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Tel: [603]-55225470
Fax: [603]-55225467
Email: iwahab@tm.net.my

Guest Editor:

Dr. George O. Tasie

Head
Department of Management Studies
University of Brunei Darussalam
Tungku Link Road, Gadong, BE1410,
Negara Brunei Darussalam, Brunei
Tel: [673]-2-249001, Ext. 132 & 113
Fax: [673]-2-249003 & 249517
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PREFACE

Dr. George O. Tasie
Guest Editor

*Special Issue on "Contemporary Issues in International Business
and Entrepreneurship"*

Previously technology, globalisation, and trade liberalisation did not play a dominant role in business environments, but today the approach is totally different. The millennium is characterised by globalised trading system and the predominance of the revolutionary information technologies. This scenario is where the real challenge is for the entrepreneuristic persons and organisations, raising the issue of how entrepreneurs and business organisations respond to the demands of the globalised markets and the fierce competition of business organisation in the so-called "borderless world".

The papers in this special volume of Journal of Business and Entrepreneurship (JIBE) explain some of these challenges by providing in-depth and analytical information on various topics of international business interests. For instance, the article on service quality demonstrates the extent in which customer satisfaction and expectations have become a popular area of academic attention and economic development of society. Other articles also draw on the importance of internationalisation of businesses, such as global marketing, organisational reputation, Swedish entrepreneurship, the impact of currency in business and scores of other thought-provoking research papers.

The articles chosen for this special issue represent and reflect the crucial challenges facing international business and management during the past and present economic crises. Although the current worldwide economic crisis has eased and most of the countries affected are on the way to recovery, we have to recognise the factors contributing to the crisis.

It is hoped that this volume will contribute towards creating an awareness of the need for better business practices and excellent management ideas across the world. I am optimistic that wider readers will benefit largely through reading this particular issue.

Above all, I must record my thanks and profound appreciation to the contributors of articles to this issue, and especially Professor Zafar U. Ahmed for affording me an opportunity to guest edit this special issue. Finally, I wish to thank the JIBE's Editorial Board and the reviewers for the job well done. Without their invaluable contribution, the publication of this special issue would not have been possible.

PROFILE OF GUEST EDITOR

Dr. George O. Tasie

George O. Tasie, Ph.D (Manchester), M.Sc (Leicester), M.P.A; B.Sc (Hon) (Liverpool), M.M.S (London), is Head, Department of Management Studies at the University of Brunei Darassulam [UBD], Brunei. His teaching interests are in general management, human resource management, human resource development, organisational behaviour, and international management. His professional work and experience in academia has taken him to the U.S.A, the United Kingdom, Malaysia, Australia, Singapore, the Philippines, Indonesia, Brunei, Vietnam and Nigeria. The publication of one of his books on "Public Sector Administration and Management" was sponsored by the University of Malaysia Sarawak, where he was an associate professor before joining UBD. He has contributed articles to other internationally accredited journals. Dr. Tasie has also written and published books on rural financial planning and management. He has been involved in short courses and consultancy works for a variety of organisations in the U.S.A, U.K, Singapore, Nigeria, Malaysia, Brunei and JASPOC (Joint ASEAN Senior Officers' Course). His current research interests center on business-government relations, training and development and stress management in Southeast Asia.

GLOBAL MARKETING STRATEGIES: AN EXAMINATION OF THE MALAYSIAN WOODEN FURNITURE INDUSTRY

Jamil Bojei
Mohd. Shahwahid Haji Othman
Yeap Teik Bu

Abstract

The Malaysian wooden furniture industry's export performance has shown a remarkable achievement over the last decades. This industry like other natural evolving clusters is characterized by small-and-medium-scale industries (SMIs), labor intensive and less specialized production technology. The turning point of the industry began with the launching of the First Industrial Master Plan (1986-1995), whereby the government provided consistent and user-friendly policy measures to allow healthy competition among the manufacturers and entrepreneurship development. The influx of foreign direct investments spurred the technology transfer in the furniture industry by introducing the private subcontracting system [Original Equipment Manufacturing (OEM)], to local entrepreneurs. The resource advantage and cheap unskilled labour allowed local entrepreneurs to have sufficient time to nurture and to penetrate new overseas markets.

The objective of the study is to examine the factors leading to different global marketing strategies adopted in the wooden furniture industry by Malaysian entrepreneurs. The hypothesis suggests that size of the firm, the firm's experiences in exporting, the decision maker's attitude, current global marketing strategy and the firms establishment can affect the firm's choice in global marketing strategy. The findings show that firm's characteristics and the decision maker's attitude towards exports are significant determinants of a firm's success in the export arena.

Dr. Jamil Bojei is a Lecturer at the Department of Management and Marketing, Faculty of Economics and Management, Universiti Putra Malaysia.

Dr. Mohd. Shahwahid Haji Othman is an Associate Professor at the Department of Hospitality and Recreation, Faculty of Economics and Management, Universiti Putra Malaysia.

Yeap Teik Bu is a Research Officer at the Malaysian Institute of Economic Research, Jalan Sultan Hishamuddin, Kuala Lumpur, Malaysia.

INTRODUCTION

While exports of furniture were negligible in 1986, the Malaysian furniture exports amounted to RM2 billion by 1995. Besides the implementation of correct policies, the foreign direct investments (FDIs) also played a significant role in facilitating technology transfer to local entrepreneurs, and the resources advantage factor enabled firms to grow.

Although Malaysia exports wooden furniture to a number of countries, its exports are mainly concentrated in three countries, namely, the United States (US), Japan and Singapore. 75% of the total exports goes to these countries, with the total value of RM1.2 billion. Exports to the top eight countries comprise 83% of the total furniture export (MITI, 1996).

The comparative advantages which Malaysia enjoys also helped to foster the growth of the wooden furniture industry. This has encouraged the participation of the local entrepreneurs. Foreign investors are attracted to Malaysia because the country is endowed with rich natural forest resources and rubberwood, which promise a long-run supply of raw material, sold at a competitive price, plus the availability of low-wage and unskilled-labor (Smith, 1985, Burhanuddin, 1994 and Rajoo, 1995). This lowers production costs making the final output price competitive in the world markets.

