Articulating the role of marketing and product innovation capability in export venture performance using ambidexterity and complementarity theory

by

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Submitted in fulfilment of the requirements for the Doctor of Philosophy

University of Tasmania

May, 2013
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The research associated with this thesis abides by the National Statement on Ethical Conduct in Human Research and the rulings of safety and Ethics of the Human Research Ethics Committee of the University of Tasmania.

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Acknowledgement

I would like to sincere gratitude to all those people who made this thesis possible and an unforgettable experience for me.

Foremost, I would like to express my heartfelt gratitude to Professor Aron O’Cass, my supervisor, who offered his professional academic advice and systematic guidance at all stages of this thesis. His continuous encouragement, patience, enthusiasm, time, and energy helped me in all the time of research and writing of this thesis.

I would like to express my very sincere gratitude to Dr. Liem Viet Ngo, my co-supervisor, for the support to make this thesis possible. His profound knowledge and useful comments and guideline helped me in writing of this thesis.

I acknowledge my gratitude to Associate Professor Martin Grimmer and Dr. Jamie Carlson for the support to make this thesis possible. I also greatly appreciate to Assistant Professor Ladawan Juajamsai for survey translation assistance. Great appreciation is expressed to Dr. Phyra Sok and Dr. Nima Heirati for their assistance. Special acknowledgement is also given to my fellow PhD candidatures, Hormoz Ahmadi, Mony Sok, Vida Siahtiri, Wai Jin (Thomas) Lee, Yasamin Rahmani, and Sumeet Sharma for their assistance and companionships.

I am indebted to Rajamangala University of Technology Isan (RMUTI) for the University Staff Development Scholarship given to me to undertake my PhD program at the University of Tasmania.

Last, but definitely not least, I would like to thank my family during the completion of the thesis. I dedicate this thesis to my parents, Vittaya and Manee, for their unconditional love, constant support, encouragement, and confidence in me. Finally, special thank to my lovely sisters, Yanee and Wanee, and my relatives for their support both spiritually and materially.
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Abstract

Exporting is one of the oldest forms of economic activity. It is the most common way for many firms, especially those in developing economies to enter international markets. Exporting is an important element of international trade and is an attractive foreign market entry strategy and expansion approach for firms (Hultman, Robson & Katsikeas, 2009). At the firm level, exporting is argued to make better utilisation of production capacity, facilitate company growth and improve the firm’s financial position (De Loecker, 2007). With increasing the internationalisation of business, exporting firms have been forced to reconsider how to compete as rivalries increasingly extend across multiple markets. When compared to other foreign market entry modes, exporting involves fewer resources, lower risks, and less cost. Export involvement can assist firms in improving their competitive edge and realising financial objectives.

Dynamic capabilities appear to be the key to achieving success in export markets (Morgan, Kaleka & Katsikeas, 2004). To achieve superior performance, a single dynamic capability may not be sufficient for exporting firms (Berthon, Hulbert & Pitt, 1999). The role of complementary capabilities is considered critical for exporting firms. In this sense it is now generally accepted by many scholars, that marketing capability and product innovation capability are two critical capabilities that act as key drivers of export performance (e.g. Berthon et al., 1999; Gatignon & Xuereb, 1997; Noble, Sinha and Kumar, 2002; Song, Droge, Hanvanich & Calantone, 2005). While marketing capability enable exporting firms to link with customers by predicting changes in customer preferences and creating and managing durable relationships with customers and channel members (Day, 1994), product innovation capability enable exporting firms to promote innovative thinking and facilitate successful development, evolution, and execution of product innovations (Siguaw, Simpson & Enz, 2006). As such, both capabilities cannot be considered separately as each offers the other a high degree of complementarity.
This study investigates drivers of export venture performance focusing on two drivers that have direct effects; marketing and product innovation capability and two drivers that have contingency effects; technological innovation and management innovation capability. The investigation couches these capabilities within the domain of complementarity and ambidexterity theory. Specifically, this study attempts to address the significance of complementarity and ambidexterity of these two capabilities in the export domain of a developing economy, Thailand. In picking up on the role of marketing and product innovation capabilities within the context of complementarity and ambidexterity, this study also investigates the role of technological innovation capability and management innovation capability as moderators of the relationship between the firm’s capacity to deploy ambidextrous capabilities and also achieve complementarity between capabilities and export venture performance.

The findings provide several important theoretical and practical implications to exporting firms and scholars. The findings show that marketing capability and product innovation capability are drivers of export success when they achieve complementarity and the firm can engage in these activities in an ambidextrous manner. The findings show that complementarity within the firm’s functional areas (i.e., exploitative marketing capability and exploratory marketing capability) and complementarity between the firm’s cross functional areas (i.e., exploitative marketing capability and exploitative product innovation capability) can drive firms to achieve stronger or enhanced export performance. In addition, technological innovation capability and management innovation capability plays a crucial role to facilitate complementarity of these activities in an ambidextrous manner in driving export performance.

In conclusion, this study responds to the call for greater attention on the role of marketing capability and product innovation capability using ambidexterity and complementarity theory to explain the firm’s export performance. Overall, this study articulates the role of these capabilities as the drivers of Thai export ventures performance outcomes.