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Marketing Capability and Export Performance: the Moderating Effect of Export Dependence

Phadett Tooksoon* and Osman Mohamad**

This research examines the relationship between marketing capability and export performance and the moderating effect of export dependence. The marketing capability of Thai agro-based exporting firms can be classified into four dimensions, namely product capability, distribution capability, price capability, and promotion capability. Among the four dimensions of marketing capability, only price capability and promotion capability are significantly and positively related to export performance. Export dependence moderates the relationship between distribution capability as well as price capability with export performance. Firms with high export dependence register higher export performance when marketing capability in term of distribution capability is high. Similarly, firms with high export dependence register higher export performance when marketing capability in term of price capability is high.

Keywords: *marketing Capability, export dependence, export performance, Thailand*

Introduction

Marketing covers all aspect of activities which can help a company to create customer value. The competency in planning and implementing a marketing program that aims to create customer value is one of the keys to success in not only domestic but also in international markets. Marketing has its roots in the advanced industrialized nations. This explains the dominance of firms from these nations in markets across the globe. The catch-up game by firms from newly industrializing nations has posed new challenges in

marketing at the international level. Thailand is one of the newly industrializing nations that are aggressively promoting its products in international markets.

The economic growth is dependent on the ability of firms at the micro level to compete with firms from other newly industrializing nations for a slice of the global trade. This study is undertaken to assess the marketing capability of agro-based Thai exporters and its relationship with export performance. It will also attempt to determine if such relationship is moderated by export dependence.

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Literature Review

The ability to exploit international opportunities is dependent on the firm's possession of valuable resources (Barney, 1991; Madhok, 1996). Resources include the assets, skill, capabilities, organizational processes, attributes, information or knowledge that is under an enterprise's control and that can be used to develop competitive strategies. The resource based theory of strategy asserts that there is a link between the resources and capabilities available to an organization and their impact on strategic options (Bretherton & Chaston, 2005). According to Grant (1991), resource-based view suggests that the ability to make a rate of profit above the cost of capital depends not only on the industry attractiveness but also on the firm's sustainable competitive advantage. Internally generated firm capabilities, such as technological and management capabilities are widely established in the current literature as critical firm-specific advantages for firm to go international (Lall & Siddharthan, 1982; Cleeg, 1987). One of the capabilities that have been identified to support a sustainable competitive advantage is the firm's marketing capability. Internationally competitive firms are those that recognize the critical role of marketing vis-à-vis other functions within the organization, define their target market and effectively blend the marketing-mix with the help of support activities to favorably distinguish their products from their competitors (Piercy, 1982; Doyle, Suanders & Wong, 1992).

Substantial empirical research has been undertaken to identify the contribution of marketing to export success. The integrative review of export literature concluded that a well-designed export marketing strategy can indeed determine export success. Market segmentation, product quality, pricing strategy, dealer support, and advertising

were found to be significantly associated with export performance. This positive relationship is particularly stronger in research more recently conducted and most evident in studies undertaken within Europe (Madsen, 1987; Aaby & Slater, 1989; Chetty & Hamilton, 1993; Zou & Stan, 1998; Leonidou, Katsikeas & Samiee, 2002).

The popular notion among academicians and practitioners are that competitive advantages of firms from newly industrializing nations are based on price rather than on leading edge technology or product differentiation (Kumar & McLeod, 1981; Lall, 1983; Wells, 1983; Dominguez & Sequeira, 1993). They have to learn and develop capabilities to operate abroad. According to Wortzel and Wortzel (1981), export development of firms from the Far East is related to the ability to internalize marketing capabilities. Empirical evidence on the export performance of firms from newly industrializing nations tends to concur with the proposition that export performance is contingent upon their ability to internalize and implement marketing (Zou, Fang & Zhao, 2003; Tsai & Shih, 2004). The success of ASEAN exporters too is dependent on marketing (Osman & Wheeler, 1996; Ratanasithi, Hemphill & Geursen, 2006; Sefnedi, Osman & Daing, 2007; Osman, Ramayah & Kim-soon, 2008).

