CHAPTER 2

REVIEW OF LITERATURE
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2.1 Introduction

The study tries to apply the concepts of strategy and strategic marketing in the export of agricultural products. The literature in this area is limited, as the concept of agribusiness and the use of strategy in the context of agricultural exports are quite recent. Therefore the attempt in the survey of literature was to look at the work in the area of strategies at the national and firm levels that have been studied with regard to other product categories. The broad question of whether agricultural export marketing is strategic or not is addressed in the study. Its implications are observed at two levels namely at the country or the macro level and the firm or the micro level.

The initial part of the literature review focuses on understanding the key terms used in the study namely marketing strategy, export marketing, export performance and agricultural marketing and the same is looked at in the context of how they have been cited in other studies.

The strategic nature of exports at the macro level has been studied by looking at

1. Value chain
2. Competitive advantage and
3. The effect of market share on export performance.

The strategic nature of exporting at the firm/micro level has been identified in the study as being impacted upon by three factors namely

1. The nature of planning done for export
2. Export marketing strategy and its impact on export performance

3. The problem perception with regard to export marketing

The survey of literature for the study was undertaken to provide a basis for the analysis and the discussion of the study.

2.2 Strategy & International Marketing Strategy

Strategy (marketing) is derived from the Greek "strategia" meaning generalship. Von Clausewitz (1976) wrote the classic military strategy. The widespread use of the term in business occurred after the Second World War although businesses, in particular the Pennsylvania railroad, employed strategy in the 19th century. Zinkham and Pereira (1994) suggest that the notion of strategy was first introduced to the management literature by VonNeumann and Morgenstern (1944) in their classic work on the theory of games which essentially focused on situation of conflict. Following on from this, there was a series of major contributions on strategy such as those of Selznick (1957), and Chandler (1962). Ansoff (1965)'s comprehensive text Corporate Strategy, firmly established strategy in the management lexicon. The military connotations of strategy undoubtedly appeared apt given the traditional perspectives of competition in which firms were seen as "fighting for market share," engaging in "price wars" and embarking on advertising "campaigns."

The military analogy was extended to marketing (James, 1985; Kotler and Singh, 1980). However, Liddell-Hart (1967) was critical of the view, put forward by Von Clausewitz (1976), that: "The destruction of the enemy's main forces on the battlefield constitutes the only true aim in war." He suggested that: "The 'object' in war is a better state of peace, even if only from your own point of view." Contemporary management
theory is much more likely to identify a spectrum of strategies, ranging from the extreme competitive through to various forms of cooperation. Indeed, many companies now regard strategic alliances, which may be formed for some markets with firms that are competitors in others, as strengthening their competitive position.

There are many definitions of strategy, but in general it is regarded as embodying the joint selection of the product market arenas in which firm is or will compete and the key policies defining how it will compete (Rumelt et al., 1991). The Walker et al. (1992) definition suggested that an effective strategy would embrace: what is to be attained; which product markets should be the focus; and how resources and activities will be allocated to each product market to meet environmental opportunities and threats. Johnson and Scholes (1993) define strategy as "the direction and scope of an organisation over the long term: ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations".

In general, a strategy encompasses the goals, regarded as a general statement of aim or purpose, and objectives, and the means by which these are to be achieved. It can apply at several levels; the organizational or corporate; the business and the product. Strategy may also be associated with certain activities. Thus, for example, there is reference to pricing strategies and new product development strategies. There is much debate about whether or not strategy can be clearly formulated in advance of being applied. However, as Mintzberg (1990) argues, managers may often define strategy in terms of past actions, rather than in terms of intentions. Moreover, a consciously
conceived strategy may not be easily realized because of the intervention of, inter alia, uncertainty.

Earlier work in strategic planning suggested that firms pursue environmentally determined generic strategies, such as those suggested by Porter (1985), Mintzberg (1994) and Miles and Snow (1978). This perspective suggests that business-level strategy is determined in response to the external conditions in the economy and industry. The firm assesses these external conditions and chooses a strategic position attempting to maintain a competitive advantage in price or differentiation. Each of these two strategies, price leadership and differentiation, requires a different management emphasis.

