

## **Export Performance on the Malaysian Wooden Furniture Industry: An Empirical Study**

AZAZE-AZIZI ABDUL ADIS

*Universiti Malaysia Sabah, Sabah, Malaysia*

*There has been a significant increase in the quantity and quality of international and export marketing research with respect to effective solutions toward export performance. However, an investigation on the impact of marketing strategy and export performance in a single industry is lacking. In addition, the influence of environmental factors to moderate the relationship between export marketing strategy and export performance has received little agreement. This research aims to investigate the relationship between export marketing strategy and export performance in the Malaysian wooden furniture industry as well as the influence of the moderating role of environmental factors on the relationship between export marketing strategy and export performance. Personal, mail, and phone interview methods were used to measure export marketing strategy, newly developed environmental factor variables (which consist of the global economic situation and certification), and export performance. The findings show that there is no direct relationship between export marketing strategy and export performance. Uniquely, the moderating effect of certification appears to moderate a few relationships between product and promotion adaptation, distribution strategy, design strategy, and target market specification on export performance. Managerial implications and suggestions for future research are also discussed.*

**KEYWORDS** *environmental factors, export marketing strategy, export performance, Malaysian furniture industry*

---

Received March 2008; revised May 2008; accepted October 2008.

Address correspondence to Azaze-Azizi Abdul Adis, School of Business and Economics, Universiti Malaysia Sabah, Locked Bag 2073, 88999, Kota Kinabalu, Sabah, Malaysia. E-mail: azizi@ums.edu.my

## INTRODUCTION

The importance of marketing strategy to achieve organizational profits has been proven in determining the company performance effectively. Many industries have formulated aggressive strategies by implementing creative strategies on their products or services in order to increase organizational profits and sustainable competitive advantage. Global competition has put great pressure on export-based companies to set new and effective strategies in order to compete in the world market. However, some of the strategies implemented are not as successful as expected. Therefore, the need to focus on export marketing strategy on export performance in a single industry would give better understanding while adding new insights into international marketing literature.

Besides expanding business operations into the global market, firms also need to consider external factors that might affect their business internationally. These external or environmental factors cannot be controlled by the firms. Therefore, the impact of environmental factors to export-based companies to enter export ventures would give significant influence to their performance. This study attempts to investigate export performance in the Malaysian wooden furniture industry by examining the impact of export marketing strategy and the moderating effect of environmental factors on the relationship between export marketing strategy and export performance.

## FURNITURE INDUSTRY IN MALAYSIA

The Malaysian furniture industry has been on a steady upsurge since 1998. After experiencing a 14% drop that year, furniture production, fueled by export demands, reached an estimated USD 1,828 million in 2000. There are an estimated 750 furniture manufacturing and export companies in Malaysia, with another 1,500 smaller concerns playing a supporting role. Under the government's second Master Plan (1996–2005), the Malaysian furniture industry has been identified as a “target industry” and is now one of the new growth sectors of the economy. In 2000, the Malaysian Industrial Development Authority gave the go-ahead to a total of 34 furniture and fixtures investment projects and 21 wood investment projects. Collectively, these investments are worth USD 93.8 million.

A study by Bojei, Othman, Shahwahid, and Bu (2002) on global marketing strategies in the Malaysian wooden furniture industry noted that the marketing strategies used by the wooden furniture companies were either original equipment manufacturing, own design manufacturing, or own brand name. In the said study, the most important factors influencing the success of those strategies were the firm's primary characteristics, decision maker's expectation of exporting, and global marketing strategy.

## LITERATURE REVIEW

## Export Marketing Strategy

In international marketing research, several dimensions have been used by the researchers to indicate marketing strategy. Previous researchers acknowledged firm strategy (Aaby & Slater, 1989), export marketing strategy (Akyol & Akehurst, 2003; Cavusgil & Zou, 1994; Julian, 2003; Koh, 1991; Zou & Stan, 1998), export strategy (Aulakh, Kotabe, & Teegen, 2000; Chetty & Hamilton, 1993), business strategy (Baldauf, Cravens, & Wagner, 2000), or strategy (Cicic, Patterson, & Shoham, 2002; Thirkell & Dau, 1998). However, all of these dimensions are based on marketing mix (product, price, promotion, distribution) and some researchers also added a few more variables in order to create more meaningful dimensions in their studies.

Export strategy was found to be one of the most frequently used variables previously (Chetty & Hamilton, 1993). Other studies in the export marketing area have focused on the relationship between export performance and firm strategies toward export activities (Akyol & Akehurst, 2003; Aulakh et al., 2000; Cicic et al., 2002; Julian, 2003; O'Cass & Julian, 2003; Steward & McAuley, 2000). In international marketing literature, there were a number of empirical studies emphasizing marketing strategy in export marketing with several constructive results. Studies done by Thirkell and Dau (1998), Cavusgil and Zou (1994), Koh (1991), and Madsen (1989) suggested that export marketing strategy has significant influence on export performance.

