MASTER OF BUSINESS ADMINISTRATION
EXPORT PERFORMANCE OF WHITE COFFEE IN MALAYSIA

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Abstract

White Coffee is evolved from the Malaysian traditional black coffee where traditionally, the coffee beans were roasted with sugar, margarine and wheat while white coffee bean is roasted with only margarine without adding sugar and wheat which makes it looks lighter colour than the traditional one making it to be named white coffee. The demand of white coffee has been significantly increased not only in Malaysia but across the border, especially China. The amount of white coffee exported to China for the first quarter of 2017 recorded US Dollar of 51 million which is almost equivalent to the whole year of 2015. The tremendous increase of demand from overseas especially china has encourage white coffee supplier in Malaysia to look into oversea markets. One of the biggest coffee suppliers, Chek Hup is increasing their export of white coffee to China as the company is anticipating an increase in demand from China. As of now, there are 108 firms which export white coffee. The demand from overseas are increasing. Therefore, this study aims to investigate the factors influencing export performance such as pricing strategy, distribution channels and innovation. 3 hypotheses have been identified and the findings of the result will be discussed and explained in this study.

Out of 108 firms which export white coffee, all of them were being approached to answer the online questionnaires related to the study. 79 firms responded, and the data were used for analysis. The result of analysis shows that pricing strategy and innovation have significant positive relationship with export performance of white coffee in Malaysia while distribution channels do not have significant relationship with export performance of white coffee in Malaysia.

Keywords: White Coffee, Export Performance, Pricing Strategy, Distribution Channels, Innovation

Operational Definition

Terminology	Operational Definition
White Coffee	Traditionally, Malaysian style of coffee is made by roasting the coffee beans with sugar, margarine and wheat (Daud, Hassan and Liew, 2000). Over the years, the way of coffee bean is roasted has evolved from the several ingredients to only margarine without any sugar added that results the colour of the coffee bean less dark and thereafter being named as white coffee (Richmond, 2007).
Export Performance	Export performance is determined by the result of trade, whether in the form of goods or services across national borders from the supply country (Stan and Zou, 1998).
Pricing Strategy	It is a strategy adopted by firms through variation of price setting in order to stay competitive in the market (Kambey, Murwani and Pratikto, 2018).
Distribution Channel	Distribution channel is a multi-organisational involvement activity whereby it is a function which brings the goods from the producer up until it reaches the intended consumers (Kader, Kuawantoro and Rosli, 2012). There are numerous activities and intermediaries involve in between the transition of goods from producer before reaching the consumer such as wholesalers and retailers (Andelkovic, Barac and Radosavljevic, 2017).
Innovation	Innovation is defined as a single activity or a series of activities which encourage creativity, experiment and new thinking that lead to new design, process, services and products (Franca and Rua, 2017). In another word, innovation can be referred as any form of activities that create added value to the product or services such as bringing in technology to the production line which enhances the productivity and efficiency of the manufacturing processes, implementation of process improvement to the

	business processes like implementation of Customer Relation System to the customer management processes and new product design (Love and Roper, 2013). Souto-Pérez and Villena-Manzanares (2016) further supported the definition of innovation and said that there are numerous of functions and activities within a firm that could contribute to innovation and any kind of these functions or activities that lead to innovation will contribute to a competitive advantage of that firm and the innovation outcome make the firm distinguish itself from the competitors.

CHAPTER 1: INTRODUCTION

1.0 Overview

This chapter provides an overview export performance of white coffee in Malaysia. This chapter will outline the background of white coffee in Malaysia and the trend of white coffee business domestically and globally. The problem statement, research objectives and research questions will then outline the reasons of conducting the study and questions associated to the studies later part in this chapter. The last part of this chapter will table the operational definitions to distinguish certain terms used in this paper.

1.1 Background of the Study

Coffee is one of the first globally traded products (Giovannucci and Ponte, 2005). According to Hagen, Manning and Reinecke (2012), coffee ranks as second most traded product in volume in the world with an estimate of 25 million people around globally depend directly on coffee farming for their livelihoods. There are many types of coffee beans in the market where the most common and popular ones are Arabica and Robusta coffee bean which is produced from many different countries (Agresti, Augusti, Franca et. al., (2008).

Malaysia, in the recent years has been famous with white coffee in which, is originated from Ipoh, a city of Perak state in Malaysia (Richmond, 2007). Traditionally, Malaysian style of coffee is made by roasting the coffee beans with sugar, margarine and wheat (Daud, Hassan and Liew, 2000). Over the years, the way of coffee bean is roasted has evolved from the several ingredients to only margarine without any sugar added that results the colour of the coffee bean less dark and thereafter being named as white coffee (Richmond, 2007).

As the time passed, the love for white coffee has not only limited to Malaysian but attracts the coffee lover across the border (The Star Online, 2017). Overseas visitors find the margarine-roasted coffee so unconventional and often being misled with the thinking that there is a type of coffee bean called white coffee and that makes white coffee popular (Richmond, 2007). According to The Star Online (2017), the export of

white coffee to China has been increasing since 2015. As published by Malaysia External Trade Development Corporation (2018), total number of white coffee exporter in Malaysia has reached 104 firms.

1.2 Problem Statement

White Coffee has been increasingly in demand from overseas, especially China (The Star Online, 2017). According to Tourism Malaysia Blog (2014), white coffee has been named to be the top ten souvenirs to bring back when travelling to Malaysia apart from other famous local products like Batik textile, processed durian foods and white curry instant noodle. Ipoh has been placed top three coffee spot to be visited in Asia making white coffee popular outside Malaysia (South China Morning Post, 2018). According to The Star Online (2017), the demand for white coffee from China has been tremendously increased recording the export of White Coffee to China recorded US Dollar 51 million for the first quarter of 2017 which is almost equivalent to the amount exported for the whole year of 2015.

The export of White Coffee has seemingly increase where one of the biggest White Coffee producer, Chek Hup is anticipating a higher export volume to China according to the Managing Director of the company (The Star Online, 2017). While the demand from overseas and volume of export is increasing, however, there is no research related to the factors influencing export performance of White Coffee in Malaysia can be found in Inti database. Presently, export performance is a very well research area conducted by Andelkovic, Barac and Radosavljevic (2017) in Replublic of Serbia on Retail Chain, Deebhijarn and Sitabutr (2017) on branded handicraft and food export and so on. While in Malaysia, there are study on export performance conducted by Alshammari and Islam (2014) on export firms and Alam, Hamid and Ismail (2017) on Small and Medium Enterprises.

By searching through Inti database, the study on export performance are mostly conducted by researchers outside Malaysia. There are limited studies focus on Malaysia export performance especially on white coffee. Apart from the limited studies has been conducted on Malaysia export performance, the available research within Malaysia context are conducted generally on export companies (Alshammari and

Islam, 2014) and Small and Medium Enterprise (Alam, Hamid and Ismail, 2017). Study of export performance in Malaysia related white coffee export are however not found and therefore, the need to conduct this study.

1.3 Research Objectives

RO1: To determine whether pricing strategy has any relationship with export performance of white coffee in Malaysia
RO2: To determine whether distribution channels have any relationship with export performance of white coffee in Malaysia
RO3: To determine whether innovation has any relationship with export performance of white coffee in Malaysia

1.4 Research Questions

RQ1: Does pricing strategy have a positive relationship with export performance of white coffee in Malaysia
RQ2: Does distribution channels have a positive relationship with export performance of white coffee in Malaysia
RQ3: Does innovation has a positive relationship with export performance of white coffee in Malaysia

1.5 Conclusion

In conclusion, this chapter provides an introduction regarding the study by discussing the background of study, problem statement, research objective and research questions. The remaining part of Chapter 1 will be completed during the project.

CHAPTER 2: LITERATURE REVIEW

2.0 Overview

This chapter reviews relevant literatures which have been conducted by previous researchers related to the topic of this study but from different contexts. In this chapter, export performance, as the dependent variable is defined to provide a clear definition to facilitate a clear understanding on the discussion throughout the research study. Views from the global and Malaysia aspects on the export performance are first discussed followed by the factors influencing it. Subsequently, theory supporting the study are being discussed following with the research framework, hypotheses and the conclusion of this chapter.

2.1 Export Performance

Export performance is determined by the result of trade, whether in the form of goods or services across national borders from the supply country (Stan and Zou, 1998). The expectation on the export performance may varies from different firms where some of them expect the growth in their sales while the others may be looking at staying in the market due to the highly competitive global environment (Souto-Perez and Villena-Manzanares, 2016). This is supported by Dean and Kahiya (2014) saying that there are many advantages a firm can reap from globalisation like worldwide market share and risk diversification from focusing on domestic market.

Knowing there are many benefits in international strategy, export is a more attractive way in comparison to other alternatives which involve higher capital expenditure other associated resources such as joint venture (Beamish and Dhanaraj, 2003; Fuchs and Köstner, 2016; Kaleka, Katsikeas and Piercy, 1998). On the other hand, Beamish and Lu (2002) further supported that export is considered more attractive as it exposes to lower risk and commitment unlike other international strategy which requires long term agreement and lengthy conditions which gives export activity more flexibility to adjust their supply and other related requirements.

On one hand, export activities satisfy business objective from the economic perspective like higher revenue or from the strategic perspective like higher market

share, higher exposure to promote better branding position and diversification (Cavusgil and Zou, 1994). On the other hand, export objective can be seen to be initiated from the proactive action like gaining better profit, assurance by the management and tax benefits from the encouragement by the local government and lower tax rate in other countries as well as reactive action like over production and decline in domestic sales (Stouraitis et al., 2017; Wood & Robertson, 1997).

Regardless of what the export objectives are, the export activities contain ways of firms acting to sell the goods or services in across its national border, ways to innovate the goods or services, and ways to determine the price of their goods and services in international markets (Calantone et al., 2006). In this study, total yearly export value is expected to influence the export performance of a firm.

2.1.1 Export Performance from Global Perspective

As the contribution of globalisation to firms significantly increased around the world, more and more firms are getting more aware and considering internationalisation as part of their business strategy (Franca and Rua, 2017). While there are many international strategies available such as joint venture and franchising, exportation is seen as one of the most practical ways to venture into international business due to the nature of exportation that is much simpler and straightforward as compared to other international business strategy (Souto-Pérez and Villena-Manzanares, 2016). According to Love and Roper (2013), a survey of globalisation among more than 9,000 Small and Medium Enterprises was conducted around United Kingdom in 2009 showed that export activities of Small and Medium Enterprises in United Kingdom took up 21% of the overall business and trade activities in that region.

