research philosophy reflects the nature of knowledge.

While the ontological paradigm of a research demonstrates the nature of knowledge and reality, the epistemological view of a study reflects the standard available method of analyzing the nature of knowledge and reality (Bryman and Bell, 2015). The epistemological paradigm helps the researchers select a methodology. The selection of a research method is made by analyzing research questions and developing a research design. When discussing the ontological and epistemological paradigms of this research, the present study drew attention to two crucial paradigmatic philosophies, namely, positivism and constructivism. Both those philosophies help to identify the essential philosophical approach of this research. The selection of a proper philosophical stance is needed to identify the taxonomy of variables and show the robustness of variables by using statistical techniques. In furthering the discussion about research design and research method, it is pivotal understand the research paradigms that are used in this research.

3.1.1 Positivism and Constructivism

The positivism view of research paradigm is a dominant philosophical choice within the methodology of social science researches (Delanty, 2005). This approach explains that reality is external, and to study reality it is crucial to apply the observation method (Easterby-Smith et al., 2015). Past study reports that positivism is a generally accepted scientific paradigm that observes the phenomena in an objective process rather than following subjective process (Healy and Perry, 2000). In addition, Lee (1991) argued that in social science to understand the causal effect within variables, researchers accept the procedure to validate the research. In general the positivist approach emphasize quantitative research design for validating the independent facts of reality.

Researchers frequently indicate that the deductive research method is applicable for positivist approach, whereas the inductive approach is best suitable for qualitative analysis (Zikmund et al., 2012). The positivist paradigm is linked to the deductive approach, which emphasizes the exploration of hypothesis, by applying experiment or survey as data collection method (Bryman and Bell, 2015). The nature of this study follows an explorative approach to confirm the association among international ambidexterity constructs, external environmental factors, dynamic marketing capability, and export performance.

This thesis follows the findings of Easterby-Smith (2015) on the positivist research paradigm to select a research design and a research method. In this research the positivist research paradigm is appropriate for a number of reasons and these are: (a) this paradigm follows an objective process which does not rely on a researcher's assumption, instead enabling researcher to emphasis the process of conducting the research. (b) this approach investigates the causal relationship among the variables of conceptual model; (c) this approach influences a researcher to propose hypotheses, and subsequently verify whether the hypotheses will be accepted or rejected; (d) positivist research emphasizes quantitative measurement techniques so that proposed hypotheses can be analyzed accurately; (e) in order to operationalize the hypotheses, the research questions are analyzed through a suitable number of sample. To validate the generalizability of a study an appropriate sample size support positivist research; (f) finally the positivist paradigm supports a researcher to conduct a cross sectional study, in which a researcher can investigate various cross samples through proper research design within a given period of time.

Unlike the positivist approach, the constructivist paradigm follows subjective measures to understand the world, which requires cohesive attention to different perspectives of respondents' views (Creswell, 2013, Guba and Lincoln, 1991). The foundation of the constructivism paradigm comprises subjective epistemology (i.e. generate findings), realistic ontology (i.e. multiple and specific constructed realities), and research method that follow a logical naturalistic approach (Denzin and Lincoln, 2000). It should be noted that subjective epistemology and constructive ontology are developed in qualitative research design. Research problems can be clarified through close interaction between the researcher and the participants by following a qualitative research design.

3.1.2 Philosophical Stance of this Research

The comparison of two paradigms (i.e. positivism and constructivism), has revealed that in the constructivist paradigm researchers require adjacent connection with the respondents to understand the research problems and the linkage with theory, whereas researchers are independent to observe the phenomena in a positivism paradigm that guides the researcher to test the theory (Carter and Little, 2007). In positivist research the researcher should be aware of the importance of a large sample size to validate the theory and confirm the hypotheses. This is in contrast to constructivist research, where a small sample size is used to evaluate a theory. The present study illustrates several criteria that justify the significance of selecting positivism paradigm for this research methodology:

- In (2000) Healy and Perry suggested that the positivist paradigm is a suitable research philosophy where numerical analysis is required by collecting survey data. Since the research questions of this study focuses on the relationship between the facts, the proposed research questions are started by 'what'.
- This study selects positivism paradigm as crucial philosophical choice because the one of the primary objective of this study is realizing the internal structure of higher order dynamic marketing capability construct as well as validating the dynamic marketing capability role within the exporting conditions. Based on the research objectives this research is drawing the findings of the hypotheses, thus a positivist paradigm is considered the best paradigm for answering these research questions.
- The nature of the positivist paradigm is value freedom, hence to verify the causality of a proposed framework the positivist paradigm is adopted to test the causal relationship of international ambidexterity constructs-external environmental factors-dynamic marketing capability-export performance.

As illustrated above, the positivist paradigm follows a reductionism concept, where research problems are realized by the accumulated information from relevant samples. Therefore, research problems of the current study are measured by the accumulated data that are generated from the sample of manufacturing export organizations. In short, as above sections explained, the nature of the positivism paradigm is driven by quantitative data that suits the exploration of hypotheses. Thus the positivism paradigm perfectly matches with the exploration of the hypothesis and research problems.

In this study, the researcher emphasizes the positivist paradigm, where deductive inquiry is conducted by applying a quantitative research design to examine and demonstrate answers to the research questions. In a deductive approach, the mode of research enquiry is testing the theory that influences the researcher to apply survey or experimental method for the assisting data collection process. To confirm the theoretical generalizations of dynamic marketing capability in the exporting context, it requires verification of the theory that can describe the social matters on an objective basis instead of accumulating views from the people. In addition, when research problems attempted to disclose the relationship between facts, the positivist paradigm is considered best suitable as a philosophy by applying the deductive inquiry technique.

3.2 Hypotheses

Based on the literature review above, it can be concluded that there are several categories of factors: international ambidexterity, external environmental factor, and dynamic marketing capability, which contribute to the export performance.

Consequently, the proposed framework (see Figure 3.1) provides the foundation for empirical investigation of the following research questions in this study.

1. What is the relationship between international ambidexterity and export performance?
2. What is the relationship between external environmental factor and export performance?
3. What is the relationship between dynamic marketing capability and export performance?

4. What is the relationship between market orientation and export performance?

In order to address these questions, the following hypotheses (H) were specifically examined in this study.

H1: There is a positive relationship between international ambidexterity and export performance

H2: There is a positive relationship between external environmental factor and export performance.

H3: There is a positive relationship between dynamic marketing capability and export performance.

H4: There is a positive relationship between market orientation and export performance

3.3 Research Design

The general aim of selecting a proper research design is to conduct an empirical investigation in such a way that answers the research questions (De Vaus and de Vaus, 2001). In particular, research design is treated as a dominant plan that describes the procedures in examining the accumulated information. The selection of proper research design and research method pertain to the variation of standpoints on research philosophy. In particular, research design is treated as a master plan that describes the method of examining the accumulated information. In order to select an appropriate research design, the ontological and epistemological assumptions must be considered by the researcher. For instance, a research design that uses a quantitative method is based on positivism philosophical standpoint.

At this point it is crucial to differentiate the terminologies of research design and research method. Research design acts as a framework that reflects the action plan of any research, (Creswell and Clark, 2007), whereas research method follows a single process through which the researcher chooses data collection steps and a data analysis mechanism (Creswell et al., 2008). In essence, a researcher should select an appropriate research design based on research questions and the characteristics of research problems.

On the basis of research design, this study specifies a suitable research method in the subsequent section, which is administered for collecting and scrutinizing the data. This study adopts exploratory research design to understand the causal effects among the constructs of the conceptual model by using the quantitative research method. The following section describes the justification of using the quantitative research method in this study. Thereafter, a detailed explanation of the data collection process is explained, along with a short section about the tools that are used in this study for supporting the analysis.

3.3.1 Quantitative Research Method

The philosophical stance of this research emphasizes a deductive approach that follows a "top down" process where confirmation of the research comes from a theoretical background (Saunders et al., 2011). In favor of the deductive research approach to validate the theory, it has been shown that the quantitative research method is deemed as a proper practice in the premise of natural science and social science. This study has administered the deductive research approach so the researcher can confirm the generalization of the collected data through conducing statistical analysis.

In the study of Johnson et al. (2007) the nature of quantitative research is classified in terms of deduction, validation, testing the hypotheses, data collection in a standard way from a large sample, and conducting relevant statistical analysis. This thesis has selected this thesis has selected the quantitative research method (Johnson and Onwuegbuzie, 2004) because it allows the researchers to check the validity of existing theories.

It also gives the study the needed validity to measure the hypotheses and it requires less time to analyse the data compared to a qualitative data interpretation process. A researcher can carefully balance the progress of research by satisfying the reliability and validity concept by following the method of quantitative data analysis (Bryman and Bell, 2011). Furthermore, past study suggested that a researcher should adopt the quantitative research method for answering 'what' type of questions (Robson, 1993). As the aims of this study are to answer three crucial "what" forms of questions, it is important to use the quantitative method to examine the hypotheses.

Following this method, a researcher can measure the degree of research biasness, and also the researcher can examine multivariate causal relationship among different constructs. This implies that the researcher can measure the impact of exogenous variables on endogenous variables by using quantitative research method.

Davidsson (2004) claims that when are observing causal relationships of various constructs, it is imperative for a researcher to apply suitable statistical techniques for supporting quantitative analysis. In marketing literature, researchers widely use the quantitative method to understand and validate the formation process of new constructs that scholars are proposing (Mitrega et al., 2012). Even though past empirical studies in dynamic marketing capability used both qualitative and quantitative method (Fang and Zou, 2009, Bruni and Verona, 2009); those studies have not dealt explicitly with the formation process of dynamic marketing capability. By applying the quantitative research method this study can confirm the validity issue of multi-dimensional structures of market orientation and its applicability in executing the exporting process.

In line with Churchill Jr's (1979) multi-stage scale development process, previous studies of Lages et al. (2005) and Zaefarian et al. (2011) numerical data collection process for developing measurement items of the constructs. That supports the identification of underlying processes of the higher order latent construct. Hence, to validate the dynamic marketing capability measurement scale along with other constructs of the conceptual model, this study followed a multi stage scale development procedure used in Churchill Jr (1979) study. This multi stage approaches support this study's to select data collection procedure and scale development process. In general, the application of quantitative approach is a proper method to confirm the taxonomy of dynamic marketing capability construct along with showing its effectiveness in exporting context.

3.3.2 Data Collection Process

As stated earlier, the function of a research design is identifying accurate process of examining research problems, developing a sampling framework for data collection and understanding the instruments that are required for data analysis. Following that, the research design of this study selects quantitative research method for achieving suitable answers of four above mentioned research questions. The subsequent sections discuss the sampling process, and explain the application of the three stages of questionnaire development and justify its appropriateness for this study.

3.3.3 Sample of this Study

A simple random sampling method is proposed for this study. It is considered as the best method because it enable the generalisation of the findings to the population (Bryam and Bell, 2003). It is also able to provide much information of a given sample size, and Cresswell (2003) recommended a random sample in which each individual in the population has an equal probability of being selected. According to Saunders, Lewis and Thornhill (2007), probability sampling is a compromise between the accuracy of findings and the amount of time and money invested in the collection, checking and analysing the data.

Past researchers have posited that the sample size should be adequate to the research by being large enough to approximate the characteristics of the population satisfactorily and provide a credible result (McMillan and Schumacher, 2001).

The choice of the sample size is therefore usually governed by the following; the confidence that the researchers need to have in the data, the margin of error that the researcher can tolerate, the types of analysis that the researcher is going to undertake, and the size of the population from which the sample is drawn (Hair *et al.*, 1995; Kline, 1998).

The rule of thumb as proposed by Roscoe (1975) is that sample size larger than 30 and less than 500 is appropriate for most studies. Roscoe's proposal is supported by other author who stated that a sample size of less than 100 is regarded as small, medium sample size is between 100 and 200 while large sample size is more than 200 (Hair *et al.*, 1995; Hulland *et al.*, 1996; Kline, 1998).

However, in order to overcome the probability of non-response which commonly can be as high as 70 to 80 percent (Malhotra, 1996), the recommended number of questionnaire to be sent out should be more than triple than the intended sample needed. For instance, if the intended sample needed is more than 100, it is recommended to send out more than 300 questionnaires. An introduction letter addressed to the human resource managers explaining the purpose of the study and seeking their organization's permission in the research was sent to all exporting SMEs that have been identified by the researcher.

3.3.4 Questionnaire Design

After refining the measurement items from pre-test, the final survey questionnaire draws 30 measurement items which are range from 1= strongly disagree to 5= strongly agree. The Researcher collected respondents' demographic profile by asking 5 demographic questions. The measurement items in the survey questionnaire measured the level of higher order marketing capabilities, international ambidexterity constructs, and the external environmental factors practiced by the exporting organizations.

Furthermore, this study also measures the export performance of exporting organization, in which the researcher takes the subjective perceptions from the respondents. In order to confirm research objectives, this study developed a few statements for some constructs. For instance, the dynamic marketing capability is a second order construct but past studies have not evaluated the multi level measurement structure of dynamic marketing capability in detail.

For modeling multi level structure of dynamic marketing capability scale, this study adopts measurement items of marketing capabilities from previous studies whenever possible. In particular, dynamic marketing capability is measured by three constructs, namely, customer relationship management capability, brand management capability and new product development capability.

The following Table 3.1 highlights the statements of each construct including the references. To examine export market exploitation characteristics, this study measured this constructs with 3 items, in which two items (i.e. DMC1, DMC2 and DMC3) are selected from Lisboa et al. (2013). Additionally, the term export market exploration used three measurement items, in which these three measurement items followed Lisboa et al. (2013). Regarding external environmental factors such as market uncertainty and competitive intensity, this study adopted six measurement items from Jaworski and Kohli (1993a). In this study, the ultimate endogenous construct is export performance that includes four measurement items (see Table 3.1).

Export marketing researchers used multi dimensional measurement items for export performance construct such as financial performance (Leonidou et al., 2002) and strategic performance (Keh et al., 2007, Young et al., 1989, Katsikeas et al., 2000). The reason is that international marketing organizations are not trying to only achieve financial performance, but also (Keh et al., 2007, Young et al., 1989, Katsikeas et al., 2000) concentrating on attaining better strategic performance. Because of this past studies included both performance indicators in the export performance construct.

To date, the export marketing literature mainly focuses on respondents' subjective view of export performance, whereas researchers have often overlooked the objective view of export performance. In reality, export organizations are highly reluctant to provide objective measures of their performance. In order to receive objective financial data about organizations' performance one can use their annual report (Leonidou et al., 2002), but it is difficult to check the accuracy any reported financial data (Robertson and Chetty, 2000).

On the other side, as to discuss about the application of subjective measurement process of export performance Morgan et al. (2004) adopts three financial measurements (i.e. volume of export, export market share and profitability). In a similar vein Zou et al (2003) used subjective financial information measure to export performance, and those items are exporter's sales revenue, exporter's return on investment, exporter's profitability ratio and exporter's profit margin level. Several researchers also address strategic performance as an outcome variable along with financial performance.

The measurement items of strategic performance that have been used in international business literature (Katsikeas et al., 2000, Lu et al., 2010, Cadogan et al., 2003) are market expansion growth, growth level in terms of products or services, and export customers' satisfaction level. In this study, the export performance construct is designed to capture exporting organizations' subjective view of performance. To measure export performance, this study uses the measurement items that were applied in the study of Lu et al. (2010).