Because export marketing strategy has been considered one of the key determinants on export performance (Cavusgil & Zou, 1994), not all of the marketing strategy elements will affect the export performance simultaneously. A study by Koh (1991) on the relationships among organizational characteristics, marketing strategy, and export performance has found that only export pricing, direct buyer, and channel strategies of marketing strategy variations have effects on export performance. However, adapting marketing mix variables to the specific needs of developed country markets would enhance export marketing performance (Aulakh et. al., 2000). In contrast, a study by Julian (2003) to identify the key factors influencing export marketing performance found that export marketing strategy has no effect on the Thai firm's export marketing performance.

Shoham and Kropp (1998) investigated international performance in the United States and found a negative impact between marketing mix on export performance except channel support, which was found to have a positive impact. Product adaptation strategy (product design, quality, auxiliary services, breadth, and depth of lines) improves export performance (Shoham, 1999) and little or no adaptation of product in foreign markets will contribute to the failure of export ventures (Ogunmokun & Li, 1999). Zou and Stan (1998) suggested in their meta-analysis approach of 50 studies that product

adaptation and strength, promotion intensity, channel relationship, and price adaptation were the key determinants of export marketing strategy. Based on past literature, hence,

H<sub>1</sub>: There is a significant relationship between export marketing strategy and export performance.

### Environmental Factors

Environmental factors are assumed to have a significant contribution toward the success of the furniture industry. For example, a study by Pakarinen (1999) has shown that the perception by customers of wood as a furniture-making material is dominated by consumer concerns on safety and the environment. The emergence of environmental concern as one of the critical factors in strategic business planning indicates the growth of the environmental movement in the marketplace (Menon, Menon, Chowdhury, & Jankovich, 1999). Both internal firm processes and external market and government policy factors affect firm and industry competitiveness (Hoff, Fisher, Miller, & Webb, 1997).

A study by Kotha and Nair (1995) on strategy and environment as determinants of performance in the Japanese machine tool industry indicated that profitability and growth of performance were significantly influenced by the environment. Besides that, only environmental variables were related with firm growth of firm performance. Another study by O'Cass and Julian (2003) showed that environmental characteristics have a significant impact on overall export marketing performance.

The inconsistency of the environmental effect was also found in a different context. For instance, Baldauf et al. (2000) found that the effect of the environmental dimensions on the organizations was viewed as relatively unimportant by the managers in their study. In addition, perceived environmental effects did not appear to have a strong impact on export performance. However, export sales had a significant effect on the importance placed on the political environment. Furthermore, the lower perceived influence of the political environment was associated with higher export sales, which indicated a negative relationship. Hence,

H<sub>2a</sub>: The global economic situation moderates the relationship between export marketing strategy and export performance.

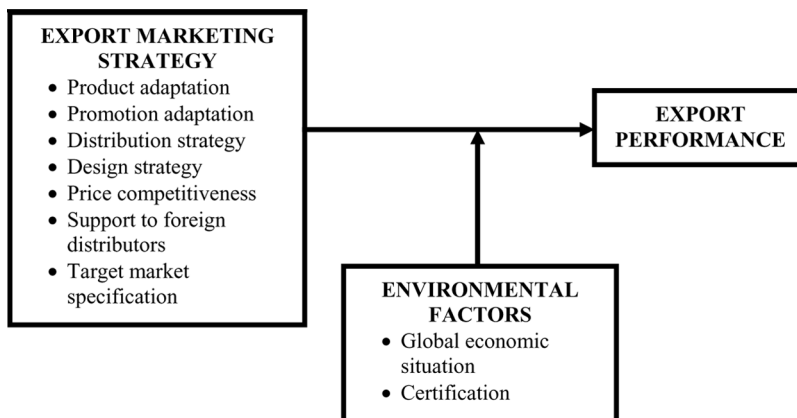
Another element in the environmental factors considered in the wooden furniture industry is certification. According to Heselbarth's (2008) study, only 10% of the world's forests are certified as sustainable. Forest owners who own their land for the long term and have been practicing sustainable forestry for a long time; the certification is a guarantee from an independent

third party that they are doing things right (Heselbarth, 2008). Forest certification entails the development of standards for environmentally responsible forest management and the application of those standards to individual forest owners (Irland, 2007).

According to Cashore, Gale, Meidinger, and Newsom (2006), only 3.6% of forests in developing countries (Brazil, Chile, and Malaysia) were certified in 2005. This is because forest owners and forest companies operating in the developing world have been more reluctant to seek certification. In particular, Malaysian certification has been market driven, with the industry (including workers) at the forefront of efforts to establish the Malaysian Timber Certification Council (Cashore et al., 2006).