According to Deebhijarn and Sitabutr (2017) who conducted the study of export performance in Thailand, even though export activities are seen as a more practical way of globalisation, the factors contributing to the export performance are complication. This is supported by Souto-Pérez and Villena-Manzanares (2016) who conducted the study on manufacturing Small and Medium Enterprises in Spain saying that the literature shows a diversified models and theories that explained the influence of the factors to the export performance which sometimes showed conflicting results

with the factors. The factors influencing export performance can be categorised into two groups; external factors like world price, trading terms and world income and internal factors like company resources, competitive advantage and business strategy within the firm (Kingu, 2016). Even though there is no agreement at the moment on the factors influencing export performance, the literature study conducted by Souto-Pérez and Villena-Manzanares (2016) showed that internal factors of a firm are more influential to the export performance as compared to external factors. On the other hand, Amoro and Shen (2012) supported the significant influential of internal factor to the export perform from cocoa and rubber context.

Competitive pricing one of the key factors within the internal context of a firm as competitive pricing makes the firm survive from the competition making it one of the competitive advantages and in turn affecting the export performance (Kambey, Murwani and Pratikto, 2018). In a study of Small and Medium Enterprises in Thailand, Deebhijarn and Sitabutr (2017) supported the finding saying that price competitiveness and product commitment are the key elements in export success. Form the survey conducted by Kambey, Murwani and Pratikto (2018) across 19 coconut export firms in North Sulawesi, the result showed a high total average index of export performance related to the pricing strategy rated 3.96 which is approximately 79%. On the other hand, survey conducted by Deebhijarn and Sitabutr (2017) towards 500 Small and Medium Enterprises which export Thai handicraft and food showed that competitive pricing strategy influences export performance through building trust with related intermediaries.

Another key determinant of export performance is distribution efficiency strategy accordingly to Kader, Kuawantoro and Rosli (2012) which conducted study on export performance of agriculture-based Small and Medium Enterprises in Special Province of Yogyakarta. Andelkovic, Barac and Radosavljevic (2017) who conducted study on sales performance of retail chains in Republic of Serbia supported the finding saying distributors who are specialised in cross border activities are more experienced in related processes like custom clearance, network on local small producers which would help the firm to gain strategic advantage.

According to Love and Roper (2013), there is a study conducted that refer to Spanish data to relate factors influencing export performance provides rigid evidence that

innovation influence the export growth in Small and Medium Enterprises. The rapid growing technology has changed the way the world is communicating across the borders where product marketing can be reached throughout the world with just a few clicks on the computer giving the firms which innovate gaining strong competitive advantage over the competitors (Franca and Rua, 2017). Love and Roper (2013) said in their study on 42 Portuguese Small and Medium Enterprises which export footwear indicate that intangible resources and innovation as the determinant of the export performance of a firm.

2.1.2 Export Performance from Malaysia Perspective

Malaysia economy is much reliance on export trade where conventionally, majority of the export is rubber, tin and also as a largest export for palm oil products and presently, majority of the export has been transformed to semi-conductors, air-conditioners and latex products after a series of economic transformation programs while maintaining the conventional export (Alshammari and Islam, 2014). Global expansion has become one of the core strategies in expending the business of Malaysian Small and Medium Enterprises where exportation is among the most adopted globalisation strategy (Alam, Hamid and Ismail, 2017). According to Alshammari and Islam (2014), export performance of the firms is subjected to the globalisation experience where better experienced firms tend to perform better in the exportation business as compared firms which are new to globalisation.

According the study conducted by Alam, Hamid and Ismail (2017) on 228 Small and Medium Enterprises in Malaysia, the finding shows trust, commitments and competitive advantage influence the export performance of the firms and competitive advantage influence the export performance most significantly. On the other hand, the study conducted by Alshammari and Islam (2014) on the export performance of the export firms in Malaysia, there are several factors that influence the export performance in Malaysia such as product strategy, distribution, pricing strategy and promotion strategy.

According to Alam, Hamid and Ismail (2017), value-creating activities contributing to lower transaction cost or better value products leading to customer satisfaction. This

is supported by Alshammari and Islam (2014) where firms use different methods such as globalisation experience, diversification of countries that the firms exporting the goods, and difference of economics environment between Malaysia and the countries that the firm export the goods to. Effective pricing strategy is found significantly influencing the export performance of the firms in Malaysia (Alam, Hamid and Ismail, 2017).

According to Alshammari and Islam (2014), efficient and effective distribution channels management making it a competitive advantage to firms in Malaysia because efficient and effective distribution channels ensure the goods are delivered to the consumers correctly and in a timely manner influencing the export performance.

2.2 Factors Influencing Export Performance

In this research study, it will focus on the factors that influencing the export performance of white coffee in Malaysia. There are three factors that have been identified influencing the export performance of white coffee in Malaysia which are pricing strategy, distribution channel and innovation.

2.2.1 Pricing Strategy and Export Performance

In order to stay competitive in the market, one of the significant strategies that a firm can adopt is through pricing strategy as Kambey, Murwani and Pratikto (2018) found that the pricing strategy has a significant influence on a firm performance specifically in its export business. This finding is supported by Deebhijarn and Sitabutr (2017) in their research on Thailand context where price competitiveness is an important factor influencing the performance of the export of branded handicraft and food where firms are striving their best to make their value chain so efficient that the competitors find it difficult to catch up to its price making it a competitive advantage of the firm.

In the study conducted by Alam, Hamid and Ismail (2017), reduced transaction cost can be achieved through cost efficiency by maintaining positive relationship with the middle agent of the importing country which in turn will produce improved quality

results and strengthen its competitive advantage contributing to the export performance. The study was supported by Bello and Williamson (1984) where the study found that Small and Medium Enterprise (SME) tend to export the products through middle agent. The familiarity of the local market and resources by the middle agent and maintaining a good relationship of the exporting firm with this agent will reap a superior cost efficiency starting from process of drafting, negotiating and securing the contract which in turn affects export performance (Williamson, 1991).

Pricing strategy becomes more influential when a firm is exporting products to an existed industries or market trying to penetrate the market Deebhijarn and Sitabutr (2017). Higher price yielding a higher margin to the firm, but the market may find it hard to accept. However, lower price provides a better reception from the market but that will reduce the profit margin of the firm (Kambey et. al., 2018). According to Alshammari and Islam (2014), implementation of excellent cost efficiency and competitiveness will lead to a good pricing strategy which will result in better export performance. Another way that firms are looking at in the pricing strategy is through the efficiency in production processes and through economies of scale (Kingu, 2016).

2.2.2 Distribution Channels and Export Performance

Distribution channels is a multi-organisational involvement activity whereby it is a function which brings the goods from the producer up until it reaches the intended consumers (Kader, Kuawantoro and Rosli, 2012). There are numerous activities and intermediaries involve in between the transition of goods from producer before reaching the consumer such as wholesalers and retailers (Andelkovic, Barac and Radosavljevic, 2017). Singh (2016) describe the objective of involvement of multiple stakeholders when transferring the goods from producers to consumers as to overcome the gap between these two end parties.

There are always two different flows in distribution namely inbound logistics which involve the transfer of goods or raw materials from the supplier to the firm while the other flow is outbound logistics which involve movement of goods from the firm to the consumers (Kader, Kuawantoro and Rosli, 2012). While the involvement of different stakeholders is high, these stakeholders are all independent parties which will perform

various transporting activities efficiently with the objective of providing effective and efficient services (Andelkovic, Barac and Radosavljevic, 2017). Even though the flow of inbound and outbound logistics is different, both involve similar process like warehousing, transportation, packing, inventory management and material handling (Kader, Kuawantoro and Rosli, 2012).

According to Andelkovic, Barac and Radosavljevic (2017), designing efficient distribution flow and managing the relationship between the stakeholders in distribution channels are the key determinants of a making distribution channel a competitive advantage of a firm. Design of efficient distribution channels varies according to geographical factor and the nature of the market the firm involved in but is similar in term of characteristics such as directness, density, stages, diversity, and novelty (Mulky, 2013; Singh, 2016). Directness refers to whether there are any intermediaries exist in between producer and consumer where direct shipment of goods from producer to consumer is considered direct while existence of intermediaries like wholesalers is considered indirect (Baker, Croucher and Rushton 2010). Density refers to number of sales facilities exist within the geographical area where low density refers to lower number of sales facilities while high density refers to high number of facilities within the geographical area (Singh, 2016). Stages refer to number of intermediaries involve in between the producer and consumer such as wholesaler and retailer before reaching consumer. In this case there are two stages involved before reaching the consumer (Mulky, 2013). Diversity refer to different type of sales facilities and novelty refers to new types of sales facilities provide by distribution channel (Singh, 2016).

Knowing the processes involve in designing effective and efficient distribution channel, it will certainly become a competitive strategy in the export market and hence contributing great impacts to the export performance according to the study conducted by Alshammari and Islam (2014). This is supported by Kader, Kuawantoro and Rosli (2012) where they said that innovation in distribution channel improves the distribution efficiency and that in turn contribute to export performance of Small and Medium Enterprises. Alshammari and Islam (2014) said that the improved export performance resulted from distribution channel can be understood as good distribution channel processes lead to the efficiency in delivery process resulting the goods are able to

transfer to the consumer within the agreed time. Superior control in inventory management and transportation, on the other hand promise the availability of goods or stocks to be delivered to the consumers which also contribute to the export performance (Kader, Kuawantoro and Rosli, 2012). The influence of efficiency in distribution channel to the export performance can be understood as the efficient and effective distribution will lead to reduced transportation time, transaction cost, accuracy of delivery and combination of all these factors resulting customer satisfaction (Alshammari and Islam, 2014).