The comparative advantages also benefit the local producers in two ways. Firstly, it provides them price competitive advantage. Secondly, being a labor-intensive industry, the lower labor and production costs ensure global competitiveness of industry.

As such, this paper concentrates on the global marketing aspect, which seems to be very important to the participating firms in furniture industry. The study will look into insights from the manufacturers' point of view, particularly the factors contributing to their global marketing strategy for the wooden furniture industry. In addition the study will also examine the factors leading to different global marketing strategies in the wooden furniture industry.

LITERATURE REVIEW

Basically, there are two important factors encouraging a firm to shift its focus from the domestic market to the global markets. A push factor will be formed when the firm is being threatened by the limitations of the domestic market. These limitations are attributed to the business performance of the organization or the discrepancy between desired performance and actual performance of the organization (Pavord and Bogart, 1976: 6-11, Simpson, 1973). Secondly, a pull factor comes along when a firm anticipates that by exporting, it will improve the overall performance in the long run (Jatusripitak, 1985:24). However, in most cases, an accompanying issue becomes one of relevance. It involves the willingness of firms to trade – off short run or quick profits in return for better gains in the longer run (Terpstra and Sarathy, 1997: 214 – 5).

The Importance of a Global Marketing Strategy

Global marketing is always linked to the firm's corporate strategy because it involves a series of processes and, in many cases; the firm is required to invest a large proportion of its resources. The linkages between the global marketing strategy and firm's corporate strategy could be found in the areas of technology, manufacturing, organizational structure, competitive response, personnel and government relations.

Studies and Modeling Related to a Firm's Decision in Exporting.

In one of the earlier studies on the firm's decision of exporting, Simpson (1973), in his study of SMIs, found that the most important export stimulus was the demand from foreign customers. The decision-maker's characteristics (such as the attitudes favorable towards and the decision-maker's responses to export risk factors) are among the key determinants for the firm's responses to export. Generally, export – oriented SMEs are more optimistic and are willing to undertake the additional risks as they anticipate a rate of return sufficient to offset these risks and thus earn a profit (Axin, et al. 1995). Moreover, Etgar and McConnel (1976) found that the level of technology that the firm acquired, institutional factors and flow and availability of market information (such as mass media and business contacts) influence the firm's decision to export.

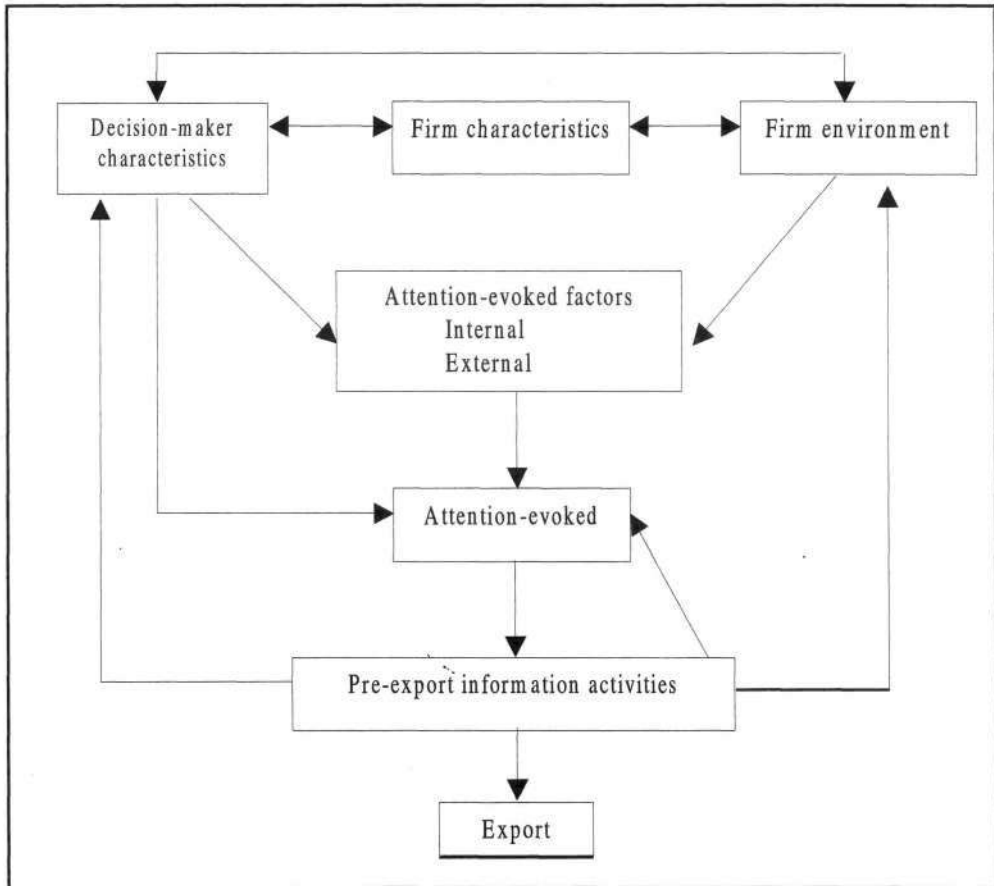
In a study of 75 Australian manufacturing firms conducted by Wiedersheim-Paul, Olson and Welch (1978), they found that the “Attention – evoking factors” (Figure 1), which means factors inducing a firm to export, has a positive relationship with a firm’s competitive advantage factors, the decision maker’s characteristics or the management’s attitude towards exporting, the firm’s characteristics and a firm’s environmental influence. A firm’s competitive advantage factors include the firm’s management system, production system, marketing and financial resources and the unique competence in the firm. The decision maker’s characteristics or attitude towards exporting can be represented by the decision maker’s values, his working experiences and the decision maker’s perception towards export risk. The firm’s characteristics can be explained by the organizational goals of the firm, the nature of the firm’s business and history of the firm while the firm’s environmental influence is affected by the physical location of the firm.