Certification has played an important role in the success of the wood industry. A study by Kozak, Cohen, Lerner, and Bull (2004) suggested that a consumer would be willing to purchase certified value-added wood products in the future, with the same expectation on wooden furniture products. The role of certified wood in influencing company performance also depends on the marketing programs of the company. Abdul-Aziz, Chan, and Metcalfe (2000) found that certification, especially International Standard Organization certification, will ensure the higher standard of promotion adaptation. Although certified companies tended to gain improved customer retention and satisfaction, in addition to a positive public reputation, certification did not generally help them to improve their financial performance (Owari, Juslin, Rummukainen, & Yoshimura, 2006).

It is assumed that certification influences the relationship between export marketing strategy and export performance. This means that furniture companies tend to perform well in the export arena when their marketing strategies emphasize certified wood in their activities. According to Slater



**FIGURE 1** Research framework of the impact of export marketing strategy and the moderating effect of environmental factors on export performance in the Malaysian wooden furniture industry.

and Narver (1994), they found no evidence of a pure moderator effect of a competitive environment on the market orientation and performance relationship. Thus, the proposed hypothesis is as follows:

H<sub>2b</sub>: Certification moderates the relationship between export marketing strategy and export performance.

Figure 1 indicates the research framework of the impact of export marketing strategy on export performance in the Malaysian wooden furniture industry.

## METHOD

A questionnaire was developed and tested in order to ensure the relevancy, clarity, and applicability to the furniture industry. A total of 215 respondents comprising wooden furniture firms in Malaysia were selected as the sample for this study. From 215 export-oriented furniture firms, only 67 participated with a 31.16% response rate, but only the results from 64 respondents were usable for analysis in this study, which is considered normal for a developing country such as Malaysia (Azaze-Azizi, 2005; Ching, 1997; Leong, 1996). Companies were contacted and requested to participate in this study. In accordance with their preferences, personal, mail, and phone interview methods were used to measure export marketing strategy (Cavusgil & Zou, 1994), environmental factors, and export performance (Cavusgil & Zou, 1994; Julian, 2003). This is because some of the managers were unwilling to be personally interviewed. Unit analysis for this study was the export-oriented furniture firms.

The measurement of export marketing strategy and export performance in this study was adapted from Cavusgil and Zou (1994) and Julian (2003). For the moderator, a newly developed measurement was formed based on a pilot study conducted at an earlier stage. The said pilot study was conducted among practitioners in the Kota Kinabalu city area to ensure their understanding of the study conducted and to test the validity of the measurement instrument.

The researcher then purified the measures by assessing the reliability of the constructs used in this study (see Table 1). The last column presents the Cronbach's alpha for each construct. The alpha coefficient for each construct is more than .60, which indicates a close-to-satisfactory level of .70. *Export marketing strategy* was measured based on Cavusgil and Zou (1994) and Julian (2003), which comprised 17 items including a newly developed item for design strategy. This instrument consisted of product adaptation, promotion adaptation, support to foreign distributor/subsidiary, price competitiveness, distribution strategy, design strategy, and target market specification. This instrument was measured using a 6-point Likert scale ranging from 1 (*none/vague/modest/few/not competitive*) to 6 (*substantial/clear/high/many/considerable/extremely competitive*). *Environmental factors* was a

**TABLE 1** Measurement Model

Source	Constructs	Cronbach's alpha	
Cavusgil & Zou (1994); Julian (2003)	Export Marketing Strategy	.66	
	1. Degree of target market specification.		
	2. Number of export customers.		
	3. Level of export sales goal set for the venture.		
	4. Degree of initial product adaptation.		
	5. Degree of product adaptation subsequent to entry.		
	6. Extent to which product label is in local language.		
	7. Degree of adaptation of product positioning strategy.		
	8. Degree of adaptation of packaging.		
	9. Degree of adaptation of promotional approach.		
	10. Overall support of foreign distributor/subsidiary.		
	11. Amount of training to sales force of foreign distributor/subsidiary.		
	12. Extent of promotion support provided to foreign distributor/subsidiary.		
	New item		13. Degree of price competitiveness in the export market.
			14. Type of distribution channel used in export market.
			15. The product is designed to meet foreign countries' requirement.
			16. The product is designed to meet the type of customer demand.
			17. The product is designed to meet special season in export venture.
New item	18. Product design: Product specification for furniture:	.88	
	a. Original Equipment Manufacturing		
	b. Own Design Manufacturing		
	c. Own Brand Manufacturing		
<b>ENVIRONMENTAL FACTORS</b>			
<i>Global Economic Situation</i>			
	1. Global economic situation affect our products to the venture.	.63	
	2. Economic environment delay the expansion plans of our manufacturer and distributors.		
<i>Certification</i>			
	3. We allow proper certification of our products for export markets.		
	4. Wood materials used by the firm encourage the market demand of our products.		

newly developed instrument for the purpose of this study and used four items, that is, global economic situation (two items) and certification (two items). The 6-point Likert scale ranged from 1 (*none*) to 6 (*substantial*). A reliability test was conducted and resulted in 0.88 Cronbach's alpha for global economic situation and 0.63 for certification measurements.

