

Export Intermediaries and Their Competency to Reduce Transaction Costs: Examining the Moderating Role of Learning Orientation

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ABSTRACT

Manuscript type: Research paper

Research aims: The purpose of this study is to ascertain the effects of valuable resources on two factors: the competency to reduce clients' transaction costs and the performance of export intermediaries. The impact of intermediaries' competency to reduce clients' transaction costs on performance is also investigated while the moderating effect of intermediaries' learning orientation on resources, competency to reduce clients' transaction costs, and performance is further examined.

Design/ Methodology/ Approach: A postal survey of 400 export intermediary firms was conducted. Samples were accessed from the official database of the Department of Export Promotion, the Ministry of Commerce, Thailand. Ordinary least square (OLS) regression analysis was employed to test the hypotheses of the study.

Research findings: Based on the three theoretical framework of transaction cost theory, agency cost theory and resource-based theory, results show that resources positively affect both intermediaries' competency to reduce clients' transaction costs and performance. It is also noted that intermediaries' competency to reduce clients' transaction costs positively impact on performance. In addition, no moderating effect of learning orientation is found.

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Theoretical contributions/ Originality: This study is an original attempt to examine the moderating effect of learning orientation on three factors: the relationship among resources, the competency to reduce clients' transaction costs, and performance.

Practitioner/ Policy implications: The results show export intermediaries' resources and competencies improve their performance. This will indirectly facilitate export promotion efforts.

Research limitations/ Implications: This study surveyed the export intermediary firms in Thailand. Future research may be conducted on a larger scale by focusing on other ASEAN countries as well as survey the performance of firms using export intermediaries.

Keywords: Agency Theory, Export Intermediary Firm, Export Management Firm, Learning Orientation, Resource-Based Theory, Transaction Costs

JEL Classification: M21

1. Introduction

Export intermediary firms assist inexperienced exporters in breaking into overseas markets and experienced exporters (including multinational corporations) in entering unfamiliar countries (Peng & York, 2001). They are defined as "specialist firms that function as the export departments for several manufacturers in non-competitive lines" (Root, 1994, p. 102). Peng and York (2001), Kumar and Bergstrom (2007), and Shahrul (2011) argue that these firms play an important role in enabling exporters to enter a wider overseas market. By mediating between individuals and organisations which would not, otherwise, have come into contact, such firms are providing valuable services. Smaller firms may be alarmed by the problems not anticipated if they move into exporting while larger firms, in spite of their extensive resources, may be reluctant to make the effort to enter new markets especially, when they are performing satisfactorily in their existing markets. Both types of firms may view export agencies as a kind of distribution channel which link them to foreign customers. The services provided by such intermediary firms in the exporting country range from freight forwarding and customs broking to trading, while in the importing country, the same firms can act as the manufacturers' representatives and distributors.

Even though research increasingly supports the view that intermediary firms can benefit exporters by facilitating their entry into foreign markets (Ilinitch, Peng, Eastin, & Paun, 1994; Peng & York, 2001; Ahn, Khandelwal, & Wei, 2011), to date, such research literature has

largely concentrated on firms which export their own products (Vogel, 2009; Cho & Tansuhaj, 2013); the roles of export intermediary firms from developed countries (Bernard, Jensen, Redding, & Schott, 2010; Bernard, Grazi, & Tomasi, 2011; O’Gorman & Evers, 2011; Balabanis, 2015); or the focus is on major emerging market economies such as China (Bai, Krishna, & Ma, 2013; Li, 2013; Feng, Li, & Swenson, 2014; Chen & Li, 2014). A more rigorous understanding of the determinants of export intermediary firms’ performance could therefore, fill in the critical missing link noted in existing research (Peng & Ilinitich, 1998).

In addition, a number of researchers (e.g., Siamwalla, 1997; Thomsen, 1999; Indro & Richards, 2007) have pointed out that the economy of the Association of Southeast Asian Nations (ASEAN) has grown considerably in the past three decades, particularly, the ASEAN4 countries of Thailand, Malaysia, the Philippines, and Indonesia. This claim is endorsed by Indro and Richards (2007) who cited the World Bank statistics report on average GDP per capita growth for over 200 countries in the 1990s as showing the ASEAN4 as being among the top 15 countries with the highest growth rate.

Foreign investors have been a driving force behind the ASEAN4 region’s economic development. In addition, foreign direct investment (FDI) has also played an important role in reviving the region’s economies particularly during the financial crisis of Asia in 1997. It was also an essential source of foreign capital during that time. Although foreign firms are not the only actors, they have served an important role in developing the industrial sectors of the ASEAN countries (Thomsen, 1999).

The switch to export promotion policies for the ASEAN4 countries began at different times in different countries. Malaysia started to promote exports in as early as the 1970s but just like Thailand, the real export push only began to thrive in the mid-1980s. Following this, Indonesia and the Philippines adopted the export-oriented approach in the late 1990s. According to Thomsen (1999), the external factors that are important in encouraging this change in investment policies are: (1) the example of the successful and outward-orientated approach of the first tier of industrialised economies of Taiwan, South Korea, Hong Kong, and Singapore; (2) the prolonged commodity slump in the 1980s; and (3) the opportunities offered by the exchange rate realignments after 1985.

Over the past 30 years, market-oriented reform programmes have been implemented continuously. Measures have also been undertaken to reduce or eliminate trade and investment barriers whilst also to

integrate ASEAN4 more closely into the global economy (Thomsen, 1999; Talerngsri & Vonkhorporn, 2005). On the basis of such evidence, one can expect an increased interest in the exporting trade of the ASEAN4 countries.

Altogether, this study proposes a research framework, concentrating on the competency of export intermediary firms in reducing transaction costs of exporting for their clients, moderated by the learning orientation. This paper is structured as follows: firstly, the theoretical foundations of the study and related literature are discussed. Next, the conceptual model and hypotheses development are presented. Following this is the research methodology, findings and discussion, and the theoretical and managerial contribution of the study. Finally, the paper concludes by considering the limitations of the study and making recommendations for future research agenda.

2. Literature Review and Hypotheses Development

Current literature suggests that the examination of the determinants of export intermediary firms' performance may provide insights to those who are engaged in the export industry, policy makers as well as academicians (Peng & Ilinitch, 1998; Blum, Claro, & Horstmann, 2010; Tang & Yifan, 2012; Crozet, Lalanne, & Poncet, 2013). Despite previous studies, a number of academic issues still need elucidation. For example, why is it there is no steady progress noted in the internalising processes in much of the literature (Leonidou & Katsikeas, 1996; Peng & York, 2001)? This phenomenon may be due, in part, to the contribution of export intermediary firms or intermediaries which facilitate the dramatic increase of exports by certain manufacturers (Ilinitch et al., 1994). On the other hand, some export intermediaries may deliberately seek to inhibit manufacturers' rapid progress of exports for fear that their services may no longer be required. Needless to say, this fear might be a short-sighted practice which can alienate existing clients and deter potential customers. Export intermediaries need to find a way to optimise their own performance without alienating customers.

Interestingly, Sharma (2005) proposes that the rapid growth of e-business could positively affect the survival of export intermediaries. To overcome this, such intermediaries could incorporate e-business into their operations. Sharma (2005) concludes that well-established intermediaries should not only be able to enhance their capabilities but also to conduct their businesses more efficiently and effectively.

