

## Customer Responsiveness and Export Performance of Selected Electronic Equipment Export Companies in Malaysia

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**Abstract**—The electrical and electronics industry is the leading industrial sector in Malaysia and is taken in to account as a major contributor to the country's manufacturing export. Export activities in each country are performed by companies working in different industries in that country and therefore possessing a high level of customer responsiveness is one of the most important factors in export success of firms and consequently the export success of that country. This study is conducted with the purpose of studying the relationship between customer responsiveness and export performance of selected electronic equipment exporting companies in Malaysia. Through this study the impact of firm's customer responsiveness on export performance is investigated. The data collected from 51 electronic equipment export companies in Malaysia are analyzed by simple regression method through SPSS tool. The results of this study illustrated that customer responsiveness contributes positively to export performance of selected electronic export companies in Malaysia. This survey was tailored based on the Malaysia's business environment and culture. Therefore, it can be seen as a platform to Malaysian companies to have a rare glimpse into their business environment and the way they respond to their customers' needs in order to survive in the industry.

**Keywords:** customer responsiveness, export performance, E&E industry

### I. INTRODUCTION

The economy of Malaysia has undergone a structural transformation that evolved this country from a primary commodities exporter into a high value-added manufactured products exporter which placed this country among the top 20 trading nations in the world. One of the most important factors that show the economic well-being of a country is the country's positive current account balance. Current account balance which is a function relating to Balance of Payments (BOP) of a country consists of product and service sections. Among these two sections, product export is one of the most significant factors in achieving positive balance of trade. Moreover, when talking about export it must be considered that export activities in each country is done by companies working in different industries in that country. Hence, achieving a high level of performance in export is a curtail factor which can improve the economic well being of a country. As a matter of fact, export as the most common sort of transaction among companies in today's globalized business can be considered as the most broadly applied

strategy in order to grow globally. Therefore possessing a high level of customer responsiveness by export companies is one of the most important factors in export success of these firms and consequently the export success of the country [16]. Indeed, the influence of customer responsiveness on export performance is increasingly taking researchers' attention as a critical marketing tool which is essential to enhance export success of firms [5, 7&16]. Customer responsiveness is concerning with being prompt and right in responding to customers. Being right is a value which is clear - customers obtain the thing that provides their needs. However, the value also depends significantly on the pace with which the response is fulfilled. Get the most out of performance across the two dimensions represents excellent customer responsiveness which can influence performance of the firm in export.

In fact, different countries export various products with regards to their level of development. However, various significant changes have occurred for both developed and developing countries as a result of rapid pace of globalization together with the revolution of information and communication technology. Therefore, as Malaysia is strongly committed to develop its international as well as regional trading capabilities, the high dependency of the country on production of tin and rubber is consequently transmuted to make Malaysia one of the world's growing exporters of electrical and electronic products in a way that electrical and electronics industry has turned in to the leading sector in Malaysia's manufacturing sector. It has contributed considerably to the country's manufacturing output (29.3 per cent), exports (55.9 per cent), and employment (28.8 per cent)<sup>1</sup>. According to MGCC-Market Watch<sup>2</sup> (2009), the electrical and electronics products sector has made Malaysia's largest export revenue contribution which has amounted to 44%. The surprising increase rate of exports in this industry shows the level of success in this sector as in 2008 exports amounted to RM233.8 billion.

1. [www.mida.gov.my](http://www.mida.gov.my)

2. Malaysian-German Chamber of Commerce (MGCM), Market Watch, 2009-Electronics Industry.

3. [www.statistics.gov.my](http://www.statistics.gov.my)

Moreover, electrical & electronic products, valued at RM102.5 billion, remained as Malaysia's leading exports earner and accounted for 39.0% of total exports during the first half of 2010<sup>3</sup>. One reason for export success of E&E industry in Malaysia can be mentioned as possessing a high level of customer responsiveness. According to [16] customer responsiveness is significantly and positively associated with export performance of firm and as a result investigating the influence of customer responsiveness on export performance of Malaysia's electrical and electronics industry as the leading manufacturing sector of this country is of great importance. Hence, this study intends to investigate the relationship between customer responsiveness of electrical and electronics export firms and their export performance in Malaysia.

## II. CUSTOMER RESPONSIVENESS

According to [3] customer responsiveness can be defined as providing customers with their rightful needs at the right time. Therefore understanding the changing needs of customers and performing a prompt fulfillment of them in an effective approach will provide a firm with sustaining competitive advantage [2]. Indeed, one of the most important determinants of the firm's success in competitive markets is the firm's capability in providing its customers with proper responds to their needs [5]. A rapid respond to customers' requests may position the firm as a first mover in the market and as a result enhances the performance of the firm in the market [7]. Customer responsiveness is also an important factor that significantly and positively affects the firm's performance in export [16]. In order to achieve superior customer responsiveness a firm must have the ability of doing a superior job over its rivals in identifying the right needs of its customers and fulfilling their satisfaction which can eventually generate a differentiation-based competitive advantage [3] and ultimately enhance its export performance. In this study customer responsiveness is operationalized by a method employed by [16] which is based on the studies of [4], [5] and [8] by utilizing three items, measuring customer satisfaction regularly, rapid fulfillment of customers' request and adopting and improving the products rapidly based on customer's needs and wants.