The *export performance* measurement was adopted by using Cavusgil and Zou's (1994) and Julian's (2003) composite scale on strategic objective. Respondents were asked to indicate the relative importance attached to each

objective by allocating a constant sum (100 points) to the individual objectives proportional to their importance. Respondents also were asked to indicate whether these objectives were met. The extent to which the initial strategic objectives were achieved was then computed as the weighted sum of the importance of initial strategic objectives. Then, perceived success of the export venture on a 10-point Likert scale ranging from 1 (*unsuccessful*) to 10 (*successful*) was determined. Annual export sales growth rates over the 5-year period of the venture and whether the venture was profitable in each of the 5 years were also asked of the potential respondents. Average annual sales growth rates as well as the overall profitability over the 5 years of the venture were computed to capture the export marketing performance measure. For measuring export performance, these four indicators were then summed into a composite scale (Cavusgil & Zou, 1994; Julian, 2003). For example,

Q1.	<i>Initial strategic objectives</i>	<i>Importance</i>
	<i>a. Gain a foothold in the export market</i>	20
	<i>b. Increase the awareness of our product/company</i>	30
	<i>c. Respond to competitive pressure</i>	10
	<i>d. Improve our company's market share position</i>	10
	<i>e. Expand strategically into foreign markets</i>	15
	<i>f. Increase the profitability of the company</i>	15
	<i>g. Just respond to inquiries from abroad</i>	0
	<i>h. Other (specify)</i>	0

Q2. Which of the aforementioned objectives were achieved in the first 5 years of this venture? Please circle the letter to the left corresponding to the objectives

	(Q1) Importance	X	(Q2) Achieved (1) / = Not Achieved (0)	Total
<i>a.</i>	20		1	20
<i>b.</i>	30		0	0
<i>c.</i>	10		1	10
<i>d.</i>	10		1	10
<i>e.</i>	15		1	15
<i>f.</i>	15		0	0
<i>g.</i>	0		0	0
<i>h.</i>	0		0	0
				55%

**Category:**

1. 0–25%
2. 25–50%
3. 50–75%
4. 75–100%



So, the total objective 55% was categorized within 50–75%, which is answer **3/4**.

Q3. How would you rate the performance of this venture in the last 5 years?  
Please circle the appropriate number on a scale of 1 to 10.

Answer: **7/10**

Q4. Sales growth

Year 1: 1  
Year 2: 3  
Year 3: 4  
Year 4: 5  
Year 5: 7  
Total  $20/5 = 4/7$

Q5. Was the export venture profitable in the last 5 years?

Yes = 1 No = 0  
Year 1: N (0)  
Year 2: N (0)  
Year 3: Y (1)  
Year 4: Y (1)  
Year 5: Y (1)  
Total **3/5**

Thus, the total score for export marketing performance is

$3 + 7 + 4 + 3 = 17/26$

**Indicator:**

0–8 = Poor performance

9–17 = Medium performance

18–26 = Good performance

The statistical analysis used in this study consisted of frequency analysis to determine the company profile. Correlation and multiple regression analyses were used to examine the relationship between export performance and the factors of export marketing strategy and the variables of environmental factors in the Malaysian wooden furniture industry. Finally, intercooled stata, a form of stata for general purpose statistics package, was used to determine whether the moderating variables were a major contribution to the model.

RESEARCH RESULTS

Respondent Profile

This study indicated that 26 (40.6%) furniture manufacturers employ fewer than 100 total number of employees, 18 (28.1%) firms employ between 100 and 300 employees, 11 (17.2%) firms employ between 300 and 500 employees, and 5 (7.8%) and 4 (6.3%) firms employ a total number of employees between 500 and 700 and 700 and 1,000, respectively. About 50% (32) of the respondents had international market experience for around 5 to 10 years, 28.1% (18) had 11 to 24 years experience, 11 companies (17.2%) had less than 5 years experience, and 3.1% (2) and 1.6% (1) of those companies had experience of 25 to 39 years and more than 40 years, respectively. More than half or 35 companies (54.7%) have served 6 to 24 countries; 31.3% or 20 companies served between 1 and 5 countries in the export market. Five companies or 7.8% have served between 40 and 59 countries, 2 companies (3.1%) have served between 25 and 39 countries, and finally, only 2 companies served more than 60 countries.

Correlation Analyses

Table 2 shows the correlations between the dependent variable of export performance (EXPERF), independent variables of product adaptation (PDTADAP), promotion adaptation (PROMO), price competitiveness (PRICE), target market specification (TGTMKT), support to foreign distributors (SUPPDIST), distribution strategy (DISTSTRA), design strategy (DESIGN), and the moderating effect of environmental factors (EF).

The results indicated that only product adaptation and distribution strategy were correlated with export performance at a .05 significance level.