2.2.3 Innovation and Export Performance

Innovation is defined as a single activity or a series of activities which encourage creativity, experiment and new thinking that lead to new design, process, services and products (Franca and Rua, 2017). In another word, innovation can be referred as any form of activities that create added value to the product or services such as bringing in technology to the production line which enhances the productivity and efficiency of the manufacturing processes, implementation of process improvement to the business processes like implementation of Customer Relation System to the customer management processes and new product design (Love and Roper, 2013). Souto-Pérez and Villena-Manzanares (2016) further supported the definition of innovation and said that there are numerous of functions and activities within a firm that could contribute to innovation and any kind of these functions or activities that lead to innovation will contribute to a competitive advantage of that firm and the innovation outcome make the firm distinguish itself from the competitors.

This can be understood as bringing in technology to the production line would actually improve the productivity by reducing processing time, manpower, error which in turn will contribute to producing precise and cost-efficient products (Love and Roper, 2013). Innovation of product design can be viewed from two perspective such a functionality which focus on product specification like newest technology or functions and sustainability which focus on designing same products by utilising fewer resources (Souto-Pérez and Villena-Manzanares, 2016). According to Love and Roper (2013), another aspect which contributes to innovation is through skills, knowledge and

experience, for example technical employee can contribute to early stage of development through product and process development while marketing employee can contribute to marketing related innovation in the commercial end. Firms which practice continuous improvement as their innovation approach will benefit from the result by continuously striving to improve their business processes through efficiency of resources utilisation (Souto-Pérez and Villena-Manzanares, 2016).

While there are many ways a firm can involve in innovation, the depth of involvement of a firm in innovation can be identifies from several ways such as amount of resources that a firm allocated in innovation, human resources, skills and professionals devoted in innovation activities, frequency of launching of new products as well as quality and quantity of new products launched in the market (Franca and Rua, 2017). Even though in certain extend innovation may involve a large amount of efforts and resources, however, it will definitely become a strong resource of a firm and thereafter turning to a competitive advantage for the firm where the competitor will find it difficult and require a long time to catch up with the standard that the innovated firm has achieved (Le Breton-Miller, Miller and Scholes et. al, 2015).

Souto-Pérez and Villena-Manzanares (2016) said that while there are so many advantages can be gained from innovation, all these advantages can be translated into positive corporate image, be it in terms of high-technology design products or process-innovated products that will become one of the strongest resources held by a firm and hence contributing to the export performance. This is supported by Franca and Rua (2017) that innovation and intangible resources are the main predictor for export performance indicating that innovation is one of the key determinants of export performance. On the other hand, Love and Roper, (2013) said that over a 10-year period involving 1,400 Small and Medium Enterprises which study on the existence of relationship between innovation and export performance, the study shows that relationship between both innovation and export performance is existed which indicates that innovation influences export performance.

2.3 Gaps in Literature Review

Export performance is a very well research area conducted by Andelkovic, Barac and Radosavljevic (2017) in Replublic of Serbia on Retail Chain, Deebhijarn and Sitabutr (2017) on branded handicraft and food export, Souto-Pérez and Villena-Manzanares (2016) on Manufacturer of Small and Medium Enterprise in Spain, Kingu (2016) on Tea in Tanzania, Kambey, Murwani and Pratikto (2018) on coconut export in Yogyakarta, Kader, Kuawantoro and Rosli (2012) on agriculture-based, export-oriented Small and Medium Enterprises and Love and Roper (2012) on Small and Medium Enterprises in Spain. While in Malaysia, there are study on export performance conducted by Alshammari and Islam (2014) on export firms and Alam, Hamid and Ismail (2017) on Small and Medium Enterprises.

As searched in Inti database, the study on export performance are mostly conducted by researchers outside Malaysia. There are limited studies focus on Malaysia export performance especially on white coffee. Apart from the limited studies has been conducted on Malaysia export performance, the available research within Malaysia context are conducted generally on export companies (Alshammari and Islam, 2014) and Small and Medium Enterprise (Alam, Hamid and Ismail, 2017). Study of export performance in Malaysia related white coffee export are however not found.

Therefore, there is a need to check whether the studies conducted in Malaysia and other countries will also influence the export performance of white coffee in Malaysia.

2.4 Grounded Theory

The Resourse-Based View (RBV) theory serves as a foundation that competitive advantage of a firm is strongly influenced by the resources and capabilities held by the firm (Aurum, Ghapanchi and Wohlin, 2014). According to Hughes, Nemkova and Souchon (2012), the resources and capabilities are referred to tangible assets of the firm like strong financial resources and intangible assets derived from integrated resources like skills, accumulated knowledge and creativity. A firm can turn the resources or capabilities into competitive advantage by putting the efforts in enhancing the resources and capabilities which could make the competitors so difficult to imitate or substitute (Aurum, Ghapanchi and Wohlin, 2014).

VRIO is a framework introduced by Barney (1991) which identified the key criteria to determine the strategic resources within a firm whereby “V” denotes valuable, “R” denotes rare, “I” denotes costly to imitate and “O” denotes organized to capture value. Aurum, Ghapanchi and Wohlin (2014) further elaborated the VRIO framework saying if a firm is able to satisfy the VRIO criteria then the resources are sustainable.

There are three types of resources when introducing Resource-Based View which is Organisational capital, physical capital and human capital (Barney, 1991). Organisational capital resources consist of planning, reporting, organising, control processes which may also comprise of product quality, company reputation and brand image (Aurum, Ghapanchi and Wohlin, 2014). Physical capital resources consist of technology, plants, equipment and raw materials as the input to the manufacturing process (Hofer & Schendel 1978). Human capital resource consists of knowledge, skill, experience and intelligence of the employee of the firm (Aurum, Ghapanchi and Wohlin, 2014).

The grounded theory discussed above is very suitable for this study as the analysis on factors like innovation is much related to a firm’s resources like skills, knowledge and creativity while pricing strategy is much associated with competitive advantage like excel in efficiency which bring the product cost down making it the advantage to the firm and VRIO framework can be utilised to indicate whether the resources are sustainable.

2.5 Conceptual Framework

The research framework was developed based on the literature review associated with the research study on export performance.

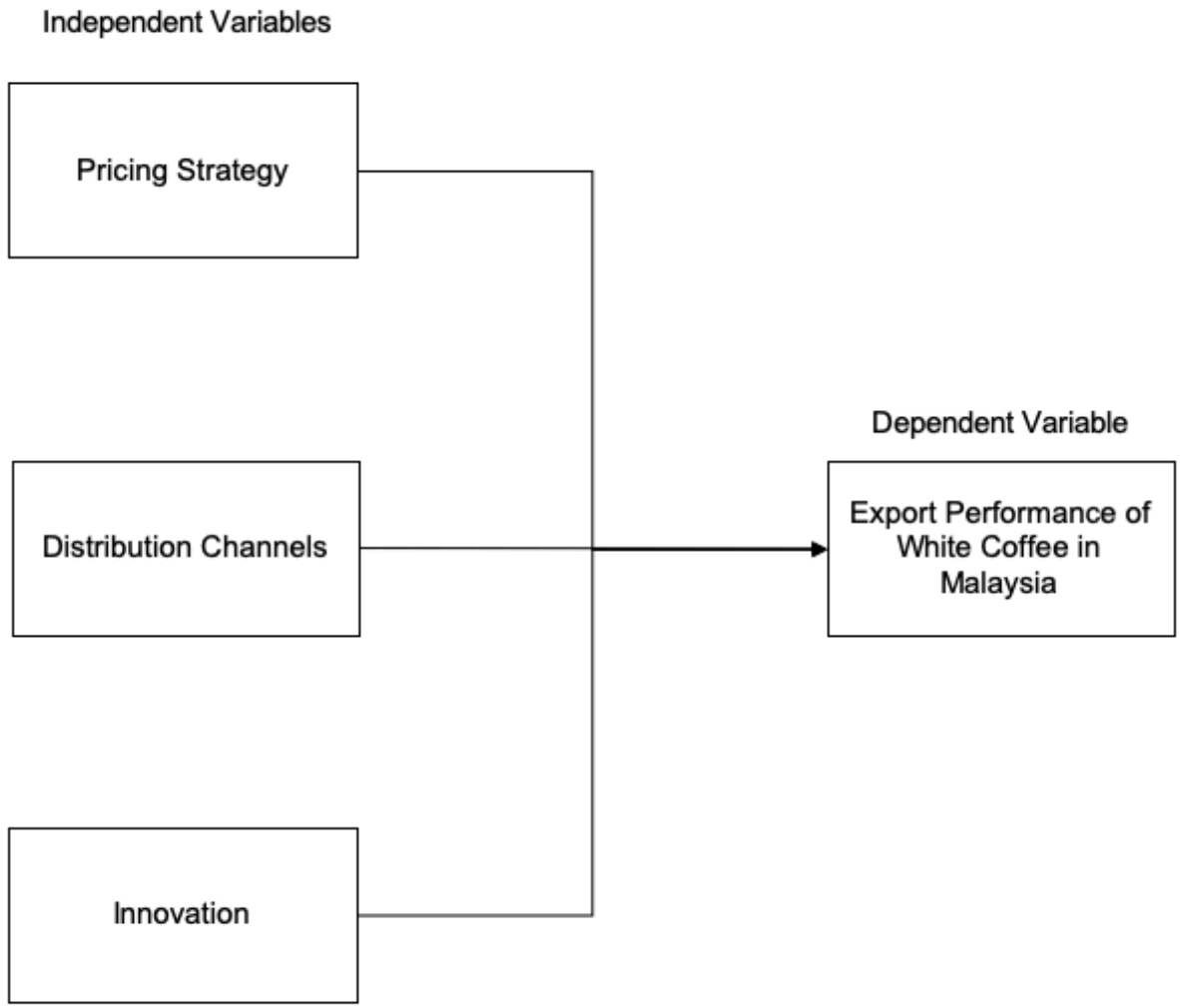

Figure 2.5.1 Conceptual Framework

2.6 Hypotheses

H1: Pricing strategy has a positive relationship with export performance of white coffee in Malaysia

H2: Distribution Channels have a positive relationship with export performance of white coffee in Malaysia

H3: Innovation has a positive relationship with export performance of white coffee in Malaysia

2.7 Conclusion

This chapter reviewed and critiqued the key literatures existed, from global and Malaysia perspective. The theory associated to the research, Resource-Based View theory as the grounded theory were reviewed, as well as defining and explaining the dependent variable, export performance. Key constructs under the independent variables, including pricing strategy, distribution channels and innovation.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Overview

This chapter provides the methodological explanation that outlines the research process of the relationship between pricing strategy, distribution channels and innovation on export performance of white coffee in Malaysia. It will emphasize on the importance of research design such as units of analysis, research priorities, sampling design and measurements processes. Measurement and measures will be discussed on the significance and acceptable values of the parameters when running the pilot and hypotheses tests. This is to ensure the methods used to conduct survey and analysis is properly outlined.