The Choices in Global Competition

One of the major factors which would influence the choice of the firm’s global marketing strategies is closely related to the export performance of a firm, and a firm’s tendency to standardize the global marketing strategy in the other export markets (Cooper et al., 1983: 37-55, and Levott, 1983: 92 – 102). However, the marketing strategy of a firm needs to be well adapted according to the market environments of the exporting country such as the stages of product life cycle, marketing institutions and the legal system (Bradly, 1995: 359). Weinrauch and Rao (1974: 447-52) shows that the majority of the exporters in their sample collection adopted a marketing-mix strategy.

Carpano et al. (1994: 639-656) studied the relationship among marketing strategies, environments, and the firm performance, using data on 75 firms in global and multidomestic industries. They discovered that no single strategy was consistently superior, because the firm’s marketing strategy needs to accommodate the environmental changes. Terpstra and Sarathy (1997: 200-201) proposed a global marketing strategy, which was previously developed by Michael Porter, where an exporting firm could penetrate new market segments. These strategies are considered low - price strategy, product – differentiation strategy or market segments and product – focusing strategy.

Figure 1: Model of the Firm's Export Behaviour by Wiedershiem-Paul, Olson and Welch (1978)



Source: Jatusripitak (1985)

Low – Price Strategy

According to Porter (1985), a firm is able to produce its product or services at a lower cost than its competitors and, yet achieve comparable quality. It can gain market share through lowering its prices and still reap adequate profits. Lower-cost production is typically linked to high – volume production, through the economies of scale. The upgrading of skills and experience as they undergo the learning process would also help reduce costs of production. The OEM strategy that is widely practiced across Malaysia's wooden furniture industry is similar to the strategy described above. In

many cases, this strategy would only be successful if the industry can get access to cheap resources. Among the disadvantages of the low-price strategy is that it does not provide the incentives for the firm to progress and that the firm would easily lose its competitiveness as this strategy can easily be imitated by other firms.

Product – Differentiation Strategy

The product differentiation strategy is derived through the uniqueness of the products. The benefit of this uniqueness justifies the price premium imposed on customers. The uniqueness of the product can be in the form of superior design, better performance, better quality and reliability, more durability, better service or simply appeal to the consumer for aesthetic and psychological reasons. Firms that compete on this basis usually gain competitiveness through its product design and packaging, and distribution and marketing. The own – brand name (OBN) strategy, the policy objective recommended by IMP (1996-2005) for the identified clusters, is similar to this strategy. The main advantage of this strategy is that rivals find it difficult to imitate, and the firm therefore gains a more sustainable form of competition from this strategy. However, the prerequisites of the success of this strategy requires that the firm must have strong linkages with other defined activities along the value – chain activities.

Market-Focusing Strategy

Another way that the firms can still find the market niche is by adopting a market – focusing strategy. This requires a firm to identify the needs of a specific group of customers. The market-focusing strategy could be adopted along with the low-price and product differentiation strategies to achieve a firm's objectives.

The Concepts of OEM, ODM and OBN Strategy

The concepts of the original equipment manufacturing (OEM), the original design manufacturing (ODM) and the own brand name (OBN) strategies are useful in explaining the success of East Asian Industrialization and the newly industrializing economies (NIEs) in particular (Hobday, 1995). East Asian countries are latecomers in terms of technology development compared to other developed Western countries. Latecomer firms in developing countries face two major competitive constraints, firstly the lack of

technological capability, and secondly, access to the international market. A latecomer firm is often far away from main international sources of technology and R&D, which are mainly located in Western countries. It operates in isolation from world centers of science and innovation, and is behind technologically, lacking in research, development and engineering capability. At the same time, latecomer firms are far from the major international markets they wish to supply while their domestic markets are either underdeveloped or too small (Hobday, 1997).

To succeed in the international market, the latecomer firm has to utilize the substantial cost advantage factor over its rivals that may be major market players and technological leaders. The main challenges confronting the latecomer are how to enter initial market and find ways to overcome technological barriers.

Foreign investments and joint ventures have always been a major source of technology for local firms in terms of specialized production techniques, technical know-how, management and marketing for latecomers firms in East Asia (Hobday, 1997: 35-39). Foreign direct investments (FDIs) were an important starting point for electrical and electronics industry and other fast growing sector since these activities spark off new export lines and lead to sub-contracting and OEM. Schive (1990) and Fok (1991) show that foreign firms often are demonstrators of "forefront" technology and are market innovators for local firms to imitate. They assist local firms to grow through sub-contracting, and the OEM strategy. At the same time, they transfer technology by employing locals in their subsidiaries.

The OEM Strategy

The OEM strategy evolving out of joint co-operation of international buyers and latecomer suppliers of East Asian countries has become an important channel for export marketing during the 1980s (Hobday, 1997: 37). Under the OEM strategy, a latecomer firm produces a finished product to the precise specifications of the international buyers. The international buyer then markets the product under its own global brand name, through its own distribution channels. The OEM firms of the NIEs are production-oriented and they implement a low-price strategy. As opposed to international market leaders, the OEM firms lack behind in global technology and global

marketing, have to produce mature and highly standardized products. Their survival strategy relies heavily on maintaining cost advantage through achieving low production costs and mass producing finished goods for international buyers who sell them under their own brand name (Hobday, 1997).

The ODM Strategy

Under ODM the late-comer carries out some or the entire product design and process task needed to make a product according to a general design layout supplied by the international buyer (Hobday, 1997:37-39). In some cases the buyer co-operates with the late-comer on the design. In other cases the buyer is presented with a range of finished products to choose from, defined and designed by the latecomer firm with its own knowledge of the international market. The goods are then sold under the international buyer's brand as in OEM. The technology progress under ODM is incremental rather than solely product innovations based on R&D (Hobday, 1997).

The ODM strategy shows the improvement of the internalization of design skills, complex production technologies and component design capabilities of the late-comer. This provides an opportunity to an ODM late-comer firm to move up the value-added chain ladder.

Although many ODM late-comer firms are in a better position than the OEM firms, their survival in the long run continues to face a greater challenge since their business prospects are still confined to the international buyer's decision. To a certain extent, both the OEM and ODM late-comer suppliers are still dependent on the technology, component and marketing distribution of the international buyer. This restricts its expansion as well as the establishment of its own brand name (Mihalca, 1999).