Nonetheless, this issue remains to be a topic of debate among researchers. In another study, Shahrul (2011) presents a framework of factors that could affect intermediaries' competitive strategies and export performance and these factors, appear to be moderated by external environments.

Recently, Balabanis (2015) observes that most of the existing research looking at export intermediaries tends to focus on the service structure and the factors influencing the intermediaries' choice of transaction. He points out that such literature has failed to take into account how external and internal factors are linked to the intermediaries' services and how the combination of the services offered can affect the performance of the intermediaries. In his study, Balabanis finds that co-alignment of an export intermediary's service mixed with configuration to a number of contingencies can lead to higher levels of profitability and efficiency.

This finding is clearly of practical importance to export intermediaries and of commercial benefit to their clients. Establishing the determinants of export intermediaries' performance may also assist policy makers in their attempt to promote exports (Peng, 1998; Kumar & Bergstrom, 2007).

2.1 Theoretical Background

Three theories underpin this study. The transaction cost theory explains why exporters may choose export intermediaries in the first place, while the agency theory provides insights into the cost and benefits associated with intermediaries. Lastly, the resource-based theory explains why some intermediaries outperform others.

2.1.1 Transaction Cost Theory

The central contention of the transaction cost theory is that transactions can be classified by organisational forms. Coase (1937) presents the idea that trading on the open market and keeping everything within the firm are alternative ways of organising similar kinds of transaction, and that one way or the other, may help to reduce cost, depending on the circumstances of the transaction. The theory is further developed by Williamson (1975; 1985; 1988; 2005), who introduces the classification of "markets" and "hierarchies". This classification defines a set of human factors and a set of environmental factors which, when taken together, establishes the efficiency of a particular form of contracting. Human

factors are bounded rationality and opportunism while environmental factors are uncertainty and small numbers. "Opportunism allows for strategic thinking and guile in exchanges. People can lie, cheat and steal. One cannot necessarily trust everybody. Therefore agreements need to be monitored during execution – hence the need for an organisation. Theoretically, with large numbers of exchangers one could avoid those who exhibit opportunistic behaviour, effectively punishing it. But in situations of small numbers of exchangers, one may not be able to avoid it" (Williamson, 1975, p. 20). Where these factors are problematic, they may encourage intermediaries to bypass the market and to resort to hierarchical modes of organisation, thereby, keeping transactions 'in-house'.

Companies make choices with the aim of minimising their transaction costs. Such costs are likely to increase due to the bounded rationality of the decision makers, the uncertainty and complexity of the environment, and the asymmetric distribution of information between parties to an exchange. Because these costs are likely to be substantial when transacting across borders is involved, export intermediaries may be chosen "in order to minimise the cost of achieving export sales" (Beamish, Karavis, Goerzen, & Lane, 1999, p. 39 cited in Peng & York, 2001). To explain the application of the transaction cost theory in an international context, it needs to be recognised that when exporting, manufacturers have two options: to export directly, or to export indirectly via intermediaries. If exporters are to be persuaded to choose the second option, export intermediaries need to be able to reduce their clients' export-related transaction costs relative to direct exporting. The performance of these intermediaries depends on how successful they are in reducing such costs.

2.1.2 Agency Theory

If the transaction cost theory focuses on the choice between trading in-house and the open market, the agency theory focuses on the differing interests of the principal and the principal's agent (Jensen & Meckling, 1976; Peng & York, 2001; Shapiro, 2005). While exporters seek to enhance their export performance through the use of agents, agents (export intermediary firms) may be primarily interested in maximising the fees for their services while minimising efforts. Thus, they may exaggerate their skills and knowledge, and if these claims are not substantiated, they become acute problems for the principals. Principals have to seek ways

to minimise information asymmetry by monitoring the activities of the intermediaries so as to curb the agents' (intermediaries') opportunism, or structure incentives. This can help to ensure that the interest of both parties are aligned. The costs incurred in "monitoring expenditures of the principal, bonding expenditures by the agent, and residual loss" are known as agency costs (Jensen & Meckling, 1976, p. 308; Shapiro, 2005). Theoretically, the best performing intermediaries would be those who minimise the agency costs for their clients.

2.1.3 Resource-Based Theory

Resource-based theory emphasises on the resources which firms possess, some of which may be firm-specific and non-transferable. Though these resources, which are often intangible, are embedded within the firm, and are knowledge-based, firms can gain a competitive advantage, thereby enhancing their performance (Barney, 1991; Barney & Clark, 2007). In the case of export intermediaries, their market knowledge and negotiation skills are important for the purpose of minimising the search and negotiation costs which are associated with export transactions. From the standpoint of this theory, the success or otherwise of export intermediaries will depend on the extent to which they are able to acquire and deploy unique resources. Without this, manufacturers may decide to develop their own in-house export competency. Many large manufacturers do just that, obliging intermediaries to service smaller firms, or to concentrate on larger firms' marginal markets (Julien & Ramangalahy, 2003).

2.1.4 Integration

Each of these theories illustrates one aspect of export management. Transaction cost theory attempts to predict the firms' governance choices, while agency theory draws attention to the underlying conflict existing between principals and agents. Indeed, most transaction cost and agency theory-based research focus on the ways manufacturers arrive at decisions on how to implement export policies (Aulakh & Kotabe, 1997; Campa & Guillen, 1999). Export intermediaries, however, can also employ resources to influence the relationship (Peng & York, 2001). Resource-based theory focuses on how intermediaries exploit their unique capabilities to reduce transaction and agency costs and to enhance their own performance.

Transaction cost theory has been criticised as having limited applicability and placing too much emphasis on the structural features of trading at the expense of other important aspects. Zajac and Olsen (1993) suggest that this limitation has encouraged management to focus more on anticipated gains than on anticipated losses incurred when attempting to restrict opportunistic behaviours. This approach is also criticised as being a mistake when making explicit or implicit assumptions that firms in a given industry are homogeneous. In the real world, "firm's homogeneity is unrealistically assumed" (Robson, Leonidou, & Katsikeas, 2002, p. 389) as no two firms have identical resources and technologies (Kogut, 1988; Dyer, 1997).

Likewise, the agency theory has also been criticised for its overlap with the transaction cost theory as has been pointed out by Williamson (1988, p. 569) who argues that these two theories are very similar in their orientation on managerial discretion and efficient contracting, and that their behavioural assumptions are "substantially identical".

Resource-based theory, meanwhile, is also criticised for defining competitive advantage as a value-creating strategy that is based on resources that are, along with other characteristics, valuable. The reasoning is said to be circular and therefore, "operationally invalid" (Priem & Butler, 2001a, p. 31). Resource-based theory is said to ignore external factors which are related to an industry as a whole. Lippman and Rumelt (1982) suggest that the industry structure as well as other external factor analysis should also be considered. Through external changes, an initial competitive advantage may be nullified or even transformed into a weakness (Priem & Butler, 2001b; Peng, 2001; Peteraf, 1993; Rumelt, 1984).

Given these deficiencies, a combination of the three theories seems likely to provide a more satisfactory conceptual framework. An integrated approach suggests that export intermediaries can be seen as agents whose resources help to reduce export-related agency costs and transaction costs for their principals (Peng, 2001; Peng, 1998).

