The Role of Product and Price Adaptation Strategy by Dr. Soran Ratanasithi

Abstract

This dissertation focuses on the export manufacturing industry in Thailand in order to examine the relationship between export performance and environmental, organizational, and strategic determinants and thus comment on the relationship these factors have to export performance in the manufacturing firm. It applied systematic random sampling for mail surveying of exporting firms from eight export manufacturing industries in Thailand. From exporters' directories of The Department of Export Promotion of Thailand and directories of export manufacturing associations, 1,335 samples were drawn from which 303 usable questionnaires were returned. The dissertation used structural equation modeling in data analysis and established that the ability of an organization to adapt its products was the major determinant of export performance. Furthermore, the data indicated that the conventionally held views, which argued that performance could be enhanced by internal and external factors within an economy, were limited and that it was adaptability in product quality which affected export performance. Moreover, skill-intensity in export manufacturing firms differentiates firms' ability to adapt both product and price impacts on their export performance.

The literature foundations for this dissertation are in the areas economics concerned with barriers inside and outside of the firms. The primary contribution of this dissertation is to discover a new perspective to explore how exporting firms in Thailand operate in this environment. An export manufactures' ability to innovate within an environment and operate entrepreneurially by adaptation of its product offering was found to be the major determiner of export performance. Exporting firms do have internal barriers and the ones identified in this dissertation as critical are lack of product quality control and productivity. The ability of management to eliminate these internal barriers will result in improved export performance. Empirical evidence in this dissertation also points to the fact that national export performance is achieved through the strategic export performance of individual firms and their ability to adapt products. Findings from this dissertation thus lead to a better understanding of the export performance of Thai manufacturing firms. Moreover, it provides further support for Brown and Eisenhardt's (1998) view that an organization's ability to adapt is central to performance.

The dissertation indicates that the driver of export performance is adaptation capacity and strategy. An extension from this dissertation is the argument that the ability to adapt within all parts of a firm and within a marketplace, or place of manufacture, should be the focus of research and managerial concern if export performance is to be improved.