Australasian Marketing Journal 19 (2011) 100–107

Contents lists available at ScienceDirect

Australasian Marketing Journal

journal homepage: www.elsevier.com/locate/amj

How exporters' and intermediaries' resources influence export performance

Theingi [a,*], Sharon Purchase [b]

[a] Department of Marketing, Assumption University, Mail Box 466, Soi 24, Ramkhamhaeng, Bangkok, Thailand
[b] Business School, University of Western Australia, Perth, Australia

ARTICLE INFO

Article history:
Received 3 May 2010
Revised 7 March 2011
Accepted 7 March 2011
Available online 31 March 2011

Keywords:
Export performance
Export intermediary
Resource based view
SMEs
Thailand

ABSTRACT

Purpose: The purpose of the paper is to investigate the influence of firm resources and export intermediary resources on export performance using the resource-based view (RBV).
Methodology: Data was collected from 320 small and medium sized exporters from Thailand and the unit of analysis was an export venture. Cluster analysis and discriminant analysis were used to test whether the availability of firm resources and intermediary resources vary between different SME clusters.
Finding: Results show that the high performing cluster used their intermediary resources and their own internal marketing capabilities to a greater extent than lower performing clusters.
Practical implications: The findings are particularly important for resource-constrained SMEs, as they need to focus on developing marketing capabilities and choosing intermediaries with a high level of experience and knowledge for their particular export market.
Originality/value: This research confirms the applicability of RBV in export literature extending current RBV theory. The findings in the paper indicate that the availability of firm resources as well as intermediary resources are important in determining export performance in an export-driven Thai economy.
Research highlights: The impact of firm resources and intermediaries resources on export performance was investigated. High performing firms used more intermediaries resources and own marketing capabilities. It is important to choose the intermediary with high level of knowledge and experience. Both firm resources and intermediary resources are important in determining export performance.

1. Introduction

Small and medium enterprises (SMEs) play an important economic role in ASEAN economies, as 90% of all businesses in Southeast Asia are SMEs. In Thailand, SMEs contribute 37.8% of the country's GDP and 30% of all exports are generated by SMEs (Office of SMEs Promotion, 2009). SMEs play such a significant role in Southeast Asian economies that at ASEAN 14th summit in 2009, ASEAN SME Council was tasked to strengthen SME development (Bangkok Post, 2010). Despite their economic importance, little is known about how exporting SMEs and their intermediaries use resources. Increasing our knowledge of SME export resource capabilities and those of their intermediaries is likely to improve our understanding of their export successes. Exporting success is particularly important in Thailand as Thai exports are facing increasing competitive pressure from lower wage countries such as China and Vietnam.

This research investigates the initial steps of an organisation's internationalisation strategy, exporting. We consider internationalisation as a dynamic process that develops gradually over time (Johanson and Vahlne, 1990). Pedersen and Petersen (1998) highlight that there are multiple complimentary explanations for internationalisation processes, showing that building experiential specific market knowledge, resources available and foreign market size all significantly influence firm commitment to a foreign market. Given the focus on SMEs, our approach also includes that role of the business network, in particular export intermediaries, and the SMEs ability to gain experiential knowledge and resources from their intermediaries (Johanson and Vahlne, 2003; Forsgren, 2002).

There are currently limited studies using the resource based view of the firm (RBV) as one of the complimentary approaches for investigating internationalisation and export performance, (Ma, 2006; Balabanis et al., 2004). RBV describes a firm as a unique bundle of tangible and intangible resources (Collis, 1991). Firm resources influence successful business operations by improving their efficiency or effectiveness (Barney, 2002; Camelo-Ordaz et al., 2003; Kaleka, 2002; Morgan et al., 2006). RBV is frequently linked with competitive advantage (Grant, 1991; Hall, 1993; Michalisin et al., 1997; Peteraf, 1993) but only occasionally with performance (see Westhead et al., 2001). Constructs such as firm size, export commitment and/or a firm's technology intensity are often used as proxies for a firm's resource bases (Dhanaraj and Beamish, 2003; Pedersen and Petersen, 1998). Emphasising both firm resources and export intermediary resources this research

* Corresponding author.
E-mail addresses: theingi@au.edu (Theingi), sharon.purchase@uwa.edu.au (S. Purchase).

1441-3582/$ - see front matter
doi:10.1016/j.ausmj.2011.03.002

contributes to our understanding of the RBV approach within export studies.

Export intermediaries are specialised service firms that connect domestic producers and foreign customers by adding value to the export process and are important contributors to the success of SME export ventures (Knight, 2000; Peng and Ilinitch, 1998). Export intermediaries are commonly referred to as agents or distributors and can be located in the SME's domestic market or in their export market (Solberg and Nes, 2002; Ma, 2006). Export intermediary resources are important because SMEs can draw upon export intermediary resources (Håkansson and Snehota, 1995; Forsgren, 2002) and should be considered in conjunction with the exporting firm's own intangible resources (Ma, 2006; Gripsrud et al., 2006) as per the network perspective. Despite this, the role played by export intermediary resources towards export success receives little attention (Liang and Parkhe, 1997; Peng and Ilinitch, 1998; Ma, 2006). This research is one of the first papers to consider export intermediary capabilities and examine whether there is a significant difference in the resource bases of agents and distributors.