2.2 Conceptual Framework and Hypotheses Development

Peng and York (2001) suggest that transaction cost, agency, and resource-based theories indicate that export-related costs can be broken down into three main constituent parts: (1) search costs; (2) negotiation costs; and (3) monitoring and enforcement costs. The resources commonly

possessed by export intermediaries are likely to enable exporters to reduce such costs. Peng and York (2001) develop a model by focusing on the ability of export intermediary firms to lower transaction costs on export intermediary's performance. Their model posits that as long as export intermediary firms have resources that will help exporters to lower export-related costs along these three dimensions, their services will be in demand and their survival is viable with more likelihood of success (Peng & York, 2001). Barney (1991), however, claims that resources can be in a number of forms, both tangible and intangible. Moreover, resources may have relationships among themselves and so affect export intermediaries' performance. In the current study, a different approach is applied by re-defining the variables. To do so, this study operationalises resources separately from competency to reduce transaction costs in order to study the effect of resources on the competency as a way of reducing transaction costs. It also looks at the impact of competency on the performance of the export intermediary firms to reduce transaction costs.

Given that the competitive advantage of export intermediary firms increase based on their intangible resources, it is undeniable that the strategic management literature looking at the resource-based view of the firm (Barney, 1991; Barney & Clark, 2007), the transaction cost paradigm (Williamson, 1975, 1985), and also the agency theory (Jensen & Meckling, 1976) can generate a more suitable research model. This is illustrated in Figure 1 for the purpose of generating a set of hypotheses.

According to Leonidou and Katsikeas (1996, p. 543) and Peng and Ilinitich (1998), most export development researches adopt "an explicit marketing frame of reference". Marketing researchers are familiar with the transaction cost perspective, which "is the currently accepted paradigm that guides the subject of forward integration in marketing channels" (Rangan, Corey, & Cespedes, 1993, p. 445). Since manufacturers' export channel choice is primarily driven by transaction cost considerations, there are three options: (1) to vertically integrate the channel function, i.e., 'direct export' (Anderson & Coughlan, 1987; Majumdar & Ramaswamy, 1995); (2) to employ domestically based 'export intermediaries' (Perry, 1992); or (3) to adopt overseas-based 'import intermediaries' (Karunaratna & Johnson, 1997). To succeed, export intermediaries must have the competency to reduce clients' export-related transaction costs which are relative to the other two channel choices. Otherwise, there will be no rationale for their existence (Peng, 1998; Peng & Ilinitich, 1998).

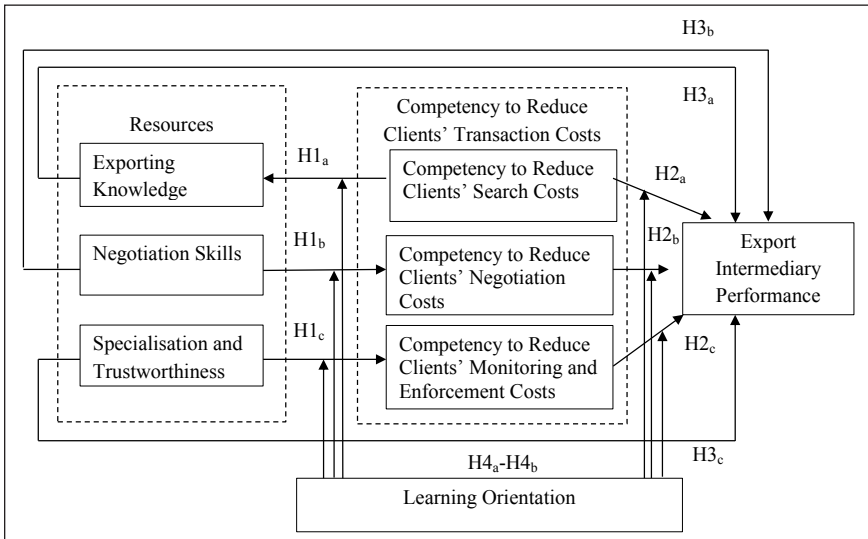


Figure 1 - Research Framework

2.2.1 Competency to Reduce Clients' Transaction Costs

Search costs

Search costs typically include the upfront costs of market research and planning. Without extraneous help, this can be expensive and time-consuming (Eriksson, Johanson, Majkgard, & Sharma, 1997). Peng and York (2001), Julien and Ramangalahy (2003), and Abel-Koch (2013) argue that these costs deter many manufacturers from expanding into international markets. If such firms resort to cutting corners, inadequate prior information increases the likelihood of unsuccessful ventures. Export intermediaries provide crucial knowledge about foreign markets, and are likely to be familiar with export procedures and international marketing strategies (Madsen, Moen, & Hammervold, 2012; Ellis, 2010). They can also leverage this knowledge across a plurality of client firms and products thereby, achieving big scale economies in overseas distribution. This is something which is beyond the reach of individual exporters. Leading export intermediary firms have the knowledge and competency to leverage, seen in terms of resource-based theory as a unique, intangible resource. Peng and York (2001) find strong evidence to support the influence of knowledge on the performance of export intermediary firms.

Negotiation costs

Negotiation costs include direct costs such as travelling, communication and staff, and also the costs of potential risk when dealing with unfamiliar foreign customers (Tung, 1988; Weiss, 1994). Exporters may find their lack of experience exacerbated by a lack of knowledge about culturally derived negotiation norms (Lewicki, Litterer, Minton, & Saunders, 1994). This can be disadvantageous. The expertise of export intermediary firms often enables them to obtain better deals for their clients. For instance, their skill of acquiring and excelling in the handling of export negotiations can give them a competitive edge (DeNoble, Castaldi, & Moliver, 1989; Peng & York, 2001; Shahrul, 2011). The partial influence of negotiation skills on the performance of the intermediary firms is shown in the study of Peng and York (2001).

Monitoring and enforcement costs

According to Peng and York (2001), once a contract is signed, the parties are concerned with the ex post monitoring and the enforcement of contractual obligations. Non-performance may be the result of foreign buyers' misunderstanding of contract specifics due to cultural differences, or from their deliberate opportunistic behaviour (Williamson, 1985). Exporters who have direct dealings with foreign buyers must constantly be on guard for such hazards. Thus, intermediaries will be sought to help lower these costs.

To sum up, as reiterated by Williamson (1985), Peng and Ilinitch (1998), Peng (1998), and Peng and York (2001), the competency of export intermediaries to reduce clients' export-related transaction costs can be subdivided into three main competencies: (1) competency to reduce clients' search costs; (2) competency to reduce clients' negotiation costs; and (3) competency to reduce clients' monitoring and enforcement costs. These competencies, according to Peng (1998) and Peng and York (2001), can be affected by a number of factors, which will be discussed in section 2.2.2 below.

2.2.2 Resources

Export knowledge

Competency to reduce clients' search costs can be impacted by export knowledge – the knowledge of foreign markets and export processes.

This knowledge has been studied and measured in many studies (e.g., Bikey, 1982; Cavusgil & Zou, 1994; Eriksson et al., 1997; Peng & York, 2001). Employing a multidimensional approach, Peng (1998), and Peng and York (2001) measured the export knowledge of export intermediaries by eliciting information focusing on the export agent's experience with key decision maker's experience in foreign cultures, experience in the particular industry, and so forth. It is found that export knowledge can positively affect the competency to reduce clients' search costs. This knowledge, says Peng (1998), can be regarded as a unique, valuable, intangible resource, that cannot be easily replicated by rivals.