Previous studies have emphasized the importance of product mix in export marketing in term of product design, product quality, packaging, product adaptation, and branding to be correlated with export performance (Leonidou, Katsikeas & Samiee, 2002). According to Ibeh, Ibrahim and Panayides (2006) product capability is vital for international market success among UK firms exporting agro-products. As regards to product adaptation the results are mixed (Kaynak & Kuan, 1993; Schroder, Banzon & Mavondo, 2001). Evidence from Malaysia shows that successful

exporter are more planning oriented, emphasized product quality improvement and adaptation (Osman & Wheeler, 1996). Subsequent study by Osman, Ramayah and Kim-soon (2008) again confirmed that the capability to manage product-mix is associated with export process. Similarly, it was also established that among Indonesian exporting firms, product management capability has been identified to explain the performance (Sefnedi, Osman & Daing, 2007). A research conducted in Thailand by Ratanasithi, Hemphill and Geursen (2006), shows that there is positive association between product adaptation capability and export performance. The relationship of product capability and export performance will be investigated in this study to further understand if it explains the variation in export performance.

Another important aspect of export marketing is the distribution capability. According to Leonidou, Katsikeas and Samiee (2002), they stated that channel capabilities consisted of direct channel, channel relationship, distribution adaptation, and delivery time. Evidence from Greek exporting firms by Katsikeas, Piercy and Ioannidis (1996) shows that marketing capability through distribution network capability has a positive significant with export performance. Previous studies in export marketing identified factors such as retaining the best distributor, satisfying the needs of the distributor, and providing high levels of support are found to be positively related to export performance (Madsen, 1989; Zou & Stan, 1998; Zou, Fang & Zhao 2003; Ibeh, Ibrahim & Panayides, 2006). Evidence from Taiwan by Tsai and Shih (2004), shows that channel/distribution capability have a significantly influence business performance. However, the previous studies in Malaysia and Indonesia found that distribution competency does not significantly influence export performance (Kim-soon, 2004; Gluma, 2005; Sefnedi,

Osman & Daing, 2007). The contrasting results call for further investigation into the role of distribution capability in explaining the variation in export performance.

Managing price-mix is important in export marketing. It is directly related to the revenue earned from export marketing activities. Price capability include deciding the appropriate export price level, negotiating terms and conditions of sales, and monitoring competitors price and a host of other factors that could cause fluctuations in the price level. Pricing capabilities includes price adaptation and ability to offer lower prices such as penetration pricing strategy (Leonidou, Katsikeas & Samiee, 2002). Price capability is a significant predictor of the firm's export performance (Zou, Fang & Zhao, 2003; Tsai & Shih, 2004; Ibeh, Ibrahim & Panayides, 2006). The positive association between capability in managing price and export performance appear to concur with the generally held view that the competitiveness of export from newly industrializing nations is price factor (Dominguez & Sequeira, 1993; Sefnedi, Osman & Daing, 2007). This study intends to investigate if the Thai agro-based exporting firms rely on price capability to achieve export performance.

Communicating with the market place both in domestic or international markets is important and should be viewed as an investment. The task falls on the promotional efforts. Thus promotion capabilities which may include participation in trade fairs, advertising, sales promotion, and support services to the channel members. The capability in managing promotion is the factor that contributes to the higher in export performance. The positive relationship shows that firms that build its competitiveness based on its combined promotional efforts with its channel partners will register higher export performance. Adapting the promotional elements to specific market

shows a strong positive relationship with export performance (Leonidou, Katsikeas & Samiee, 2002; Zou, Fang & Zhao, 2003; Francis & Collins-Dodd, 2004; Shamsuddoha & Ali, 2006). Tsai and Shih (2004) also noted that promotion capability is an important success factor in international market. Among Indonesian exporters, promotion competency is not crucial in explaining the variation in export performance (Sefnedi, Osman & Daing, 2007). Thus, study will test if there is a positive relationship between promotion capability and export performance among Thai agro-based exporters. In light of the above, the following hypothesis will be tested:

Hypothesis 1. A firm's marketing capabilities (product capability, distribution capability, price capability, and promotion capability) are positively associated with export performance