Table3.1

The measurement items of the constructs with the references

No.	Statements	References
	The International Ambidexterity	
1	We repeatedly enhance our knowledge about new export market opportunity	Lisboa et al., 2013
2	We frequently assess feasibility of doing business in new export markets	
3	We research new competitors and customers of new export markets	
4	We conduct deep examination to capture important information about existing export markets operation	
5	We continuously review customer relationship management process to strengthen contacts with customers in current export markets	
6	We strictly monitor competitive products to bring improvement in our new solution packages	
	External Environmental Factors	
1	In our kind of business customer requirements vary significantly across different customer segments	Jaworski and Kohli, 1993, Bodlaj et al., 2012
2	In our kind of business, customers' product preferences change slightly over time	
3	New customers tend to have product-related needs that are different from those of existing customers	
4	We are facing aggressive competition in this industry	
5	In our industry anything that one competitor can offer, others can match readily	
6	Frequency of new competitors entrants is high in our industr	
	The Dynamics Marketing Capability	
1	We rapidly respond to solve customer's problems by presenting new solution package	Merrilees et al., 2011
2	We frequently upgrade capacity utilization process to reduce order lead time of product development	Merrilees et al., 2011
3	We focus on improving plant efficiency to reduce production cost of new product development	Merrilees et al., 2011
4	We adopt new technology to improve products quality and fulfill buyers standards	Merrilees et al., 2011
5	We repeatedly identify attractive and potential customers in the export markets	Orr et al., 2011
6	We periodically attend in international fair to meet with foreign attractive/potential customers	Orr et al., 2011
7	We invest on developing IT infrastructure to enhance relationship with customers	Orr et al., 2011
8	We apply innovative marketing and promotion methods to attract potential buyers compared to the rivals	Orr et al., 2011

Table 3.1 *Continue*

No	Statements	References
9	We systematically maintain a reliable brand meaning among customers mind through our image and reputation	Bentler, 1995
10	We have a corporate brand that creates a seamless umbrella for all the brands in our products portfolio	Bentler, 1995
11	We invest in managing and promoting the reputation/image of our organization/firm	Aaker, 1992, Matear et at., 2004
12	We periodically attend in international fair lo meet with foreign attractive/potential customers	Aaker, 1992, Matear el al., 2004
13	We Focus on meeting customers' long term needs to ensure repeat business	Orr et al., 2011
	Market Orientation	
1	We continuously try to discover additional needs of our potential customers of which they really value but never disclose to us	Atuahene-Gima et al., 2005, Narver et al., 2004, Lamore et at., 2013, Hu and Bentler, 1999
2	We inspect users existing products complication in order to offer better solution to satisfy needs	Atuahene-Gima et al., 2005, Narver et al., 2004, Lamore et al., 2013, Hu and Bentler, 1999
3	We support customers to improve their expectation in the market through our suggestions	Atuahene-Gima et al., 2005, Narver et al., 2004, Lamore et al., 2013, Hu and Bentler, 1999
4	We constantly monitor our level of commitment and orientation to serving customer needs thru intelligence generation	Farrelly and Quester, 2003, Merrilees et al., 2011, Cadogan et al., 1999
5	Our export business strategies are driven by our beliefs of enhancing value for export customers.	Farrelly and Quester, 2003, Merrilees et al., 2011, Cadogan et al., 1999
	Export performance	
1	Our growth level is in the export markets	
2	Our market share's position in the export markets	
3	Our return on investment is through overseas sales	Lu et al., 2010
4	Our foreign customers satisfaction level is about our products and services	

3.3.5 Sample Size and Respondent Selection

It is essential to determine a proper sampling frame so that data collection can be conducted from a good sample size. This is because the adequacy of factor analysis is contingent on the sample size, in which data collection from more than 300 sample represents the strength of factor analysis (MacCallum et al., 1999). Hair, Tatham et al. (1998b) pointed out sample size reflects the value of factor loading, which showed that the significant factor loading must be above.30 for a sample size above 300, whereas a .70 factor loading is necessary for small sample size around 60. It is clear that small sample size leads to high factor loading, and large sample size leads to acceptable low factor loading. MacCallum et al. (1999), claims that solid data represents high communalities of the measurement items.

Simple random sampling (Sekaran, 2000b) will be used this research study. Simple random sample is chosen from a larger set of a population. A simple random sample is a subset of a statistical population in which each member of the subset has an equal probability of being chosen. A simple random sample is meant to be an unbiased representation of a group. The sample of respondent will be numbering using odd number thru the Mid-Tier company listing generated from the microsoft excell. The population of this research, the entire group of people that the researcher wishes to investigate (Sekaran 2003), was executive professionals within Mid-Tier Companies registered with Malaysia External Trade Development Corporation (MATRADE). In general, Mid-Tier Companies represent a key driving force behind the Malaysian economy. There are approximately 10,000 Mid-Tier Companies in

Malaysia, and despite being just 1 per cent of all Malaysian business firms, they collectively contribute 30 per cent of the country's total Gross Domestic Product (GDP).

3.3.6 Sampling and Procedure

The population for this study was chosen by using these measures.

1st Criterion : Registered companies with Malaysia External Trade Development Corporation (MATRADE)

2nd Criterion : Mid-Tier Companies

Sekaran (2003) suggested that sampling design and the sample size are important to establish the representativeness of the sample for generalizability. A sample is a subset of the population which comprises some members selected from the population as Table 3.2 below. This research required 370 total number of sampling.

Table 3.2
Table determining sample size given population

N	S	N	S	N	S
10	10	220	140	1200	[illegible]
15	14	230	144	1300	297
20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	24	250	152	1500	306
[illegible]	28	260	155	1600	310
35	32	270	159	1700	313
[illegible]	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	[illegible]	175	2200	[illegible]
60	52	340	181	2400	331
65	56	360	[illegible]	[illegible]	335
70	59	380	191	2800	338
75	63	400	196	[illegible]	[illegible]
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	[illegible]	[illegible]
110	86	550	226	[illegible]	[illegible]
120	92	600	234	8000	[illegible]
130	97	650	242	[illegible]	[illegible]
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	[illegible]
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Sekaran, (2003)

3.3.7 Unit of analysis

The unit of analysis is organization, and sample will consider the viewpoints of key organizational informants, including senior and mid-level executives from both the business and technological part of the organization.

3.4 Operational Definition

The operational definition of main construct used in this study is listed in the Table 3.3 below.

Table 3.3
Operationalization Definition

Construct Name	Definition	Authors
Export Market Exploration	Exploration is a tendency to learn in terms of "experimentation with new alternatives having returns that are uncertain, distant, and often negative"	March, 1991: 85
Export Market Exploitation	exploitation is "the use and development of things already known," exploration is "the pursuit of knowledge, of things that might come to be known"	Levinthal & March, 1993: 105
Market Uncertainty	Situation in which an organization is experiencing fierce competition as well as facing scant opportunities for future growth in the markets	Auh and Menguc, 2005
Competitive Intensity	The presence of high level competitive pressure often prompts the organization to improve its product development process so that the organization can surpass its key rivals	Porter, 1980a, Lamore et al., 2013
New product development capabilities	New product development capability is a process of converting accumulated information by reconfiguring, leveraging and integrating resources and capabilities so as to introduce commercially viable products within distinct levels of the market environment.	Teece, 2012

Table 3.3 *continue*

Customer Relationship	The competency of customer relationship management capability assists the organization in collecting appropriate information about market demand (that is, customers' attitudes towards the products and the corporate brand), and later on in disseminating this knowledge to brand management units so that the value of reputational assets can be improved over time.	Hooley et al. (2005)
Management Capability	Management capability integrates brand valuation processes, management systems and working processes on the basis of all the gathered information	Prevel Katsanis, 1999
Dynamics marketing capability	Dynamics marketing capability reveals distinctive cross-functional business process to create and deliver superior customer value in response to market changes by reconfiguring higher order marketing capabilities. The main function of dynamics marketing capability is to absorb market knowledge and support effective knowledge management processes	Bruni & Verona, 2009
Market orientation	Defined the term from the organizational cultural viewpoint, in which an organization concentrates on customer orientation, competitor orientation and inter functional coordination so as to accumulate and deploy information with the support of coordination mechanisms.	Narver& Slater (1990)

3.5 Technique of Data Analysis

As pointed out by Coorley (1978, p. 13), "the purpose of the statistical procedure is to assist in establishing the plausibility of the theoretical model and to estimate the degree to which the various explanatory variables seem to be influencing the dependent variable".

Thus, data analysis by applying quantitative data from the questionnaire survey will be analyze by utilizing statistical components which were separated into two parts as:

(1) Preliminary data analysis; and

(2) Empirical data analysis using structural equation modeling (SEM) to test the hypothesized model discussed.

The first part was to ensure that the survey questionnaire instrument developed for this study produced precise and accurate measurements. The quantitative data that gained from the questionnaire are analyzed by using different analytical techniques. The analysis of data in this study was by using the Smart PLS3. The methods of data analysis are selected based on the research questions and the variable characteristics (Byrne, 2001; Kamariah, 2007).

The purpose of the analysis is to achieve reliability in data analysis and hypothesis testing. Among the various tests conducted are data screening and preliminary analyses of missing data, normality, test of non-respondent bias, and outliers. In addition to that, there are some other factors and reliability analysis to test for reliability and validity of measures, goodness, descriptive statistics, correlation analysis, and regression analysis.

3.5.1 PLS Structural Equation Modeling Approach

The Partial Least Square (PLS) was proposed by Herman Wold (1982, 1985) as cited by Lohmoller (1987, 1989) in the computational aspects of the LVPLS software. The theoretical development has been attributed to Wold whereas the new graphical interface (PLS-Graph) to Chan (1998, 2001) and Chin and Newsted (1999). The PLSX program by Lohmoller for unit x variables is the foundation for the PLS-Graph software and ultimately enables similar options.

3.5.2 PLS Path Model

The PLS modeling is a common method that used in the estimation of causal relationships in the field of path models containing latent constructs measured indirectly by several factors. There are two models for the PLS path model description; a measurement model and a structural model. A measurement model is linking manifest variables (MVs) to their latent variables (LVs), whereas a structural model relates endogenous LVs to LVs. In other words, the structural model is referred to as the inner model while the measurement model referred to as the outer model. The reflective mode is a casual relation developed from the latent variable to the manifest variable in the block it is located in. Therefore, each manifest variable in a specific measurement model is perceived to be developed as a linear function of the latent variables along with the residual. However, on the other hand, the formative mode develops casual relationships from the manifest variables to the latent ones. Additionally, it is essential to consider how the terms, reflective' and formative', and implication connected with the classification of casual' and effect', highlight the variation between the characterization of the mode of the latent variable measurement models.

Despite the original consideration of the latent variable as an exact linear combination of its indicators, the original term is wide as it considers both in an exact linear combination even the latent variable not determined by the indicators (Bollen & Davis, 2009).

This study used the PLS technique because of the following reasons.

(1) PLS path modeling becomes more appropriate for real world applications and more advantageous to use when models are complex (Fornell & Bookstein, 1982; Hulland, 1999). The soft modeling assumptions of PLS technique (i.e., ability to

flexibly develop and validate complex models) gives it the advantage of estimating large complex models (Akter et al., 2011).

(2) PLS SEM offers more meaningful and valid results, while other methods of analysis such as software package used for statistical analysis (SPSS) often result in less clear conclusions and would require several separate analyses (Bollen, 1989).

(3) In most social science studies, data tend to have normality problem (Osborne, 2010) and PLS path modeling does not necessarily require data to be normal (Chin, 1998a). In other words, PLS treats non-normal data relatively well. By and large, PLS path modeling was selected for this study to help avoid any normality problem that might arise in the course of data analysis for the current study.

In addition, Tabachnick and Fidel (2007) state that SEM is one of the most powerful statistical tools in social and behavioral sciences that have the ability of testing several relationships simultaneously. Regarding this study, SmartPLS path modeling was used to establish measurement and structural models. Measurement model was used to explain or assess constructs' reliability and validity of the current study. Secondly, structural model was used to conduct bivariate correlation analysis and simultaneous regressions analyses to establish correlations, and relationship effects among constructs under investigation. Additionally, using the PLS mechanisms of algorism and bootstrapping to examine the effects. According to Hair *et al.* (2010) stated that partial least squares (PLS) is now well-known as the alternative to SEM method-- this includes AMOS, LISREL, and other programs.

The PLS path modeling is more suited to complex models such as those with hierarchical constructs (with a complete disaggregation method), mediating and moderating impacts (Chin, Marcolin, & Newsted, 2003). The PLS modeling has to be employed in the initial stage of theoretical development to assess and validate exploratory models.

In addition, one of its powerful features is its suitability for prediction-oriented research where the methodology helps researchers to concentrate on the explanation of endogenous constructs. Another feature of PLS is its vulnerability to multicollinearity. In addition, PLS determines measurement models and structural models through multiple regressions, and hence its estimates can be vulnerable to issues of multicollinearity. Lastly, the PLS path modeling can be utilized in reflective as well as formative measurement models.

In literature, there are many publications that highlight the casual modeling applications that using the PLS path and its beneficial features (Falk & miller, 1992; Fornell & Bookstein, 1982; Joreskog & Wold, 1982; Lohmoller, 1989). The diffuse use of PLS modeling among practitioners and scientists stem from four basic features: (1) PLS can be used in the estimation of path models where there is a smaller sample size (Chin & Newsted, 1999); (2) PLS path modeling algorithm enables unlimited calculation of the cause-and-effect relationship models utilizing both formative and reflective measurement models (Diamantopoulos & Winklhofer, 2001); (3) PLS path modeling is regarded as a methodologically beneficial when compared with CBSEM in some cases when non-convergent or improper outcomes are possible (such as Heywood cases; Krijnen, Dijkstra, & Gill, 1998); (4) PLS path models can turn complex as they include varying latent and manifest variables, but never lead to estimation issues (Wold, 1985).

In addition to that, the amount of manifest and latent variables may be great in relation to the observation number with increasing of complex models. Moreover, PLS path modeling can be used in highly skewed distributions (Bagozzi, 1994).

3.6 Measurement of Variable

Almost all of the questions in the questionnaire will be design in a closed form. Dichotomous scales and categorical scales will be used for the questions regarding export performance companies types in the first section of the questionnaire. In the second part, regarding questions about factors affecting the performance of export performance, a Likert rating, interval scale will be use. This scale is appropriate for measuring attitudes, beliefs or feelings (Singleton & Straits 1999). Moreover, for data obtained using an interval scale, parametric statistical analysis may be used (Hair et al. 2006; Zikmund 2003).

Therefore, a Likert scale was selected for its ability to measure attitudes or beliefs. For most of the questions in the second section respondents were asked to rate the extent of their agreement or disagreement with the statements on a five-point Likert rating scale, ranging from:

1 = Strongly disagree,

2 = Slightly disagree,

3 = Neither disagree nor agree,

4 = Slightly agree,

5 = Strongly agree.

This five-point scale was selected as scales with more response categories have been found to be more reliable and valid than shorter scales (Singleton, RA & Straits 1999).

3.7 Reliability and Validity

The hallmark of science is the pursuit of truth and the limitation of error. As such, science is an attitude of mind rather than a set of procedures. The defining characteristic of that attitude is a commitment to subject any claim to rigorous evaluation and the conscientious seeking out of evidence that might contradict or modify that claim' (Murphy and Dingwall 2003). Although presenting an idealized view of science, this statement is a good starting point for a discussion that aims to demystify two related examples of research terminology: reliability and validity.

Reliability and validity are ways of demonstrating and communicating the rigour of research processes and the trustworthiness of research findings. If research is to be helpful, it should avoid misleading those who use it. If a hospital decides to replace one treatment with another safer and more effective treatment, then managers, clinicians and patients can justifiably expect the decision to be based on good, rather than flawed evidence.

This trustworthiness depends on a number of research features: the initial research question, how data are collected including when and from whom, how they are analyzed, and what conclusions are drawn.

3.7.1 Reliability in quantitative research

Research methods resulting in the production of numerical data of relevance to nurses include experiments. Internal consistency of items such as individual questions in a questionnaire can be measured using statistical procedures such as Cronbach's alpha coefficient (Cronbach 1951), randomly splitting all the responses to a question into two sets, totaling the scores on the two sets, and working out the correlation between the two sets. This is known as a 'split-half' test.