3.1 Research Design

This study will be using quantitative approach when obtaining and analysing the data. The nature of this research paper is descriptive and deductive whereby the outcome is inferred from the findings. According to Bougie and Sekaran (2016), descriptive is a method which emphasize and describe the characteristics of variable under certain situations. Meanwhile, Kumar (2014) mentioned that correlation design helps to find out whether there is any significant relationship between the variables. On the other hand, Kothari (2010) mentioned that the main objective of quantitative research is to develop theories, hypotheses and mathematical models related to the research. In order to obtain data for quantitative analysis, questionnaires will be designed and sent out to the respondents. The research survey is only questionnaire to the respondents and does not interfere their work. At the same time, the study does not change the environment setting. Therefore, it is considered that the study setting is not contrived.

The unit analysis is an organisation as export performance is measured on the performance of the firms which export white coffee and not on an individual. However, the research questionnaires are answered by the owners, top management or management who is are related to the sales or export performance such as Export Manager or Sales Manager of the white coffee export firms. In term of time horizon, data obtained is cross-sectional because the same questionnaire will require the organisation to respond only once.

Since the study will be focusing on the firms which sell white coffee at the same time exporting the white coffee out of Malaysia, the survey cannot be sent to any other firms in Malaysia which is not relevant to the study. Therefore, the survey can only be sent to specific firms which produce and sell white coffee out of Malaysia. Due to the nature of selective target in this study, the type of sampling design will be non-probability. In identifying the target population, the statistics and details of information of the firms which export white coffee are available at the portal of Malaysia External Trade Development Corporation. While the number of firms that export white coffee in Malaysia is less than 5,000 (as listed in the Malaysia External Trade Development Corporation portal, effective sampling size by Cohen (1992) is referred. According to Cohen (1992), if there are 3 independent variables with significant level of 5%, the sample size has to be 76 or more in order to achieve statistical significance. In the consideration that the response from the organisation may not be welcoming, the questionnaire is distributed to all 108 respondents. Since the survey will be sent to all white coffee exporter, the population is studied under census approach.

3.2 Measurement and Measures

3.2.1 Pilot test

According to De Vaus (1993), a pilot test is conducted to detect early error in a small scale of sampling size so that adjustment can be made before going for a full-scale test. In term of the sampling size for pilot test, Malhotra (2008) suggested that the pilot test shall be conducted with about 15 to 30 samples regardless whether the questionnaires are adapted or adopted. The analysis to be conducted include factor analysis and reliability test.

3.2.2 Factor Analysis

According to Cooper and Schindler (2014), Factor Loading and Eigen Value determine whether the number of factors can be reduced if there are large number of variables. Factor Loading more than 0.6 is acceptable (Hair et. al, 2010). However, if factor loading less than 0.6 but more than 0.5 for pilot test, it is still acceptable (Fidell and

Tabachnick, 1996). If it is less than 0.5, the item has to be removed or changed. In preliminary testing, factor loading must be more than 0.6 to be acceptable. If less than 0.6, the item has to be removed or changed.

In term of Eigen Value, Fidell and Tabachnick (1996) mentioned that the result shall be more than 1 to be acceptable. For Eigen Value to be valid, it must be more than 1 and the number of Eigen Values more than 1 must be equal to the number of variables. Eigen value that less than 1 indicates that the variability of the construct is low and as well indicates that the results may be skewed. Nevertheless, the details of the low variance variable are unable to show. Therefore, to figure out which of the factor has low variance, further investigation using validity test shall be conducted.

Kumar (2014) mentioned that Kaiser-Meyer-Olkin (KMO) and Bartlett's test determines whether there is sampling adequacy to gauge effect size accurately. According to Fidell and Tabachnick (1996), KMO value must be more than 0.6 to be acceptable. If KMO less than 0.6, it represents that the sample size is not sufficient. In order for the test to be valid, more samples should be added.

3.2.3 Reliability Test

Bougie and Sekaran (2016) mentioned reliability is a measure of which the analysis or data is collected without bias and therefore require consistent gauging across time. Bell and Bryman (2015) on the other hand says that reliability test is a measure of consistency based on the data obtained. Reliability test is treated as a pre-requisite test prior to conducting validity test even though it does not ensure the validity test to be valid. The reliability test will be ran after conducting factor analysis on pilot and preliminary test. According to Bougie and Sekaran (2016), in order for reliability test to be valid, Cronbach's Alpha shall be more than 0.7. If Cronbach's Alpha is less than 0.7, the item has to be removed from future analysis.

3.2.4 Multiple Regression

Multiple regression is a test conducted to determine the extent of model fit of the framework and the construct in the study (Cooper and Schindler, 2014). According Bougie and Sekaran (2016), the value of R^2 of the multiple regression test ranges from 0 to 1 where the closer R^2 value to 1, the more variation of the dependent variable can be described by the regression model. Conversely, when the R^2 value of the regression test is close to 0, then the data variation cannot be explained by the regression model.

3.2.5 One-Way ANOVA

One-Way Anova is performed to test for differences in the means of the dependent variable broken down by the levels of the independent variable (Bougie and Sekaran, 2016). When the result, P-Value is less than 0.05 at confidence level of 95%, equal variance is not assumed. On the other hand, if the P-Value is more than 0.05 at confidence level of 95%, equal variance is assumed. According to Cooper and Schindler (2014), P-Value less than 0.05 shows that there is a significant relationship between the dependent variable and the independent variables.

3.2.6 Beta Coefficient

Beta Coefficient determines which factor has higher influence on the phenomenon under study (Bougie and Sekaran, 2016). The Beta coefficient which is closest to 1 has the highest influence on the phenomenon under study. It shows the significance of influence to the phenomenon. Lower Beta Coefficient has lesser influence on the phenomenon under study (Cooper and Schindler, 2014).

3.2.7 Multicollinearity

Accordingly to Bougie and Sekaran (2016), multicollinearity determines the skewness of data. Hair et al. (2010) stated that the value of Variance Inflation Factor (VIF) should be less than 10 to shows a good distribution of data. The lower VIF indicates the lower

the chance of skewness. If the VIF value is more than 10, the data is perceived to be seriously overlapped and there is a huge inter-construct correlation which will contribute to a skewed result.

3.2.9 Questionnaire Design

Questionnaires are usually designed in a research study strategy to collect descriptive data which includes attributes, opinions and behaviour which is generally used to describe explanatory study which will let the researcher to identify and describe the variables in different phenomena (Lewis, Saunder and Thornhill, 2009).

For this study, the data collection will be designed according to structured questionnaires. The questionnaire will be structured into five sections which consist of one dependent variable (export performance), three independent variables (price strategy, distribution channels and innovation) and demographic profile. All four variables consist of four questionnaires each while there will be two questionnaires on demographic profile as shown in Table 3.2.9.1. The questionnaires are adapted and adopted from relevant previous studies.

Section	Variable	Questionnaire	Source
Q1 (Dependent Variable)	Export Performance	4	Deebhijarn and Sitabutr (2017)
Q2 (Independent Variable)	Pricing Strategy	4	Deebhijarn and Sitabutr (2017)
Q3 (Independent Variable)	Distribution Channels	4	Deebhijarn and Sitabutr (2017)
Q4 (Independent Variable)	Innovation	4	Souto-Pérez and Villena-Manzanares (2016)
Q5	Demographic Profile	2	Souto-Pérez and Villena-Manzanares (2016)

Table 3.2.9.1 The Questionnaire Design

3.4 Conclusion

This chapter emphasis on research method that will be applied to this research for studying the proposed research objectives. Questionnaire will be distributed to 108 respondents for data collection and the result will be analysed using the methods as discussed above during the project.

CHAPTER 4: RESEARCH FINDINGS

4.0 Overview

This chapter presents the outcomes of analysis performed on all the data collected from 79 usable responses. This study used SPSS to test and analyse the obtained data. Before analysing the full data, pilot test was done to ensure the reliability and factor analysis are supported to ensure the adapted questionnaires fit to the research. Then, descriptive analysis was also conducted to analyse the characteristics of the companies and respondents. The preliminary tests were then conducted to ensure that the questions and items were appropriate for the final questionnaire. The hypothesis testing was also done to assess the viability of the model and investigate the relationship between independent variables and dependent variables.

4.1 Pilot Test

De Vaus (1993) suggested that pilot test is conducted in a small scaled sample size in order to detect small errors whether the questionnaires are adapted or adopted which helps the researchers to make minor adjustments to the questionnaire design, if required before going to the full scaled analysis. This is able to save the time and effort for early errors detection as errors to be found only after full scaled samples are collected will be wasted. According to Malhotra (2008), a sampling size of 15 to 30 samples is adequate for pilot test. Therefore, pilot rest was run with a total of 18 samples. Factor analysis and reliability tests were conducted by using IBM SPSS Statistical Tool.

4.1.1 Factor Analysis

According to Cooper and Schindler (2014), Factor Loading and Eigen Values obtained through factor analysis determine whether the number of factors can be reduced if there are large number of variables. In order for the Factor Loading to be acceptable, the value shall be more than 0.6. However, for pilot test, if factor loading less than 0.6 but more than 0.5, it is still acceptable (Fidell and Tabachnick, 1996). During the pilot

test, all the items recorded the Factor Loading value more than 0.6 as shown in Table 4.1.1.1. Therefore, all items are acceptable.