**Moderating Variable:
Export Dependence**

The direct relationship between marketing capabilities is anticipated to be subjected to and be influenced by other factors. One of the factors that have been identified to moderate the relationship between marketing capabilities and export performance is export dependence (Prasad, Ramamurthy & Naidu, 2001). Export dependence is the ratio of export sales to total sales. In pursuit of export-led growth strategies implemented by the Thai government, firms are encouraged to sell more of their outputs to foreign markets. The pressure to generate a higher percentage of export sales compared to domestic sales will spur the firm to increase its marketing capability. This study is incorporating the suggestion by Aaby and Slater (1989) that export dependence could be a moderator between export performance

and its proposed determinants. As proposed by Cadogan, Diamantopoulos and Siguaw (2002), it is logical to expect that motivation and ability to deploy marketing capability strategies are likely to be higher for firms with a greater degree of export dependence. In another study, export dependence is used as surrogate for management willingness to commit resources to exporting (Prasad, Ramamurthy & Naidu 2001). It is therefore proposed that marketing per se is not the contributing factor to performance but is subjected to the degree the firm is dependent on export sales. The following hypothesis will be tested:

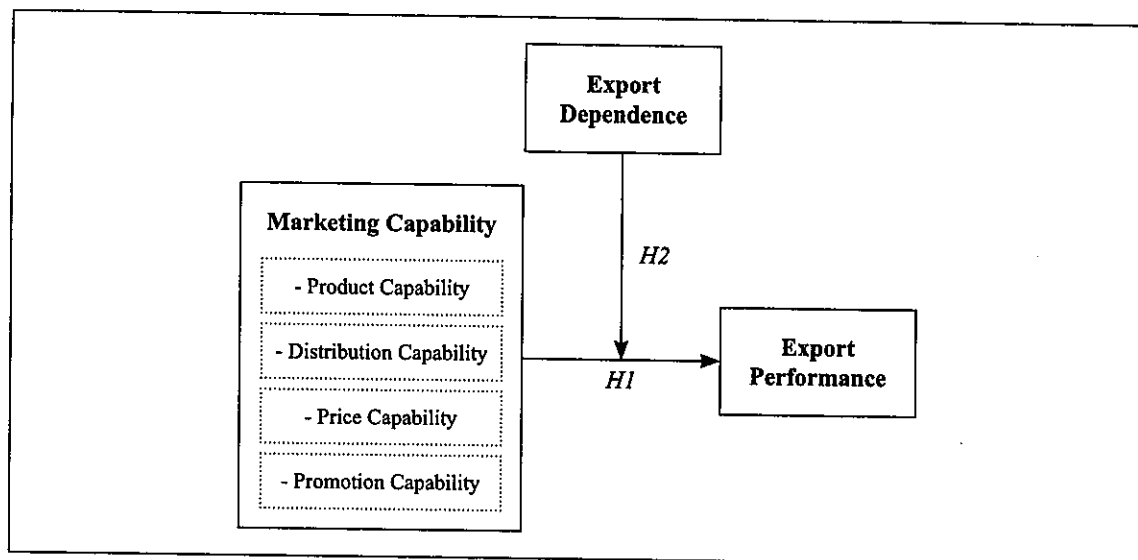
Hypothesis 2. Export dependence will moderate the relationship between a firm's marketing capabilities (product capability, distribution capability, price capability, and promotion capability) and export performance, such that firms with higher levels of specific marketing capability will achieved higher export performance when export dependence is higher.

The proposed model is presented in Figure 1.

Methodology

This is a cross-sectional study using mail survey. A survey instrument captures the company's background and questions pertaining to marketing capability, export dependence and performance. The respondents were requested to rate the level of each of the 13 items describing marketing capability on a 5-point Likert scale from 1 = major disadvantage, to 5 = major advantage, compared to main competitors in the export market. As regards to the degree of export dependence was measured as the percentage of company's total sales contributed by export operation adopted from Prasad, Ramamurthy and Naidu (2001); Cadogan, Diamantopoulos & Siguaw (2002).