A more sophisticated way of doing this is to create all possible split halves and determine the average correlation between all of them. Cronbach's alpha (1951) is an estimate of the average of all split-half estimates of reliability. Reliability is the proportion of variability in a measured score that is due to variability in the true score (rather than some kind of error). A reliability of 0.9 means 90 per cent of the variability in the observed score is true and 10 per cent is due to error. A reliability of 80 to 90 per cent is recommended for most research purposes.

3.7.2 Validity in quantitative research

Validity describes the extent to which a measure accurately represents the concept it claims to measure (Punch 1998). There are two broad measures of validity – external and internal. External validity addresses the ability to apply with confidence the findings of the study to other people and other situations, and ensures that the 'conditions under which the study is carried out are representative of the situations and time to which the results are to apply' (Black 1999).

The sample of participants drawn from the population of interest must be representative of that population at the time of the study. Finally, representative samples should be drawn with reference to relevant variables in the study. Internal validity addresses the reasons for the outcomes of the study, and helps to reduce other, often unanticipated, reasons for these outcomes. Three approaches to assessing internal validity are content validity, criterion-related validity, and construct validity (Eby 1993, Punch 1998). Content validity is the weakest level of validity, and is concerned with the relevance and representativeness of items, such as individual questions in a questionnaire, to the intended setting.

It is particularly important to measure this if the study is designed to ascertain respondents' knowledge within a specific field, or to measure personal attributes such as attitudes (Eby 1993). It can be achieved through conducting a pilot study with people who are similar to the intended study participants. Such relevance can be supported by literature reviews and documentary evidence, where available.

3.7.3 Face validity and content validity

Face validity refers to whether the measure looks valid. If people look at the mobile phone design questionnaire, would they say: yes, this would measure a person's attitude towards the mobile phone design? There seems however some difference of opinion who you should ask to make this judgement. For example, Neuman (1997) refers to the scientific community, i.e. the experts; while others (Loewenthal, 2001; Rust and Golombok, 1999) refer to people that would potentially fill out the questionnaire.

Although both cases concern acceptance, the reason why it is important is different. The first one refers the consumers of the questionnaire and its data. If they do not accept it, they will not use the questionnaire and will not trust its data. The second one refers to the responders. If they do not accept the questionnaire, they might not fill it out seriously or refuse to fill it out altogether. Responders might feel that questions are offensive, inappropriate to ask, or irrelevant. For that reason Rust and Golombok (1999) suggest to evaluate the face validity by asking potential responders whether the questionnaire name and that of the items scales are acceptable.

Content validity addresses the question whether the full content of a construct is represented in the measure or are some dimensions left out. Like face validity, content validity is a consensus issue. For content validity, experts have to agree that the construct has been operationalized capturing all facets of the construct. Take for example ISO (1998) standard 9241 – 11 which defines usability as 'the extent to which a product can be used by specified users to achieve specified goals with effectiveness, efficiency and satisfaction in a specified context of use'.

The questionnaire should include the dimensions effectiveness, efficiency and satisfaction. These dimensions on their term should have indicators that cover the entire range of the dimension. One way of assessing the content validity comes from the area of Personnel Psychology. Charles Lawshe (1975) suggested a quantitative method to select job criteria by involving a panel of judges. Since its introduction researchers have used this method to assess the content validity of questionnaire items.

3.7.4 The Discriminant Validity of the Measures

To confirm the construct validity of the outer model, it was necessary to establish the discriminant validity. This step was mandatory prior to testing the hypotheses through the path analysis. The discriminant validity of the measures shows the degree to which items differentiate among constructs. Simply put, it shows that the items used different constructs do not overlap. Therefore, constructs although correlated, yet measure distinct concepts.

This meaning was clearly explained by Compeau, Higgins, and Huff (1999) where he concluded that if the discriminant validity of the measures was established, it means that the shared variance between each construct and its measures should be greater than the variance shared among distinct constructs. The discriminant validity of the measures was confirmed employing the method of Fornell and Larcker (1981). As the square root of average variance extracted (AVE) for all the constructs were placed at the diagonal elements of the correlation matrix. As the diagonal elements were higher than the other element of the row and column in which they are located, this confirms the discriminant validity of the outer model.

Having established the construct validity of the outer model, it is assumed that the obtained results pertaining to the hypotheses testing should be valid and reliable. Discriminant validity is a property which psychological scales are expected to show. A scale owing this property has been proven not to correlate with scales representing constructs that are considered as unrelated to the construct that is represented by this scale.

According to Campbell and Fiske (1959) discrimination is an important characteristic of an innovation in personality assessment since when a dimension of personality is hypothesized, when a construct is proposed, the proponent invariably has in mind distinctions between the new dimensions and other constructs already in use (p. 84). Furthermore, a distinction on the level of constructs demands for the check of the expected discrimination on the empirical level. However, discriminant validity is rarely considered in isolation and usually not classified as one of the major types of validity (Cizek, Rosenberg, & Koons, 2008). Mostly it appears in combination with convergent validity.

The framework for this combination is construct validity. According to Cronbach and Meehl (1955) this concept was proposed as part of technical recommendations (1954) provided by an APA commission. Construct validity is closely linked to the concept of the nomological network specifying the relationships among a number of constructs (Ziegler, Booth, & Bensch, 2013).

3.7.5 Criterion Validity

With criterion validity we compare the results of a questionnaire with other trusted sources or standards that are known to measure the construct. This could be another questionnaire (concurrent validity) or a prediction (predictive validity), for example, two different user groups or mobile phones designs that you know should give different questionnaire results. To examine the concurrent validity of your questionnaire you have to have another questionnaire that measures the same thing.

However, if you find one, people would argue that your questionnaire is redundant. Take for example the component-based usability questionnaire (Brinkman et al., in press) that we created to measure the usability of different interaction components of a device. As this questionnaire could measure the usability of any interaction component, we examined its concurrent validity by applying it on the usability of a mobile phone's menu and at the same time ask people to fill out a standard usability questionnaire for menus (Norman, 1991). Analysis of the results showed a significant correlation. Furthermore, we also found a significant negative correlation between our measure and the number of menu problems mentioned in the debriefing of the usability experiment. Both these finding allowed us to claim a degree of concurrent validity.

In summary, the validation process is an accumulation of evidence related to the particular measurement technique, using a variety of general and special statistical methods. Because methods of validation have been developed in many different areas of application, terminology may be used inconsistently. Because of the great variety of measurements which must be validated, we cannot lay down firm rules for doing it.

3.7.6 Validity and Repeatability

Repeatability is concerned with how precisely the technique measures what it measures, or how well the technique distinguishes between individuals. Validity is concerned with how well it measures what we want it to measure. Clearly, no measurement technique can be valid if it is not repeatable. It can be repeatable without being valid, of course.

There may be a large bias, so that the measurements are always much higher than the true value, but they can still be same when measured again. As a result, repeatability or reliability and validity are often studied together. The appropriate methods to measure reliability are usually those using correlation or kappa statistics, as it is the properties of the measurement method with which we are concerned, rather than the interpretation of a single observation.

3.8 Summary

This chapter justified the need for quantitative analysis to answer the research questions and test the hypotheses. The methodology of the study has been discussed in this chapter. As discussed earlier that this study is a correlational study to test the causality relationship among the variables under examination and also the effect with using suitable statistical techniques.

Methodology and methods used were presented including:

1. Preliminary information gathering
2. Framework development
3. Reliability and validity of the instrument

4. Data collection, and
5. Data analysis procedure.

However, to fulfill the purpose of the study SEM is applied as the main statistical technique for the analysis. In addition, regression analysis was performed to test expected relationship differences between the factors, and sub-factors and the construct of the model of export performance.

CHAPTER4

RESULTS AND DISCUSSION

4.0 Introduction

This chapter describes the research setting and design procedures of this study. It defines the independent variables and the dependent variable in the research framework and deliberate the ways these variables are operationalized and measured. This chapter highlights the results of data analysis collected from the survey. Two statistical packages of Statistical Package for Social Science (SPSS) and Partial Least Square (PLS) path modelling were used in the analysis. The analysis begins by analyzing the survey response, including response rates and respondents' profile. The data screening was performed and then the preliminary analysis is presented. The quality inspections were presented in three main sections.

In the first section, the goodness of the measurement was tested to confirm indicator reliability, internal consistency reliability, convergent validity and discriminant validity. In the second section, the constructs were established to ensure that they are well explained by constructs. In the third section, the structural model is examined through R-square value, effect size, and predictive relevance of the model, direct hypotheses testing. Finally, the summary of the results and conclusion are presented.

The data analysis process commenced with descriptive statistics, data screening, and Smart Partial Least Structural Equation Modelling PLS-SEM. Data screening consists of detecting and treating outlier, Cronbach Alpha and Composite reliability, univariate normality, multicollinearity, and linearity analysis. The next step of validation process is through, and CFA for convergent validity and Average variance Extracted (AVE) for discriminant Analysis. The final step is running the PLS-SEM procedure to test the hypotheses formulated for the study. Since, this study intends to investigate causal between latent variables, Smart Partial Least Square - Structural equation modelling (PLS-SEM) was the main analysis method used (Hair et. al., 2010).

Analysis of data will produces statistics such as the minimum, maximum, mean, standard deviations, median, mode, standard error of mean, skewness and kurtosis for demographic and other variables. Standard deviation is the average total scores for each individual variable that is calculated from number of mean in scores set. Besides, the descriptive statistics are concerned about mode and median as well as frequency and percentage.

4.0.1 Data Entry

The acceptable respondents are entered to analysis using SPSS software version 23. This involves data editing and coding. According to Zikmund (2003), the purpose of data coding is systematic storage. In the present research, data coding is done with the help of SPSS software version 23. There were 34 scale items in the questionnaires including dynamics marketing capability (13 items), ambidexterity (6 items) market orientation (5 items) external factor (6 items) and export performance (4 items).

Table 4.1
Coding of measurement scale

Constructs	Codes	Statements
Ambidexterity	AI1	We repeatedly enhance our knowledge about new export market opportunity
	AI2	We frequently assess feasibility of doing business in new export markets
	AI3	We research new competitors and customers of new export markets
	AI4	We conduct deep examination to capture important information about existing export markets operation
	AI5	We continuously review customer relationship management process to strengthen contacts with customers in current export markets
	AI6	We strictly monitor competitive products to bring improvement in our new solution packages
External Factor	EEF1	In our kind of business customer requirements vary significantly across different customer segments
	EEF2	In our kind of business, customers' product preferences change slightly over time
	EEF3	New customers tend to have product-related needs that are different from those of existing customers
	EEF4	We are facing aggressive competition in this industry
	EEF5	In our industry anything that one competitor can offer, others can match readily
	EEF6	Frequency of new competitors entrants is high in our industry

Table 4.1 *Continued*

	DMC1	We rapidly respond to solve customer's problems by presenting new solution package
	DMC2	We frequently upgrade capacity utilization process to reduce order lead time of product development
	DMC3	We focus on improving plant efficiency to reduce production cost of new product development
	DMC4	We adopt new technology to improve products quality and fulfill buyers standards
	DMC5	We repeatedly identify attractive and potential customers in the export markets
	DMC6	We periodically attend in international fair to meet with foreign attractive/potential customers
Dynamics Marketing Capability	DMC7	We invest on developing IT infrastructure to enhance relationship with customers
	DMC8	We apply innovative marketing and promotion methods to attract potential buyers compared to the rivals
	DMC9	We systematically maintain a reliable brand meaning among customers mind through our image and reputation
	DMC10	We have a corporate brand that creates a seamless umbrella for all the brands in our products portfolio
	DMC11	We invest in managing and promoting the reputation/image of our organization/firm
	DMC12	We periodically attend in international fair to meet with foreign attractive/potential customers
	DMC13	We Focus on meeting customers' long term needs to ensure re eat business
		Coding of Measurement Scale
Constructs	**Codes**	**Statements**
	MO 1	We continuously try to discover additional needs of our potential customers of which they really value but never disclose to us
	MO2	We inspect users existing products complication in order to offer better solution to satisfy needs
Market Orientation	MO3	We support customers to improve their expectation in the market through our suggestions
	MO4	We constantly monitor our level of commitment and orientation to serving customer needs thru intelligence generation
	MO5	Our export business strategies are driven by our beliefs of enhancing value for export customers.
	EP1	Our growth level is in the export markets
	EP2	Our market share's position in the export markets
Export Performance	EP3	Our return on investment is through overseas sales
	EP4	Our foreign customers satisfaction level is about our products and services

4.1 Demographic Distribution of the Respondents

The 1,000 questionnaires were distributed over the period September 2017 to October 2017. The population of this research, the entire group of people that the researcher wishes to investigate, was executive professionals within Mid-Tier Companies registered with Malaysia External Trade Development Corporation (MATRADE).

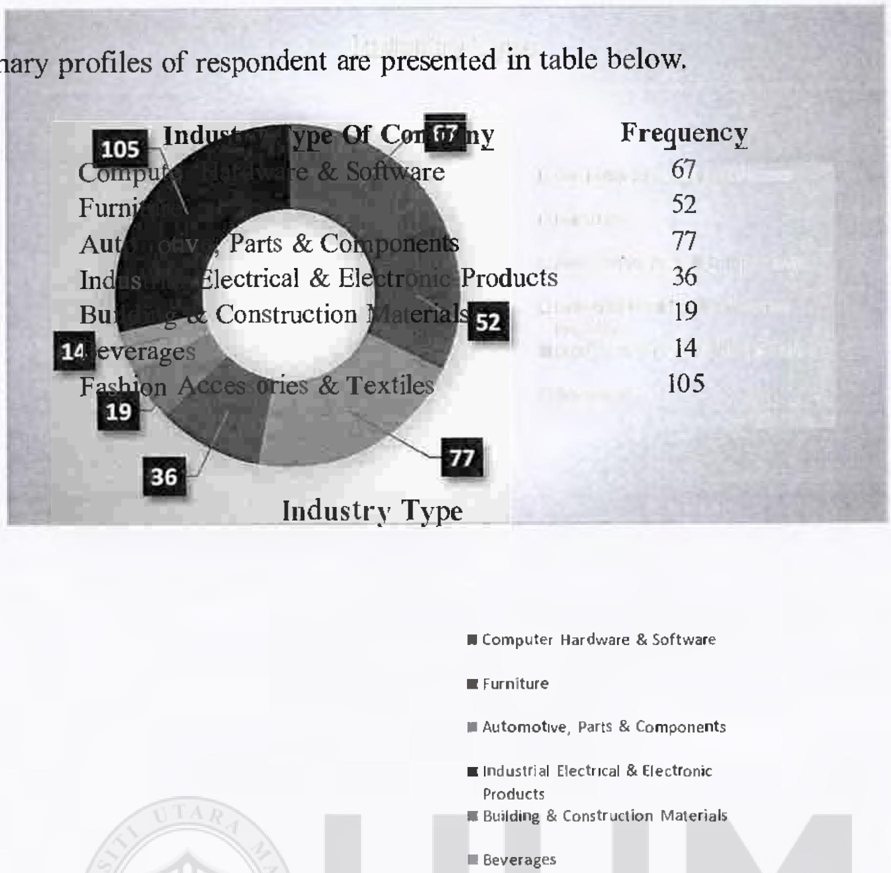
In this study, a sum of 1,000 questionnaires circulated, (see Table 4.2) 460 was gathered back and 370 surveys were completely finished and in addition decidedly usable giving a reasonably worthy rate of 37 percent. Subsequently, the sample size of 370 for this study was considered adequate to perform different measurable tests and give a solid output and arrangement (e.g. performing SEM) (Hair et al. 2006).