To date, RBV studies are generally undertaken in western developed countries resulting in a lack of such research within emerging markets (Ma, 2006). It is expected that firms in developing Asian countries need different resource combinations and capabilities due to their different institutional and cultural contexts. Export intermediary organisational forms are also influenced by country context resulting in the need for different resource combinations and capabilities in different countries (Peng and Ilinitch, 1998; Ma, 2006). The present study fills some knowledge gaps by investigating how the availability of intermediary intangible resources influences a firm's export performance in Thailand, a developing South-east Asian country. The main purposes of the study are:

1. Explore the role export intermediary resources and firm intangible resources play in export channels, with the aim of recommending which export intermediary resources and firm intangible resources SMEs need to consider if they wish to improve their performance.
2. Distinguish between different SME intangible resource bases that improve their export venture competitiveness and performance, thus contributing to our understanding of export venture success.
3. Examine whether manufacturers perceive differences in the resource bases of their agent or distributor export intermediaries and export venture success.

2. Literature review

2.1. Firm resources

Firms should optimally allocate their resources if they are to achieve superior export performance (Leonidou et al., 2002) because the availability of favourable resources allows firms to exploit opportunities and neutralise threats in competitive environments (Michalisin et al., 1997). The RBV advantage is driven by intangible resources, such as knowledge and experience, the acquisition of market information, technological know-how and business relationships, as these resources are difficult to imitate (Hall, 1993; Michalisin et al., 1997; Miller and Shamsie, 1996). The focus of this research is intangible resources (human capital, marketing capabilities and production/R&D capabilities) as they offer competitive advantages.

Human capital resources arise through training, experience, judgment, intelligence and the insight of individual managers and workers (Camelo-Ordaz et al., 2003). In this study, human resources focus on managers rather than employees as the availability of educated and experienced individuals (especially decision-makers with a wide variety of skills and networks) is a key factor influencing business survival and development (Bjerke, 2000; Westhead et al., 2001). Previous studies found human resources, such as better education, export experience and management knowledge, contribute to export performance (Koh, 1991; Manolova et al., 2002). Managers with higher levels of experiential market specific knowledge also are more likely to commit and succeed in their export markets (Johanson and Vahlne, 1990; Forsgren, 2002).

Marketing capabilities enhance a firm's ability to market and sell products and services effectively and efficiently (Rangone, 1999). Marketing capabilities include familiarity with customer requirements and market characteristics, familiarity with local business conditions and the knowledge and skills needed to promote offerings in export markets (Katsikeas et al., 1996; Rangone, 1999). Marketing capabilities have been found to positively impact export performance (Katsikeas et al., 1996).

Production/R&D capabilities refer to superior product technology, new product development capabilities, product quality, warranty and service arrangements and the use of advanced production equipment (Andersen and Kheam, 1998; Katsikeas and Morgan, 1994). Items measuring production capabilities include conformity to product specifications, quality control process, superior product quality and acquisition of advanced production equipment (Katsikeas et al., 1996; Madsen, 1989). Previous studies found production capabilities positively affect export performance (Piercy et al., 1998; Rangone, 1999).

2.2. Export intermediary

While export intermediaries play an important role in the exporting channel (Knight, 2000), there is a dearth of research investigating how intermediary resources impact SME export performance (Trabold, 2002; Peng and York, 2001). Exporting manufacturers can either use in-direct exporting channels, where the intermediary is located in the domestic country, or direct exporting channels, where the intermediary is located in the export country (Root, 1994). SME's tend to rely on indirect exporting channels while larger firms used multiple channels according to their requirements (Chan, 1992). There are two main types of export intermediaries: agents and distributors (Ma, 2006). Agents do not take title of the goods and are paid on a commission basis while distributors accept the risks involved by purchasing the product and taking responsibility for ongoing sales (Young et al., 1989). Most previous studies investigate the role of distributors (Bello et al., 2003; Ford and Rosson, 1982; Leonidou and Kaleka, 1998; Piercy et al., 1997) with few studies considering the use of agents (see Solberg and Nes, 2002). Yet, due to different intermediary characteristics, it is expected to find differences between distributors and agents in relation to capabilities and influence on export performance. Intermediary resources affecting export performance include knowledge/expertise, marketing skills and the specialisation of the intermediary (Peng and Ilinitch, 1998; Peng and York, 2001). Other research highlights that intermediary capabilities include 'market sensing, customer linking and channel bonding' (Ma, 2006, p. 29) and the importance of relationship specific assets such as trust (Gripsrud et al., 2006).

Knowledge and experience are important aspects of the internationalisation process (Johanson and Vahlne, 1990; Forsgren, 2002). It is expected that as companies gain more experience and knowledge of their foreign markets their attitude gradually shifts the organisation more towards an internationalisation/exporting strategy. Yet, SMEs often do not have the resources to gain the knowledge and experience to follow such an internationalisation strategy