Rotated Component Matrix

Component	Factor Loading
Export Performance Q1.1	.801
Export Performance Q1.2	.760
Export Performance Q1.3	.832
Export Performance Q1.4	.756
Pricing Strategy Q2.1	.844
Pricing Strategy Q2.2	.853
Pricing Strategy Q2.3	.833
Pricing Strategy Q2.4	.863
Distribution Channels Q3.1	.858
Distribution Channels Q3.2	.963
Distribution Channels Q3.3	.950
Distribution Channels Q3.4	.940
Innovation Q4.1	.914
Innovation Q4.2	.947
Innovation Q4.3	.883
Innovation Q4.4	.805

Table 4.1.1.1 Factor Loading for Pilot Test

In term of Eigen Value, Fidell and Tabachnick (1996) mentioned that the result shall be more than 1 to be acceptable. For Eigen Value to be valid, it must be more than 1 and the number of Eigen Values more than 1 must be equal to the number of variables. Eigen value that less than 1 indicates that the variability of the construct is low and as well indicates that the results may be skewed. As shown in Table 4.1.1.2, there are 4 Eigen Values more than 1 (8.139, 2.861, 2.423 and 1.035) which the number of Eigen Values more than 1 is equal to the number of variables, which is also 4. The cumulative variance of 90.464% for these 4 factors shows that there are 4 significant variables which explained 90.464%variance of the model. The remaining 9.536% of variances is probably explained by the other variables which may contribute to the lower significant level for the research model.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.139	50.866	50.866	8.139	50.866	50.866
2	2.861	17.884	68.750	2.861	17.884	68.750
3	2.423	15.147	83.897	2.423	15.147	83.897
4	1.035	6.466	90.364	1.035	6.466	90.364
5	.543	3.393	93.757			
6	.368	2.299	96.056			
7	.192	1.202	97.257			
8	.163	1.017	98.274			
9	.078	.489	98.763			
10	.071	.441	99.204			
11	.054	.338	99.542			
12	.030	.186	99.728			
13	.027	.166	99.894			
14	.008	.052	99.945			
15	.007	.042	99.988			
16	.002	.012	100.000			

Table 4.1.1.2 Total Variance Table (Eigen Values) for Pilot Test

Kumar (2014) mentioned that Kaiser-Meyer-Olkin (KMO) and Bartlett's test determines whether there is sampling adequacy to gauge effect size accurately. According to Fidell and Tabachnick (1996), KMO value must be more than 0.6 to be acceptable. If KMO less than 0.6, it represents that the sample size is not sufficient. In order for the test to be valid, more samples should be added. Table 4.1.1.3 shows that the KMO value for the pilot test is 0.616 which is more than 0.6. Hence the sample size for the pilot test is adequate and the P-Value for the test of 0.001 (which is less than 0.05) shows that the result is significant.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.616
Bartlett's Test of Sphericity	Approx. Chi-Square	349.832
	df	120
	Sig.	.000

Table 4.1.1.3 KMO and Bartlett's Test for Pilot Test

4.1.2 Reliability Test

Bougie and Sekaran (2016) mentioned reliability test is a measure of which the analysis or data is collected without bias and therefore require consistent gauging across time. Bell and Bryman (2015) on the other hand says that reliability test is a measure of consistency based on the data obtained. According to Bougie and Sekaran (2016), in order for reliability test to be valid, Cronbach's Alpha shall be more than 0.7. If Cronbach Alpha is less than 0.7, the item has to be removed from future analysis. The result of the pilot test shown in Table 4.1.2.1 shows the Cronbach's Alpha value for pilot test is 0.933 which is more than 0.7. Therefore, the data of the data for pilot test is reliable.

Reliability Statistics

Cronbach's Alpha	N of Items
.933	16

Table 4.1.2.1 Reliability Statistics for Pilot Test

4.1.3 Conclusion for Pilot Test

The results from Factor Analysis explained in Section 4.1.1 and Reliability Test explained in Section 4.1.2 shows that the pilot test which consists of 18 samples are valid and reliable and the questionnaires can be distributed to the full scaled respondents for data collection.

4.2 Demographic Analysis

Out of 108 invitations sent to the organisations in Malaysia which export white coffee, 79 responded. In term of demographic profile, 2 questions were asked in the survey which are number of years of involvement by the organisations in exporting white coffee and the other question is asked on the percentage of white coffee being export from the total white coffee revenue.

According to the response from 79 respondents, 5 (6.3%) of the respondents have been exporting white coffee less than 1 year, 31 (39.2%) of the respondents have been exporting white coffee between 1 to 3 years, 29 (36.7%) of the respondents have been exporting white coffee between 4 to 6 years, 11 (13.9%) of the respondents have been exporting white coffee between 7 to 9 years and 3 of the respondents have been exporting white coffee more than 9 years as shown in Table 4.2.1 and Figure 4.2.1.

In term of the percentage of white coffee export from the total revenue of white coffee, 22 (27.8%) of the respondents have export of white coffee less than 20% from the total white coffee revenue, 42 (53.2%) of the respondents have export of white coffee between 21% to 40% from the total white coffee revenue, 15 (19%) of the respondents have export of white coffee between 41% to 60% from the total white coffee revenue and none of the respondents has export of white coffee more than 60% from the total white coffee revenue as shown in Table 4.2.2 and Figure 4.2.2.

Q5.1 How long has the company involved in the export of white coffee?

	Number of Years	Frequency	Percent	Cumulative Percent
Valid	Less than 1 year	5	6.3	6.3
	1 years to 3 years	31	39.2	45.6
	4 years to 6 years	29	36.7	82.3
	7 years to 9 years	11	13.9	96.2
	More than 9 years	3	3.8	100.0
	Total	79	100.0	

Table 4.2.1 Years of Exporting White Coffee

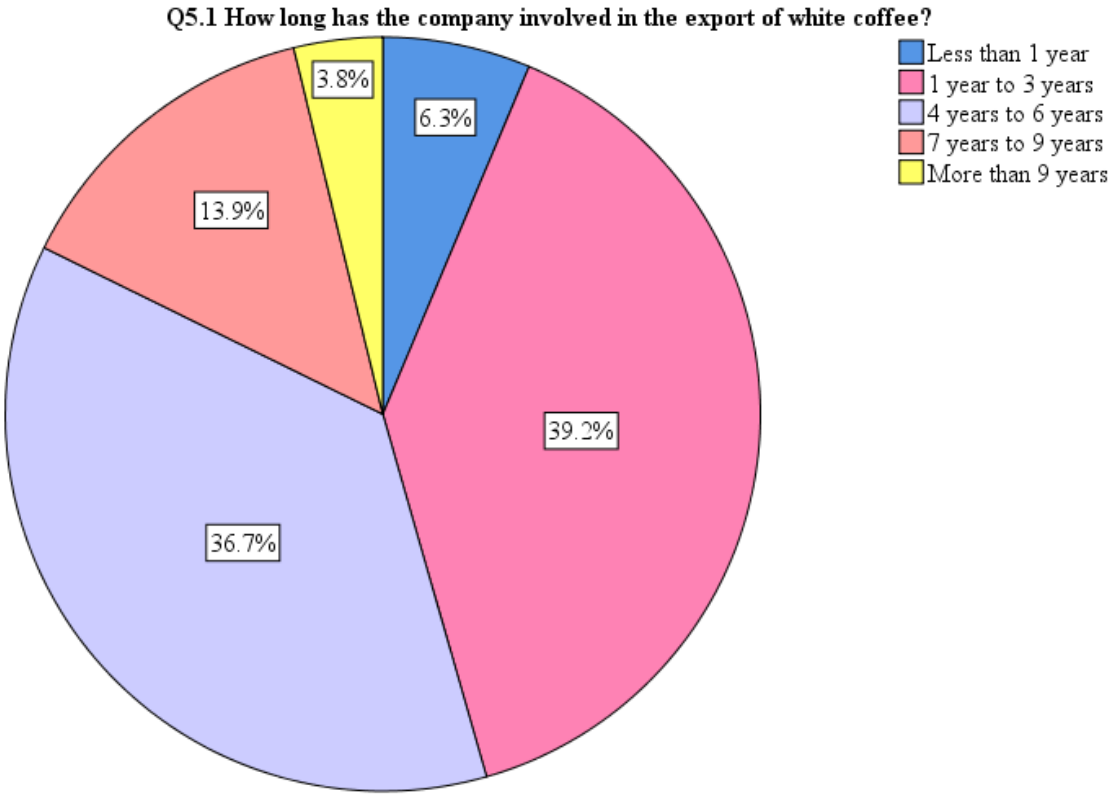

Figure 4.2.1 Years of Exporting White Coffee

Q5.2 What is the percentage of white coffee vs total revenue

	Percentage	Frequency	Percent	Cumulative Percent
Valid	Less than 20%	22	27.8	27.8
	21% to 40%	42	53.2	81.0
	41% to 60%	15	19.0	100.0
	Total	79	100.0	