A resource-based view of strategy development suggests that a company sustains a competitive advantage from internal factors. These factors may include the following:

1. Exclusive rights to natural resources
2. Physical facilities
3. Expertise in management, research and development, technology, production, or distribution
4. Policy and procedures, e.g., quality management training and quality standards
5. Technological capabilities

Sustaining the competitive advantage depends on

(1) the rate at which the resources become obsolete,

(2) whether the resources can be imitated by competitors or

(3) if there are substitutes for the resources.
Marketing strategy embraces the customer targets or segments and the means, in terms of the marketing mix elements, to be employed for these. Foxall (1981) for example, regards marketing strategy, as being an indication of how each element of the marketing mix will be used to achieve the marketing objectives. Some such as Kotler (1994) argue that corporate or business strategy should be heavily influenced by marketing, on the grounds that strategy is concerned with the match between the organization and its environment, and that marketing, because of its unique position at the interface between the organization and the environment, must therefore be a prime mover in strategy formulation. It seems reasonable that marketing should be regarded as having a perspective critical to strategic management because it is primarily concerned with operationalizing the marketing concept. However, the other functional activities, such as those concerned with technological development, must also take into account wider environmental considerations; while many activities (finance, manufacturing, logistics, research and development), contribute to the development and achievement of wider corporate goals.

Others, such as Greenley (1986) take a more limited view of marketing strategy, arguing that it is operational, i.e., it is oriented towards implementing the overarching strategy of the organization. It is likely that marketing strategy is shaped by and also shapes overall corporate strategy.

Greenley (1993) suggests that marketing strategy has five elements

1. market positioning and segmentation involving the selection of segments for each product market;
2. product positioning, involving decisions on the number and type of products for each segment;

3. the selection of the marketing mix;

4. market entry - how to enter, re-enter, position, or reposition products in each segment; and

5. The timing of strategy and implementation.

Abell (1978) argues, there are only limited periods during which the fit between key requirements of a market and the particular competencies of a firm competing in that market is at an optimum. Therefore, strategy is likely to be modified according to different stages of the product life cycle.

The area of marketing strategy (i.e., strategic marketing) is receiving increased attention in the marketing literature and the business world. Wind and Robertson (1983) view the emerging literature on marketing strategy as contributing more to marketing discipline than any other branch of study has done in the past 20 years. The reasons for the growing interest in this area are varied, but center mostly on dramatic changes in the overall business environment. Day and Wensley (1983) identify several environmental factors that have provided an impetus for strategic marketing, including increased competitive pressures, slower economic growth, technological advances, deregulation, pressures for productivity, increased emphasis on quality, and an aging population. Jain (1985) likewise cites several environmental factors leading to greater interest in strategic marketing, such as declining growth rates, international competition, rapid technological changes, demographic shifts, and deregulation.
Many of the theoretical and empirical underpinnings of competitive strategy originate from the work of Bain (1951, 1956). Bain is known best for his research showing the effects of industry concentration on profitability. This work, supported by the subsequent research efforts of others, was an impetus for national antitrust policy in the USA to prevent mergers that would lead to significantly concentrated industries. It also led to additional theoretical and empirical study. Demsetz (1973) theorized that the association between concentration and profitability is due to efficiency differences among firms rather than the consequences of collusion and monopoly power postulated by Bain. Fisher, McGowan, and Greenwood (1983) note that firms with superior skill and foresight "gain business through lower, remunerative prices or through better products." Efficient firms obtaining large market share and earning economic profits induce a non-casual association between concentration and industry level profitability.