The OBN Strategy

A product attribute in the form of brands and trademarks directly reflects the company's image. The greatest advantage of establishing own brand, once it gains recognition internationally, is that it will maximize benefits and provide a long-term security for a firm. A brand provides a better identification and awareness for a product. By creating brand loyalty or product differentiation, a firm will gain premium pricing. At the same

time, firms that are successful in the OBN strategy will obtain greater control and protection in market development (Terpstra and Sarathy, 1997: 352). Similarly, a successful brand allows a firm to expand internationally through other strategic options (such as franchising, licensing and foreign direct investment).

To promote a brand name, a latecomer firm certainly needs to invest heavily in capital and other resources. It has to develop new specialization in areas like global marketing, distribution and after – sale services. To promote a new brand, a firm also has to apply creative marketing strategy. So far, there are a few Korean chaebols (such as Samsung, Daewoo, and LG) and a handful of Taiwanese late-comers (such as Acer), which had established well-known Asian brand names (Hobday, 1997: 51-133 and Flannery, 1999a, 1999b).

Key Factors for the Study

The study seeks the factors inducing the firms in wooden furniture industry to adopt different global marketing strategies in order to sustain its competitiveness. This issue has also been emphasized by the IMP (1996-2005), Terpstra and Sarathy (1997), Keegan (1995) and Porter (1990). The selection of the global marketing strategy is deemed to be an internal matter of the firm.

The proposed hypothesis is to differentiate the broad definition of firms' characteristics into size of the firm, firm's experience in exporting and firm's legal status in order to suit the study.

Size of Firm

One of the possible factors influencing the firm's global marketing strategy is the size of the firm itself. The firm's size is important because it determines its capability and resources available to adopt different marketing strategies as proposed by the IMP (1996-2005). Very often, the size of the firm can be classified as the paid-up capital, the number of employees and the annual sales value.

Firm's Experiences in Exporting

The firm's experience in exporting is an important factor which would influence the selection of its choice of global marketing strategies because the experience will help the firm to sail through the problems faced, and would also help the firm to decide on the most appropriate global marketing strategy in order to be competitive. The experience gain would include the number of years involved in exporting, numbers of countries the firm exports to and the sale revenues derived from exports. Besides this, the decision maker's attitude also plays a significant role in influencing the type of global marketing strategies of the firm.

Current Global Marketing Strategy

The existing global marketing strategy has a great influence on the selection of the global marketing strategy of the firm since firms would prefer to have a standardized marketing strategy in their export markets, provided there are change factors (Cooper et al., 1985: 37-55, and Levott, 1983: 92-102). The selection of the global marketing strategies will be classified as their OEM, ODM or OBN.

Firm Establishment

The legal status of the company may also influence the choice of the global marketing strategy of firms. Establishments such as public limited company have the advantage of accumulating the capital they need, acquiring resources as well as attracting higher qualified workers.

Hypothesis

Based on the above discussion, the factors influencing the choice of the wooden furniture manufacture's global marketing strategy are hypothesized as follows:

H₁: The firm's decision on different form of global marketing strategies for wooden furniture industry (**FGms**) is influenced by the size of a firm (**Size**), the firm's experiences in exporting (**Fexpe**), the decision maker's expectation towards exporting

(**DeExpct**), the firm's present global marketing strategy such as OEM, ODM or OBN (**ExiGms**) and the types of establishment (**Estab**). This hypothesis can be illustrated in the following mathematical equation:

$$\text{FGms} = b_1 + b_2\text{Size} + b_3\text{Fexpe} + b_4\text{DeExpct} + b_5\text{ExiGms} + b_6\text{Estab} + e_1$$

where e_1 is the error term.

METHODOLOGY

For the purpose of the study, a questionnaire was developed and pilot tested in the Klang Valley located in the capital city of Malaysia, to ensure the relevancy, clarity and applicability of the questions posed. The questionnaires were then mailed to the chief executive officers of 238 companies listed under the Malaysian Furniture Industry Council (MFIC) throughout Malaysia. However, only 56 questionnaires or [23%] were returned for the subsequent analysis.

To get a general picture of the study, a cross-tabulation analysis was carried out. The size of the company was tabulated with the company's factors, namely global marketing strategies, firm's competitiveness, incentives, and government's incentives package. In order to test the global marketing strategy model, as outlined in the hypothesis, principal component factor analysis using varimax rotation was employed. Seven factors or underlying dimensions contributing 79.7 % of the variance explained were extracted.

RESULTS

Global Marketing Strategy Used by Firms

The survey also examined the types of global marketing strategies used by firms. Global marketing strategies have been broken into seven categories. There are three single marketing strategies, namely OEM strategy, ODM strategy and OBN strategy; three combination of two marketing strategies, namely the combination of OEM-and-

ODM strategy was the most popular in practice, covering 39% of total respondents. This was followed by the mixture of all three marketing strategies (20%), the combination of ODM-and-OBN strategy (16%), OEM strategy (11%), ODM strategy (9%) and OBN strategy (5%). About 29% of small firms practiced only OEM strategy and another 29% practiced the combination of OEM-and-ODM strategy. For medium-size firms, 43% applied the combination of OEM-and-ODM strategy, and about one third practiced the combination of all three marketing strategies. Meanwhile 38% and 27% of large firms practiced the combination of OEM-and-ODM strategy and the combination of ODM-and-OBN strategy respectively (Table 1).

Table 1: Global Marketing Strategy Practiced According to Size

Firm's Size	Global Marketing Strategy							Respondents (%)
	OEM	ODM	OBM	OEM/ODM	ODM/OBM	All Mix	Total	
Small	29%	14%	14%	29%	14%	0%	100%	13%
Medium	9%	9%	4%	43%	4%	30%	100%	41%
Large	8%	8%	4%	38%	27%	15%	100%	46%
All group	11%	9%	5%	39%	16%	20%	100%	100%

Decision Maker's Perception Toward Global Marketing Strategy

The survey results of this section are related to the decision-maker's perception towards global marketing strategies. Among the questions asked, from the decision-maker's point of view include: a firm's competitiveness against its local and foreign rivals, the decision-maker expectation towards exports, barrier to entry and foreign rivals, the decision-maker's expectation towards exports, barrier to entry and incentives related to export activity, government's incentives package benefiting the firms, types of activities that could improve a firm's global marketing strategy, and domestic factors that could help a firm to improve its global marketing strategy.