Figure 1. Conceptual Framework



Export performance is broadly defined as the outcome of a firm's activities in export markets Shoham (1996). Although there is a growing body of literature that has addressed the issue of export performance but still there is no uniformly accepted conceptualization and operationalization of the construct Cavusgil and Zou (1994). However, Leonidou, Katsikeas and Samiee (2002), have identified that export sales growth, export profit contribution are mostly used measures of export performance. The most common measure in this category is export sales growth, which may overstate performance because of price escalation and market growth or understate performance because of experience curve effects and deteriorating demand (Kirpalani & Balcome, 1987). In this study two measures of export performance are used - export sales growth and export profit margin – and the response was solicited a 5-point Likert scale from 1 = much below expectation, to 5 = much above expectation are adopted from Katsikeas, Leonidou and Morgan (2000).

The highly structured survey instruments were mailed to managers in agro-based exporting firms listed in Exporter Directory of Department of Export Promotion

(DEP) Thai 2007. A total of 113 usable returns were received giving a response rate of 15.26 percent. The profile of firms participating in this survey is presented in Table 1. The majority of the respondent is SMEs and approximately 34.5 percent are new exporters, having been involved in exporting during the last 5 years. The majority of 76.1 percent has separate export department to handle export business. They are highly export dependence with an average export sales in the region of 50 percent and higher. The computation of the mean average export sales stood at 63.33 percent.

Result and Discussion

Goodness of Measures

The procedures for testing the goodness of measures must be utilized prior to any analysis which includes factor, validity and reliability analysis. This study performed factor analysis using principle components and varimax rotation technique on the 12 items of marketing capability. The factor loading is .50 or higher are considered practically significant (Hair et al., 2006). In addition, this study evaluated reliability

Table 1. General Characteristics of the Respondents (n = 113)

| Demographic | Categories | Respondents | Percentage |
|---|--------------------------------|-------------|------------|
| Product Category | 1. Cereals | 20 | 17.7 |
| | 2. Live plant/ Fresh products | 12 | 10.6 |
| | 3. Canned | 26 | 23.0 |
| | 4. Chilled/ Frozen products | 18 | 15.9 |
| | 5. Dried/ Dehydrate | 21 | 18.6 |
| | 6. Semi-process foods | 6 | 5.3 |
| | 7. Others | 10 | 8.8 |
| Firm Size | 1. SMEs (<=200 employees) | 91 | 80.5 |
| | 2. Large (>200 employees) | 22 | 19.5 |
| Export Experience | 1. New Exporter (<= 5 years) | 39 | 34.5 |
| | 3. More Experience (> 5 years) | 74 | 65.5 |
| Separate Export Department | 1. Yes | 86 | 76.1 |
| | 2. No | 27 | 23.9 |
| Export Dependence (Percentage of export sales to total sales) | 1. Less than 25 percent | 24 | 21.2 |
| | 2. Between 26 – 50 percent | 16 | 14.2 |
| | 3. between 51 – 75 percent | 20 | 17.7 |
| | 4. More than 75 percent | 53 | 46.9 |

Table 2. Factor and Reliability Analyses of Marketing Capability

| Dimension of Marketing Capability | Factor Loading | | | |
|---|----------------|------------|------------|------------|
| | Factor 1 | Factor 2 | Factor 3 | Factor 4 |
| Factor 1 (Product Capability) | | | | |
| 1. Differentiate export product offering | .77 | | | |
| 2. Product positioning | .73 | | | |
| 3. Adapting products to export market requirement | .72 | | | |
| 4. Designing product packaging | .64 | | | |
| Factor 2 (Distribution Capability) | | | | |
| 1. Managing distribution network | | .84 | | |
| 2. Skill in communication with foreign distributors | | .77 | | |
| 3. Identifying appropriate distribution channels | | .76 | | |
| Factor 3 (Price Capability) | | | | |
| 1. Negotiation term & conditions of sales | | | .80 | |
| 2. Deciding the appropriate export price level | | | .71 | |
| 3. On-time delivery of export products | | | .63 | |
| Factor 4 (Promotion Capability) | | | | |
| 1. Trade promotional support to oversea market | | | | .81 |
| 2. Managing export sales promotion of activity | | | | .72 |
| Eigen-Value | 5.71 | 1.20 | 1.03 | 1.00 |
| Percentage Variance Explained | 21.51 | 20.54 | 16.91 | 14.66 |
| Reliability (alpha) | .82 | .86 | .70 | .74 |
| Mean values (SD) | 3.30 (.77) | 3.11 (.91) | 3.44 (.68) | 2.81 (.81) |
| Total Variance Explained | 73.62 | | | |
| Measure of Sampling Adequacy | .87 | | | |
| Barlett's Test of sphericity Significant | .00 | | | |