Table 4.2.2 Percentage of White Coffee Export

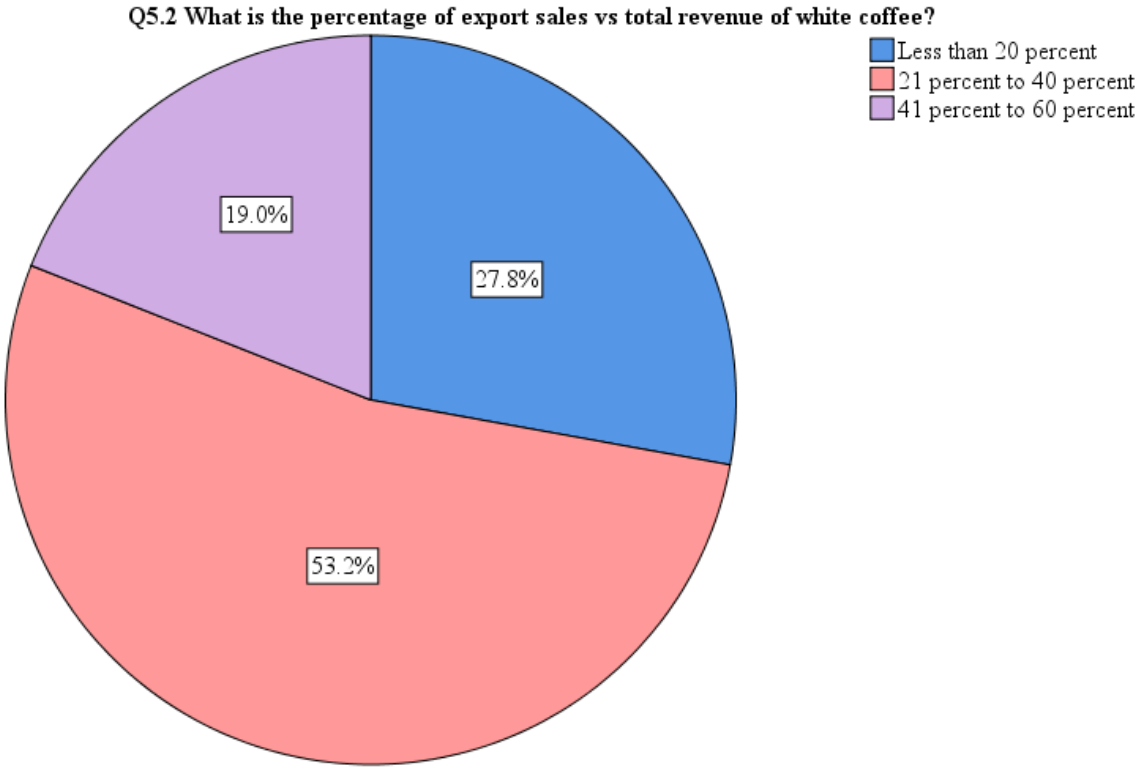

Figure 4.2.2 Percentage of White Coffee Export

4.3 Preliminary Test

As listed in Malaysia External Trade Development Corporation Portal (2019), there are 108 white coffee exporters in Malaysia. According to Cohen (1992), if there are 3 independent variables with significant level of 5%, the sample size has to be 76 or more in order to achieve statistical significance. In the consideration that some of the organisations may not respond to the survey, the questionnaires were sent to all 108 white coffee exporters via email which attach the link to access the Google Form in order to respond to the survey. As the result, a total of 79 organisations completed the survey and none of the responds were remove. Therefore, the preliminary test is conducted using all 79 responds from the organisations by using IBM SPSS Statistical Tool.

4.3.1 Factor Analysis

Similar to pilot test, factor analysis is conducted on the data obtained from the respondents, but on the full scaled size of 79 respondents received. Based on the factor analysis result on the full scaled data, 2 questions from pricing strategy (Q1.3 and Q1.4) and 2 questions from distribution channels (Q2.3 and Q2.4) are removed due to the factor loading value are less than 0.6 as shown in Table 4.3.1.1. According to Hair et. al (2010), factor loading value of more than 0.6 is acceptable. Therefore, factor loading value which are less than 0.6 is removed from further analysis.

Rotated Component Matrix

Component	Factor Loading
Export Performance Q1.1	.894
Export Performance Q1.2	.907
Export Performance Q1.3	Removed
Export Performance Q1.4	Removed
Pricing Strategy Q2.1	.946
Pricing Strategy Q2.2	.941
Pricing Strategy Q2.3	Removed
Pricing Strategy Q2.4	Removed
Distribution Channels Q3.1	.825
Distribution Channels Q3.2	.841
Distribution Channels Q3.3	.872
Distribution Channels Q3.4	.833
Innovation Q4.1	.852
Innovation Q4.2	.887
Innovation Q4.3	.884
Innovation Q4.4	.897

Table 4.3.1.1 Factor Loading for Preliminary Test

In term of Eigen Value, Fidell and Tabachnick (1996) mentioned that the result shall be more than 1 to be acceptable. For Eigen Value to be valid, it must be more than 1 and the number of Eigen Values more than 1 must be equal to the number of variables. Eigen value that less than 1 indicates that the variability of the construct is low and as well indicates that the results may be skewed. As shown in Table 4.3.1.2, there are 4 Eigen Values more than 1 (4.830, 2.838, 1.446 and 1.041) which the number of Eigen Values more than 1 is equal to the number of variables, which is also 4. The cumulative variance of 84.631% for these 4 factors shows that there are 4 significant variables which explained 84.631%variance of the model. The remaining 15.369% of variances

is probably explained by the other variables which may contribute to the lower significant level for the research model.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.830	40.252	40.252	4.830	40.252	40.252
2	2.838	23.652	63.904	2.838	23.652	63.904
3	1.446	12.050	75.954	1.446	12.050	75.954
4	1.041	8.676	84.631	1.041	8.676	84.631
5	.448	3.733	88.364			
6	.408	3.399	91.763			
7	.304	2.536	94.298			
8	.283	2.362	96.661			
9	.169	1.406	98.066			
10	.110	.915	98.981			
11	.074	.621	99.602			
12	.048	.398	100.000			

Table 4.3.1.2 Total Variance Table (Eigen Values) for Preliminary Test

Kumar (2014) mentioned that Kaiser-Meyer-Olkin (KMO) and Bartlett's test determines whether there is sampling adequacy to gauge effect size accurately. According to Fidell and Tabachnick (1996), KMO value must be more than 0.6 to be acceptable. If KMO less than 0.6, it represents that the sample size is not sufficient. Table 4.3.1.3 shows that the KMO value for the preliminary test is 0.756 which is more than 0.6 and higher than the KMO value of pilot test. Hence the sample size for the pilot test is adequate and the P-Value for the test of 0.001 (which is less than 0.05) shows that the result is significant.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	786.595
	df	66
	Sig.	.000

Table 4.3.1.3 KMO and Bartlett's Test for Preliminary Test

4.3.2 Reliability Test

Bougie and Sekaran (2016) mentioned reliability test is a measure of which the analysis or data is collected without bias and therefore require consistent gauging across time. Bell and Bryman (2015) on the other hand says that reliability test is a measure of consistency based on the data obtained. According to Bougie and Sekaran (2016), in order for reliability test to be valid, Cronbach's Alpha shall be more than 0.7. If Cronbach Alpha is less than 0.7, the item has to be removed from future analysis. The result of the pilot test shown in Table 4.3.2.1 shows the Cronbach's Alpha value for pilot test is 0.801 which is more than 0.7. Therefore, the data of the preliminary test is reliable.

Reliability Statistics

Cronbach's Alpha	N of Items
.801	12

Table 4.3.2.1 Reliability Statistics for Preliminary Test

4.4 Hypotheses Test

After completing preliminary test, hypotheses test is conducted by performing multiple regression test to investigate the relationship between the dependent variable and independent variables through analysing the result obtained from the multiple regression test such as R-Square Value, One-way ANOVA result, Beta Coefficient and Multicollinearity result. As discussed in the previous section, the hypotheses to be tested are shown in Table 4.4.1.

H1	Pricing strategy has a positive relationship with export performance of white coffee in Malaysia
H2	Distribution Channels have a positive relationship with export performance of white coffee in Malaysia
H3	Innovation has a positive relationship with export performance of white coffee in Malaysia

Table 4.4.1 Hypotheses of Study

4.4.1 Multiple Regression

Multiple regression is a test conducted to evaluate to what extend the regression model fit the framework and the construct in the study (Cooper and Schindler, 2014). According Bougie and Sekaran (2016), the value of R^2 of the multiple regression test ranges from 0 to 1 where the closer R^2 value to 1, the more variation of the dependent variable can be described by the regression model. Contrariwise, when the R^2 value of the regression test is close to 0, then the data variation cannot be explained by the regression model. The result from multiple regression test on the 79 samples illustrated in Table 4.4.1.1 shows that the R^2 value is 0.341. This means that 34.1% of the phenomenon can be represented by the regression model. According to Pallant (2016), the remaining 65.9% of variations could be influenced by other factors which are not included in the study.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584[a]	.341	.315	1.07047

Table 4.4.1.1 Multiple Regression Model Summary

4.4.2 One-Way ANOVA

One-Way ANOVA is performed to test for differences in the means of the dependent variable broken down by the levels of the independent variable (Bougie and Sekaran, 2016). When the result, P-Value is less than 0.05 at confidence level of 95%, equal variance is not assumed. On the other hand, if the P-Value is more than 0.05 at confidence level of 95%, equal variance is assumed. The result of One-Way ANOVA test illustrated in Table 4.4.2.1 shows that the P-Value of the independent variables is 0.0001 (which is less than 0.05). Hence, there is a significant relationship between the dependent variable and the independent variables (Cooper and Schindler, 2014).

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.550	3	14.850	12.959	.000[b]
	Residual	85.943	75	1.146		
	Total	130.494	78			

a. Dependent Variable: MeanQ1

b. Predictors: (Constant), MeanQ4, MeanQ3, MeanQ2

Table 4.4.2.1 One-Way ANOVA Test

4.4.3 Beta Coefficient

The result of the coefficient analysis shown in Table 4.4.3.1 indicates that the P-Values for Q2 (Pricing Strategy) and Q4 (Innovation) are 0.037 and 0.0001 respectively (which are less than 0.05) shows that H1 and H3 are accepted. There is a significant relationship between pricing strategy and innovation to the export performance of white coffee in Malaysia while for Q3 (Distribution Channels), the P-Value is 0.336 (which is more than 0.05) shows that H2 is rejected and Distribution Channels do not have significant relationship to the export performance of white coffee in Malaysia. There is a constant with P-Value of 0.002 (which is less than 0.05) shows that the model has a constant.

Beta Coefficient determines which factor has higher influence on the phenomenon under study (Bougie and Sekaran, 2016). The Beta coefficient which is closest to 1 has the highest influence on the phenomenon under study. It shows the significance of influence to the phenomenon. Lower Beta Coefficient has lesser influence on the phenomenon under study (Cooper and Schindler, 2014). From the Table 4.4.3.1, it shows that Beta Coefficients for Q2 (Pricing Strategy) and Q4 (Innovation) are 0.206 and 0.473 respectively while for the Constant, the Beta Coefficient is 1.964. This shows that every incremental of pricing strategy rating by 1 will improve the rating of export performance of white coffee in Malaysia by 0.206 and every incremental of innovation rating by 1 will improve the rating of export performance of white coffee in Malaysia by 0.473. Beta Coefficient of Q3 (Distribution Channels) will not be taken into consideration as the P-Value is more than 0.05 indicating that distribution channels do

not have significant relationship with export performance of white coffee in Malaysia. The relationship between export performance of white coffee in Malaysia with pricing strategy and innovation can be represented as below:

$Y = 1.964 + 0.206x_1 + 0.473x_2$, where

x_1 – Pricing Strategy,
x_2 – Innovation.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.964	.607		3.235	.002		
	MeanQ2	.206	.097	.217	2.118	.037	.834	1.199
	MeanQ3	-.096	.099	-.091	-.969	.336	.996	1.004
	MeanQ4	.473	.108	.449	4.366	.000	.831	1.204

a. Dependent Variable: MeanQ1

Table 4.4.3.1 Coefficient Analysis

4.4.4 Multicollinearity

Accordingly to Bougie and Sekaran (2016), multicollinearity determines the skewness of data. Hair et al. (2010) stated that the value of Variance Inflation Factor (VIF) should be less than 10 to shows a good distribution of data. The lower VIF indicates the lower the chance of skewness. If the VIF value is more than 10, the data is perceived to be seriously overlapped and there is a huge inter-construct correlation which will contribute to a skewed result. The VIF values of 1.199 and 1.204 for Q2 (Pricing Strategy) and Q4 (Innovation) respectively illustrated in Table 4.4.3.1 shows that the values are more than 10. Hence, the data is well distributed and there is not correlation between the independent variables.