Firms' Competitiveness Against Their Local Rivals

When decision-makers were asked to rank the competitiveness factors (from 1 to 10) in terms of marketing, product, price and technology, against their local rivals, the decision-makers of each category showed themselves to be confident against their

Table 2: Decision-maker's Perception Toward Global Marketing Strategy

Decision-Maker's Perception Items	Firm's Size			All Groups
	Small	Medium	Large	
Competitiveness against local rivals				
Market	7.00	8.00	7.58	7.68
Product	7.14	7.52	6.88	7.18
Price	6.00	7.26	6.85	6.91
Technology	5.29	7.13	6.42	6.57
Respondents	7	23	26	56
Share	13%	41%	46%	100%
A Firm's competitiveness against foreign rivals				
Market	6.29	7.39	7.00	7.07
Product	6.43	6.91	6.27	6.55
Price	5.86	6.65	6.23	6.36
Technology	5.86	6.87	5.46	6.09
Respondents	7	23	26	56
Share	13%	41%	46%	100%
Barriers to entry				
Political	6.14	7.96	8.35	7.91
Forex	5.71	7.22	8.08	7.43
Tariff	6.57	6.83	8.04	7.36
Market information	6.00	7.78	6.88	7.14
Business contact	6.14	7.7	6.92	7.14
Non-tariff	5.57	6.83	7.12	6.8
Cultural & religion	5.00	5.35	5.62	5.43
Respondents	7	23	26	56
Share	13%	41%	46%	100%
Incentives for firms to engage in Export Activities				
Market diversification	6.57	8.26	8.38	8.11
Large demand	7.14	8.48	7.88	8.04
Business contact	7.14	8.43	7.19	7.7
Small local market	6.43	6.26	7.81	7.00
Better price	4.86	4.74	6.62	5.63
Respondents	7	23	26	56
Share	13%	41%	46%	100%
Incentives packages benefiting export-oriented firms (Government incentive package)				
Incentive for trade	8.14	9.17	9.23	9.07
Infrastructure	7.29	8.87	8.42	8.46
Pioneer status	6.43	8.87	8.08	8.20
Export-promotion incentives	7.71	8.70	7.88	8.20
Reinvestment allowances	7.00	8.57	8.00	8.11
ECR	7.29	8.39	7.77	7.96
ECIG	6.57	8.00	8.12	7.88
ITAF schemes	6.86	8.39	7.62	7.84
SMT's incentives	6.43	8.61	7.15	7.66
R&D incentives	7.71	8.74	6.85	7.73
Pioner status for SMI	7.14	8.57	6.92	7.63
Training incentives	7.29	8.26	7.15	7.63

local rivals. Marketing advantage and the product's uniqueness were the two most influential factors for all respondents, especially large firms and medium-size firms, against their local competitors. This was followed by price and technology factor. Meanwhile, key factors for small firms to obtain their competitiveness against local rivals, [ranked from highest score], are product uniqueness, market advantages, price factor and technology.

Firm's Competitiveness Against their Foreign Rivals

Using the same factors to identify firm's competitiveness against their foreign rivals, again the most influential factors for all groups, ranked in descending order are marketing advantage, with the average score 7.07, followed by product advantage (6.55), price factor (6.36) and technology (6.09). Large and medium-size firms obtained similar trend as that of the overall firm's responses. However, factors that determined small firm's competitiveness against their foreign rivals are product, marketing, price and technology.

Barriers to Entry

Among the seven categories of decision-making expectation toward export risk, (ranked from 1 to 10), the result for overall export-oriented wooden furniture manufacturers, ranked in descending order of influence, are political risk, (7.91), foreign exchange risk (Forex) (7.43), tariff (7.36), foreign market information (7.14), business contact (7.14), non-tariff barriers (7.36) and cultural, language and religion (5.43). Political factor, foreign currency factor, tariff's restriction and non-tariff barriers are four major constraints for large firms. Meanwhile the barriers to entry for medium-size firms were political factor, marketing information, business contact and foreign currency factor. Meanwhile, tariff restriction, political factor, business contract and market information are the major constraints for small firms.

Incentives for Firms to Engage in Export Activities

The survey examined the incentives for firms to engage in export activities. The key factors that stimulate firms to engage in exporting activity, ranked in descending order, are market diversification (8.11), demand factor (8.04), business contact (7.70),

disincentive from small domestic market (7.00) and price factor (5.63). Market diversification was the main incentive for large firms, followed by large demand from foreign markets and small domestic markets. Demand factor, business contact and market diversification were the three most influential incentive factors for medium-size firms. As for small firms, business contact, foreign demand factors, market diversification and business contact were the major incentives.

The Importance of Government Incentive Package

The survey also examined the importance of a government incentive package for firms. The most important incentives are incentives for attending international furniture trade fairs (9.07), incentives for infrastructure (8.46), pioneer status (8.20), incentives for promoting exports (8.20) and reinvestment allowance (8.11). Other incentives include export credit refinancing (ECR) facilities (7.96), export credit insurance and guarantee schemes (ECIGS) (7.88), ITAF schemes (7.84), direct or indirect benefits from government incentives to support SMI or subcontracting activity (7.66), incentives for R&D (7.73), pioneer status for SMIs (7.63) and training incentives (7.63). Among the incentive package most preferred by large firms, are incentives for attending international furniture trade fairs, incentives for infrastructure, export credit insurance and guarantee schemes (ECIGS), pioneer status, reinvestment allowances and incentives for promoting exports. Incentives deemed to be important for medium-size firms are incentives for attending international furniture trade fairs, incentives for infrastructure, export credit insurance and guarantee schemes (ECIGS), pioneer status, R&D incentives, incentives for promoting exports and direct or indirect benefits from government incentives to support SMEs or subcontracting activity. While for small firms, the government's key incentives for attending international furniture trade fairs, followed by incentives for R&D, incentives for promoting exports, training incentives, export credit refinancing (ECR) facilities and incentives for infrastructure.