A firm's decision to go international represents a strategic decision because it reflects a major change in the scope and the character of its product-market and organisation-environment relationships (Cavusgil and Godiwala 1982). The term internationalisation is defined as 'the process of increasing involvement in international operations' (Welch and Luostarinen 1988). Calof (1995) defined internationalisation as 'the process of adapting firms' operations (strategy, structure, resources, etc.) to international environments.' The latter definition is very strategic in nature as it brings in environment into perspective. Most of the literature in international marketing concentrates on exporting as the main form of internationalisation. According to Farhung (1993), all research that deals with the firm's decision to go abroad, its choice of
country/product markets, selection of entry modes, and finally substitution of methods of
country/product markets, selection of entry modes, and finally substitution of methods of
operation within the markets, would be of relevance to the topic of internationalisation.

Empirical researchers have in the past found that large, mature multinational enterprises
(MNEs) and small exporters go through distinct stages in the development of their
international business. They begin perhaps with an unsolicited order, progress sometimes
through exporting, sometimes through joint venture(s) and occasionally advance to the
establishment of a wholly owned globally integrated enterprise category (Bilkey and
tesar 1977; Czinkota and Johnston 1981). This staged development of firm
internationalisation is described as an incremental, risk averse and reluctant adjustment to
changes in a firm or its environment (Czinkota and Johnston 1981; Johanson and Vahlne
1977). According to the stage theory proponents such as Johanson and Vahlne (1977), the
gradual nature of the firm's internationalisation process is attributed mainly due to lack of
market information in international operations and lack of experiential knowledge by the
firm. Consequently, there is an uncertainty associated with the incremental marketing
which is reduced through the increase in interaction and integration with the market
environment - steps such as increases in communication with customers, establishment
of new service activities. Therefore the progress of the firms in the context of startegic
decision making with regard to export marketing gains relevance.

According to Thorelli (1973), 'marketing strategy is the approach, or the
stance, that the firm adopts in order to cope in the market structure'. Marketing strategy
involves all aspects of the conventional marketing plan, including product, promotion,
pricing and distribution (Cavusgil and Zou 1994). Specifically, under international
marketing strategy, the four Ps of marketing are considered in line with Cavusgil and Zou (1994).

Cashew is one of the key agricultural exports from India and therefore an understanding of strategy and in particular marketing strategy would provide valuable insights in the development of this industry. The conditions for the application of strategies and marketing strategy are ripe and therefore a study in this context would be appropriate. This is specially true as the scope for major changes in production and processing in this industry in the immediate future is limited.

International marketing strategy for an agricultural crop like the cashew involves to a great extent the understanding of the competitors. Competitor orientation as part of strategic orientation is attaining very high importance in the face of global competition. A focus on aspects of international competition highlights the important differences between country-specific resources and firm-specific resources (Fahy 1996; Porter 1990; Tallman and Fladmoe-Lindquist 1997). The nature and role of country-specific resources (CSRs) goes back to the work of the early trade theorists who focused their analyses on basic factor inputs such as land, labour and capital. In this context CSRs were seen as inherited rather than created. A country's endowment of CSRs was taken as fixed or static and second, that CSRs were locationally immobile meaning that availing of these resources required some form of presence in the country in which they were held (Dunning 1977; Gray 1982).

From a competitive viewpoint, the focus of attention was on the basic inputs into the production process and on how endowments of these factors varied from country to country. Attention was also paid to the role of geographic location as
country-specific resource. Geographic nearness to markets was found to influence investment decisions (Davidson 1980) while the role of cultural proximity or psychic distance was proposed as a key variable by "stages model" theorists (Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977) in their examination of international expansion.

More recent work has broadened the discussion of CSRs still further to include not only inherited resources but also those that are created by a country. The common feature of this type of resource is that it is a product of investments made over a long period of time in any given country (Gray 1982). Typical examples of such resources, which have been cited in the literature, include

1. the nature of the education system (Davidson 1989; Ghoshal 1987; Reich 1991),
2. technological and organisational capabilities (Kogut 1991; Reich 1991),
3. communications and marketing infrastructures (Dunning 1988; Porter 1990),
4. Labour productivity (Lewis et al 1993) and research facilities (Porter 1990).