Table 4.2
Response Rate of the Questionnaire

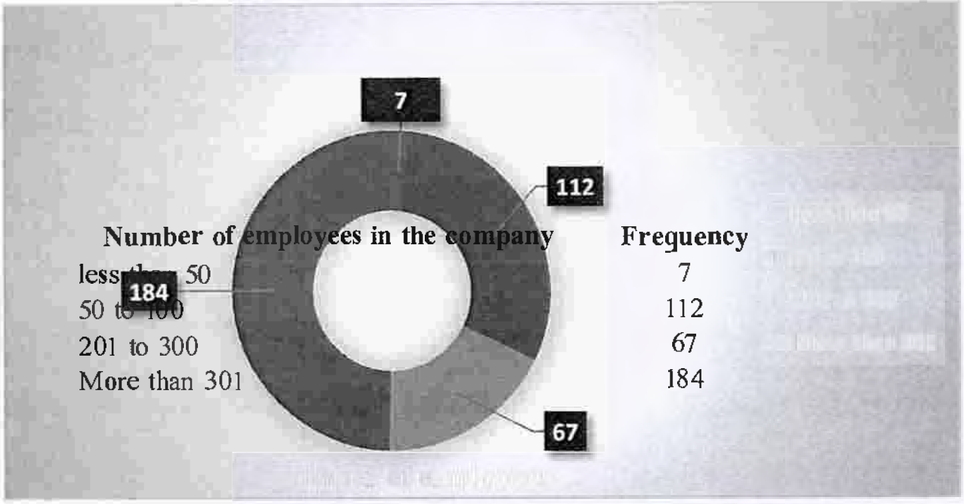
	Response
No. of distributed questionnaires	1,000
Returned questionnaires	460
Returned and unusable questionnaires	90
Questionnaires not returned	540

Summary profiles of respondent are presented in table below.

Industry Type Of Company	Frequency
Computer Hardware & Software	67
Furniture	52
Automotive, Parts & Components	77
Industrial Electrical & Electronic Products	36
Building & Construction Materials	19
Beverages	14
Fashion Accessories & Textiles	105

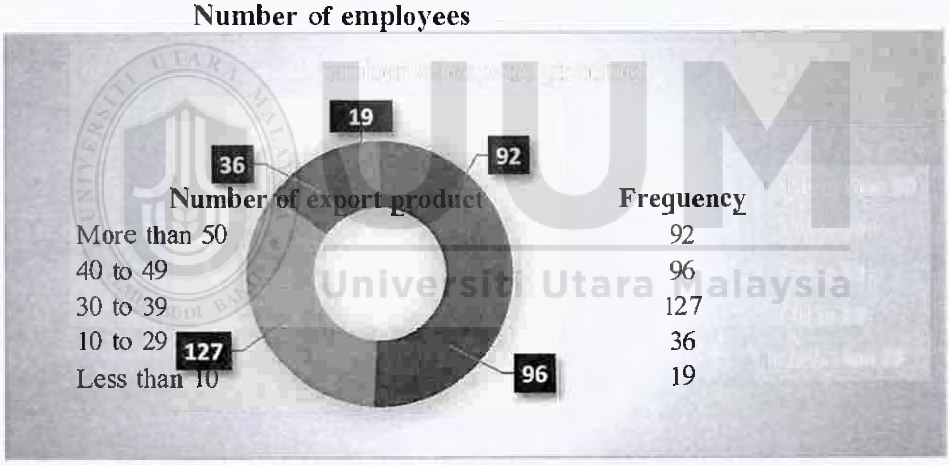


Number of employees in the company	Frequency
less than 50	7
50 to 100	112
201 to 300	67
More than 301	184



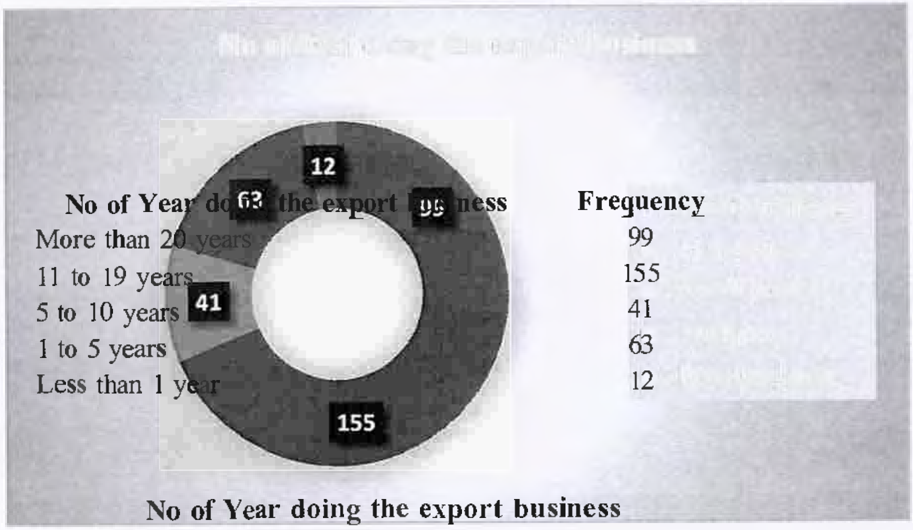
Number of employees

Number of export product	Frequency
More than 50	92
40 to 49	96
30 to 39	127
10 to 29	36
Less than 10	19



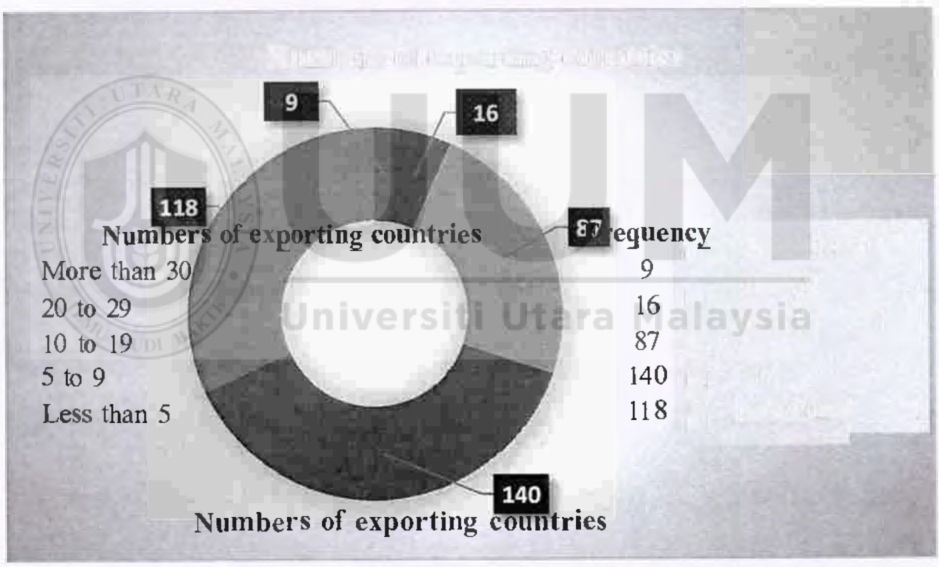
Number of export product

No of Year doing the export business	Frequency
More than 20 years	99
11 to 19 years	155
5 to 10 years	41
1 to 5 years	63
Less than 1 year	12



No of Year doing the export business

Numbers of exporting countries	Frequency
More than 30	9
20 to 29	16
10 to 19	87
5 to 9	140
Less than 5	118



Numbers of exporting countries

4.1.1 Respondents Profile

The number of total respondents is 370. Whereby by industry type, 67 respondents are from computer hardware and software , 52 from furniture, 77 from automotive, parts and components, 36 from industrial electrical and electronic products, 19 from building and construction materials, 14 from beverages and 105 fashion accessories and textiles business.

The demographic report for number of employees in the company, the participants in the group less than 50 staff was 7. This is followed by individuals in the group of 50 to 100 with 112 respondents. Representing 67 respondents of the samples were in the group of 201 to 300 staff and the group more than 301 staff, accounted for 184 respondents.

In terms of number of export product, respondents exporting less than 10 products contributed to 19 respondents, 10 to 29 contributed to 36 respondents. Exporting product range between 30 to 39 reported to be at 127 respondents, represented as the highest group. Exporting product between 40 to 49, 96 respondents, and exporting product more than 50 was 92 respondents.

Most of the respondents, represented 155 companies have being doing the export business for between 11 to 19 years, 99 being doing it for more than 20 years, 63 respondents being doing it between 1 to 5 years and 41 doing it for between 5 to 10 years, and 12 in less than 1 year period.

4.2 Data Screening and Preliminary Analysis

In studies that employed quantitative approach, missing data is considered as an issue of major attention to many researchers because of the negative effect on the outcomes of the research (Cavana, Delahaye, & Sekaran, 2001). In addition to that, partial least squares-structural equation modelling (PLS-SEM) is very sensitive to be run in the case of existence of missing values.

4.2.1 Missing Value Analysis

As reported in original SPSS data set, there are no missing values accounted as shows in Table 4.3 below.

Table 4.3
Total and Percentage of Missing Values

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AI1	370	100.0%	0	0.0%	370	100.0%
AI2	370	100.0%	0	0.0%	370	100.0%
AI3	370	100.0%	0	0.0%	370	100.0%
AI4	370	100.0%	0	0.0%	370	100.0%
AI5	370	100.0%	0	0.0%	370	100.0%
AI6	370	100.0%	0	0.0%	370	100.0%
EEF1	370	100.0%	0	0.0%	370	100.0%
EEF2	370	100.0%	0	0.0%	370	100.0%
EEF3	370	100.0%	0	0.0%	370	100.0%
EEF4	370	100.0%	0	0.0%	370	100.0%
EEF5	370	100.0%	0	0.0%	370	100.0%
EEF6	370	100.0%	0	0.0%	370	100.0%

Table 4.3 *Continued*

DMC1	370	100.0%	0	0.0%	370	100.0%
DMC2	370	100.0%	0	0.0%	370	100.0%
DMC3	370	100.0%	0	0.0%	370	100.0%
DMC4	370	100.0%	0	0.0%	370	100.0%
DMC5	370	100.0%	0	0.0%	370	100.0%
DMC6	370	100.0%	0	0.0%	370	100.0%
DMC7	370	100.0%	0	0.0%	370	00.0%
DMC8	370	100.0%	0	0.0%	370	100.0%
DMC9	370	100.0%	0	0.0%	370	100.0%
DMC10	370	100.0%	0	0.0%	370	100.0%
DMC11	370	100.0%	0	0.0%	370	100.0%
DMC12	370	100.0%	0	0.0%	370	100.0%
DMC13	370	100.0%	0	0.0%	370	100.0%
MO1	370	100.0%	0	0.0%	370	100.0%
MO2	370	100.0%	0	0.0%	370	100.0%
MO3	370	100.0%	0	0.0%	370	100.0%
MO4	370	100.0%	0	0.0%	370	100.0%
MO5	370	100.0%	0	0.0%	370	100.0%

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
EP1	370	100.0%	0	0.0%	370	100.0%
EP2	370	100.0%	0	0.0%	370	100.0%
EP3	370	100.0%	0	0.0%	370	100.0%
EP4	370	100.0%	0	0.0%	370	100.0%

Sources: Researcher

4.2.2 Assessment of Outliers

Among the primary data collection issues using questionnaires that should be addressed is the issue of outliers (Hair et al., 2014). The existence of the outliers in the data results in distorting the estimates of regression coefficients and misleading results in the regression analysis (Verardi & Croux, 2008). The outliers occur because the respondent answers a particular question or all questions extremely (Hair et al., 2014). According to Hair et al. (2006), detecting outliers based on Mahalanobis distance is an advantageous and effective method. This method can set a cut-off point that help researchers to define whether a point could be assorted as outlier or not.

Mahalanobis values that exceeded this threshold were deleted. Following this criterion, ninety multivariate outliers were detected and subsequently deleted from the dataset because they could affect the accuracy of the data analysis technique. Thus, after removing ninety multivariate outliers, the final dataset in this study was 370.

4.3 The Rationale behind Choosing PLS SEM for this Study

The purpose of this study is to investigate the relationships among latent variables; therefore the latent analysis technique was the suitable option. There were a choice to use covariace-based SEM technique such as AMOS but the data must be normally distributed (Byrne, 2010; Hair et al., 2011). PLS-SEM enjoys widespread popularity in a broad range of disciplines including accounting (Lee et al. 2011; Nitzl 2016), group and organization management (Sosiket al. 2009), hospitality management (Ali et al. 2017), international management (Richter et al. 2016a), operations management (Peng and Lai 2012), management information systems (Hair et al. 2017a; Ringle et al. 2012), marketing (Hair et al. 2012b), strategic management (Hair et al. 2012a), supply chain management (Kaufmann and Gaeckler 2015), and tourism (do Valle and Assaker 2016).

Contributions in terms of books, edited volumes, and journal articles applying PLS-SEM or proposing methodological extensions are appearing at a rapid pace (e.g., Latan and Noonan 2017; Esposito Vinzi et al. 2010; Hair et al. 2017b, 2018; Garson 2016; Ramayah et al. 2016). A main reason for PLS-SEM's attractiveness is that the method allows researchers to estimate very complex models with many constructs and indicator variables, especially when prediction is the goal of the analysis.

Furthermore, PLS-SEM generally allows for much flexibility in terms of data requirements and the specification of relationships between constructs and indicator variables. Another reason is the accessibility of easy to use software with graphical user interface such as ADANCO, PLS-Graph, SmartPLS, WarpPLS, and XLSTAT.

4.4 Assumption of Normality

The normality was regarded as the required assumption in multivariate analysis and in most statistical tests (Hair et al., 2010) because any substantial violation of this assumption may lead to unreliable results. Normality refers to the symmetrical distribution of data, forming the greatest frequency around the mean that shape the bell curve (Pallant, 2005).

Among different ways to assess normality, it is recommended to use skewness and kurtosis values to show the data distribution shape (Pallant, 2005). Skewness is a measure which shows to what extent a distribution of data deviates from the center around the mean (George & Mallery, 2006). It was also stated that, by nature many scales and measures are positively or negatively skewed in social science researches (Pallant, 2005).

According to Hair et al. (2010), the values of skewness must be ranged between+1 and -1 for the data to be described as normal data. However, Kline (1998) suggests that the threshold between +3 and -3 is acceptable. Using the suggestion by Kline (1998), the results in Table 4.4 showed that the skewness values of the constructs under the study were found to be within the range of +3 and -3, indicating the normal distribution of the data.

Kurtosis is an indicator to detect whether the data set are peaked or flat relative to a normal distribution. The kurtosis values can be negative or positive where negative values refer to a flatter distribution while positive values refer to more peaked distribution (George & Mallery, 2006). In respect to the cut-off point of kurtosis values range, it is recommended to be between +3 and -3 (Coakes & Steed, 2003), while authors such as Hu et al. (1992) use the range of +7 to -7.