4.5 Summary of Findings

Hypotheses		Result
H1:	Pricing strategy has a positive relationship with export performance of white coffee in Malaysia	Accepted
H2:	Distribution Channels have a positive relationship with export performance of white coffee in Malaysia	Rejected
H3:	Innovation has a positive relationship with export performance of white coffee in Malaysia	Accepted

Table 4.5.1 Summary of Findings

Based on the tests conducted, it can be summarised that out of 3 hypotheses, H1 and H3 are accepted and H2 is rejected as shown in Table 4.5.1. The result shows that pricing strategy and innovation have positive relationship with export performance of white coffee in Malaysia. In contrary, there is no positive relationship between distribution channels and export performance of white coffee in Malaysia.

The degree of relationship between pricing strategy and export performance of white coffee in Malaysia can be explained by the Beta Coefficient of 0.206. The Beta Coefficient of 0.206 indicates that every incremental of pricing strategy effort by 1 will increase the export performance of white coffee in Malaysia by 0.206. Through the result of factor analysis, 2 out of 4 questions (Q1.3 and Q1.4) from pricing strategy has been removed from all preliminary and hypotheses tests.

The degree of relationship between innovation and export performance of white coffee in Malaysia can be explained by the Beta Coefficient of 0.473. The Beta Coefficient of 0.473 indicates that every incremental of pricing strategy effort by 1 will increase the export performance of white coffee in Malaysia by 0.473. Through the result of factor analysis, all questions from innovation are remained for all preliminary and hypotheses tests.

4.6 Conclusion

This chapter emphasis on analysis on the data obtained from the respondents. Pilot test was conducted on data from 18 respondents to ensure the questionnaire design is valid and reliable. Preliminary test was conducted on data from 79 respondents to test the factor loading, Eigen Values and reliability. As the result, 2 out of 4 questions were removed from pricing strategy for further analysis. Hypotheses test resulted that pricing strategy and innovation have positive relationship with export performance of white coffee in Malaysia while distribution channels does not have positive relationship with export performance of white coffee in Malaysia.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.0 Overview

This chapter discusses the conclusion drawn from the result of analysis. Besides, contributions to industry and academia will also be discussed in this chapter. Next, limitation of the study will be outline as well as the recommendation for future research. Lastly, personal reflection will be expressed towards the end of this chapter.

5.1 Discussion of Findings and Conclusion

The main objective of this study is to determine the factors influencing export performance of White Coffee in Malaysia. There are 3 factors proposed in this study, which are pricing strategy, distribution channels and innovation as the independent variables for measuring the export performance of White Coffee in Malaysia. As discussed earlier in Chapter 2 and 4, 3 hypotheses were developed to answer the research objectives and research questions. Through the Google Form emailed to the white coffee exporters in Malaysia, 79 respondents of the organisations responded, and the data is used for analysis. Result of the analysis and findings will be discussed in this chapter.

H1: Pricing strategy has a positive relationship with export performance of white coffee in Malaysia.

For hypothesis H1, the result from multiple regression shows that pricing strategy has a positive relationship with export performance of white coffee in Malaysia due to the P-Value of the multiple regression analysis is less than 0.05. The relationship between pricing strategy and export performance of white coffee in Malaysia is positive as the value for Beta Coefficient is positive and to what extend the influence of pricing strategy to the export performance of white coffee in Malaysia is represented by the Beta Coefficient value, 0.206. Every incremental of pricing strategy effort by 1 will increase the export performance of white coffee in Malaysia by 0.206.

The finding is in line with the study conducted by Kambey, Murwani and Pratikto (2018) which finds that pricing strategy has significant influence on the performance of a firm especially on the export business. On the other, the study conducted by Deebhijarn and Sitabutr (2017) on the export of branded handicraft and food in Thailand finds that price competitiveness is an important factor influencing the performance of the export sales where firms are striving their best to make their value chain so efficient that the competitors find it difficult to catch up to its price making it a competitive advantage of the firm.

In the study conducted by Alam, Hamid and Ismail (2017), one of the methods to reduce the cost and price is through cost efficiency by maintaining positive relationship with the middle agent of the importing country as the positive relationship with middle agent will produce improved quality results and strengthen its competitive advantage contributing to the export performance. This is supported by Alshammari and Islam (2014) as implementation of excellent cost efficiency and competitiveness will lead to a good pricing strategy which will result in better export performance. Besides a positive relationship with middle agent, Kingu (2016) finds another method that firms can focus in the pricing strategy is through the efficiency in production processes and through economies of scale. Efficiency in production processes and economies of scale can bring down the cost which can then being used to strategise the product pricing.

H2: Distribution Channels have a positive relationship with export performance of white coffee in Malaysia

For hypothesis H2, the result from multiple regression shows that distribution channels do not have a positive relationship with export performance of white coffee in Malaysia due to the P-Value of the multiple regression analysis is more than 0.05.

The result of the relationship between distribution channels and export performance of white coffee in Malaysia is in contrary to the finding by other researchers. Alshammari and Islam (2014) find that effective and efficient distribution channel will certainly become a competitive strategy in the export market and hence contributing great impacts to the export performance according to the study conducted by. This is

supported by Kader, Kuawantoro and Rosli (2012) where they said that innovation in distribution channel improves the distribution efficiency and that in turn contribute to export performance of Small and Medium Enterprises. Alshammari and Islam (2014) also said that the export performance can be improved as the result of good distribution channel processes lead to the efficiency in delivery process resulting the goods are able to transfer to the consumer within the agreed time.

The influence of distribution channels to the export performance as found by other researchers as mentioned above are mainly contributed by the effectiveness and efficiency of distribution channels and timing of distribution. For export of white coffee in Malaysia, the result shows that the distribution channels do not have significant relationship with export performance may be due to the longer shelf life of white coffee which may not be much impacted by the sensitivity of precision delivery timing as compared to other products such as fresh food and fruits.

H3: Innovation has a positive relationship with export performance of white coffee in Malaysia.

For hypothesis H3, the result from multiple regression shows that innovation has a positive relationship with export performance of white coffee in Malaysia due to the P-Value of the multiple regression analysis is less than 0.05. The relationship between innovation and export performance of white coffee in Malaysia is positive as the value for Beta Coefficient is positive and to what extend the influence of innovation to the export performance of white coffee in Malaysia is represented by the Beta Coefficient value, 0.473. Every incremental of pricing strategy effort by 1 will increase the export performance of white coffee in Malaysia by 0.473.

Souto-Pérez and Villena-Manzanares (2016) said that while there are so many advantages can be gained from innovation, all these advantages can be translated into positive branding position whether from the perspective of high-technology design products or process-innovated products. That will become one of the strongest resources held by a firm and hence contributing to the export performance. This is supported by Franca and Rua (2017) that innovation and intangible resources are the main predictor for export performance indicating that innovation is one of the key

determinants of export performance. On the other hand, Love and Roper, (2013) said that over a 10-year period of research involving 1,400 Small and Medium Enterprises which study on the existence of relationship between innovation and export performance shows that innovation influences export performance.

The degree of involvement of a firm in innovation can be identifies from several ways such as amount of resources that a firm allocated in innovation, human resources, skills and professionals devoted in innovation activities, frequency of launching of new products as well as quality and quantity of new products launched in the market (Franca and Rua, 2017). According to Le Breton-Miller et. al (2015), innovation is definitely become a strong resource of a firm and thereafter turning to a competitive advantage for the firm where the competitor will find it difficult and require a long time to catch up with the standard that the innovated firm has achieved even though in certain extend innovation may involve a large amount of efforts and resources.

This can be understood as bringing in technology to the production line would actually improve the productivity by reducing processing time, manpower, error which in turn will contribute to producing precise and cost-efficient products (Love and Roper, 2013). Firms which practice continuous improvement as their innovation approach will benefit from the result by continuously striving to improve their business processes through efficiency of resources utilisation (Souto-Pérez and Villena-Manzanares, 2016).

5.1.1 Conclusion

The overall findings indicate that there are significant positive relationships between pricing strategy and innovation with the export performance of white coffee in Malaysia. As the P-Value of distribution channels is less than 0.05 in the multiple regression analysis, it is deduced that there is no significant relationship between distribution channels and export performance of white coffee in Malaysia. Among the independent variables identified in the study, innovation is the strongest determinant on the export performance of white coffee in Malaysia with Beta Coefficient of 0.473 followed by pricing strategy which has Beta Coefficient of 0.206.

5.2 Contribution

5.2.1 Contribution to Industry

This study provides a better understanding of the relationship between pricing strategy, distribution channels and innovation to the export performance of white coffee in Malaysia. The finding reveals that there are significant positive relationships between pricing strategy and innovation to the export performance of white coffee in Malaysia. However, the study finds that there is no significant positive relationship between distribution channels with the export performance of white coffee in Malaysia. Innovation has the strongest influence on the export performance of white coffee in Malaysia which the effect is more than twice of pricing strategy.

The result of this study enables white coffee exporters in Malaysia now better informed on factors influencing the export performance of white coffee in Malaysia. More effort can be invested in innovation followed by pricing strategy to achieve better performance of the export of white coffee.

5.2.2 Contribution to Academia

Based on the journals available on Inti database, there are plenty of journals published on export related topic. However, the study on export performance are mostly conducted by researchers outside Malaysia. There are limited studies focus on Malaysia export performance especially on white coffee. journals related to export performance of white coffee could not be found. With this study being conducted, the gap of the export performance of white coffee in Malaysia context can be tightened. This study also assists the academicians to have better information on the limited literature of the similar context especially in Malaysia.