**TABLE 2** Correlation Analysis Between Export Marketing Strategy, Environmental Factors, and Export Performance in the Malaysian Wooden Furniture Industry

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8
EXPERF	15.4813	3.0500	1.00							
PDTADAP	14.0625	2.382998	0.257*	1.00						
PROMO	14.2500	2.09307	0.187	0.780**	1.00					
PRICE	4.5781	0.97272	-0.039	0.238	0.115	1.00				
TGTMKT	4.9063	1.06486	0.208	0.428**	0.459**	0.237	1.00			
SUPPDIST	6.8438	4.49768	0.132	0.004	0.11	0.199	-0.023	1.00		
DISTSTRA	9.3125	2.29475	0.262*	0.391**	0.416**	0.124	0.636**	0.216	1.00	
DESIGN	13.4375	2.77675	0.061	0.137	0.284*	0.087	0.213	0.095	0.319*	1.00
EF	23.8438	3.77636	-0.173	0.140	0.013	0.194	0.261*	0.055	0.145	0.144

\*Correlation is significant at the .05 level (two-tailed). \*\*Correlation is significant at the .01 level (two-tailed).

Downloaded by [Korea Advanced Institute of Science & Technology (KAIST)] at 01:33 31 October 2013

Promotion adaptation, target market specification, and distribution strategy were found correlated with product adaptation at a .01 significance level. Besides that, target market specification and distribution strategy were correlated with promotion adaptation at the .01 significance level whereas design strategy correlated with promotion adaptation at the .05 significance level. Finally, target market specification was correlated with distribution strategy at the .01 significance level and at .05 significance level with environmental factors.

### The Impact of Export Marketing Strategy on Export Performance

As can be seen from Table 3, multiple regression analyses is used to examine whether there are relationships between product adaptation, promotion adaptation, price competitiveness, distribution strategy, support to foreign distributors, target market specification, and design strategy on export performance in the Malaysian wooden furniture industry. Based on Table 3,  $R^2$  of 0.142 indicates that 14.2% of the variance in the dependent variable is explained by the model. The results show that there is no statistically significant relationship between all elements of export marketing strategy and export performance ( $p > .05$ ). Thus, proposition 1 is rejected.

### The Moderating Effect of Environmental Factors

In Table 4,  $R^2$  of 0.330 indicates that 33% of the variance in the dependent variable is explained by the model. The results show that the global economic situation was found not to moderate the relationship between export marketing strategies on export performance ( $p > .05$ ). Furniture manufacturers are not concerned with the global economic situation due to their confidence in the competitiveness of furniture products in the world markets in terms of quality and design. Thus, Proposition 2a is rejected.

**TABLE 3** Regression Analysis Between Export Marketing Strategy and Export Performance in Malaysian Wooden Furniture Industry

Parameter	B	SE	t	p value
Constant	11.711	3.681	3.182	.002
Product adaptation	1.145	0.780	1.467	.148
Promotion adaptation	-0.337	0.824	-0.409	.684
Distribution strategy	-0.138	0.663	-0.209	.835
Design strategy	-0.176	0.667	-0.264	.793
Price competitiveness	-0.497	0.420	-1.182	.242
Support to foreign distributors	0.321	0.274	1.169	.248
Target market specification	0.753	1.527	0.493	.624
F	1.326	(p value = .255)		
$R^2$	0.142			

**TABLE 4** Regression Analysis Between Export Marketing Strategy and the Moderating Effect of Global Economic Situation on Export Performance in Malaysian Wooden Furniture Industry

Parameter	B	SE	t	p value
Constant	10.465	3.706	2.824	.007
Product adaptation	-4.325	3.907	-1.107	.274
Promotion adaptation	5.154	4.348	1.186	.242
Distribution strategy	-3.123	3.115	-1.002	.321
Design strategy	2.760	3.238	0.852	.398
Price competitiveness	-4.903	3.730	-1.314	.195
Support to foreign distributors	0.749	1.208	0.620	.538
Target market specification	8.797	8.443	1.042	.303
Product adaptation* Global economic situation	1.203	0.780	1.542	.129
Promotion adaptation* Global economic situation	-1.168	0.840	-1.391	.170
Distribution strategy* Global economic situation	0.589	0.622	0.946	.349
Design strategy* Global economic situation	-0.559	0.646	-0.866	.391
Price competitiveness* Global economic situation	0.807	0.699	1.155	.253
Support to foreign distributors* Global economic situation	-0.086	0.243	-0.352	.726
Target market specification* Global economic situation	-1.555	1.612	-0.965	.339
F	1.723	(p value = .081)		
R <sup>2</sup>	0.330			

Table 5 shows contradicting results from that of Table 4. The increase of R<sup>2</sup> of 0.452 indicates that 45.2% of the variance in the dependent variable is explained by the model. It shows that certification has been found to moderate the positive relationships between product adaptation (p = .061), distribution strategy (p = .003) and design strategy (p = .003), whereas certification has moderate negative relationships between promotion adaptation (p = .016) and target market specification (p = .003) on export performance in the Malaysian furniture industry. However, the relationships between price competitiveness and support to foreign distributors were not moderated by certification (p = .161, .30), respectively. Thus, it provides partial support to proposition 2b.