Table 4.4
Normality test

Items	Mean	Standard Deviation	Excess Kurtosis	Skewness
		Ambidexterity		
IA1	4.08	0.758	-0.783	-0.291
IA2	4.02	0.773	-0.184	-0.386
IA3	3.92	0.819	-0.752	-0.216
IA4	3.80	0.736	-0.272	-0.037
IA5	3.79	0.760	-0.731	0.078
IA6	3.80	0.803	-0.531	-0.068

Table 4.4 *continued*

		External Factor		
EEF1	4.00	0.835	0.390	-0.587
EEF2	4.05	0.797	-0.192	-0.419
EEF3	3.89	0.805	-0.942	-0.051
EEF4	3.80	0.819	-0.572	-0.078
EEF5	3.91	0.729	-0.923	0.060
EEF6	3.88	0.795	0.362	-0.436
		Dynamics Marketing Capability		
DMC1	3.94	0.768	-0.890	-0.068
DMC2	3.95	0.801	-0.483	-0.261
DMC3	3.81	0.770	-0.193	-0.191
DMC4	4.10	0.756	-0.762	-0.310
DMC5	3.80	0.734	-0.185	-0.079
DMC6	3.85	0.766	-0.382	-0.212
DMC7	3.87	0.742	-0.682	-0.026
DMC8	3.83	0.761	0.527	-0.368
DMC9	3.87	0.731	-0.602	-0.043
DMC10	3.94	0.760	-0.109	-0.312
DMC11	3.90	0.764	-0.314	-0.189
DMC12	3.70	0.792	0.129	-0.191
DMC13	4.05	0.780	-0.770	-0.291
		Market Orientation		
MO1	3.64	0.924	0.507	-0.556
MO2	3.85	0.732	-0.245	-0.083
MO3	3.74	0.788	-0.150	-0.099
MO4	3.72	0.767	-0.411	-0.096
MO5	3.70	0.779	0.039	-0.200
		Export Performance		
EP1	4.08	0.776	-0.805	-0.311
EP2	4.02	0.786	-0.500	-0.301
EP3	3.93	0.809	-0.169	-0.332
EP4	3.94	0.778	-0.786	-0.143

In this study as illustrated in Table 4.4, all kurtosis values were in the range within +3 and-3 values. Thus, the cut-off point by Coakes and Steed (2003) can be referred to the data in this study has no problem with kurtosis. As the data has no problem with skewness, it is proven that the data is normal.

In conclusion, the results of normality test showed that the normality assumption was not violated. This indicates that all the data representing the constructs of the study were normally distributed. As the PLS-SEM can provide adequate model estimations, even in situations with extremely non-normal (Reinartz et al., 2009; Hair et al., 2011; Hair et al., 2014), the use of PLS-SEM can produce the supporting and also being in the analysis.

4.4.1 Testing the Measurement, Outer, Model Using PLS Approach

Before testing the study's hypotheses, the measurement model, outer model, was assessed through the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique. To achieve that, this study followed the two steps approach suggested by Anderson and Gerbing (1988). Figure 4.1 and 4.2 shows the model of this study with structural dimensions.

4.4.2 Constructs of Model Evaluation

The quality model assessment was done using the software package PLS-SEM, version 3.0 (Ringle, Wende, & Becker, 2014). This software has been widely used by many researchers from different disciplines, such as marketing, strategic management, management information system, organizational behavior and customer behavior (Henseler et al., 2009). In order to use PLS-SEM, it is crucial to conduct advanced analyses which extend and distinct the initial PLS-SEM findings in order to get valid and complete understanding of the results (Hair et al., 2014). In doing so, the study adopted the two-step process, namely (i) measurement model evaluation and (ii) structural model evaluation to assess and interpret the results of the PLS path model (refer to Straub, Boudreau, & Gefen, 2004; Lewis, Templeton, & Byrd, 2005; Henseler et al., 2009; Urbach & Ahlemann, 2010; Hair et al. 2012; Hair et al. 2014).

4.4.3 Individual Item Reliability

The goodness of the measurement was evaluated in order to confirm the validity and reliability of the output of the analysis processes using the PLS -SEM technique. Based on Hair et al. (2014), Hair et al. (2011) and Henseler et al. (2009), this study assessed indicator reliability, internal consistency reliability, convergent validity and discriminant validity before testing the hypotheses of the model. Figure 4.1 depicted showed the original research model, including measurement items, dimensions, variables and the hypothesized relationships. Following the rule of thumb for retaining items with loadings between .40 and .70 (Hair et al., 2014), it was discovered that out of 34 items, 2 items with low loading were deleted. Thus, in the whole model, only 32 items were retained as they had loadings between 0.635 and 0.874 (see Figure 4.2 and 4.3).

As presented in Table 4.5, exogenous variable of this research, ambidexterity is measured by six items, followed by external factor measured by six items, dynamics marketing capability measured by eleven items and market orientation measured by five items. The endogenous variable is the export performance. This was measured in four items.

Table 4.5
Constructs Variables

Constructs in the research model		
No.	**Constructs/ Factors**	**Items/Indicators**
	Exogenous Latent Constructs	
	Ambidexterity	AI1 –AI6
2	External Factor	EE1–EE6
3	Dynamics Marketing Capability	DMC1 –DMC11
4	Market Orientation	MO1–MO5
	Endogenous Latent Constructs	
5	Export Performance	EP1 –EP4

4.4.4 The Construct Validity

According to Hair et al. (2010), the construct validity can be examined through the content validity, convergent validity, and discriminant validity. The indicator reliability was examined (see figure 4.3). According to outer loadings of each measure intended to measure a construct where the factor loading of items should be significantly higher than 0.70 (Hair et al., 2011; Hair et al., 2014; Valerie, 2012).

4.4.5 The Convergent Validity Analysis

The convergent validity is the degree to which a group of variables converge in measuring a specific concept (Hair et al., 2010). As suggested by Hair et al. (2010), to establish the convergent validity, three criteria should be tested simultaneously, namely the factor loadings, composite reliability (CR), and average variance extracted (AVE).

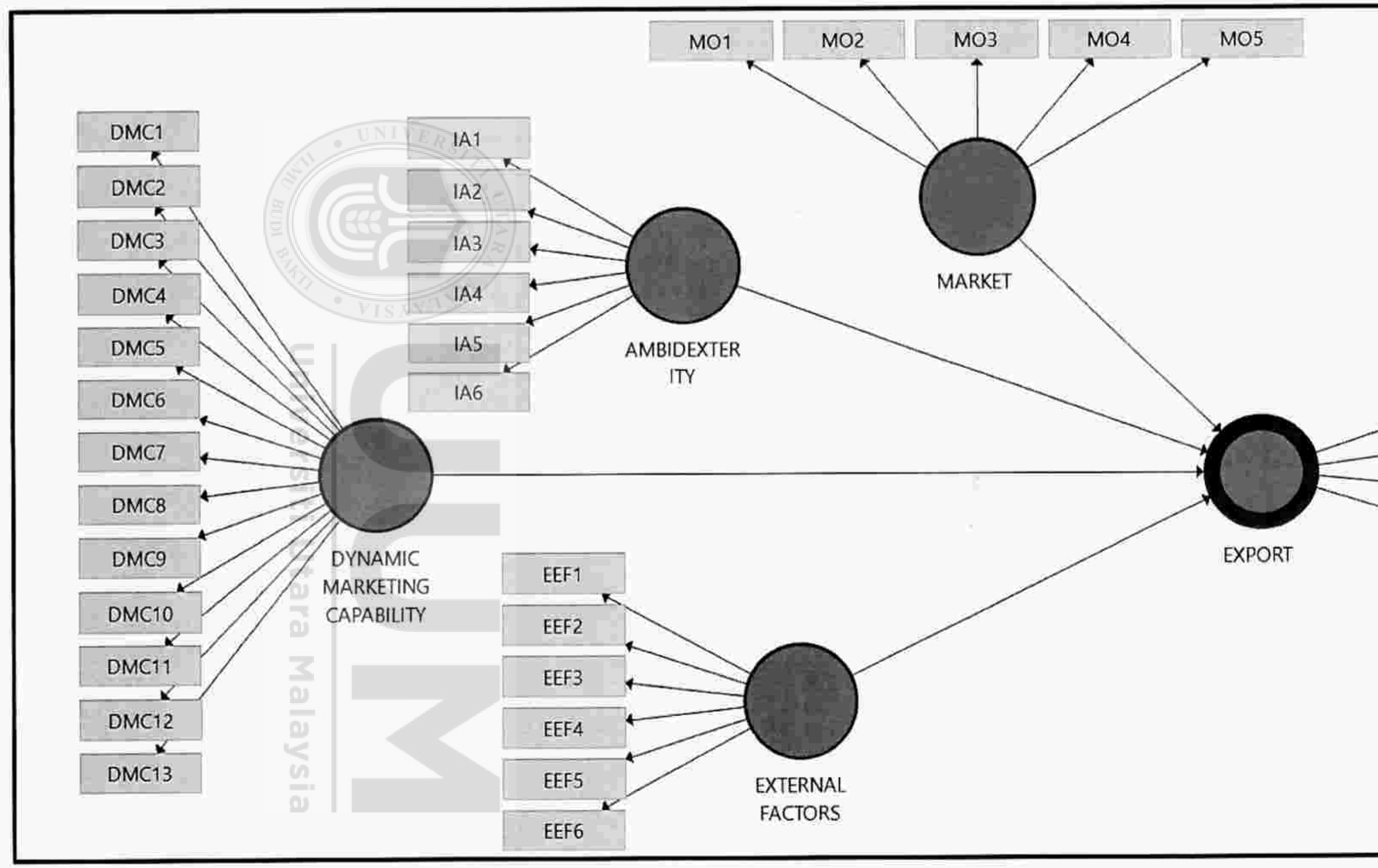


Figure 4.1
PLS Path Diagram for the Research Model

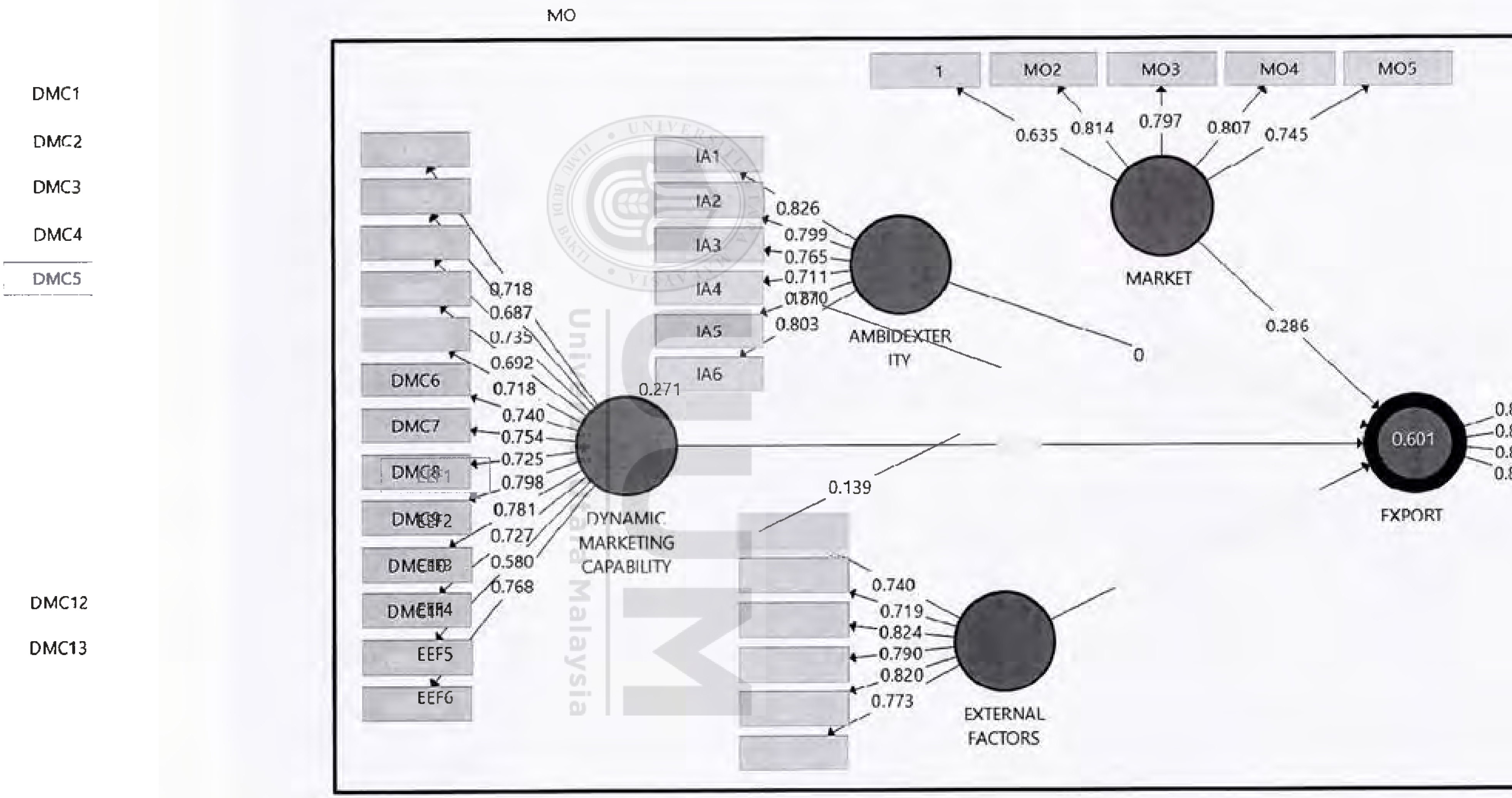


Figure 4.2
Original PLS Algorithm Path Diagram for the Research Model

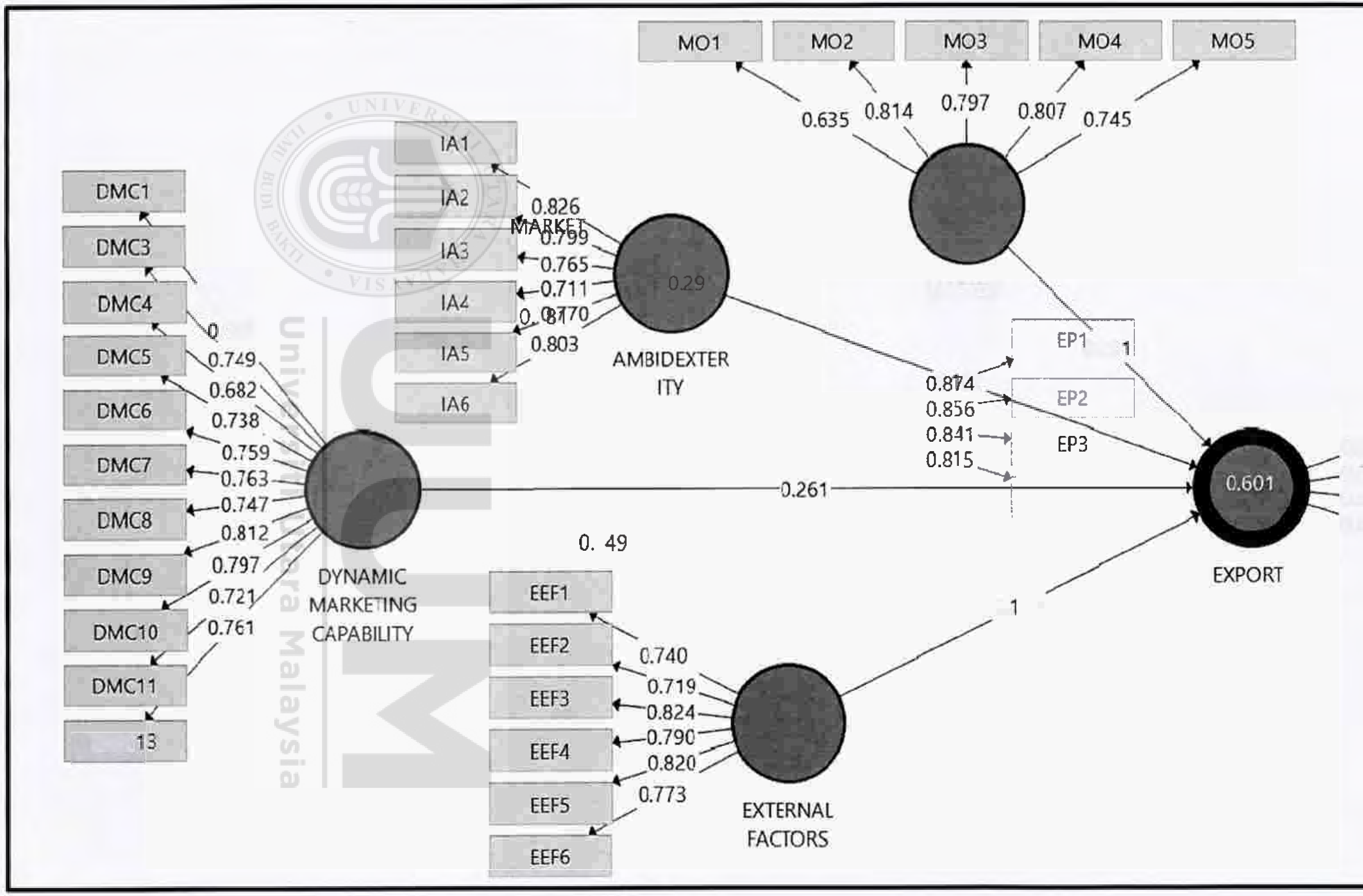


Figure 4.3
Modified PLS Algorithm Path Diagram for the Research Model

.692
DMC

Hence, the loading of all items were examined where all items have loading more than 0.7 which is an acceptable level according to the multivariate analysis literature (Hair et al., 2010). Table 4.11 indicates that all the factors' loading were significant at the 0.05 level of significance.