Negotiation skills

Negotiation skills have also been regarded as a valuable asset [resource] as it can positively impact on the competency of export intermediary firms to reduce clients' negotiation costs. In Tung (1988) and Peng and York (2001), this antecedent factor has been operationalised as negotiation expertise and frequency. Peng and York (2001) further define it as "possessing an intangible resource embodied in ability [competency] to handle export negotiations" (Peng & York, 2001, p. 333).

Specialisation and trustworthiness

In addition, Peng and Ilinitch (1998) also stress that export intermediary firms normally specialise in certain areas. They deal with products made by locals or by foreign market or both. Because of this specialisation, these firms know the products and the markets they serve very well. They usually have well-established networks of foreign distribution already in place. Hence, specialisation could be regarded as a valuable asset of intermediaries that cannot be easily transferred or imitated by others. This specialisation can enhance their competency to reduce transaction costs for clients, especially clients' monitoring and enforcement costs whilst also positively impacting on their own performance.

Trust is the mutual confidence between parties who understand that no party to an exchange will exploit another party's vulnerabilities (Sable, 1993; Barney & Hansen, 1994; Pinho, 2012; and Yusuf, Meera, Ghani, Manap, & Larbani, 2015). Parties involved can be vulnerable in several ways. For example, when a party finds it costly to accurately evaluate the quality of the resources or assets which the other party claims that it would bring to an exchange, then the former is subjected

to adverse selection vulnerabilities (Akerlof, 1970). When one party finds it costly to accurately evaluate the resources or assets offered by another party, the former is subjected to moral hazard vulnerabilities (Holmstrom, 1979). When one party makes a large, asymmetric transaction-specific investment, it is subjected to hold-up vulnerabilities (Klein, Crawford, & Alchian, 1978). Sable (1993) argues that when parties trust each other, they share a mutual confidence that the other party will not exploit any adverse selection, moral hazard, hold-up, or other vulnerabilities that might exist. Sable (1993) also points out that the definition of trustworthiness follows from the definition of trust. As the word implies, an exchange partner is trustworthy when he/she is worthy of the trust of others. Barney and Hansen (1994) highlight that whilst trust is an attribute of a relationship between two persons, trustworthiness is an attribute of an exchange partner. From their study, they conclude that trustworthiness can be a valuable resource and a competitive advantage for the respective firms.

Bergen, Dutta, and Walker (1992), and Peng and Ilinitch (1998) argue that the use of intermediaries can introduce potential agency costs into the manufacturer-intermediary relationship. As agents, intermediaries may behave in a way that is not always in the best interest of their principals. If agency costs in this relationship is deemed to be too high, the manufacturer (principal) may (1) opt to integrate the intermediary function, i.e., 'direct export'; (2) elect to use an overseas-based 'import intermediary'; and/or (3) quit exporting at all. Each of these options depresses the demand for export intermediaries' services. Thus, the chances of export intermediaries being selected and retained by exporters also depend on whether they can assure their clients that the potential agency costs will be less than the monitoring/enforcement costs incurred by manufacturers when engaging in direct exports (Peng, Ilinitch, & Hill, 1998). Apart from export knowledge and negotiation skills in exporting, it appears that the trustworthiness of intermediary firms can be regarded as an important resource in reassuring clients and enhancing their competency to reduce the monitoring and enforcement costs for clients. This leads to a better chance of intermediaries being selected by their clients, thereby, leading to better performance (Cosimano, 1996; Peng & Ilinitch, 1998; Peng & York, 2001; Shahrul, 2011).

Based on the literature above, it is hypothesised that valuable and intangible resources possessed by export intermediary firms are likely to enable exporters to reduce costs.

Hypothesis 1:

- H1_a: There is a positive relationship between exporting knowledge and competency to reduce clients' search costs.
- H1_b: There is a positive relationship between negotiation skills and competency to reduce clients' negotiation costs.
- H1_c: There is a positive relationship between specialisation and trustworthiness, and competency to reduce clients' monitoring and enforcement costs.

Hunt and Morgan (1995), and Peng and Ilinitch (1998) emphasis that literature on marketing and strategic management has generally, concentrated on the determinants of firms' performance as its main question. Research should focus on the factors that determine the performance of export intermediary firms. This issue has been puzzling scholars, practitioners, and policymakers worldwide (Peng, 1998). The competitive advantage of export intermediary firms focusing on their intangible resources particularly in the form of export knowledge, negotiation skills, specialisation and trustworthiness has been indicated in literature. These intangible resources could reduce the transaction costs of clients or exporters and ultimately, enhance their chances of being selected by their clients, thereby, achieving better performance (Cosimano, 1996; Peng & Ilinitch, 1998; Peng & York, 2001; Shahrul, 2011). Based on this, the following hypotheses are formulated.

Hypothesis 2:

- H2_a: There is a positive relationship between competency to reduce clients' search costs and performance of export intermediary firms.
- H2_b: There is a positive relationship between competency to reduce clients' negotiation costs and performance of export intermediary firms.
- H2_c: There is a positive relationship between competency to reduce clients' monitoring and enforcement costs, and performance of export intermediary firms.

Hypothesis 3:

- H3_a: There is a positive relationship between exporting knowledge and performance of export intermediary firms.
- H3_b: There is a positive relationship between negotiation skills and performance of export intermediary firms.

H3_c: There is a positive relationship between specialisation and trustworthiness, and performance of export intermediary firms.

2.2.3 Learning Orientation

The role of the learning orientation has been examined extensively, for instance, by grounding on the agency theory. Dou, Li, Zhou, and Su (2010) studied the relationship between global professional service firms (GPSF) and local clients in terms of knowledge asymmetry and goal incongruence, which is moderated by the learning orientation. They find that the level of knowledge asymmetry positively affects the level of goal incongruence between the GPSF (agent) and the local clients (principal). However, this positive relationship between knowledge asymmetry and incongruence has been partially weakened by greater learning orientation. In their study, Dou et al. (2010) mention that Swart and Kinnie (2007) had argued that foreign agents rely on the refinement of an existing knowledge base to overcome local knowledge asymmetry and to deliver customised solutions which suit local clients' needs. In this regard, learning orientation plays a critical role as it influences the extent of proactive learning of local market knowledge by the GPSFs. Without an adequate task-related knowledge of how the GPSFs handle their assignments, local clients would not know how to specify the service requirement details (Sharma, 1997). Hence, the learning orientation of local clients is essential in how they interpret, evaluate, and accept new knowledge, that is, task-related for the GPSFs (Argyris & Schon, 1978).

A learning orientation is an important organisational characteristic which encourages employees to question the norms guiding organisational actions (Garvin, 1993; Sinkula, 1994; Sinkula, Baker, & Noordewier, 1997). According to Moorman and Miner (1998), Garvin (1993), Calantone, Cavusgil, and Zhao (2002), and Dou et al. (2010), learning orientation has been defined as a set of organisational values and skills which is aimed to create, acquire, and use new knowledge to modify an organisation's behaviour. These researchers argue that learning orientation could affect the success of a firm. A firm with a strong learning orientation is more flexible in applying new knowledge that it receives to the adaptabilities and management of the firm (Baker & Sinkula, 1999; Senge, 1990; Dou et al. (2010). Dou et al. (2010) further point out that whilst professional knowledge asymmetry constitutes an obstacle which local clients like to overcome, the client's learning skills should neutralise the negative impact. Likewise, since local knowledge

asymmetry results largely from the global agent's oversight, it is logical to posit that the global agent may counterbalance the negative effect of local knowledge asymmetry by engaging more active learning activities (Dou et al., 2010).