## III. EXPORT PERFORMANCE

The success of a firm in export can be assessed by export performance. Export performance can be defined as the extent to which a firm achieves its goals in exporting a product to a foreign market [1]. Export performance also can be defined as the outcome of firm's activities within its export markets [18]. [13] defined export performance as attainment of international strategic goals and achievement of international economic outcomes. According to [1], export performance is the degree to which a firm obtains its goals in exporting a product to a foreign market. Moreover, for measuring the export performance, we can use financial, nonfinancial and combined measures. A variety of measures is used by researchers for measuring export performance [1 & 11]. Measures such as export sales, export profit, and

export growth can be categorized as financial measures and are mostly used by researchers in measuring export performance (e.g. Wolff and Pett, 2000) and success, satisfaction and export market number can be categorized as nonfinancial ones which are used by other researchers (e.g. Shoham, Evangelista and Albaum, 2002). Through a meta-analysis accomplished by [6] export measures have been divided into economic and noneconomic measures. The multiplicity of these measures makes comparison of different studies complicated and perplexing [18]. Furthermore, there are also combined measures which consist of different types of performance measures which have been employed by some researchers (e.g. Lages, Silva and Styles, 2009). In this study, the economic type of evaluation used by [6] is utilized and economic performance is defined in this study, as the extent to which firms attain their results compared with their competitors in terms of sales, market share, profitability, and sales revenue from new products [12].

## IV. METHODOLOGY

In order to collect primary data, a simple questionnaire is utilized as the survey instrument of this study. This instrument is developed based on a study by [10] and another study by [16]. The questionnaire consists of two parts. In the first part respondents answer four questions through which export performance of selected electronic exporting companies in Malaysia is evaluated. The second part is subsequently utilized to evaluate the customer responsiveness.

## V. POPULATION

According to latest statistics in by MGCC-Market Watch (2009) there are more than 1695 export and non-export companies are performing in the four main sub-sectors of electrical and electronics industry in Malaysia consisting of electronics, consumer electronics, electronic components and electrical products sub-sectors. Out of all the electrical and electronics companies working in different states and cities in Malaysia, electronic export companies working in three subsectors (industrial electronics, consumer electronics, and electronic components) located in Selangor state and Federal Territory is selected as the population of this study since they are a proper representative for Malaysian electronic export companies as most of these companies are located in these two geographical areas.

## VI. SAMPLE SIZE

The sample size of 300 electronic equipment exporting companies distributed in three subsectors (Industrial electronics, consumer electronics, and electronic components) within Selangor and Federal Territory is selected. In each of these companies questionnaires were sent via e-mail. The contact information is taken from e-directory.com.my, Mechanical & Electrical Directory 2010 Handbook (pp16674/11/2010) and Malaysia INFO pages Handbook (KDN PP14089/10/2010(025769)) and the questionnaire is repeatedly e-mailed to ensure highest

probability of contribution. Calls were made after four days to remind and also to provide more elucidation and explanation. Finally a sum of 64 questionnaires was received and therefore the rate of response was calculated as 21%. Out of these received questionnaires only 51 feedbacks were distinguished to be complete and usable. This reduced the rate of response to 17%. However, this provided researcher with a good level of generalizability, representativeness, power and effectiveness as this size is able to fulfill all criteria of the sampling procedure and also sample size from a statistical point of view.

### VII. DATA ANALYSIS

According to the questionnaire, based on a five-point likert scale from 1= “much worse” to 5=“much better” the export performance is evaluated. The statistical analysis in this study showed that, 43.14% of all companies indicated that they had “Better” export sales volume whereas 13.73% of which declared had “Much Better” export sales volume. It indicates that majority of companies which participated in this survey have good situation in terms of export sales volume. The results also indicated that more than half of the respondents believed the companies’ performance were admirably good in terms of “Export Market Share”, “Profitability”, and “Sales Revenue”. Moreover, in the second part of the questionnaire, respondents were requested to assign a score from 1= “strongly disagree” to 5= “strongly agree” to the questions for their customer responsiveness. According to the results of statistical analysis 88.2% of managers responded that they are frequently aware of the results of customer satisfaction survey in order to fulfill their customers’ needs rapidly. 84.3 of companies indicated that a summary of customer complains is regularly delivered to manufacturing managers and 88.2 of them indicated that their company rapidly and actively seeks ways to improve its products and services based on its customers’ needs. Furthermore, in order to investigate the relationship between customer responsiveness and companies’ export performance, customer responsiveness was regressed against export Performance by using Regression Analysis (SPSS). According to the results, the customer responsiveness can be used to predict companies export performance. Based on the results of data analysis, there was a positive and significance relationship between customer responsiveness and export Performance, as the customer responsiveness ( $p=.004 < 0.05$ ) and ( $B=.540$ ) is directly contributed in predicting export Performance. A summary of results is illustrated in Table 1.