The second criterion to test convergent validity is the composite reliability which refers the degree to which a set of items consistently indicate the latent construct (Hair et al., 2010). In Table 4.6, the values of Cronbach Alpha and Composite Reliability were examined. The values of Cronbach Alpha ranged from 0.891 3 to 0.956 and the Composite Reliability ranged from 0.920 to 0.965 which exceeds the recommended level of 0.7 (Fornell & Larcker, 1981; Hair et al., 2010).

In other words, AVE measures the variance captured by indicators in relation to the variance assignable to the measurement errors. Hence, if the value of AVE is at least 0.5, so these set of items have an adequate convergence in measuring the concern construct (Barclay et al., 1995). In the study, AVE values range between 0.501 and 0.808 that indicate a good level of construct validity of the measures used (Barclay et al., 1995).

4.4.6 Reliability

In order to test the internal consistency reliability, Cronbach's alpha along with composite reliability (CR), the most common indicators utilized to check the reliability of the internal consistency in the organizational research discipline, are utilized in the study (Peterson & Kim, 2013). For the Cronbach's alpha, it is very sensitive to the number of items in the measure so it tends to underestimate the internal consistency reliability of the measures. Therefore, it can be utilized as a conservative method to measure the internal consistency reliability (Hair et al., 2014). The threshold values of both Cronbach's alpha and CR values should be higher than 0.70 (Tenenhaus et al., 2005; Hair et al., 2011; Valerie, 2012).

In this study, all the Cronbach's alpha values of all constructs ranged between 0.893 and 0.957 as shown in Table 4.6. In addition, the CR values of all the constructs exceeded the minimum acceptable value of 0.70; specifically they ranged between 0.920 and 0.965. Thus, it can be concluded that the internal consistency reliability of the measures was verified and confirmed.

4.4.7 Convergent Validity

In order to verify the convergent validity on the construct level, Hair et al. (2014) suggested using the Average Variance Extracted (AVE) as it has become a widespread method. As a rule of thumb, the AVE of each latent construct should be higher than 0.50 for establishing adequate convergent validity (Hair et al., 2011; Valerie, 2012; Hair et al., 2014). In this study, Table 4.6 showed that all the values of AVE were in the acceptable range between 0.501 and 0.820 indicating an adequate convergent validity. Thus, the convergent validity was confirmed in the study.

Table 4.6
Summary of Cronbach's Alphas, rho_A, Composite Reliability and Average Variance Extracted (AVE) in the main survey

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Ambidexterity	0.871	0.873	0.903	0.608
Dynamic Marketing Capability	0.921	0.923	0.933	0.560
Export Performance	0.868	0.870	0.910	0.717
External Factors	0.870	0.872	0.902	0.607
Market Performance	0.820	0.844	0.873	0.582

4.4.8 The Discriminant Validity Analysis

To measure the discriminant validity, the study used the cross loadings of the items and Fornell-Larcker criterion as suggested by Hair et al. (2014). For examining the cross loadings of the indicators, an item's outer loading on the related construct should be higher than all of its loadings on other constructs. In other words, each item should load higher on the construct designed to measure and lower on the other constructs (i.e. the cross loadings).

Therefore, before testing the hypotheses through the path analysis, discriminant validity testing is a mandatory. Its measures show the degree to which items differentiate among constructs. In other words, the discriminant validity shows that items used different constructs do not overlap. In addition, the discriminant validity of the measures shared variance between each construct and, therefore, should be greater than the variance shared among distinct constructs (Compeau et al., 1999).

For the purpose of this study, the discriminant validity of the measures was confirmed by employing the method as illustrated in Table 4.7, Discriminant Validity, Fornell & Larcker criterion, Table 4.8 Discriminant Validity; Heterotrait-Monotrait Ratio, and Table 4.9, Discriminant Validity; Cross Loading Validity Fornell & Larcker criterion.

The discriminant validity of the outer model for this study was confirmed where the diagonal elements in the table 4.7 were higher than the other elements of the column and row in which they are located (Discriminant Validity, Fornell & Larcker criterion). As a result of the above testing for construct validity of the outer model, it is assumed that the obtained results pertaining to the hypotheses testing should be reliable and valid.

Table 4.7
Discriminant Validity Fornell & Larcker criterion

0.780		Ambidexterity	Dynamic Marketing Capability	Export Performance	External Factors	Market Orientation
Ambidexterity	0 748					
Dynamic Marketing Capability (0.690 0.704)		0.765 0 847	.			
Export Performance	0 74		. 0.779	.		
External Factors	0.667	0.772	. 1 0.58	0.651 0.763		
Market Orientation		0.666		0.672	1	

Table 4.8
Discriminant Validity: Heterotrait-Monotrait Ratio

	Ambidexterity	Dynamic Marketing Capability	Export Performance	External Factors	O
0.846 Ambidexterity 0.782					
Dynamic Marketing Capability					
Export Performance	0.776	0.779			
External Factors	0.892	0.821	0.748		
Market	0.756	0.752		0.667	

Orientation

Table 4.9
Discriminant Validity: Cross Loading Validity Fornell & Larcker criterion

	Dynamic Marketing Capability	External Environmental	Export Performance	Ambidexterity	Market Orientation
DMC1	0.692	0.620	0.500	0.633	0.457
DMC10	0.797	0.506	0.546	0.536	0.451
DMC11	0.721	0.623	0.567	0.547	0.522
DMC13	0.761	0.619	0.638	0.625	0.594
DMC3	0.749	0.522	0.526	0.571	0.483
DMC4	0.682	0.636	0.533	0.673	0.456
DMC5	0.738	0.455	0.461	0.515	0.482
DMC6	0.759	0.453	0.480	0.490	0.499
DMC7	0.763	0.482	0.503	0.506	0.489
DMC8	0.747	0.524	0.493	0.527	0.491
DMC9	0.812	0.516	0.493	0.541	0.535
EEF1	0.512	0.740	0.495	0.626	0.408
EEF2	0.524	0.719	0.461	0.606	0.485
EEF3	0.599	0.824	0.521	0.575	0.422
EEF4	0.622	0.790	0.525	0.623	0.516
EEF5	0.640	0.820	0.546	0.608	0.484
EEF6	0.557	0.773	0.490	0.571	0.399
EP1	0.647	0.576	0.874	0.623	0.597
EP2	0.538	0.540	0.856	0.555	0.548
EP3	0.600	0.529	0.841	0.587	0.554
EP4	0.594	0.559	0.815	0.568	0.575
IA1	0.695	0.658	0.563	0.826	0.515
IA2	0.576	0.637	0.498	0.799	0.474
IA3	0.572	0.614	0.475	0.765	0.432
IA4	0.578	0.479	0.631	0.711	0.682
IA5	0.565	0.616	0.508	0.770	0.453
IA6	0.578	0.618	0.512	0.803	0.508
MO1	0.360	0.312	0.411	0.327	0.635
MO2	0.598	0.580	0.670	0.623	0.814
MO3	0.544	0.494	0.511	0.579	0.797
MO4	0.515	0.421	0.469	0.481	0.807
MO5	0.483	0.336	0.434	0.469	0.745

4.5 The Analysis of the Constructs

In this study, we have four constructs namely; dynamic marketing capability, external environmental, export performance, ambidexterity and market orientation. Before testing the research model, the procedures were to examine of whether the construct were qualified to be conceptually explained by the respective construct. Therefore, the constructs should be explained well by the hypothesized construct and they should be distinct (Byrne, 2010).

Table 4.10
The Establishment of Constructs

Coding	*Construct*	*Loading*	*Sample Mean (M)*	*Standard Deviation (STDEV)*	*T Statistics (|O/STDEV|)*
DMC1		*0.692*	*0.693*	*0.030*	*22.854*
DMC10		*0.797*	*0.798*	*0.023*	*35.022*
DMC11		*0.721*	*0.718*	*0.041*	*17.456*
DMC13		*0.761*	*0.760*	*0.023*	*33.031*
DMC3		*0.749*	*0.748*	*0.027*	*27.294*
DMC4	*Dynamic Marketing Capability*	*0.682*	*0.681*	*0.033*	*20.446*
DMC5		*0.738*	*0.737*	*0.032*	*23.043*
DMC6		*0.759*	*0.758*	*0.028*	*27.077*
DMC7		*0.763*	*0.761*	*0.026*	*28.971*
DMC8		*0.747*	*0.747*	*0.031*	*23.870*
DMC9		*0.812*	*0.812*	*0.020*	*40.259*
EEF1		*0.740*	*0.740*	*0.026*	*28.119*
EEF2		*0.719*	*0.717*	*0.035*	*20.746*
EEF3	*External Environmental Factors*	*0.824*	*0.823*	*0.021*	*38.693*
EEF4		*0.790*	*0.788*	*0.033*	*24.071*
EEF5		*0.820*	*0.819*	*0.021*	*39.245*
EEF6		*0.773*	*0.772*	*0.042*	*18.262*
EP1		*0.874*	*0.873*	*0.014*	*64.043*
EP2	*Export Performance*	*0.856*	*0.855*	*0.021*	*40.044*
EP3		*0.841*	*0.840*	*0.027*	*30.844*
EP4		*0.815*	*0.815*	*0.024*	*34.197*

Table 4.10 *Continued*

Coding	Construct	Loading	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)
IA1		0.826	0.825	0.020	41.418
IA2		0.799	0.797	0.034	23.340
IA3	Ambidexterity	0.765	0.761	0.030	25.142
IA4		0.711	0.712	0.027	26.640
IA5		0.770	0.767	0.027	28.256
IA6		0.803	0.801	0.020	40.000
MO1		0.635	0.633	0.053	11.892
MO2	Market	0.814	0.814	0.019	42.595
MO3	Orientation	0.797	0.796	0.027	29.711
MO4		0.807	0.804	0.029	27.681
MO5		0.745	0.741	0.036	20.747

4.6 The Outcome of Research Objective (RO1-RO4)

As the general aim mentioned in chapter one of the research was the methods that have been applied by the researcher for untangling the causal relationship among constructs of the proposed conceptual model. The study has the following objectives:

1. To investigate the relationship between international ambidexterity and export performance of which the result is reported at Table 4.11 and at Chapter 4.9.1,
2. To study the relationship between external environmental factor and export performance of which the result is reported at Table 4.11 and at Chapter 4.9.2,
3. To explore the relationship between dynamic marketing capability and export performance of which the outcome is reported at Table 4.11 and at Chapter 4.9.3,
4. To examine the relationship between market orientation and export performance of which the outcome is reported at Table 4.11 and at Chapter 4.9.4

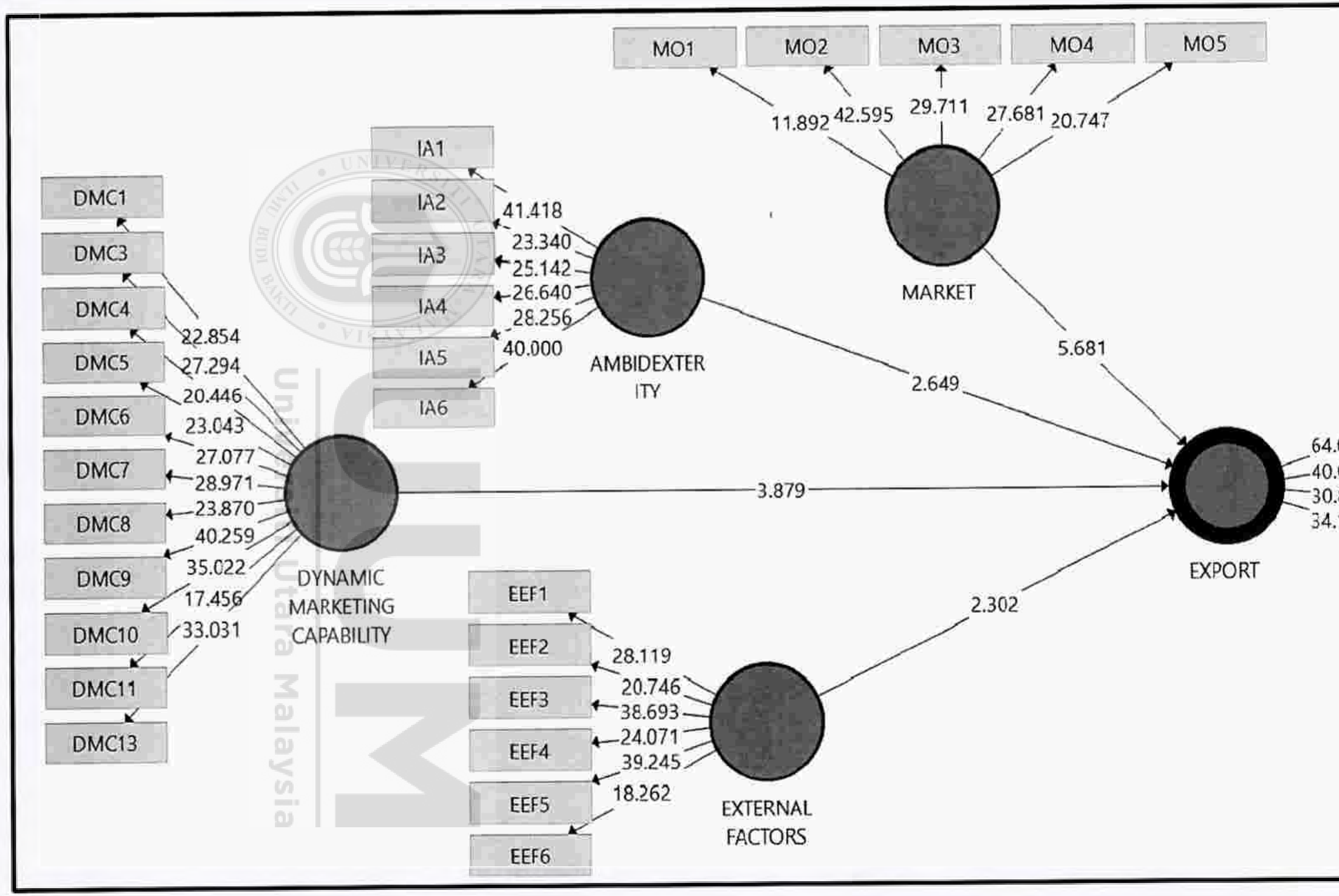


Figure 4.4
Path Model Significance Result

bootstrapping techniques embedded in this

For the purpose of concluding whether the path coefficients are statistically significant or not,

with SmartPLS 3. As reported in Table 4.11, the T-Values with each path coefficient were generated using bootstrapping tech

subsequently were generated.