The Activities That Could Improve Firms' Global Marketing Strategy

Among the seven activities that could improve firms' global marketing strategy (ranked from 1 to 10) (Table 3), research and development (R&D) activity was the most important factor, with the score of 8.88. This is followed by market research activity (8.68), human research development (HRD) (8.23), opening overseas branches (7.29),

joint venture activity (7.11) and joint research (7.11), and finally hiring experts to get market information (6.93). Generally, large firms obtained higher score as compared to smaller firms. R&D activity, marketing research, and HRD are the three most influential factors that may affect the improvement of the global marketing strategy of all three types of firms. Besides that, opening overseas branches was deemed to be important to large firms, while joint research was important to small firms.

Table 3: Firm’s Activities that Could Improve a Global Marketing Strategy

Firm's Size	Activities would improve the Global marketing Strategy							Respondents (%)
	R&D	Marketing Research	Joint Venture	Joint Research	HRD	Overseas Branch	Hire Expert	
Small	7.86	7.57	5.86	7.00	7.00	6.86	6.71	7(13)
Medium	9.09	8.83	6.70	7.26	8.52	6.52	6.91	23(41)
Large	8.96	8.85	7.81	7.00	8.31	8.08	7.00	26(46)
All group	8.88	8.68	7.11	7.11	8.23	7.29	6.93	56(100)

External Domestic Factor Could Improve Firms’ Global Marketing Strategy

With regard to the impact of domestic external factors (ranked from 1 to 10) that could affect the global marketing strategy of firms, government policy was the most important factor, with the average score of 8.92 (Table 4). This was followed by the raw material supply (8.79), communication system (8.61), services sector (8.59), public research institute (8.20), infrastructure development (8.04), and private research institute (7.59). Again larger firms gave a higher score as compared to smaller firms. Again government policy and raw material supply were the most important factors commonly shared among the firms. Services sector and communication system were another two influential factors for large and medium firms. The other factor affecting the improvement of global marketing strategy of a small firm is the communication system.

Our study attempts to examine the global marketing strategy favored by the wooden furniture manufacturers. The development of the hypothesis was based on the rationale that the selection of the global marketing strategy is influenced by the firm’s characteristics (such as size of a firm, firm experience in exporting and firm establishment), as well as the decision-makers’ influence. Although the firm’s capability

is also very important, due to the sensitivity nature of the subject, which might affect the firm's response, this factor has not been considered.

Table 4: External Domestic Factors Influence Firm's Global Marketing Strategy

Firm's Size	Firm's Response to Government Roles (Average Score)							Respondents (%)
	Policy	Raw Materials	Comm. System	Services	Pub. Rec. Inst.	Infra-structure	Priv. Rex. Inst.	
Small	7.71	7.43	7.43	7.14	7.14	7.29	7.00	7(13)
Medium	9.09	8.91	8.91	8.83	8.35	8.17	7.74	23(41)
Large	9.08	9.04	8.65	8.77	8.35	8.12	7.62	26(46)
All group	8.91	8.79	8.61	8.59	8.2	8.04	7.59	56(100)

Our findings show that there is only a slight difference among the firm's choice in global marketing strategies. This may be because the firm's capability factor was not incorporated in the study. In addition, the slight variations between OEM and ODM strategies in and of themselves may have also provided a possible influence over the resultant findings. Moreover, within the Malaysian furniture industry itself, it is not always easy to distinguish clearly a firm's marketing strategy as these firms often use a mixed marketing strategy.

Our findings also show that the two key factors such as the decision-maker's expectation of exporting and current marketing strategy do correspond to the proposed hypothesis. However, the research findings are unable to categorize firms' characteristics into more precise factors according to the proposed hypothesis like size of a firm, firm's experience in exporting and firm's establishment. Figure 2 summarizes the important factors that stimulate a firm to adopt different types of global marketing strategies.

Figure 2: Global Marketing Strategies Adopted by Wooden Furniture Manufacturer

OEM Strategy	ODM Strategy	OBN Strategy
Firm's primary characteristic <ul style="list-style-type: none">- employees- production- experience in exporting	Firm's primary characteristic <ul style="list-style-type: none">- employees- production- experience in exporting	Firm's primary characteristic <ul style="list-style-type: none">- employees- production- experience in exporting
Decision maker's expectation of exporting <ul style="list-style-type: none">- medium & long term prospect- right timing for exporting- should focus on exporting	Decision maker's expectation of exporting <ul style="list-style-type: none">- medium & long term prospect- right timing for exporting- should focus on exporting	Decision maker's expectation of exporting <ul style="list-style-type: none">- medium & long term prospect- right timing for exporting- should focus on exporting
Global marketing strategy <ul style="list-style-type: none">- current OEM strategy	Global marketing strategy <ul style="list-style-type: none">- current ODM strategy	Global marketing strategy <ul style="list-style-type: none">- current OBN strategy
Firm's status	Export volume	

Global Marketing Strategy

Firm's Selection of The OEM Strategy

Four principal components or key factors have been identified using the Kaiser and Cattell criteria which explains 70.8% of the total variance of the hypothesis. The firm's primary characteristics such as employee's size, firm's production and firm's experience in exporting explains 26.0% of the explained variance, and has the largest influence. The decision maker's expectation of its exporting prospects in the medium and long term, the right timing and a focus on exporting accounted for 19.2% of the explained variance and it's the second most important factor. Global marketing strategy such as current OEM strategy, and firm's export volume covers 13.1% of the explained variance. Whereas, company status explain 12.4% of the explained variance. Table 4 summarizes the factors influencing a firm's selection of the OEM strategy.