by assessing the internal consistency of the items representing each construct using Cronbach's alpha that has been widely used in many studies. The results are presented in Table 2.

Four factors were extracted and labeled as product capability, distribution capability, price capability, and promotion capability.

The overall total variance explained by these four marketing capabilities factors is 73.62 percent. Measure of Sampling Adequacy (KMO) is .87 with significant Barlett's test of sphericity ($p = .00$) indicating that there was sufficient number of significant inter-correlations for factor analysis. The Cronbach's alpha for product capability is

.82, for distribution capability is .86, for price capability is .70, and for promotion capability is .74. The results affirm that all the scales display satisfactory levels of reliability with Cronbach's alpha values much higher than the minimum threshold. Previous research suggests a value of .60 to .70 to be acceptable (Hair et al., 2006).

Thus, we can conclude that the construct validity and convergent validity of these measures is valid. The ranking of the mean values suggest that pricing capability is ranked number one, and is followed by product capability. Distribution capability and promotion capability is ranked third and fourth respectively.

Table 3 shows the mean values for both measures of export performance. Overall mean value would indicate that the export performance is below the mid-point of the scale, that is 3 = as expected. The level of export performance is not encouraging.

Correlation

As shown in Table 4, in order to test the relationships among variables of the study, the Pearson's correlation analysis was performed. The results of correlations summarized in (Table 4) suggested that the dimension of marketing capability and export performance shows that marketing

capability from product capability ($r = .19$, $p < .05$), distribution capability ($r = .24$, $p < .05$), price capability ($r = .31$, $p < .01$), and promotion capability ($r = .38$, $p < .01$), and export dependence as a moderator ($r = .25$, $p < .01$) are positively and significantly correlated with export performance.

The simplest and most obvious means of identifying collinearity is an examination of the correlation matrix for the independent variables. The presences of high correlations (generally .90 and higher) is the first indication of substantial collinearity. Lack of any high correlation values, however, does not ensure a lack of collinearity. Collinearity may be due to the combined effect of two or more other independent variables (termed multicollinearity) Hair et al., (2006). The results of this study all of independent variables correlations are moderate and no multicollinearity between the independent variables. It can be concluded that the elements are also satisfies the criterion of discriminant validity (Hsu & Pereira, 2008).

Hypothesis Testing

In order to investigate which marketing capability explains the variation in export performance, a multiple regression analysis was performed. In this analysis,

Table 3. Mean and Standard Deviation of Export Performance

| Export Performance | Mean |
|-------------------------|-------------|
| 1. Export sales growth | 2.76 |
| 2. Export profit margin | 2.38 |
| Overall Mean (S.D.) | 2.57 (0.86) |

5-point Likert scale from 1 = much below expectation, to 5 = much above expectation

Table 4. Pearson's Correlation between Variables (n = 113)

| | 1 | 2 | 3 | 4 | 5 | 6 |
|----------------------------|-------|-------|-------|-------|-------|---|
| 1. Product Capability | 1 | | | | | |
| 2. Distribution Capability | .57** | 1 | | | | |
| 3. Price Capability | .57** | .57** | 1 | | | |
| 4. Promotion Capability | .55** | .55** | .46** | 1 | | |
| 5. Export Dependence | -.13 | .26** | .16 | .08 | 1 | |
| 6. Export Performance | .19* | .24* | .31** | .38** | .25** | 1 |