Table 4.11
Bootstrapping result: Hypothesis Testing

Decision

Hypothesis	Relationship		Standard Beta	Standard Deviation (STDEV)	T Statistic (|O/STDEV
	0.181	0.068			
H1	Ambidexterity –> Export Performance		[illegible]	[illegible]	2.649
	0	0.065			
H2	External Environmental Factors –> Export Performance		.149	[illegible]	2.302
		0 067			
H3	Dynamic Marketing Capability –> Export Performance		0.261	[illegible]	3.879
	0.291	0 051			
H4	Market Orientation –> Export Performance		[illegible]	[illegible]	5.681

Note: $^*p < 0.05$ (1.45 < t-value) for 1-tailed test

4.7 The Predictive Relevance of the Model

In the literature of multivariate data analysis, R square of the endogenous variable is explained by the predictor variables. Therefore, the R square's magnitude for the endogenous variables were regarded as an indicator of predictive power of the model. Moreover, the technique ofreusing sample was applied as developed by Stone (1974) and Geisser (1975) to confirm the predictive validity of the model. For this purpose, as argued by Wold (1982), PLS is used as very well and fit software for the sample's reuse technique (Gotz, Liehr-Gobbers, & Krafft, 2011).

4.7.1 Cross-Validated Redundancy

The model predictive relevance can be examined by the Stone-Geisser non-parametric test (Geisser, 1975; Stone, 1974). In Smart-PLS package, the blindfolding procedure can be performed to examine the predictive of the model. Blindfolding step is designed to remove some data while handle them as a missing values for parameters estimation. Then, the estimated parameters are used again to reconstruct the raw data that are supposed earlier to be missed.

As a result of blindfolding process, a general cross-validating metrics Q2 was produced in Table 4.12. Generally, there are several forms of Q2 that can be gained based on the form of the chosen prediction. A cross-validated communality is obtained when the points of the data are predicted employing the underlying latent variable scores. While, if the prediction of the data points is acquired by the LVs that predict the block in question, a cross-validated redundancy Q2 is the output.

Table 4.12

Predictive Quality Indicators of the Model

Variable	Variable Type	R square	Cross-Validated Communality
Ambidexterity	Exogenous		0.440
Dynamic Marketing Capability	Exogenous		0.450
Market Orientation	Exogenous		0.497
External Environmental Factors	Exogenous		0.440
Export Performance	Endogenous	0.601	0.374

4.7.2 R-Square

As defined in the literature, R square is the indicator that shows the amount of variance explained in the endogenous variable by its exogenous variable. According to Hair *et al.* (2010), it reflects the quality of the variables included in the model. However, there are many criteria that can be used as guidelines in assessing the level of R square. For instance, Cohen (1988) criterion state that R square value equal 0.26 or more is considered substantial, 0.13 moderate, and 0.02 weak. Moreover, Chin (1995) criterion state that R square value equal or more than 0.67 is substantial, 0.33 moderate, and 0.19 weak. According to the aforementioned criteria, the R square of the endogenous variables namely export performance is 0.601 respectively as depicted in Table 4.12.

4.7.3 Effect Size

According to Cohen's (1988) criterion, the effect size is less than 0.02 are small (0.02=small, 0.15=medium, 0.35=high). In Table 4.13, the effective size by the f-squared, and the interaction for certain interaction.

Table 4.13
Effect size of exogenous variable

Construct	f-squared	Effect Size
Ambidexterity	0.024	Small
Dynamic Marketing Capability	0.056	Small
External Environmental Factors	0.020	Small
Market Orientation	0.105	Small

4.8 Research Hypotheses (H1-H4) and Questions (Q1-Q4)

In this research, the results of hypotheses testing for answering each research question as major findings are presented.

4.8.1 Hypotheses (H1)

In this section, the question below can be answered by testing (H1).

Research Question 1: What is the relationship between international ambidexterity and export performance?

Hypothesis (H1): There is a positive relationship between International Ambidexterity and export performance.

This research question was answered by testing hypothesis (H1) presented in chapter 5 (preliminary data analysis). Also, the results and discussion was already provided. Based on the result shown in Table 4.11, international ambidexterity has been found be significant on export performance, and therefore this result support the hypothesis of the study postulated in (H1).

4.8.2 Hypotheses (H2)

In this section, the research questions below can be answered by testing hypotheses (H2).

Research Question 2: What is the relationship between external environmental factor and export performance?

Hypotheses (H2): There is a positive relationship between external environmental factor and export performance.

Based on the result shown in Table 4.11, external environmental factor had a positive effect on export performance. This means that environmental factor was a positive influential factor to export performance. Hence, hypothesis (H2) was accepted.

4.8.3 Hypotheses (H3)

Research Question 3: What is the relationship between dynamic marketing capability and export performance?

Hypothesis (H3): There is a positive relationship between dynamic marketing capability and export performance.

Based on the result shown in Table 4.11, dynamic marketing capability had a positive effect on export performance. This means that dynamic marketing capability was a positive influential factor to export performance. Hence, hypothesis (H3) was accepted.

4.8.4 Hypotheses (H4)

Research Question 4: What is the relationship between market orientation and export performance?

Hypothesis (H4): There is a positive relationship between market orientation and export performance.

Based on the result shown in Table 4.11, market orientation had a positive effect on export performance. This means that market orientation was a positive influential factor to export performance. Hence, **hypothesis** (H4) was accepted.

4.9 Summary

In this chapter, the results of the study were presented. At the beginning, the survey response, the data screening and preliminary analysis were established using SPSS. The results of the measurement model, structural model, direct hypotheses testing and mediating relationships testing was obtained using PLS path modelling. Finally, the summary of findings was presented which showed that while the results of the study supported some the hypotheses, they did not support other ones. The overall objective of this chapter was to determine support for the hypothesized models by using statistical modelling. This study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) as the technique of analysis.

In this chapter, an elaborate treatment of the PLS-SEM mechanism analysis technique was given for the reason that PLS is a new analysis technique in construction. The main part of statistics technique using SEM was discussed. Using two stages the (measurement models and structural models) were found to indicate some relationship among construct.

CHAPTER5
CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary for the study. The first part of this chapter summarizes the study beginning with the issues and the motivations behind the research, then followed by the research design, and ends with the statistical analysis procedures used. It also discusses the results of statistical tests in the previous chapter, and highlights the contribution of the study and explains the results' potential implications. The last parts report the limitations of this study and highlight the possible directions for future research.

5.1 Summary of the Study

An overview of the results are presented in this chapter, in which the researcher explicitly demonstrated the findings of the four research questions. At the beginning of this chapter, the researcher explained the significance of variables to generate the construct and how this study evaluates the structure as well as examines its influence on export performance. In the final section, the researcher identified the impacts on the relationship between international ambidexterity, external environmental factors, dynamic marketing capability, market orientation and export performance. Besides that, this chapter also discusses how this study views the theoretical contribution of the results for each research question. The findings of this study have shown three notable theoretical contributions.

Thus, based on the problem of this study in Chapter 1 and the comprehensive review of the relevant literature in Chapter 2, this study aimed to achieve the following main objectives:

(1) To investigate the relationship between international ambidexterity and export performance.

(2) To study the relationship between external environmental factor and export performance.

(3) To explore the relationship between dynamic marketing capability and export performance.

(4) To examine the relationship between market orientation and export performance.

For the purpose of achieving the aforementioned objectives of this study, a comprehensive literature review was conducted in Chapter 2. Consistent with this statement, results of this research has confirmed the links between the internationalization knowledge and it's impact toward export performance on export oriented organizations in Malaysia for the following factors:

1) International Ambidexterity;

2) External Environmental factor

3) Dynamic Marketing Capability; and

3) Market Orientation.

As discussed in Chapter 2, this theoretical framework of this study could be grounded and underpinned by the Resource-Based Theory. Resource-Based Theory was first popularised by the notable economic study of Penrose (1959), who wrote: "an organisation may achieve superior performance not only because it is endowed with better resources but also because it is better able to use those resources." Many scholars in the field of strategic management, marketing strategy, international marketing and the internalisation process have been using the Resource-Based Theory to understand how organisations can use resources to get a competitive advantage.

In line with procedure the data analysis of the study, the questionnaires were distributed over the period September 2017 to October 2017. The population of this research, the entire group of people that the researcher wishes to investigate, was executive professionals within Mid-Tier Companies registered with Malaysia External Trade Development Corporation (MATRADE). In this study, a sum of 1,000 questionnaires circulated, 460 was gathered back and 370 surveys were completely finished and in addition decidedly usable giving a reasonably worthy rate.

The number of total respondents is 370. Whereby, 67 respondents are from Computer Hardware & Software , 52 from Furniture, 77 from automotive, parts & components, 36 from industrial electrical & electronic products, 19 from building & construction materials, 14 from beverages and 105 fashion accessories & textiles business. The demographic report for number of employees in the company, the participants in the group less than 50 staff was 7. This is followed by individuals in the group of 50 to 100 with 112 respondents. Representing 67 respondents of the samples were in the group of 201 to 300 staff and the group more than 301 staff, accounted for 184 respondents.

In terms of number of export product, respondents exporting less than 10 products contributed to 19 respondents, 10 to 29 contributed to 36 respondents. Exporting product range between 30 to 39 reported to be at 127 respondents, represented as the highest group. Exporting product between 40 to 49, 96 respondents, and exporting product more than 50 was 92 respondents. Most of the respondents, represented 155 companies being doing the export business for more than 20 over years, 99 being doing it for more than 30 years, 63 respondents being doing it between 1 to 5 years and 41 doing it for between 5 to 10 years.

5.2 Discussion

Based on the proposed model as theorized in Chapter 3 (see Figure 3.1) four hypotheses (H1, H2, H3 and H4) were accepted (see Table 4.11). From this finding, it can be suggested that international ambidexterity, external environmental factor, dynamic marketing capability and market orientation are considered to be significant determinants of export performance. These hypotheses (H1, H2, H3 and H4) can be used to answer Research Questions 1 to 4.

As all research questions can be answered theoretically as well as statistically, consequently these are among the critical factors and are anticipated to be factors as critical and beneficial for the initial introductory phase of export performance. Therefore, it could be concluded that this research analysis adequately indicate previously successful internationalization knowledge and its impact toward export performance as the specific model showed the above hypotheses as accepted.

As mentioned earlier at the problem statement at Chapter 1.3, the internationalization knowledge is a length and complex undertaking compared to other type of export performance initiatives, as it requires large amount of resources and consistent improvement effort is proven by the research conducted.

The motivation behind this study is the inconclusive findings in the recent related literature concerning the relationship between international ambidexterity, external environmental factor, dynamic marketing capability and market orientation and export performance on export oriented organizations in Malaysia. Overall, the next sections provide a detailed interpretation of the results that have been drawn in the course of evaluating the hypotheses.

5.2.1 International Ambidexterity and Export Performance

International ambidexterity is very important to enhance export performance. In this study the effect of international ambidexterity on export performance was found to be positive and significant ($\beta = 0.181$, $t = 2.649$, $p<0.05$). International ambidexterity is one of the most important factors that help to get the best out of export performance initiative to achieve its success and, in turn, leads to an increasing the export performance on export oriented organizations in Malaysia. The essence of internationalisation knowledge exists within the concept of the internationalisation process. This encourages the present thesis to utilize the international ambidexterity concept as a mechanism for accelerating the internationalisation process. In this case, this research focuses on exporting process. In reviewing the international business literature, it can be seen that researchers extensively focused on determining a proper method of absorbing internationalisation knowledge.

International ambidexterity is considered to be an accelerated internationalisation process that absorbs internationalisation knowledge by balancing knowledge exploration and the exploitation method. This means an international organisation can strengthen internationalisation knowledge absorption by a simultaneous pursuit of knowledge exploration and exploitation. Each of the international ambidexterity constructs follows separate knowledge absorption criteria. The organisational arrangements are different for exploration and exploitation. For instance, export market exploration emphasises a radical knowledge adoption approach to become a growth oriented organisation. In contrast, market exploitation prioritises the incremental knowledge acquisition process for its survival in the market. The concept of export market exploration and export market exploitation are embedded in the knowledge based view, since these two elements deal with the knowledge based resources. Even though the consequence of international ambidexterity received growing attention from theoretical researchers, limited empirical research has showed the effect of international ambidexterity constructs on international performance. In recent years the concept of international ambidexterity has emerged to explain the international knowledge absorption process, and researchers have listed some caveats for the widely used Uppsala model to explain internationalisation process (Andersen, 1993, Luo and Rui, 2009, Hsu et al., 2013).

In spite of this little is known about the process through which export market exploration and export market exploitation stimulate export performance. These previous works did not fully investigate the implementation process of export market exploration and export market exploitation.

The current study seeks to remedy this theoretical limitation by analysing the market knowledge implementation process within the causal linkage of internationalisation knowledge and export performance. The objective emphasises the identification of an effective knowledge management mechanism that supports the implementation process of international ambidexterity constructs as well as impacts on export performance. Even though the consequence of IA received growing attention from theoretical researchers, limited empirical research has showed the effect of IA constructs on international performance. This can be seen in the study of Hsu et al. (2013) that examined the joint effect of the IA construct on foreign direct investment. In addition, a study of Lisboa et al. (2013) showed the export performance implication of IA constructs. The current evaluation highlights that the strong evidence of significant effect is present between international ambidexterity and export performance.

This effect is in agreement with the conceptualisation of Weerawardena et al. (2007) that proposed the imperative role of international ambidexterity in supporting the implementation of an accelerated internationalisation process. The results of both hypotheses seem to be consistent with the suggestions of previous researchers (Villar et al., 2014, Lisboa et al., 2013) who found that the contribution of an organisation's adopted international ambidexterity is contingent on effective utilisation of the export performance. The current study found that hypothesis 1 is significant. The results of H1 support the idea that by practicing export market, exploitation exporters realise positive export performance. In essence the findings have shown that exporters tend to follow an incremental knowledge accumulation process for survival in the export market. Results in the hypothesis H1 have demonstrated that the effect of export market exploitation towards export performance.

5.2.2 External Environmental Factor and Export Performance

External environmental factor is considered one of the most important factors that search for never ending improvement for the export performance. Based on the results illustrated in Table 4.11 in Chapter 4, external environmental was found to be significant with export performance (β= 0.149, t=2.302, $p<0.05$). This means that external environmental factors are the facilitator of exporters' learning mechanisms. Based on the knowledge portfolio, the exporter is flexible to bring changes within its international operation strategy and this leads to the reconfiguration of the knowledge management processes.

The influence of external environmental factors received growing attention from international marketing researchers for its role in developing and implementing export strategy. For instance, Hsu and Pereira (2008) assert that an organisation's learning process is affected by external sources such as market learning and technological learning that might have an impact on the capability advancement process. If the exporter is emphasising learning from external sources, the organisation can generate a valuable internationalisation knowledge portfolio for designing its operational strategy.

Consequently, exporting managers should interpret carefully customers' perceptions and competitors' strategic actions to further support the refinement of knowledge management marketing capabilities for satisfying the fluctuated market demands. This research objective extends previous findings of the constructs by examining how learning from external environmental factors influences the export implementation process and enables the exporter to attain better export performance.

The interaction between learning processes and external environmental factors can minimise the knowledge gaps and enable them to react assertively within an uncertain market environment. Exporters face a high degree of competitive pressure and market uncertainty in foreign markets compared to domestic market operation (Sundqvist et al., 2012). This encourages marketing scholars to use two types of external environmental factors as the moderators within their causal models. These are competitive intensity and market uncertainty. It can be seen from the work of Murray et al. (2011) that market uncertainty and competitive intensity are influential external factors in the linkage between market orientation and marketing capability.

5.2.3 Dynamic Marketing Capability and Export Performance

In order to achieve the third objective of this study regarding the dynamic marketing capability on export performance, the relationship between dynamic marketing capability and export performance were examined. As illustrated in Table 4.11 in Chapter 4, the relationship between dynamic marketing capability, as a composite construct, and the export performance isitor satisfaction was found to be positive and significant at the 0.05 level of significant, therefore, supporting the hypothesis H2 (β= 0.261, t= 3.879, p<0.05).