In the conceptual model of this study, as mentioned earlier, constructs of variables are underpinned by the transaction cost theory, agency theory and resource-based theory. The resources of export intermediary firms can enable exporters to reduce export-related costs, thereby, enhancing trust between the two parties. This is perceived as a satisfactory performance of the intermediaries. In this study, the learning orientation of an export intermediary firm refers to an organisation's innate characteristic, with no reference to the other party. It is hypothesised that learning orientation moderates the impact of resources on the competency to reduce transaction costs. In other words, an export intermediary firm with strong learning orientations could have a high tendency to utilise its resources efficiently and effectively for the purpose of enhancing its competency to reduce transactions costs for clients and thus, enhances its own performance. Based on this, the following hypotheses are formulated:

Hypothesis 4:

H4_a: Learning orientation of export intermediary will moderate the relationship between resources (exporting knowledge, negotiation skills, and specialisation and trustworthiness) and the competency to reduce clients' transaction costs (search costs, negotiation costs, and monitoring and enforcement costs)

H4_b: Learning orientation of export intermediary will moderate the relationship between the competency to reduce clients' transaction costs (search costs, negotiation costs, and monitoring and enforcement costs) and export intermediary performance.

3. Methodology

3.1 Sample and Data Collection

This study used the official database of export intermediary firms provided by the Department of Export Promotion, Ministry of Commerce, Thailand. There were a total of 1,486 firms. An adequate

sampling was determined by using the sample size table of Krejcie and Morgan (1970). A simple random sample of 400 export intermediary firms were retrieved via a random numbering table that was identified from the population firms. Postal questionnaires using the five Likert-scale point was formulated in Thai and English and then sent to the sample firms. They were addressed to the target respondents, the chief executive officer (CEO) or the managing director of the export intermediary firm. The response rate was 25.50 per cent. To test non-response bias, a comparison was made between early and late respondents, as suggested by Armstrong and Overton (1977). The results show no significant differences between early and late responses.

3.2 *Measurement*

The items in the survey questionnaire used to measure each construct were adapted from prior studies. These constructs' items and their sources are presented in Table 1. In addition, firm size and firm operational capital were made the control variables of this study. Firm size was measured by the number of employees working full time (Christmann, 2000), while firm operational capital was established from the value of operational capital (Husted & Allen, 2007). According to Husted and Allen (2007), and Ciliberti, Pontrandolfo, and Scozzi (2008), larger firms tend to have more resources and are more active than smaller firms in strategic planning; they are also better in utilising resources to accomplish firms' goals. Hence, the dummy variables used to distinguish firms' size and firms' operational capital. Dummy coding provides one way of using categorical predictor variables in various kinds of estimation models such as linear regression. Dummy coding uses only one (1) and zero (0) to convey all of the necessary information on group membership. In general, with k groups there will be k-1 coded variables. Each of the dummy coded variables uses one degree of freedom, so k groups has k-1 degrees of freedom, just like in analysis of variance (Aulakh, Kotabe, & Teegeen, 2000).

In this study, firm size is demonstrated by a dummy variable where:

- 100 is a firm that has the number of employees lower than 50 persons;
- 010 is a firm that has the number of employees between 50 to 200 persons;

- 001 is a firm that has the number of employees between 201 to 350 persons; and
- 000 is a firm that has the number of employees more than 350 persons.

Also, firm operational capital is measured by a dummy variable where:

- 100 is a firm that has the value of operational capital less than THB5,000,000 (approximately USD166,000);
- 010 is a firm that has the value of the operational capital between THB5,000,000 (approximately USD166,000) to THB15,000,000 (approximately USD500,000);
- 001 is a firm that has the value of operational capital more than THB15,000,000 (approximately USD500,000) to THB25,000,000 (approximately USD830,000); and
- 000 is a firm that has the value of the operational capital more than THB25,000,000 (approximately USD830,000).

Table 1: Constructs' Items and Sources

Constructs	Number of Items	References
Export Intermediary Performance	6 items: acquisition of new clients; retention of existing clients; goal achievement; market share; income; and export growth	Shoham (1998); Aaby and Slater (1989); Zou, Taylor, and Osland (1998)
Export Knowledge	5 items: knowledge about export operation; development of knowledge of the staff; knowledge of the overseas connection; knowledge of the overseas environment; and knowledge of the customer's needs	Bikey (1982); Cavusgil and Zou (1994); Eriksson et al. (1997); Peng and Ilinitch (1998); Peng and York (2001)

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Negotiation Skills	5 items: negotiation skills; successful negotiation; negotiation strategy; compromise skills; and exchange of negotiation techniques and strategy	Bikey (1982); Cavusgil and Zou (1994); Eriksson et al. (1997); Peng and Ilinitch (1998); Peng and York (2001)
Specialisation and Trustworthiness	5 items: reputation and image; honesty and trustworthiness; expertise; specialisation transformation; and mindfulness of the interests of clients	Sable (1993); Barney and Hansen (1994); Peng and Ilinitch (1998); Peng and York (2001); Peng (1998)
Competency to Reduce Clients' Search Costs	4 items: ability to lower clients' search costs, which are the costs of searching for information about the legal procedures and environment of overseas countries; characteristics and needs of foreign customers; exporting procedure; and knowledge across multiple parties	Peng and Ilinitch (1998); Peng and York (2001)
Competency to Reduce Clients' Negotiation Costs	4 items: ability to lower clients' negotiation costs, which are negotiation direct costs; negotiation indirect costs; communication difficulties; and losses incurred through negotiation	Peng and Ilinitch (1998); Peng and York (2001)
Competency to Reduce Clients' Monitoring and Enforcement Costs	3 items: ability to lower clients' monitoring and enforcement costs, which are the costs of monitoring and	Peng and Ilinitch (1998); Peng and York (2001)

	enforcing compliance by overseas partners with contractual obligations; costs of monitoring and protecting the interests of clients; and costs of helping clients' overseas partners to understand the contracts and agreements correctly	
Learning Orientation	4 items: understanding and focusing on the dynamic business environment; supporting and enhancing the knowledge and skills of employees; encouraging staff to exploit new knowledge gained from the work process; and building the past experience as a guideline for improving work practice	Calantone, Cavusgil, and Zhao (2002); Dou et al. (2010)

3.3 *Reliability and Validity*

Reliability of the measurements was computed by Cronbach's Alpha coefficients. In the scale of reliability, the coefficient values in this study are greater than 0.70; this can be interpreted as meaning that the scale of all measures is internally consistent (Nunnally & Bernstein, 1994). Factor analysis is employed to test the validity of data in the questionnaire. According to the rule of thumb stated by Nunnally and Bernstein (1994), if all factor loadings are greater than 0.40 cut-offs and are statistically significant, this can be taken as showing the validity of the instruments. All the results of this study comply with this rule as can be seen in Table 2.