Table 4: Factors Influencing a Firm to Opt for the OEM Strategy

Description of: (Principal Components)	(% of Variance Explained) Variable Loadings	Eigenvalue
- Sub-variables Loading on Factor		
(Firm's primary characteristics)	(26.0%)	3.354531
- Labor-size factor	0.872847	
- Size of annual production	0.836611	
- Number of years involved in exporting	0.758017	
(The decision maker's expectation toward exporting)	(19.2%)	2.014125
- The company medium and long-term wealth will improve if the company exports	0.883098	
- Currently is a right time for the company to involve or expand in the existing or new foreign markets	0.797926	
- Top management of a firm should devote most of its efforts to develop and expand export markets	0.727644	
(Current global marketing strategy)	(13.1%)	1.0404914
- OEM strategy	0.771961	
- Proportion of company sale revenues derived from export	0.723308	
Establishment	(12.4%)	1.009019
- Status of the company such as proprietorship, partnership, private limited company, public limited company, public listed company and other types of establishment	0.845709	
(Percentage of Total variance) or Total Eigen value	(70.8 %)	7.78259

Firm's Selection of the ODM strategy

Table 5 summarizes the factors influencing the firm's selection of an ODM strategy. Four principal components explain 71.0% of the total variance of the study. The firm's primary characteristics such as employee's size, and firm's experience in exporting explains 27.2% of the explained variance. The decision-maker's expectation of its exporting prospects in the medium and long term prospect and the right timing accounted for 19.3% of the explained variance. Global marketing strategy such as current ODM strategy covers 13.1% of the explained variance. Whereas, the firm's export volume explains 11.3% of the explained variance.

Table 5: Factors Influencing a Wooden Furniture Manufacturer to Opt for the ODM Strategy

Description of: (Principal Components)	(% of Variance Explained) Variable Loadings	Eigenvalue
- Sub-variables Loading on Factor		
(Firm's primary characteristics)	(27.2%)	3.355387
- Labor-size factor	0.863610	
- Size of annual production	0.785057	
- Number of years involved in exporting	0.733396	
(The decision maker's expectation toward exporting)	(19.3%)	2.012845
- The company medium and long-term wealth will improve if the company exports	0.868143	
- Currently is a right time for the company to involve or expand in the existing or new foreign markets	0.813810	
(Current global marketing strategy)	(13.1%)	1.298371
- ODM strategy	0.871361	
(Export contribution)	(11.3%)	1.140696
- Proportion of company sale revenues derived from export	0.926825	
(Percentage of Total variance) or Total Eigen value	(71.0%)	7.807298

Firm's Selection of The OBN strategy

Table 6 summarizes the factors that influence the firm's selection of the OBN strategy. Three principal components or key factors have been identified by using factor analysis. These factors explain 62.0% of the total variance of the hypotheses. The firm's primary characteristic such as employee's size, firm's production and firm's experience in exporting prospects in the medium and long term, the right timing, and a focus on exporting accounted for 20.8% of the explained variance. The global marketing strategy such as current OBN strategy accounts for 13.5% of the explained variance. The findings justify the relationships between the firm's global marketing strategy and its related factors.

Table 6: Factors Influencing a Wooden Furniture Manufacturer to Opt for the OBN Strategy

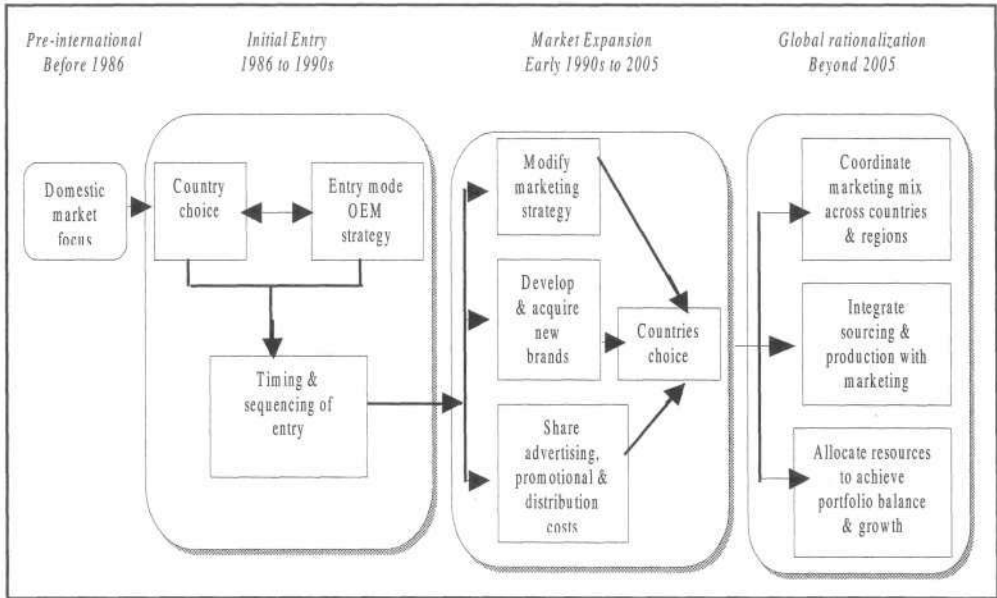
Description of: (Principal Components)	(% of Variance Explained) Variable Loadings	Eigenvalue
- Sub-variables Loading on Factor		
(Firm's primary characteristics)	(27.2%)	3.355782
- Labor-size factor	0.891087	
- Size of annual production	0.814985	
- Number of years involved in exporting	0.721688	
(The decision maker's expectation toward exporting)	(20.8%)	1.992662
- The company medium and long-term wealth will improve if the company exports	0.873819	
- Top management of a firm should devote most of its efforts to develop and expand export markets	0.830928	
- Currently is a right time for the company to involve or expand in the existing or new foreign markets	0.704734	
(Current global marketing strategy)	(13.5%)	1.469117
- OBN strategy	0.803277	
(Percentage of Total variance) or Total Eigen value	(62.0 %)	6.817561

DISCUSSION AND MANAGERIAL IMPLICATIONS

Despite numerous challenges, Malaysia's wooden furniture industry has taken advantage of opportunities through the internationalization process. The productivity and quality of furniture have been improving substantially through technology improvement and, an effective subcontracting system. A good industrial linkage along the production activities has been developed from raw materials procurement to product shipment. A good track record in deliveries has helped this industry to develop a good buyer-seller relationship. In addition, the promotion of the furniture through the Malaysian International Furniture Fair, which is held in March each year, has successfully contributed about 20% to 30% of total furniture export revenue. Based on the model proposed by Douglas and Craig (1989), Figure 3 shows the global marketing strategy of the wooden furniture industry in response to the stages of internationalization for the past, present and possibly the future.