TABLE I. REGRESSION ANALYSIS

Export Performance			
Coefficient	Standard	Alpha	B
	Value	Value	

Customer	0.378	0.178	0.004	0.540
Responsiveness				

### VIII. CONTRIBUTION

According to Whiley (1996), one of the conditions in evaluating the effectiveness of a study is that it should have some implications to the real world and business’s everyday activities. Hence, this survey that investigates the relationship between customer responsiveness and export performance of electronic equipment exporting companies in Malaysia has some contributions to the top managements, business executives, and workforces particularly in Malaysia. Since, the survey was performed in Malaysia; it provides a clear picture for investigating the link between customer responsiveness and export performance of electronic equipment exporting companies in Malaysia. This survey was tailored based on the Malaysia’s business environment and culture. Therefore, it can be seen as a platform to Malaysian companies to have a rare glimpse into their business environment in order to survive in industry.

### IX. RESEARCH LIMITATIONS

Each study has its own limitations. This study is limited by a number of obstacles which can be categorized into three different groups as bellow:

The first group of limitations includes theoretical limitations and obstacles in collection of secondary data and accomplishing theoretical analysis. A clear lack of sufficient study has been observed in the existing body of business and management literature in investigating the contribution of customer responsiveness to export performance of companies particularly in Malaysia and other ASEAN countries .This theoretical shortage hinders appropriate proceed of research and curbs researchers to put together and make a comparison of experiential conclusions in order to make useful inferences.

Secondly, most of electronic exporting companies’ executives in Malaysia do not have a very good level of English language ability to take part in surveys and some of them are too reluctant to participate in research surveys. These problems are huge impediments during the collection of primary data and therefore cause delay in information flow of this study.

Time restraint and budget constraint can be mentioned as the third group of limitations which caused this study to be conducted with a moderate sample size. The researcher approached about 300 selected companies from the three electrical and electronics industry sub-sectors located in Selangor state and Federal Territory; nonetheless no more than 64 feedbacks were totally received among which only 51 feedbacks were distinguished to be complete and accurate. Therefore, the study would have had better analysis, provided it had a larger pool of respondents.

## X. CONCLUSION

Customer responsiveness means providing customers with their right needs at the right time. It is therefore the result of firm's rapid and proper respond to its customers' requests. Obviously, obtaining business goals and objectives demands an organization-wide consideration to customer satisfaction. Thus, according to statistical analysis in this study, majority of respondents indicated that they are frequently aware of the results of customer satisfaction survey in order to fulfill their customers' needs rapidly. Moreover, more than half of the participants mentioned that manufacturing managers seek to reach latest customer complaints regularly. Another frequently stressed issue is consideration to customer needs and wants while companies were seeking ways to improve their products and services rapidly. This is an important foundation for implementing the Total Quality Management program. Overall, It goes on to suggest that majority of respondents believe their organization considers customer satisfaction issue significantly. The finding of this study indicates that there is a significant and positive relationship between customer responsiveness and export performance. This result is in consistence with other studied which have concluded that customer responsiveness is significantly and positively associated with firm's performance [5&7] and also with [16] study which found a positive and significant link between customer responsiveness and export performance. The current study emphasis that in order to be successful; companies have to understand their customers' needs and wants. Hence, the outcomes of customer satisfaction must be realized and analyzed regularly. Consequently, managers ought to generate a system that makes it possible for them to follow their customer dissatisfactions, calculate their satisfaction, and keep an eye on alterations in the marketplace. In this study, it seems that many of Malaysian organizations considered customer responsiveness as an important source of profitability and consequently export performance. In the globalized market following the establishment of the World Trade Organization, a critical challenge in front of developing countries such as Malaysia is a lack of national capacity for overcoming nations' barriers to trade. It compels companies with the requirements of mandates on conditions, which are fundamental necessities to access target marketplace. The current survey attempted to investigate the relationship between customer responsiveness and export performance of electronic equipment exporting companies in Malaysia. There are some issues determined by this investigation that included the positive contribution of customer responsiveness in improving export performance. Indeed, electronic equipment exporting companies in Malaysia paid serious attention to customer responsiveness as a useful tool to overcome export barriers.

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