Table 2: Result of Measure Validation

Variables	Factor Loadings	Reliability (Alpha)
Exporting Knowledge (EK)	0.591-0.869	0.722
Negotiation Skills (NS)	0.648-0.811	0.723
Specialisation and Trustworthiness (ST)	0.591-0.862	0.749
Competency to Reduce Clients' Search Cost (ALCSC)	0.815-0.929	0.911
Competency to Reduce Clients' Negotiation Cost (ALCNC)	0.812-0.923	0.909
Competency to Reduce Clients' Monitoring and Enforcement Cost (ALCME)	0.866-0.913	0.877
Export Intermediary Performance (EP)	0.556-0.935	0.901
Learning Orientation (LO)	0.789-0.933	0.921

3.4 Statistical Technique

Ordinary least square (OLS) regression analysis is employed to test the hypothesis of the relationships between the resources, the competency to reduce export-related costs, and intermediaries' performance. According to Aulakh, Kotabe, and Teegen (2000), if all dependent, independent, and control variables in the research are neither nominal data nor categories data, then OLS is the appropriate method for examining the hypotheses' relationships. In this study, the models of these relationships are as follows:

$$ALCSC = \beta_{01} + \beta_{02}EK + \beta_{03}FA_1 + \beta_{04}FA_2 + \beta_{05}FA_3 + \beta_{06}FC_1 + \beta_{07}FC_2 + \beta_{08}FC_3 + \varepsilon \quad (1)$$

$$ALCNC = \beta_{09} + \beta_{10}NS + \beta_{11}FA_1 + \beta_{12}FA_2 + \beta_{13}FA_3 + \beta_{14}FC_1 + \beta_{15}FC_2 + \beta_{16}FC_3 + \varepsilon \quad (2)$$

$$ALCME = \beta_{17} + \beta_{18}ST + \beta_{19}FA_1 + \beta_{20}FA_2 + \beta_{21}FA_3 + \beta_{22}FC_1 + \beta_{23}FC_2 + \beta_{24}FC_3 + \varepsilon \quad (3)$$

$$EP = \beta_{25} + \beta_{26}ALCSC + \beta_{27}FA_1 + \beta_{28}FA_2 + \beta_{29}FA_3 + \beta_{30}FC_1 + \beta_{31}FC_2 + \beta_{32}FC_3 + \varepsilon \quad (4)$$

$$EP = \beta_{33} + \beta_{34}ALCNC + \beta_{35}FA_1 + \beta_{36}FA_2 + \beta_{37}FA_3 + \beta_{38}FC_1 + \beta_{39}FC_2 + \beta_{40}FC_3 + \varepsilon \quad (5)$$

$$EP = \beta 41 + \beta 42ALCME + \beta 43FA_1 + \beta 44FA_2 + \beta 45FA_3 + \beta 46FC_1 + \beta 47FC_2 + \beta 48FC_3 + \varepsilon \quad (6)$$

$$EP = \beta 49 + \beta 50EK + \beta 51FA_1 + \beta 52FA_2 + \beta 53FA_3 + \beta 54FC_1 + \beta 55FC_2 + \beta 56FC_3 + \varepsilon \quad (7)$$

$$EP = \beta 57 + \beta 58NS + \beta 59FA_1 + \beta 60FA_2 + \beta 61FA_3 + \beta 62FC_1 + \beta 63FC_2 + \beta 64FC_3 + \varepsilon \quad (8)$$

$$EP = \beta 65 + \beta 66ST + \beta 67FA_1 + \beta 68FA_2 + \beta 69FA_3 + \beta 70FC_1 + \beta 71FC_2 + \beta 72FC_3 + \varepsilon \quad (9)$$

$$ALCSC = \beta 73 + \beta 74EK + \beta 75LO + \beta 76LO*EK + \beta 77FA_1 + \beta 78FA_2 + \beta 79FA_3 + \beta 80FC_1 + \beta 81FC_2 + \beta 82FC_3 + \varepsilon \quad (10)$$

$$ALCNC = \beta 83 + \beta 84NS + \beta 85LO + \beta 86LO*NS + \beta 87FA_1 + \beta 88FA_2 + \beta 89FA_3 + \beta 90FC_1 + \beta 91FC_2 + \beta 92FC_3 + \varepsilon \quad (11)$$

$$ALCME = \beta 93 + \beta 94ST + \beta 95LO + \beta 96LO*ST + \beta 97FA_1 + \beta 98FA_2 + \beta 99FA_3 + \beta 100FC_1 + \beta 101FC_2 + \beta 102FC_3 + \varepsilon \quad (12)$$

$$EP = \beta 103 + \beta 104ALCSC + \beta 105LO + \beta 106LO*ALCSC + \beta 107FA_1 + \beta 108FA_2 + \beta 109FA_3 + \beta 110FC_1 + \beta 111FC_2 + \beta 112FC_3 + \varepsilon \quad (13)$$

$$EP = \beta 113 + \beta 114ALCNC + \beta 115LO + \beta 116LO*ALCNC + \beta 117FA_1 + \beta 118FA_2 + \beta 119FA_3 + \beta 120FC_1 + \beta 121FC_2 + \beta 122FC_3 + \varepsilon \quad (14)$$

$$EP = \beta 123 + \beta 124ALCME + \beta 125LO + \beta 126LO*ALCME + \beta 127FA_1 + \beta 128FA_2 + \beta 129FA_3 + \beta 130FC_1 + \beta 131FC_2 + \beta 132FC_3 + \varepsilon \quad (15)$$

Where, EK = Exporting Knowledge
 NS = Negotiation Skills
 ST = Specialisation and Trustworthiness
 ALCSC = Competency to Reduce Clients' Search Costs
 ALCNC = Competency to Reduce Clients' Negotiation Costs
 ALCME = Competency to Reduce Clients' Monitoring and Enforcement Costs
 LO = Learning Orientation
 EP = Export Intermediary Performance
 FA = Firm Size
 FC = Firm Operational Capital
 ε = Error

4. Findings and Discussion

Table 3 shows the correlation matrix of the variables. Possible problems relating to multicollinearity occur when two or more independent variables are linearly related very closely. This problem was also monitored. Hair, Black, Babin, Anderson, and Tatham (2006) state that a correlation with a value above 0.80 should be considered a serious problem. After the simple correlations between independent variables and standard errors of the estimated coefficients had been examined, the data showed that there was no serious multicollinearity which would distort the efficiency of the estimate.

Table 3: Correlation Matrix of Variables

Variable	EK	NS	ST	ALCSC	ALCNC	ALCME	EP
EK	1						
NS	.676**	1					
ST	.625**	.629**	1				
ALCSC	.325**	.324**	.328**	1			
ALCNC	.371**	.429**	.298**	.660**	1		
ALCME	.362**	.472**	.274**	.649**	.659**	1	
EP	.578**	.639**	.385**	.276**	.410**	.353**	1

Notes: EK = Export Knowledge; NS = Negotiation Skill; ST = Specialisation and Trustworthiness; ALCSC = Competency to Reduce Clients' Search Costs; ALCNC = Competency to Reduce Clients' Negotiation Costs; ALCME = Competency to Reduce Clients' Monitoring and Enforcement Costs; EP = Export Intermediary Performance.