Note: ** Sig. at .01, * Sig. at .05

firm's size, export experience, and separate export department which were treated as control variables. According to Sekaran (2003) when a cause-and-effect relationship between an independent and a dependent variable of interest is to be clearly established, then all other variables that might contaminate or confound the relationship have to be tightly controlled. The strategic management literature has identified a number of situational variables that affect an export performance. These variables must be controlled for in analyzing of export dependence as a moderating effect on the relationship between marketing capability and export performance. Based on a review of literature (Kirpalani & Macintosh, 1980; Beamish et al., 1999; Ling yee & Ogunmokun, 2001; Yiu, Lau & Bruton, 2007; Kim-soon, 2004), three variables were identified firm size, export experience, and separate export department. It is argued that each of these variables can influence an organization's export performance, and therefore, needs to be controlled for in

examining the effect of marketing capability and export performance.

The results of regressions analysis are presented in Table 5. In the first step, firm's size, export experience, and separate export department which were treated as control variables were regressed on export performance. When the three control variables are entered into the regression equation in Model 1, none of the control variables significant influence export performance and the coefficient of determinant (R^2) found to be .01 indicating 1 percent of export performance that is explained by the three control variables.

In Model 2, the results of the regression analysis reveal that the model is statistically significant, R^2 is .19 is significant ($p < .01$) and that all four dimensions of marketing capability explained and 19 percent of the variation in export performance. From the regression model, it can be observed that price capability ($\beta = .24$, $p < .05$), and promotion capability ($\beta = .35$, $p < .01$) are statistically significant and has a positive

Table 5. Moderator Effect of Export Dependence on the Relationship between Marketing Capability and Export Performance

| Variables | Beta Standardized | | | |
|--|-------------------|---------|---------|---------|
| | Model 1 | Model 2 | Model 3 | Model 4 |
| Control Variables | | | | |
| Firm's Size | .04 | .01 | -.02 | -.00 |
| Export Experience | -.05 | -.11 | -.14 | -.0 |
| Separate Export Department | -.03 | .05 | .06 | .04 |
| Independence Variables (Marketing Capability) | | | | |
| Product Capability (Y1) | | -.14 | -.04 | .40 |
| Distribution Capability (Y2) | | .03 | -.05 | .50* |
| Price Capability (Y3) | | .24** | .21* | -.43 |
| Promotion Capability (Y4) | | .35*** | .34*** | -.06 |
| Moderator Variable | | | | |
| Export Dependence (M1) | | | .22** | -.10 |
| Interaction | | | | |
| Y1 x M1 | | | | -.75 |
| Y2 x M1 | | | | -1.22** |
| Y3 x M1 | | | | 1.54** |
| Y4 x M1 | | | | .78 |
| R^2 | .01 | .19 | .23 | .30 |
| R^2 - Change | .01 | .18 | .04 | .07 |
| F-Change | .16 | 6.00*** | 5.20** | 2.55** |

Note: *** Sig. at .01, ** Sig. at .05, * Sig. at .10

relationship with export performance. On the other hand, product capability, and distribution capability do not have a significant relationship with export performance. The result only supports price capability and promotion capability in hypothesis H1. However, product capability and distribution capability, which are also in hypothesis H1, are not supported. In Model 3, the results of moderating effect is presented. The overall model R^2 is .23 is significant ($p < .05$) the dimension of export dependence ($\beta = .22, p < .05$) is statistically significant and has a positive relationship with export performance.

In Model 4, the addition of the interaction has resulted in R^2 which increased to 30 percent, R^2 change of .07 is significant ($p < .05$), which implies that the interaction explained an additional 7 percent of the variation in export performance. The significant F-statistics ($p < .05$) suggesting that the model is adequate. The interaction between distribution capability and export dependence ($\beta = -1.22, p < .05$) and the interaction between price capability and export dependence ($\beta = 1.54, p < .05$) are both statistically significant. A graphical presentation of the interaction effects is presented in Figure 2 and 3.

Figure 2 demonstrates that the negative

association between distribution capability and export performance is evident among firms with higher export dependence. Firms with high and low export dependence register higher export performance when marketing capability in term of distribution capability is high. This is demonstrated in Figure 2.