This result has shown that the moderating role of certification gives a major contribution to the model of this study by using the additional F test formula:

$$F = \frac{(R_{new}^2 - R_{old}^2)/df}{(1 - R_{new}^2)df}$$

$$F = \frac{(R_{new}^2 - R_{old}^2)/number\ of\ new\ regressor}{(1 - R_{new}^2)/n - number\ of\ parameter\ in\ the\ new\ model}$$

**TABLE 5** Hierarchical Regression Analysis Between Export Marketing Strategy and the Moderating Effect of Certification on Export Performance in Malaysian Wooden Furniture Industry

Parameter	B	SE	t	p value
Constant	12.205	3.593	3.397	.001
Product adaptation	-5.161	3.456	-1.493	.142
Promotion adaptation	7.236	3.494	2.071	.044**
Distribution strategy	-8.424	2.760	-3.052	.004**
Design strategy	-7.314	2.530	-2.891	.006**
Price competitiveness	2.293	1.807	1.269	.211
Support to foreign distributors	2.003	1.165	1.719	.092*
Target market specification	19.002	6.036	3.148	.003**
Product adaptation* Certification	1.426	0.743	1.920	.061*
Promotion adaptation* Certification	-1.803	0.724	-2.492	.016**
Distribution strategy* Certification	1.949	0.620	3.141	.003**
Design strategy* Certification	1.566	0.510	3.071	.003**
Price competitiveness* Certification	-0.536	0.377	-1.423	.161
Support to foreign distributors* Certification	-0.361	0.234	-1.539	.130
Target market specification* Certification	-4.243	1.341	-3.165	.003**
F	2.890	(p value = .003)		
R <sup>2</sup>	0.452			

\* = .10. \*\* = .05.

In the first model the *R*-squared value is 0.142 ( $n = 64$ ) and in the second model, after including the entire moderator, the *R*-square increased to 0.404 ( $n = 64$ ). Using the aforementioned formula, the additional *F* value for moderator effect can be calculated as follows:

$$F = \frac{(0.452 - 0.142)/7}{(1 - 0.452)/64 - 14}$$

$F \cong 4.04$  (additional *F* value for moderating variable).

The critical value for *F* test at 5% (1%) alpha level with 7 and 50 for numerator and denominator degree of freedom is 2.2 (3.02).

$$F_{0.05;7,50} = 2.2$$

$$F_{0.01;7,50} = 3.02$$

Because the Additional *F* value is *greater* than the *F* critical value, there is enough evidence to assert that the contribution of certification as a moderating variable in the model is significant.

## DISCUSSION

The objective of the research reported in this article was to examine the impact of export marketing strategy and the moderating effect of

environmental factors on export performance in the Malaysian wooden furniture industry. This study found that all export marketing strategies have no direct relationship with export performance in the Malaysian wooden furniture industry. Julian's (2003) findings, which suggested that export marketing strategy has no effect on the Thai firm's export marketing performance, support this result. The majority of Malaysian furniture manufacturers use similar strategies in their implementation of marketing activities, whether domestically and internationally. They do not consider foreign market requirements and needs. Besides that, this study shows that the moderating effect of the global economic situation has not moderated the relationship between all export marketing strategies on export performance. The fluctuation in the global economic situation would not then influence Malaysian furniture exporters to strategize aggressive marketing programs for the global market. Export marketing strategy does not depend very much on what happens in the global economy.

An interesting finding from this study showed that certification moderates the positive relationship between product adaptation, distribution strategy, and design strategy on export performance. If product adaptation set by furniture firms emphasizes certification, performance will be increased in the export market. Most foreign buyers tend to look for environmentally friendly furniture products that have been certified locally by certain bodies before exporting. This is to maintain buyers' requirements and increase the value added of furniture products. This result is slightly similar to Cavusgil and Zou's (1993) study, which found that the legal environment is the most important factor in a firm's decision to adapt its products upon entry. An established and efficient distribution system will ensure good export sales performance. Currently, global markets are more environmentally conscious. For instance, the 'greening of industry' places emphasis on business responsibility and accountability to a variety of stakeholders (Morris & Dunne, 2003). This will contribute toward a high quality in terms of wood materials and design of furniture products. This is consistent with Lee and Zhou's (2000) study, which suggested that there is a significant association between quality practices and strategy, which eventually influences business practices and performance.