** indicates significance at 0.01 level.

4.1 *The Influence of Resources on Competency to Reduce Clients' Transaction Costs.*

Table 4 (Model 1, Model 2, and Model 3) shows the results of the relationship among the intangible resources of the export intermediary firms and their competency to reduce transaction costs for clients. The results indicate that all intangible resources: export knowledge, negotiation skills, and specialisation and trustfulness, have significant

positive effects on the competency to reduce the transaction costs of the intermediaries' clients ($\beta_{02}= 0.399$, $p<0.01$; $\beta_{10}=0.629$, $p<0.001$, $\beta_{18}=0.388$, $p<0.01$). Overall, the regression explains the range from 5 per cent (0.053) to 75 per cent (0.751) of the variation of the dependent variable in each model as the competency to reduce clients' search cost (ALCSC) in Model 1, the competency to reduce clients' negotiation costs (ALCNC) in Model 2, and the competency to reduce clients' monitoring and enforcement costs (ALCME) in Model 3. The outcome of this study is consistent and complementary to those noted in previous studies (Peng & Ilinitch, 1998; Peng & York, 2001). Hence, hypothesis 1 is supported.

4.2 The Impact of the Competency to Reduce Clients' Transaction Costs and Resources on Performance

Table 4 (Model 4, Model 5, and Model 6) shows the findings of the impact of the competency in reducing transaction costs for export intermediary firms' clients on the performance of the intermediary firms. Model 7, Model 8, and Model 9 indicate the effects of the intangible resources of export intermediary firms on their performance. The results indicate that the competency in reducing the transaction costs of the clients has positive impacts on the performance of the firms ($\beta_{26}= 0.250$, $p<0.05$; $\beta_{34}=0.398$, $p<0.001$, $\beta_{42}=0.377$, $p<0.001$) as shown in Table 4. The regression can explain, from the range of 8.6% (0.086) to 20.7% (0.207) of the variation of the dependent variable, the performance of the intermediary firms in each model. These findings can be interpreted as suggesting that export intermediary firms with higher competency to reduce transaction costs that is, search cost, negotiation cost, and monitoring and enforcement costs, could achieve better performance. This leads to the acceptance of hypothesis 2.

A number of international business researchers such as Cosimano (1996), Peng, Ilinitch, and Hill (1998), and Peng and York (2001) emphasis that the likelihood of export intermediary firms being selected and retained by exporters (clients) depends on whether the firms can assure their clients that the transaction costs of the exporting operation will be less than the costs exporters incur if the transaction is done by the clients themselves. In other words, intermediaries that help to reduce these transaction costs will be better sought after by the exporters. By producing a better and tighter deal, thereby, reducing the probability of export failures (Cosimano, 1996; Peng & Ilinitch, 1998), more clients

would opt for their services, leading to the better performance of intermediary firms.

The findings shown in Table 4 (Models 7, 8, and 9) indicate that the intangible resources of export intermediaries that is, their export knowledge, negotiation skills, and specialisation and trustworthiness, have positive effects on their performance ($\beta_{50}= 0.696$, $p<0.001$; $\beta_{58}=0.848$, $p<0.001$, $\beta_{66}=0.488$, $p<0.01$). This suggests that export intermediary firms with greater intangible resources, in terms of export knowledge, negotiation skills, and specialisation and trustworthiness, appear to have better performance. This outcome is consistent with main stream literature on export intermediaries. Export knowledge, negotiation skills, and specialisation and trustworthiness are commonly regarded as the intangible resources that cannot be easily replicated (Barney, 1991); they could enhance the competitiveness of the firms and, accordingly, improve the firms' performance (Peng & York, 2001). Hence, hypothesis 3 is supported.

4.3 The Moderating Effects of Learning Orientation

Table 4 (Model 10, Model 11, and Model 12) shows the findings of the moderating impacts of learning orientation on the relationship between the export intermediary firms' resources and the competency to reduce clients' transaction cost. The results signify that there is no moderating impact of learning orientation on the following relationships: exporting knowledge and the competency to reduce clients' search cost ($\beta_{76}= -0.062$, $p>0.05$); negotiation skills and competency to reduce clients' negotiation cost ($\beta_{86}= 0.002$, $p>0.05$); and specialisation together with trustworthiness and competency to reduce monitoring and enforcement costs ($\beta_{96}= -0.192$ $p>0.05$). Table 4 (Model 13, Model 14, and Model 15) shows the findings of the moderating impacts of the learning orientation on the relationship between the competency to reduce clients' transaction costs and export intermediary firms' performance. The results also show that no moderating effects of learning orientation on this relationship can be found in the following pairs: the competency to reduce clients' search cost and performance ($\beta_{106}= 0.143$, $p>0.05$); the competency to reduce clients' negotiation cost and performance ($\beta_{116}= 0.005$, $p>0.05$); the competency to reduce clients' monitoring and enforcement cost and performance ($\beta_{126}= 0.020$, $p>0.05$). Therefore, hypothesis 4 is not supported.

Table 4: The Result of Regression Analysis

Model	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Independent Variable	ALCSC	ALCNC	ALCME	EP	EP	EP	EP	EP	EP	ALCSC	ALCNC	ALCME	EP	EP	EP
EK	.399** (.130)						.696*** (.115)			.510 (.614)					
NS		.629*** (.136)						.848*** (.109)			.658 (.613)				
ST			.388** (.145)						.488** (.141)			.935 (.591)			
ALCSC				.250* (.106)									-.552 (.527)		
ALCNC					.398*** (.090)									.23 (.379)	
ALCME						.377*** (.100)									.104 (.302)
LO										.412 (.666)	-.050 (.598)	1.081 (.646)	.244 (.384)	.613* (.30)	.577* (.265)
LO*ALCSC															
LO*ALCNC															
LO*ALCME														.005 (.089)	
LO*EK															.020 (.074)
LO*NS											.002 (.152)				
LO*ST															-.192 (.151)

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FA: DFS1	-.325 (.398)	-.262 (.404)	-.464 (.407)	-.782 (.402)	-.691 (.374)	-.666 (.386)	-.534 (.350)	-.496 (.319)	-.667 (.392)	-.329 (.405)	-.268 (.410)	-.163 (-.115)	.24 (.229)	.129 (.216)	-.436 (.314)
FA: DFS2	-0.080 (.389)	-.201 (.394)	-.243 (.398)	-.624 (.393)	-.535 (.367)	-.536 (.376)	-.412 (.342)	-.450 (.311)	-.500 (.382)	-.121 (.397)	-.200 (.400)	.127 (-.083)	.313 (.211)	.192 (.203)	-.467 (.303)
FA: DFS3	-.224 (.414)	-.175 (.421)	-.427 (.424)	-.967* (.419)	-.904* (.391)	-.847* (.403)	-.775* (.364)	-.756* (.332)	-.880* (.284)	-.304 (.428)	-.162 (.431)	-.028 (-.145)	-.618** (.218)	.451* (.212)	-.927** (.325)
FC: DFC1	.203 (.284)	.121 (.293)	.042 (.296)	.157 (.290)	.085 (.271)	.154 (.277)	.114 (.251)	-.073 (.232)	.030 (.284)	.215 (.286)	.109 (.300)	-.081 (.026)	-.428 (.322)	-.433 (.302)	.185 (.222)
FC: DFC2	.246 (.261)	.443 (.265)	.164 (.267)	-.002 (.266)	-.138 (.251)	-.028 (.254)	.127 (.230)	-.014 (.210)	.002 (.257)	.309 (.267)	.423 (.278)	.316 (.268)	-.432 (.314)	-.455 (.293)	.279 (.207)
FC: DFC3	.300 (.272)	.541 (.278)	.223 (.279)	.354 (.278)	.176 (.264)	.337 (.265)	.336 (.239)	.266 (.219)	.365 (.268)	.366 (.278)	.522 (.289)	.327 (.276)	-.904** (.339)	-.941** (.315)	.576** (.215)
Adjusted R ²	.751	.202	.053	.086	.207	.166	.317	.429	.146	.069	.184	0.99	.451	.505	.468

Notes: EK = Export Knowledge; NS = Negotiation Skill; ST = Specialisation and Trustworthiness; ALCSC = Competency to Reduce Clients' Search Costs; ALCNC = Competency to Reduce Clients' Negotiation Costs; ALCME = Competency to Reduce Clients' Monitoring and Enforcement Costs; LO = Learning Orientation; EP = Export Intermediary Performance; FA = Firm Size; FC = Firm Operational Capital.