Figure 3 demonstrates that the positive association between price capability and export performance is evident among firms with higher export dependence. Firms with high and low export dependence register higher export performance when marketing capability in term of price capability is high. This is demonstrated in Figure 3.

This result supports H2 but only with respect to the export dependence is moderate effect on the relationship between two dimensions of marketing capability consists of distribution capability and price capability, and export performance firms with higher levels of export dependence will achieved higher export performance when managing distribution and price is higher. The result only supports export dependence interaction with managing distribution and price capability in H2. However, export dependence interaction with product capability, and promotion capability, which are also in H2, are not supported.

Figure 2. Export Dependence Moderates Between Distribution Capability and Export performance

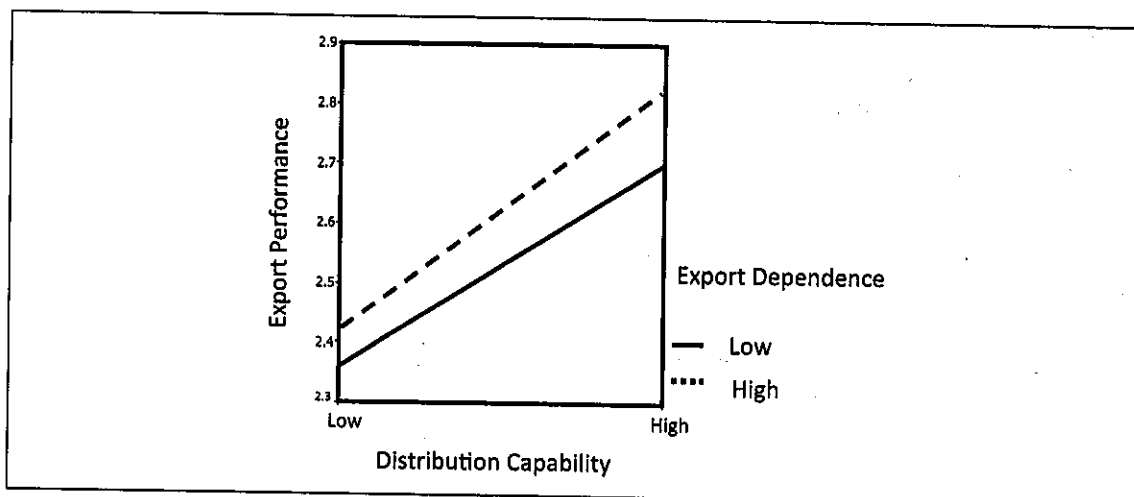
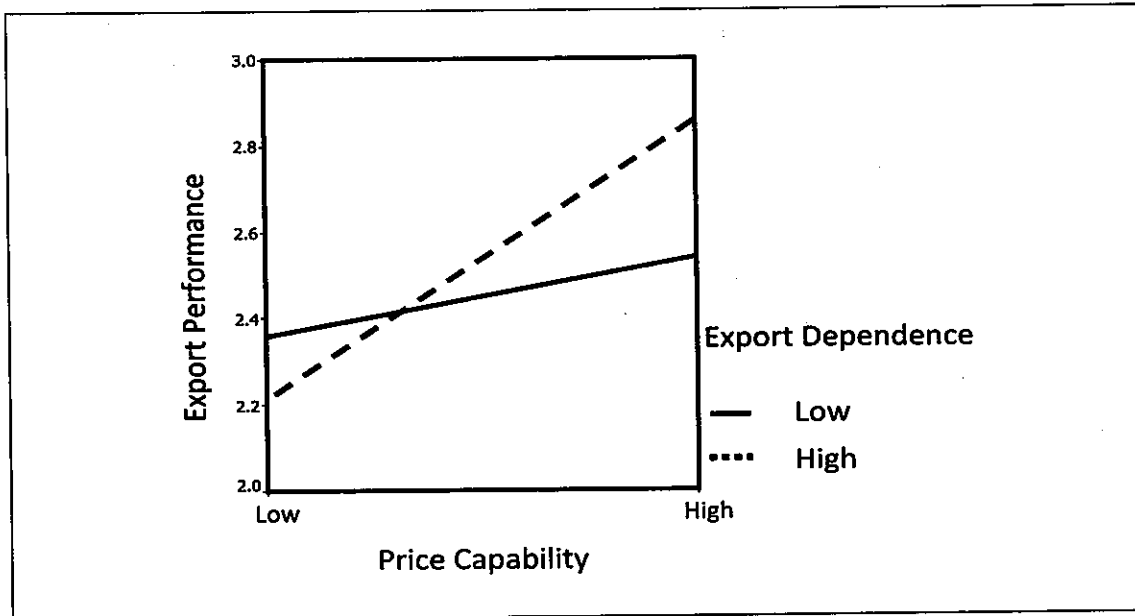