Uniquely, this study also found that certification moderates the negative relationship between promotion adaptation and target market specification on export performance for the Malaysian wooden furniture industry. This means that if the promotion adaptation set by furniture firms places emphasis on certification, export performance will be decreased. Aggressive promotion programs implemented by furniture exporters will give an opportunity to other competitors to piggyback on the said promotion efforts to offer their own certified wood products in the export market. As a result, total export sales were further segregated among a higher number of suppliers to the detriment of the first exporter's export sales performance. However, this

result is contradictory to Abdul-Aziz et al. (2000), which suggested that ISO certification will ensure that promotion adaptation is emphasized on high product standards.

In addition, a longer certification process (more stringent licensing approval, documentation, and a high level of government bureaucracy) will adversely affect promotion adaptation and target market specification in that particular country, which directly results in low export market performance. A study by Jensen and Pompelli (2000) suggested that product promotion, advertising, and market research are perceived as the most important modes of assistance in locating and identifying potential buyers for products. However, a stringent certification process hinders the success of promotion strategy in achieving high performance for the export market in the Malaysian wooden furniture industry.

The results also show that certification does not moderate the relationship between price competitiveness and support to foreign distributors on export performance. Normally, in marketing strategy, the need to certify pricing is minimal, especially in the furniture industry whereby most of the prices given are based on the cost of raw materials. Similarly, support to foreign distributors is based on manufacturers' or exporters' tolerance.

Therefore, the certification process should be shortened in order to facilitate smooth implementation of marketing programs in the international market. In addition, product quality must be maintained in order to enhance promotion adaptation activities. This contention was supported by Lee and Zhou (2000), who noted that firms which are more likely to do business globally and link officially with foreign firms tend to be more quality conscious. These firms are concerned more with product identity compared with more traditional firms. The influence of an unstable global economic situation may affect the promotion of furniture products to the foreign buyers. If the global economy is unstable, promotion adaptation programs will be less effective and result in low export performance.

Other aspects that need to be focused on in furniture manufacturing are the improvements of marketing support systems, efficiency of marketing operations such as market research, direct order entry systems, prospect qualification systems, and communications with existing clients. The production of environmentally friendly and value-added furniture will also help Malaysian manufacturers to penetrate international markets.

## CONCLUSION

Overall, this study has shown that export marketing strategy has no direct relationship with export performance in the Malaysian wooden furniture industry. In addition, the global economic situation does not moderate the

relationship between all export marketing strategy variables and export performance. Uniquely, certification does moderate the positive relationship between product adaptation, distribution strategy, and design strategy on export performance. In addition, it also moderates the negative relationship of promotion adaptation and target market specification on export performance in the Malaysian wooden furniture industry. These findings add new insights to the export marketing literature, especially that of the moderating role of environmental factors. For future research, consideration of other industries as well as cross-sectional industries should be fruitful in order to examine the generalizability of the results. Also, the addition of environmental factors into other dimensions such as governmental roles should generate meaningful findings in the area of export marketing. Finally, the scales that have been used in measuring export performance need to be standardized in order to increase data quality.

## REFERENCES

- Aaby, N.-E., & Slater, F. S. (1989). Management influences on export performance: A review of the empirical literature 1978–88. *International Marketing Review*, 6(4), 7–26.
- Abdul-Aziz, Z., Chan, J. F. L., & Metcalfe, A. V. (2000). Quality practices in the manufacturing industry in the UK and Malaysia. *Total Quality Management*, 11(8), 1053–1064.
- Akyol, A., & Akehurst, G. (2003). An investigation of export performance variations related to corporate export market orientation. *European Business Review*, 15(1), 5–19.
- Aulakh, P. S., Kotabe, M., & Teegen, H. (2000). Export strategies and performance of firms from emerging economies: Evidence from Brazil, Chile, and Mexico. *Academy of Management Journal*, 43(3), 342–361.
- Azaze-Azizi, A. A. (2005). *The impact of strategic and environmental factors on the Malaysian furniture industry export marketing performance*. Unpublished master's thesis, Universiti Putra Malaysia, Serdang, Selangor.
- Baldauf, A., Cravens, D. W., & Wagner, U. (2000). Examining determinants of export performance in small open economies. *Journal of World Business*, 35(1), 61–79.
- Bojei, J., Othman, M. S., & Bu, Y. T. (2002). Global marketing strategies: An examination of the Malaysian wooden furniture industry. *Journal of International and Entrepreneurship*, 9(1), 57–84.
- Cashore, B., Gale, F., Meidinger, E., & Newsom, D. (2006). Forest certification in developing and transitioning countries. *Environment*, 48(9), 6–25.
- Cavusgil, S. T., & Zou, S. (1994). Marketing strategy-performance relationship: An investigation of the empirical link in export market ventures. *Journal of Marketing*, 58, 1–21.
- Cavusgil, S. T., Zou, S., & Naidu, G. M. (1993). Product and promotion adaptation in export ventures: An empirical investigation. *Journal of International Business Studies*, 24(3), 479–506.