5.3 Recommendations

5.3.1 Implementation of Pricing Strategy

Based on the outcome of the study, it shows that pricing strategy is one of the determinants that influence the export performance of white coffee in Malaysia. Therefore, the white coffee exporters in Malaysia are recommended to focus on pricing strategy to improve the export performance of the white coffee. According to Alshammari and Islam (2014), pricing strategy can be implemented through the achievement of excellent cost efficiency and competitiveness which will lead to good pricing strategy. On the other hand, Kingu (2016) finds that firms can focus in the pricing strategy through the efficiency in production processes and through economies of scale as efficiency in production processes and economies of scale can bring down the cost which can then being used to strategise the product prices. Looking back at the remaining 2 out of 4 questions that were not removed in this study, the questions are focusing on whether the white coffee products are placed at a reasonable price and whether the export market finds the existing price of the white coffee is acceptable. Through the appropriate pricing strategies through cost efficiency, white coffee exporters can comfortably place and adjust their white coffee price as to what is considered reasonable at the same time to the position where the export markets perceive it as acceptable.

5.3.2 Implementation of Innovation

The result if this study shows that the influence of innovation to export performance is more significantly influencing export performance of white coffee in Malaysia. Looking at the Beta Coefficient of Innovation in multiple regression analysis, it is more than 2 times higher than that of pricing strategy with value of 0.473 and 0.206 respectively. This means that same efforts of innovation as compared to pricing strategy will give more than twice the effect to the export performance of white coffee in Malaysia. According to Souto-Pérez and Villena-Manzanares (2016), there are so many advantages can be gained from innovation, all these advantages can be translated into positive branding position whether from the perspective of high-technology design products or process-innovated products. That will become one of the strongest

resources held by a firm and hence contributing to the export performance. On the other hand, Franca and Rua (2017) says that any single activity or a series of activities which encourage creativity, experiment and new thinking that lead to new design, process, services and products innovation and intangible resources are part of innovations and that innovation is one of the are the main predictors for export performance indicating that innovation is one of the key determinants of export performance. Since the scope and effect of innovation is so high, that could be the reason of Beta Coefficient of innovation in so much higher than pricing strategy in this study. Therefore, the white coffee exporters are recommended to focus more on innovation to result better export performance of white coffee in Malaysia. Nevertheless, both pricing strategy and innovation shall adequately strategise as both the independent variables influence the export performance. Perhaps, higher resources shall be placed on innovation due to the higher influence.

5.4 Limitation of Study

The data in this study is collected through online questionnaires which were created via Google Form with the link being emailed to the related respondents. While the respondents are intended to top management or managements which have information on the export performance of white coffee, the management may be busy with their daily work when answering the questionnaires. This may affect the accuracy of the data collected. Nevertheless, according to Bougie and Sekaran (2016), the variation is inevitable as the condition and environment is different for certain respondents due to the perception and background differences.

On the other hand, the total samples received which were used for the analysis are only from 78 respondents and this may not represent all the white coffee exporters in Malaysia. According to the demographic composition, 39.2% of the respondents have been exporting white coffee for 1 to 3 years and 36% of the respondents have been exporting white coffee for 7 to 9 years. The remaining of the segments are relatively lesser with not more than 15%. Same goes to the percentage of export sale of white coffee from the total revenue. More than 50% of the respondents have white coffee export around 21% to 40% from their respective total revenue and none of the

respondents export their white coffee more than 60% of their total revenue. The uneven background and level of involvement in export of white coffee will limit the accuracy of the results in describing the phenomenon.

Lastly, the study is limited by the time constraint. Due to the nature for this study is designed for MBA students and as a project basis, only 3 months have been allocated to complete the whole project while at the same time dealing with 2 other subjects and daily work at the office as a part time student. This limits the depth of study of this project.

5.5 Future Research Direction

In the future research, the research can expend the data collection to all white coffee exports to cover higher respond rate from white coffee exporters which could probably improve the accuracy of the study and analysis. With higher response rate, it could probably improve the unevenness of the demographic distribution from the respondents as highlighted in the limitation of study in Section 5.4.

Besides, the researchers could conduct the study through qualitative approach instead. This could understand the whole study in a more in-depth manner. Apart from that, it could improve the situation of probability where the respondents answer the questionnaire without paying full attention due to the busy schedule as the quantitative approach is conducted through answering online questionnaire without meeting the respondents face to face. By interviewing the respondents face to face, any doubt by the respondents or interviewees can be directed to the researchers for more accurate answers.

Next, in the questionnaires design for pricing strategy, there are 2 out of 4 questions have been remove from further analysis after conducting factor analysis due to the low factor loading which is not acceptable as suggested by Hair et. al (2010). There questions are related to lower price compared to the competitors and market trend. Future researches may consider other factors when designing the questions for pricing strategy to avoid the efforts being wasted and more importantly improving the accuracy.

Then, the remaining 2 questions which have not been removed from the remaining analysis after performing factor analysis are related to reasonable price and price which is acceptable by the market. The future researchers may investigate on what is the price range which is perceived as reasonable by the white coffee exporters and what is the price range which is perceived as acceptable by the export market. This will improve the accuracy of the research.

Lastly, while the r-square value of this research indicated that the model is able to describe the phenomenon by 34.1%. The future researchers could explore other possible independent variables which could possibly influence the export performance of white coffee in Malaysia to improve the model which better describe the remaining 65.9% of phenomenon such as marketing strategy.

5.6 Personal Reflection

As the completion of this study, I have noticed that the knowledge and perspective in viewing the business world have been from a different and broader angle. This is very much benefiting especially for some like me who is not coming from the business background, instead a more technically background, which is mechanical engineering. Some of the business terms and financial interpretation were very foreign to me at the beginning but I am glad that by completing the project and MBA course, many of the business terms, operations and strategies which were once foreign to me have been unlocked. This project has also successfully deepened my understanding on export business especially on the export of white coffee.

Apart from that, I was exposed to social skill and soft skills like project and assignments presentation and effective communication skills. The group assignments exposed me to task delegations and the importance of giving ample trust to the group members at the same time having a positive communication among the members. I would like to thank my classmates Jia Jia and Yin Yin who started the MBA course back in 2017 at KL campus with me for supporting each other throughout the journey.

I would also like to express my gratitude to have Dr. Sukjeet Kaur Sandhu as my supervisor to be patient enough to guide and support me through the project. At the

same time, I would like to thank Associate Professor Dr. Lee Kar Ling for providing a well understanding and knowledge on Business Research Methodology enabling me to kick start my project with a better progress.

Lastly, I would like to thank everyone who were directly and indirectly involved in this study. Thank you for the support and cooperation in completing this last chapter of my MBA project.

5.7 Conclusion

This chapter, which is also the last chapter of this study has discussed on the key findings and recommendations based on the result drawn from the analysis. Contribution to industry and academia were also discussed and well as the limitation faced in this study. Future research direction is given through the experience encountered during the study and finally personal reflection is expressed as a wrap.

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Appendix 1 Questionnaire Survey Form

Export Performance of White Coffee

Dear participant,
This questionnaire is designed to study the export performance of white coffee. The researchers sincerely hope that you would make this study a success by answering all questions frankly, honestly and thoroughly.
The researcher understands that all data provided is private and confidential. Therefore, there is no information regarding your company name will be collected. Your privacy would be retained and solely for academic purpose and no information obtained from this study shall be disclosed in any manner that would identify you. All information obtained would be kept strictly confidential. Specific instruction is given at the beginning of each section of the questionnaire. Kindly complete the questionnaire by answering all questions in each section. We wish to thank you in advance for your cooperation and participation in this study.
Yours sincerely,

* Required

Export Performance

1 - Strongly Disagree, 2 - Moderately Disagree, 3 - Disagree, 4 - Agree, 5 - Moderately Agree, 6 - Strongly Agree

1. **Exporting white coffee out from Malaysia improve the profitability of my organisation** *
   Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

2. **Exporting white coffee out from Malaysia improve the sales volume of my organisation** *
   Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

3. **Exporting white coffee out from Malaysia improve the strategic position growth of my organisation** *
   Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

4. **Exporting white coffee out from Malaysia encourage global competitiveness of my organisation** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

Price

1 - Strongly Disagree, 2 - Moderately Disagree, 3 - Disagree, 4 - Agree, 5 - Moderately Agree, 6 - Strongly Agree

5. **Our white coffee products are placed at a reasonable price** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

6. **The export market generally finds our white coffee prices are acceptable** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

7. **The white coffee prices are placed relatively low compared to the competitors** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

8. **We take market trend into consideration when placing the price of the white coffee products** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

Distribution Channel

1 - Strongly Disagree, 2 - Moderately Disagree, 3 - Disagree, 4 - Agree, 5 - Moderately Agree, 6 - Strongly Agree

9. **The oversea distributor are satisfied with the product quality when receiving it (e.g. product packing are intact when receiving the product from shipping company)** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

10. **The delivery timing to reach the oversea distributors are always on schedule** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

11. **The freight forwarder provides services like container loading size and price according to the needs** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

12. **The satisfaction provided by the distribution channel affects the company's decision whether to retain the existing service provider or source of alternatives** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

Innovation

13. **Improving the organisational structure, administrative processes and human resources is important to the company's performance** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

14. **The company is giving priority in improving production process** *
Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

15. **The company invests in new products and technologies as part of the strategic growth** *

Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

16. **The Research and Development activities of the companies are active** *

Mark only one oval.

	1	2	3	4	5	6	
Strongly Disagree	◯	◯	◯	◯	◯	◯	Strongly Agree

Demographic

17. **How long has the company involved in the export of white coffee?** *

Mark only one oval.

- ◯ Less than 1 year
- ◯ 1 year to 3 years
- ◯ 4 years to 6 years
- ◯ 7 years to 9 years
- ◯ More than 9 years

18. **What is the percentage of export sales vs total revenue of white coffee?** *

Mark only one oval.

- ◯ Less than 20 percent
- ◯ 21 percent to 40 percent
- ◯ 41 percent to 60 percent
- ◯ 61 percent to 80 percent
- ◯ More than 80 percent

Export Performance of White Coffee in Malaysia

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