This influences this thesis to acknowledge the knowledge-based view and dynamic marketing capability view to unravel research question 3.The reason to select dynamic marketing capability is that the underlying dimensions of dynamic marketing capability consist of higher order marketing capabilities, where the potential significance of integrating higher order marketing capabilities is embedded in knowledge management process. International marketing researchers assert that higher order organisational capabilities enable the implementation of internationalisation knowledge. Taking into consideration market based knowledge and knowledge management practices, previous marketing studies (Morgan et al., 2009a) mostly focused on the specialized marketing capabilities.

The organisation can effectively manage market based knowledge adoption and the reconfiguration process through generating dynamic marketing capability that can improve its value offerings. Nonetheless, previous researchers overlooked the potential role of dynamic marketing capability in implementing internationalisation knowledge. In line of the knowledge-based view, the development of dynamic capability is contingent on an organisation's specific learning mechanism. This implies the development and robustness of dynamic marketing capability is dependent on the learning processes of the organisation. Nevertheless, a review of export market orientation literature reveals that most businesses used the responsive view of measurement scale (Cadogan et al., 1999), and overlooked the necessity of proactive market orientation in the exporting context.

While previous studies pointed out the importance of dynamic marketing capability within an uncertain business environment, researchers to date have not focused on export market exploration and export market exploitation as the crucial determinants of strengthening dynamic marketing capability activities. The significance of dynamic marketing capability is important to effectively utilise knowledge-based resources. The present study formulates the conceptual framework to unravel how internationalisation knowledge adoptions through dynamic marketing capability constructs could be implemented by dynamic marketing capability in the exporting context. The aim of the conceptual model is disclosing the chain of relationships in dynamic marketing capability, and export performance. Even though there is empirical evidence that showed the role of marketing capability towards the achievement of positive export performance (Tan and Sousa, 2015, Day, 1994), the scope of those studies were limited because they overlooked the importance of dynamic marketing capability in the exporting context. For instance, Tan and Sousa (2015) conducted a meta-analysis on marketing capability, and did not address the role of dynamic marketing capability in the international context.

5.2.4 Market Orientation and Export Performance

With regard to the effect of market orientation on export performance, the results in Table 4.1 1 in chapter 4 showed that the effect was found to be significant at the level 0.05 level of significance (β= 0.291, t= 5.681, $p<0.05$). As the nature of export markets create impediments for exporting organisation growth and survival, the possession of effective marketing capabilities of a potential exporter should satisfy foreign customers' requirements more perfectly than key rivals.

Hence, the formation of an ambidextrous market orientation process is pivotal for the exporter to reflect strong market oriented behavior that can be executed by balancing both proactive market orientation and responsive market orientation. Nevertheless, a review of export market orientation literature reveals that most businesses used the responsive view of measurement scale, and overlooked the necessity of proactive market orientation in the exporting context. It is to some extent surprising that no prior studies in export performance to date have focused on the significance of ambidextrous market orientation. This means previous researchers indecisively reported the generation process and crucial constructs of export performance. Previous studies found that an organisation's competency in market orientation largely relies on learning from external environmental factors in the international context (Zhou et al., 2007, Cadogan et al., 2003). From this, marketing researchers (Murray et al., 2011, Cadogan et al., 2003) see market uncertainty and competitive intensity as crucial effect in its use of export market orientation.

On the other hand, previous marketing studies largely ignored market orientation concept to be a crucial construct of export performance. In particular, researchers showed scant understanding about different levels arrangement of market orientation. This research found that responsive-based market information can be obtained by practicing market orientation as a learning mechanism, and the design of marketing capabilities are contingent on the interaction between market specific knowledge and export performance.

Recent evidence on the knowledge-based view emphasises that export managers should practice market orientation processes to deal with the articulated needs of the customers. In spite of this studies did not investigate the importance of identifying customers' unarticulated needs. In the present research, attempts have been made to comprehend the status of ambidextrous market orientation capability in the exporting context instead of concentrating either on proactive market orientation or responsive market orientation alone.

This study empirically verifies ambidextrous market orientation as one of the core elements of the multidimensional export performance construct. The present study has noted the importance of managing express and unarticulated needs in such a way that can form an ambidextrous market orientation capability. This study suggests that by practicing an ambidextrous market orientation process, exporters can perfectly manage market specific knowledge by simultaneously adopting express and unarticulated needs of the customers.

5.3 Contributions of the Study

The findings of this research are crucial for exporting organizations survival and growth in export markets. The outcome of this research conveys essential information to export managers. The results that have been produced from this study bring several implications.

Marketing studies frequently reported that marketing performance is dependent on implementing marketing strategy properly. The reason for this is that an organisation possesses limited resources, establishing the importance of a suitable set of marketing capabilities to improve its value offerings. This encourages the current research to draw attention to development process of export performance under export market conditions. This research clarifies the internal structure of export performance, which means the researcher clearly demonstrates the anatomy of export performance. By following the anatomy of export performance, export managers can configure the export performance subdimensions in such a way that enable them to surpass value offerings of main rivals within an adverse business environment.

It is therefore possible that the findings allow the export manager to understand the export performance as a higher order organisational process, in which a structural set of higher-order marketing capabilities should receive importance for long term growth and survival in the markets. With this information, export managers should make its priority to focus on higher-order marketing capabilities for long-term growth and survival in the market.

5.3.1 Contributions to the Literature

Recent evidence on the knowledge-based view emphasises that export managers should practice market orientation processes to deal with the articulated needs of the customers. In the present research, attempts have been made to comprehend the status of ambidextrous market orientation capability in the exporting context instead of concentrating either on proactive market orientation or responsive market orientation alone.

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The reflective nature of export performance scale can be an influential diagnostic measurement process for exporters, whereby exporters can understand the proper processes for absorbing and deploying market knowledge. This means that exporters can monitor whether they have the competency to organise higher order marketing capabilities for reacting assertively during uncertainty. Overall, this higher order export performance scale supports the export manager by indicating the necessary investment requirements in marketing capabilities to support the export implementation strategy.

5.3.2 Practical Contributions

The knowledge-based view depicts that knowledge is an organization's intangible resource that needs a systematic transformation process to enhance the economic value of exporters. International organisations realise challenges to effectively implement the internationalisation process because of their inadequacy to manage the adopted knowledge.

The conceptual model that has been proposed in this research supports the assumption that international organisations should possess a well-structured model that can lead to the rapid execution of exporting processes. Export managers can comprehend the mechanism of absorbing internationalisation knowledge by examining the causal structure of the conceptual model. Specifically, this research claims that when the exporter focuses equally on the market exploration and exploitation processes, this leads to the enhancement of its internationalisation knowledge portfolio. In general, it seems that export managers should not focus on seizing opportunities in existing overseas operations, and rather search for opportunities in new export areas.

The exporter can also benefit from the causal model by realising that the possession of higher order marketing capabilities supports the commercialisation of adopted knowledge in such a way that adjusts to the market demand.The findings of this research are in agreement with Murray et al. (2011) who said that without considering the learning from external environmental factors, it would be challenging to confirm the superiority of an exporter's international strategy.

This study's findings provide a clear indication that under the lens of fierce competition and uncertain business conditions, export managers should carefully identify a systematic mechanism of designing and implementing the exporting process. This process helps the exporter to minimise the knowledge gap and strengthens the international learning process. The evidence from this study suggests that the export manager should be concerned with different types of external environmental factors to enhance their knowledge-based resources which further impact export performance.

5.4 Limitations of the Study

The generalisability of all research requires attention to the limitations. Nonetheless, the researcher of this thesis carefully considered the boundaries in such a way to minimise the implications of limitations. The researcher illustrates the constraints of this study in the following section. This study followed a cross sectional research design. It would be difficult to argue that systematically the accuracy of these results will not vary over time because the nature of a cross sectional study.

Besides that, the data was collected in a two month period, however for certain industries the selected time frame may not the best time to be examined the export market exploration and export market exploitation statements. For instance, when information was gathered from the textile industry, most of the exporters showed an indepth concentration on compliance issues so as to satisfy foreign buyers' new guidelines. In this sector, the researcher found that exporters mostly overlooked seeking new market opportunities, and spent their core attention satisfying current market demand of the customers. Since 28.3% data was accumulated from the fashion accessories & textiles sector, this may create some effects on the data set.

Finally, it would be difficult to ensure that respondents understood all the statements in such manner that the researcher predicted at the time of collecting information. Thus, the researcher assumes the presence of a certain degree of difference between respondents' statements and reality. Nonetheless, in this study the researcher has followed several scientific procedures for ensuring the reliability and validity of data. The results showed that all the statements successfully passed the benchmark reliability and validity value.

5.5 Suggestions for Future Research

This research has drawn several limitations which need to be overcome by future research, especially because this research is some of the first concrete data within the field of international ambidexterity constructs and dynamic marketing capability theory. Another possible future line of research includes investigating the significance of dynamic marketing capability in service related organizations. Further work needs to be done to establish whether dynamic marketing capability development process in service related industries are similar to those in the manufacturing sector.

Besides that, this study collected data from multiple industries to analyse the conceptual model, however this makes the sample more heterogeneous. It follows that the current study is unable to identify the real effect of the proposed model for a specific single industry. With this aim, future empirical analysis within dynamic marketing capability and international ambidexterity contexts should concentrate on a particular industry.

This research demonstrates that the combination of higher order marketing capabilities are the dominant constructs of dynamic marketing capability development process in Malaysia. Thus future studies should replicate the application of dynamic marketing capability in emerging economies or developed countries to comprehend whether the measure is accurate. Additional investigations in different regions can improve the validity of dynamic marketing capability's multidimensional reflective measure.

Furthermore future investigations must emphasise whether there is any similarity between the reflective and formative method of the dynamic marketing capability construct. Since the culture of dynamic marketing capability sub-dimensions may change now and then, further investigations should take into account the longitudinal data to examine whether the causal relationship between variables differ considerably.

5.6 Conclusion

Overall, the findings of this research have opened additional research directions, in which further investigations can examine the role of international ambidexterity constructs, dynamic marketing capability taxonomy and the influence of competitive strategy within the chain relationship of internationalization process. Despite these potential limitations, it is hoped that the findings of this study are a step forward towards a better realisation of dynamic marketing capability taxonomy and the impact of adopted internationalization knowledge on export performance.

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APPENDIX A1

SURVEY QUESTIONNAIRES

INTRODUCTION

This questionnaire will take approximately **5-10 minutes** to complete.

Malaysian organizations are comprehending significant challenges at the time of their entry into overseas market. Marketing capabilities are needed to improve firms' export performance is one of the most important one. This study will explore your perceptions on this issue as the manager/ owner of an exporting firm. The findings of the study will help you to improve your marketing activities to target the export market. Please note that the information collected is strictly confidential and will be used only for research purposes. The identity of you or your company will never be disclosed. Please do not hesitate to ask the interviewer if you need further clarification. Your participation in this study is highly appreciated.

There are **TWO** parts of the survey questionnaire.

Part I: Background Information

1. Industry Type Of Your Company:

☐ Automotive, Parts & Components ☐ Beverages

☐ Computer Hardware & Software ☐ Industrial Electrical & Electronic Products ☐ Fashion Accessories & Textiles

☐ Furniture ☐ Building & Construction Materials

2. Number of employees in the company

☐ less than 50

☐ 50to 100

☐ 101t0200

☐ 201to300

☐ More than 301

3. Number of export product

☐ More than 50

☐ 40 to49

☐ 30t0 39

☐ 10t029

☐ Less than 10

4. No of Year doing the export business

☐ More than 20 years

☐ 11 to 19years

☐ 5 to 10 years

☐ 1 to5years

☐ Less than 1 year

5. Numbers of exporting countries

☐ More than 30

☐ 20t029

☐ 10 to 19

☐ 5to9

☐ Less than 5

Please turn to next page

Part II: Survey Questionnaires

Taking the perspective of your most profitable segment in the export markets, how would you compare your business to your major nearest competitors on the following attributes.

Please indicate your level of agreement or disagreement with each of the following statements.

For each statement below, please circle the number that best describes your view.

Level of agreement or disagreement				
Strongly agree	Agree	Neither disagree nor agree	Disagree	Strongly disagree
5	4	3	2	1

Export Market Exploration	Strongly Disagree				Strongly Agree
1. We repeatedly enhance our knowledge about new export market opportunity	1	2	3	4	5
2. We frequently assess feasibility of doing business in new export markets	1	2	3	4	5
3. We research new competitors and customers of new export markets	1	2	3	4	5

Export Market Exploitation	Strongly Disagree				Strongly Agree
4. We conduct deep examination to capture important information about existing export markets operation	1	2	3	4	5
5. We continuously review customer relationship management process to strengthen contacts with customers in current export markets	1	2	3	4	5
6. We strictly monitor competitive products to bring improvement in our new solution packages	1	2	3	4	5

Market Uncertainty	Strongly Disagree				Strongly Agree
7. In our kind of business customer requirements vary significantly across different customer segments	1	2	3	4	5
8. In our kind of business, customers' product preferences change slightly over time	1	2	3	4	5
9. New customers tend to have product-related needs that are different from those of existing customers	1	2	3	4	5

Competitive Intensity

	Strongly Disagree				Strongly Agree
10. We are facing aggressive competition in this industry	1	2	3	4	5
11. In our industry anything that one competitor can offer, others can match readily	1	2	3	4	5
12. Frequency of new competitors entrants is high in our industry	1	2	3	4	5

New Product Development Capability

	Strongly Disagree				Strongly Agree
13. We rapidly respond to solve customer's problems by presenting new solution package	1	2	3	4	5
14. We frequently upgrade capacity utilization process to reduce order lead time of product development	1	2	3	4	5
15. We focus on improving plant efficiency to reduce production cost of new product development	1	2	3	4	5
16. We adopt new technology to improve products quality and fulfill buyers standards	1	2	3	4	5

Customer Relationship Management Capability

	Strongly Disagree				Strongly Agree
17. We repeatedly identify attractive and potential customers in the export markets	1	2	3	4	5
18. We periodically attend in international fair to meet with foreign attractive/potential customers	1	2	3	4	5
19. We invest on developing IT infrastructure to enhance relationship with customers	1	2	3	4	5
20. We apply innovative marketing and promotion methods to attract potential buyers compared to the rivals	1	2	3	4	5

Brand Management Capability

	Strongly Disagree				Strongly Agree
21. We systematically maintain a reliable brand meaning among customers mind through our image and reputation	1	2	3	4	5
22. We have a corporate brand that creates a seamless umbrella for all the brands in our products portfolio	1	2	3	4	5
23. We invest in managing and promoting the reputation/image of our organization/firm	1	2	3	4	5
24. We periodically attend in international fair to meet with foreign attractive/potential customers	1	2	3	4	5
25. We Focus on meeting customers' long term needs to ensure repeat business	1	2	3	4	5

Market Orientation

	Strongly Disagree				Strongly Agree
26. We continuously try to discover additional needs of our potential customers of which they really value but never disclose to us	1	2	3	4	5
27. We inspect users existing products complication in order to offer better solution to satisfy needs	1	2	3	4	5
28. We support customers to improve their expectation in the market through our suggestions	1	2	3	4	5
29. We constantly monitor our level of commitment and orientation to serving customer needs thru intelligence generation	1	2	3	4	5
30. Our export business strategies are driven by our beliefs of enhancing value for export customers	1	2	3	4	5

Export Performance

	Strongly Disagree				Strongly Agree
31. Our growth level is in the export markets	1	2	3	4	5
32. Our market share's position in the export markets	1	2	3	4	5
33. Our return on investment is through overseas sales	1	2	3	4	5
34. Our foreign customers satisfaction level is about our products and services	1	2	3	4	5

"Thank You for Your Time and Cooperation"