- Chetty, S. K., & Hamilton, R. T. (1993). Firm-level determinants of export performance: A meta-analysis. *International Marketing Review*, 10(3), 26–34.
- Ching, N. S. (1997). *An empirical study on the performance of marketing cost controls by Malaysian firms*. Unpublished master's thesis, University of Science, Malaysia, Penang, Malaysia.
- Cicic, M., Patterson, P., & Shoham, A. (2002). Antecedents of international performance: A service firms perspective. *European Journal of Marketing*, 36(9–10), 1103–1118.
- Heselbarth, R. (2008). What is certified lumber. *Residential Design and Build*, 73(4), 16–22.
- Irland, L. C. (2007). Developing markets for certified wood products. *Journal of Industrial Ecology*, 11(1), 201–216.
- Hoff, K., Fisher, N., Miller, S., & Webb, A. (1997). Sources of competitiveness for secondary wood products firms: A review of literature and research issues. *Forest Products Journal*, 47(2), 31–37.
- Jensen, K., & Pompelli, G. (2000). Marketing and business assistance needs perceived by Tennessee forest products firms. *Forest Products Journal*, 50(7–8), 48–54.
- Julian, C. C. (2003). Export marketing performance: A study of Thailand firms. *Journal of Small Business Management*, 41(2), 213–221.
- Koh, A. C. (1991). Relationships among organizational characteristics, marketing strategy and export performance. *International Marketing Review*, 8(3), 46–60.
- Kotha, S., & Nair, A. (1995). Strategy and environment as determinant of performance: Evidence from the Japanese machine tool industry. *Strategic Management Journal*, 16(7), 497–518.
- Kozak, R. A., Cohen, D. H., Lerner, J., & Bull, G. Q. (2004). Western Canadian consumer attitudes towards certified value-added wood products: An exploratory assessment. *Forest Products Journal*, 54(9), 21–24.
- Lee, C. Y., & Zhou, X. (2000). Quality management and manufacturing strategies in China. *International Journal of Quality and Reliability Management*, 17(8), 876–898.
- Leong, Y. M. (1996). *An empirical investigation of export promotion programs for Malaysia firms*. Unpublished master's thesis, University of Science, Malaysia, Penang, Malaysia.
- Madsen, T. K. (1989). Successful export marketing management: Some empirical evidence. *International Marketing Review*, 6(4), 41–57.
- Menon, A., Menon, A., Chowdhury, J., & Jankovich, J. (1999). Evolving paradigm for environmental sensitivity in marketing programs: A synthesis of theory and practice. *Journal of Marketing Theory and Practice* (Spring), 1–15.
- Morris, M., & Dunne, N. (2003). Driving environmental certification: Its impact on the furniture and timber products value chain in South Africa. *Geoforum*, 35(2), 251–266.
- O'Cass, A., & Julian, C. (2003). Examining firm and environmental influences on export marketing mix strategy and export performance of Australian exporters. *European Journal of Marketing*, 37(3–4), 366–384.

- Ogunmokun, G. O., & Li, L.-Y. (1999). Globalization versus adaptation strategy in international marketing: A study of exporting companies in The People's Republic of China. *Asian Academy of Management Journal*, 4(2), 23–38.
- Owari, T., Juslin, H., Rummukainen, A., & Yoshimura, T. (2006). Strategies, functions and benefits of forest certification in wood products marketing: Perspectives of Finnish suppliers. *Forest Policy and Economics*, 9(4), 380–391.
- Pakarinen, T. (1999). Success factors of wood as a furniture material. *Forest Products Journal*, 49(9), 79–85.
- Shoham, A. (1999). Bounded rationality, planning, standardization of international strategy, and export performance: A structural model examination. *Journal of International Marketing*, 7(2), 24–50.
- Shoham, A., Evangelista, F., & Albaum, G. (2002). Strategic firm type and export performance. *International Marketing Review*, 19(3), 236–258.
- Shoham, A., & Kropp, F. (1998). Explaining international performance: Marketing mix, planning, and their interaction. *Marketing Intelligence & Planning*, 16(2), 114–123.
- Slater, S. F., & Narver, J. C. (1994). Does competitive environment moderate the market orientation-performance relationship? *Journal of Marketing*, 58(1), 46–55.
- Stewart, D. B., & McAuley, A. (2000). Congruence of domestic and export marketing strategies: An empirical investigation of its performance implications. *International Marketing Review*, 17(6), 563–585.
- Thirkell, P. C., & Dau, R. (1998). Export performance: Success determinants for New Zealand manufacturing exporters. *European Journal of Marketing*, 32(9–10), 813–829.
- Zou, S., & Stan, S. (1998). The determinants of export performance: A review of the empirical literature between 1987 and 1997. *International Marketing Review*, 15(5), 333–356.

#### CONTRIBUTOR

**Azaze-Azizi Abdul Adis** is a Lecturer of Marketing at the School of Business and Economics, Universiti Malaysia Sabah, Sabah, Malaysia.