The wooden furniture industry has shown its remarkable achievement through the OEM strategy, which mainly emphasizes low prices. It is necessary for the industry to adopt product differentiation strategy if the industry wants to sustain its competitiveness. During this transition period, a firm needs to modify its global marketing strategy attention in the potential markets. The success of these strategies is very important providing a strong foundation towards global rationalization stage. However, there are constraints restricting the shift to the global marketing strategy. Firstly, developing new own-brand products require a high market entry cost in terms of promotion and advertising and, R&D activity. Secondly, the benefits and returns of such investment may only be realized over a long period.

Figure 3: The Evaluation of the Wooden Furniture Industry's Outlooks according to Stages of Internationalization



Source: Adapted from Douglas and Craig (1989)

Firm's Preparation for Global Marketing Strategies

A firm can identify the needs of the strategy shift by going through the strategy formulation process. There are three important stages involved in the global marketing strategy formulation process. First is the examination of the internal capability of the firm. Second is the process of assessment. Third is the identification of the strategy

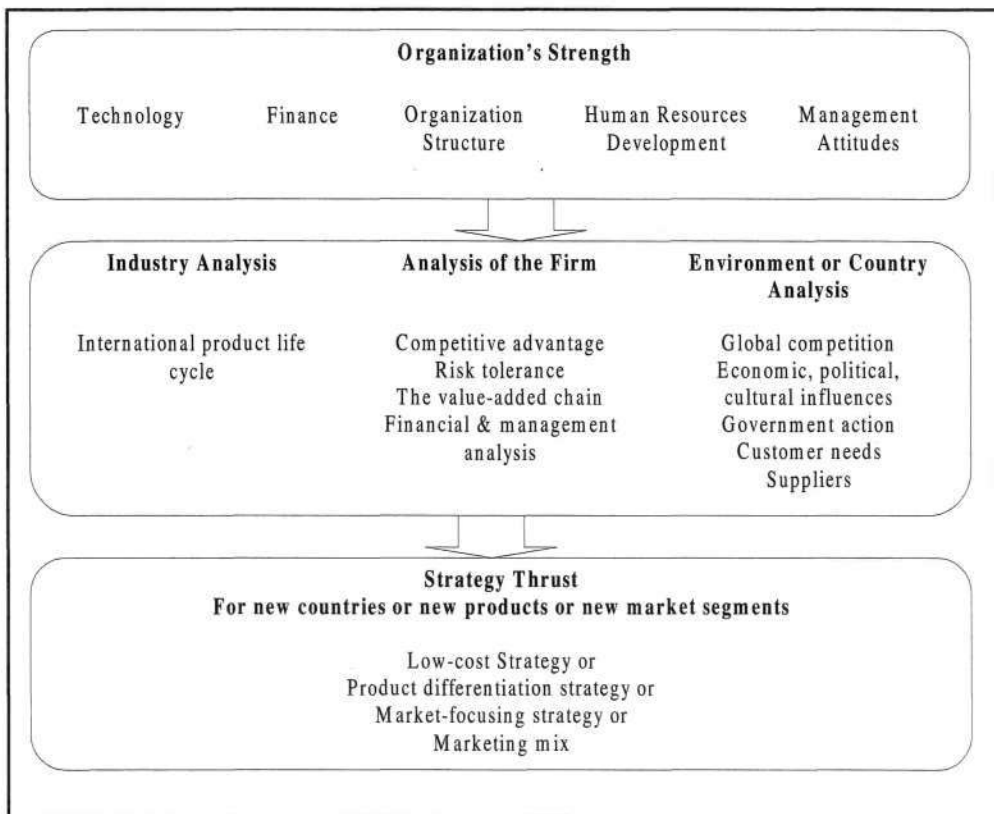
thrust. The framework of the strategy formulation process is summarized in Figure 4.

During the selection of a global marketing strategy, a firm must bear in mind that there is no single strategy that is superior to another. The strategy, however, relies very much on the internal and external influence of the firm.

Identify the Firm's Strength

The organization's strength and firm's competency are prerequisites that enable a firm to undertake a plan for global marketing strategy. It not only gives confidence to a firm to adopt a global marketing strategy, but also acts as a driving force to lead the firm's business to success. This driving force is built upon its strength in technology, finance, organizational structure, human resource development and management attitude.

Figure 4: Global Marketing Strategy for the Wooden Furniture Manufacturers



Source: Adapted from Terpstra and Sarathy (1997)

Strategy Formulation

The assessments can be classified into three important areas, namely, the analysis of industry, the analysis of the firm, as well as the analysis of the environment or country. The industry analysis includes the international product life cycle analysis. The analysis of the firm on the other hand includes competitive advantage analysis, risk tolerance analysis, the value-added chain and financial and management analysis. Meanwhile the environment or country analysis covers the macro dimensions of the economic, socio-cultural, political and technological factors, and the micro factors of markets, costs, competitors, customers and government.

The Choices of Global Marketing Strategies

After identifying the potential markets and products to export, the firm should think about the global strategy thrust that would enable the firms to achieve the organizational objective. This includes how much resources and time that a firm can commit to tolerate between sacrificing the firm's short-term profit by expanding its market share in the long run. If the global marketing strategy has been adopted, its implementation should be followed up with a regular control process such as evaluating the actual performance with firm's objectives goals.

CONCLUSION

The strategy used by the companies to market their products, and their perceptions toward global marketing strategy are the important factors to influence their expectations toward marketing strategy. From the decision-maker's point of view, market is the important factor to compete with their rivals, locally, or foreign. In terms of barriers to entry, the companies believed that political factor is the important factor that they should be facing. The most influential factor that leads them to engage in exporting activities is market diversification and the incentive to trade that the companies need from government.

For the marketing strategies used by the wooden furniture companies, either OEM, ODM or OBN, the most important factors influencing the success of those strategies

are firm's primary characteristics, decision-maker's expectation of exporting and global marketing strategy. Within the firm's characteristics, the most important factors are their employees, production and their experience in exporting. The decision-maker's expectation are generally influenced by its medium and long-term prospects, and right-timing for exporting (which are available for all strategies). Finally, in order to go global, the companies need to emphasize their firm's characteristics and their decision-maker's expectation toward exporting, in addition to their current strategy such as OEM, ODM, or OBN strategy.

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