Unstandardised coefficients with standard errors in parenthesis, where ***, **, and * indicate significance at the levels of 0.1%, 1%, and 5% respectively.

In respect of the moderating effect of learning orientation, previous studies show a mixed outcome. For instance, in the study focusing on global professional service firms (GPSF) in China, Dou et al. (2010) find negative moderating effect on the relationship between professional knowledge asymmetry and goal congruence. However, the interacting effect of learning orientation between local knowledge asymmetry and goal congruence is non-significance. Dou et al. (2010), Baker and Sinkula (1999), and Senge (1990) mention that a firm with a strong learning orientation has more flexibility in applying the new knowledge gained on its own adaptability and management. In the model used in this study, all constructs of the variables are underpinned by the transaction cost theory, agency theory and resource-based theory. The resources of an export intermediary firm can enable exporters to reduce export-related costs and this is perceived to be satisfactory performance. The learning orientation of a firm may positively affect the relationship between its resources and its competency to reduce export-related costs and the relationship between its competency to reduce transaction costs and performance. However, the results of this study do not significantly show the moderating effect of the learning orientation.

Dou et al. (2010) further argue that learning orientation takes time for it to become embedded into the organisation. If it does happen, learning orientation could become a part of the organisation's shared values and norms which support lifelong learning. Its influence may affect (and be affected by) and become latent in other factors, especially behavioural factors. This might be the reason why learning orientation plays no role as a moderator in this study.

Table 4 (Model 4 – Model 9, and Model 13 – Model 15) shows that the control variable of firm size can explain the variance in the intermediary firm's performance ($\beta_{29} = -0.967$, $p < 0.05$; $\beta_{37} = -0.904$, $p < 0.05$; $\beta_{45} = -0.847$, $p < 0.05$; $\beta_{54} = -0.775$, $p < 0.05$; $\beta_{62} = -0.756$, $p < 0.05$; $\beta_{72} = -0.880$, $p < 0.05$; $\beta_{109} = -0.618$, $p < 0.01$; $\beta_{119} = -0.451$, $p < 0.05$; $\beta_{129} = -0.927$, $p < 0.01$). The results shown in Table 4 (Model 13 – Model 15) also indicate that the control variable of the firm's operational capital affects the variance in the performance of the firm ($\beta_{112} = -0.904$, $p < 0.01$; $\beta_{122} = -0.941$, $p < 0.01$; $\beta_{32} = 0.576$, $p < 0.01$). This implies that firm size and firm operational capital affect the performance of the firm. Bigger firms tend to have more resources, and so they are more active than smaller firms in utilising their resources to accomplish their goals, thereby, achieving better performance (Christmann, 2000; Husted & Allen, 2007).

5. Theoretical and Managerial Contribution

This study makes valuable contributions to current literature as well as providing various benefits to practitioners and policy makers through the outcomes derived from using an integrated approach.

First of all, this paper integrated three complementary theoretical approaches. Although transaction cost theory and agency theory help to clarify the relationship between manufacturers (exporters) and agents, both theories have come under criticisms as being too bias towards the perspective of principals. Resource-based theory has, for its part, been criticised for being too general as resources, often, cannot be accurately or even clearly described (Peng, 1998; Peng & York, 2001; Peng, 2001; Priem & Butler, 2001a; 2001b). In the context of the performance of intermediary firms in the export trade, these three theories are combined so as to develop an empirical model. Specifically, transaction cost theory and agency theory can be used to “inform the generic decision (of governance choice)...while (resource-based) competence brings in particulars” (Peng & York, 2001, p. 339). In this paper, transaction cost theory and agency theory are used for the underlying analysis of the empirical evidence, while resource-based hypotheses are formulated. Thus, the resource-based view can be seen as providing an important solution to overcoming the inadequacies of transaction cost theory and agency theory.

Further, this study contributes to current literature by focusing on the moderating effect of learning orientation on the relationship between resources, competency to reduce clients’ transaction costs, and export intermediary firms’ performance. This study is the first attempt to augment the sparseness of knowledge in this area, since an export intermediary firm with a strong learning orientation is better positioned to utilise its resources efficiently and effectively, thereby enhancing its competency in reducing transaction costs for clients. In addition, the findings also benefit policy makers who can gain more knowledge about the role of export intermediaries and this knowledge can greatly facilitate the export promotion efforts which most nations are involved in (Brewer, 1993; Peng & Ilinitch, 1998; Sharma, Tainai, & Sariteke, 2006). By giving recognition to the potential roles of export intermediaries, the respective government could create more successful promotional efforts for exportations. Hence, such knowledge is valuable for countries, especially ASEAN4 countries which are all aspiring to promote export expansions.

Lastly, this paper also benefits practitioners. As customers become more demanding, export intermediaries must be able to deliver “true added value” to remain a viable organisational form (Peng & Ilinitich, 1998, p. 619). In this regard, the intermediaries need to ceaselessly, acquire, utilise and develop their resources and capabilities in reducing their clients’ export-related transaction costs. Specifically, they should put in more efforts to acquire knowledge about foreign markets and export processes so as to strengthen their negotiation skills, develop their specialisations and trustworthiness, and to access other important resources for sustaining and developing their competitive edge (Peng, 1998; Kumar & Bergstrom, 2007).

6. Limitations of the Study and Future Research Agenda

This study hypothesised that learning orientation would have a positive moderating impact on the relationship between resources and the competency to reduce clients’ transaction cost, and the relationship between competency to reduce clients’ transaction costs and performance of export intermediaries. Nonetheless, this is not supported. Ideally, future research should be conducted on a larger scale by focusing on other ASEAN countries so as to compare the results of this study.

Also, this study shows that control variables: firm size and firm operational capital can explain the variance in the intermediary firm’s performance, standing at the 95 to 99 per cent confidence interval. Hence, it could be implied that firm size and firm operational capital also affect the performance of export intermediaries. Larger firms tend to have more resources and so are more active in strategic planning. They are also better at utilising their resources to accomplish their goals, unlike smaller firms. Future research needs to conduct a more in-depth study of these control variables.

Finally, as stated by Peng and York (2001), results of a survey as is done in this study, makes it difficult to demonstrate empirically, whether a principal’s export performance is actually improved by employing intermediaries. Thus, future research may want to employ a matched-sample design to compare and contrast the performance of two samples of comparable exporters (clients): one using export intermediaries and the other adopting a direct export strategy.

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