Figure 3. Export Dependence Moderates Between Price Capability and Export Performance



One of the conditions to achieve superior export performance is for firms to adopt a market driven approach in export activities. The findings of this study show that in terms of marketing capability, the Thai agro-based exporters rated the capability in managing price as their competitive strength. This followed by product, distribution and promotion. Among these four dimensions of marketing capability, it is established that one that rank first (price) and fourth (promotion) to be positively associated with export performance.

The positive association between capability in managing price and export performance appear to concur with the generally held view that the competitiveness of export from newly industrializing nations is the price factor (Kumar & Mcleod, 1981; Lall, 1983; Wells, 1983; Dominguez & Sequeira, 1993; Sefnedi, Osman & Daing, 2007). While it is a known fact that cost of production is lower, the ability to transact and establish a successful working relation goes beyond the cost factor. The capacity to monitor, incorporate the information into deciding the appropriate price level and

ensuring that the margin is not eroded due to penalty for failure to deliver as promised are crucial elements in managing marketing at the international level.

Even though the capability in managing promotion is lowly ranked, it is the factor that contributes to the variation in export performance. The positive relationship shows that firms that build its competitiveness based on its combined promotional efforts with its channel partners will register higher export performance. This lend support to other findings that marketing support to intermediaries in overseas markets is one the success factors (Osman & Wheeler, 1996). Appointed agents or distributors must be continuously motivated through promotional efforts. This relational aspect of marketing is particularly crucial to convince the channel partners and the market that firm is serious and in for a long haul.

Regarding the moderating effect of export dependence, the results show that it interacts with two dimensions of marketing capability, namely price and distribution. The interaction effect between

price capability and export dependence on export performance further support the idea that resources should be allocated to manage the pricing aspects. As price is the only marketing-mix that is associated with revenue, building capability in this area is critical. The higher export dependence, the more expose the firm is to the international market forces which could adversely affect its earnings. The need to closely monitor all possible elements that affect pricing and hence revenue calls for greater effort to increase capability in managing price.

Decisions to venture abroad and expand export base must be accompanied with higher commitment to search and appoint committed distributors. The task of creating awareness and making the presence in foreign market noticeable and hence generate more sales is a collaborative effort between the exporter and the distributors in overseas markets. Continuous communication and monitoring of their performance are an integral part of marketing abroad (Ibeh, Ibrahim & Panayides, 2006).

However, Firms with greater export dependence can leverage export performance benefits otherwise obtained from having generated superior marketing capability. Degree of export dependence is an indicator of motivation to commit resources and capability for its international operation.

Conclusion

The findings of the study show that marketing capability with price capability and promotion capability are a strong determinant of export performance of exporting firms in Thailand. Exporters from newly industrializing nations are capable of producing products that satisfy the requirements of foreign markets. The search for alternative sources of supplies by buyers from industrialized nations may have indirectly launch firms from newly industrializing nations into international markets. The managers of Thai's manufacturing exporting firms who intend to expand their company's business horizon to international markets and increase the contribution of export performance should take notice of the importance of upgrading their capability in price and promotion aspects. Furthermore, export dependence is effect with marketing capability in term of managing distribution and price capability to enhance their competitive advantage as well as to achieve better performance of Thai's exporting firms. The study focused on the agricultural sector and one of the major limitations of this study is the relatively small number of firms responding to the survey. Additionally the findings could not be generalized to other industries or the other countries.

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