A study by Shan and Hamilton (1991) demonstrated how the success of the US biotechnology industry was a function of a collection of unique, advanced resources including,

a) government support for research in the field,
b) an aggressive entrepreneurial culture supported by favourable capital markets, and
c) a high level of R&D expenditure.

Their study also showed that it was a desire to gain access to these unique country-specific resources, which was the basis for Japanese cooperative ventures with American firms in this industry.
In the cashew industry, taken up as a case study for the agricultural exports from India (in this study), strategic investments in areas as mentioned above have to be studied. This involves the study of the efforts at the macro/country or the government level in creating competitive resources.

Furthermore, it is necessary to fully explore the relationships between a firm's stock of firm-specific resources (FSRs) and its country-of-origin. Dunning (1981) has argued that firm-specific advantages (resources), though endogenous to particular firms, are not independent of their industrial structure, economic systems and institutional and cultural environments. Thus, for example, much of the international success of Japanese firms has been attributed to the role of their home government and its ministries (Pascale and Athos 1982; van Wolferen 1989) as well as the ethos of the Japanese population towards work, authority and living standards (Lodge and Vogel 1986).

Gray (1982) draws a distinction between "physical" national characteristics (land, natural resources, labour supply and capital) that influence the stock of country-specific resources and "social" national characteristics (social structure, tax structure, treatment of R&D and government policy), which influences a country's stock of firm-specific resources. He cites the example of the nineteenth-century German emphasis on scientific education and chemical research (a "social" national characteristic) as underlying the supremacy of German firms in chemical technology. However, a link between "physical" national characteristics and firm-specific resources has also been identified by Hood and Young (1979), who contend that the superiority of Japanese firms in product miniaturization is related to the pressures on physical space in Japan.
The most comprehensive treatment of the links between the physical, economic and institutional environment of a country and its stock of CSRs and FSRs is provided by Porter's "diamond" of national advantage (Porter 1990; 1991). The four central elements of the diamond are factor conditions (which describe a country's stock of CSRs), demand conditions, firm strategy, structure and rivalry and related and supporting industries all of which combine to influence the FSRs possessed by firms in a particular country. Both CSRs and FSRs in turn are influenced by government policy and chance (Porter 1990).

The critical links in the development of a sustainable competitive advantage for cashew exports can be explored by the concept of the “diamond” of national advantage. This requires the analysis of the four critical elements of the “diamond”. In the case of cashew industry this requires the study of the relative position of India with respect to the competitors with regard the factor and demand conditions as well as the supporting industries and the firm level strategy structure and rivalry prevailing in India.

**Fig 2.1 Linkage between Strategy & International Marketing Strategy**

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2.3 Macro Level / Country Specific

2.3.1 Value Chain

Agricultural marketing comes under the broad category of commodity marketing in the international context. Primary commodities like agricultural commodities are described as goods in or near the first stage of transformation. (Gordon Ashworth 1984) Agricultural marketing has developed primarily as a policy subject concerned with government intervention. Agricultural marketing has always encompassed everything that happens between the farm gate and the consumer including food processing. The size of the marketing sector in agriculture is defined as the difference between farm gate receipts and the consumer expenditure on food (Woolen and Turner 1970). Agricultural marketing assumes importance because of the peculiarities involved in agriculture namely biological nature of production and its dispersed nature, unique market forms, long distribution channels and consequent information problems for the producers, institutions to deal with the inherent difficulties in marketing and the extent of available data.

Whichever strategy-development approach is used, environmentally determined or resource determined, value chain analysis is an analytical tool that can be useful for achieving the objectives of a strategic plan. The supply chain literature broadens the focus from coordination within the firm to coordination within and across firms. Womack and Jones (1996) identify five fundamental principles for lean enterprises and show how firms in a range of industries and locations have applied them. These five principles all focused on eliminating waste throughout the supply chain – are value specification, value stream identification, flow, pull and perfection.
Womack and Jones (1996) focus on the supply chain as a system and on improving efficiency not only through adoption of new product and process technologies but also through restructuring vertical linkages to lower transaction costs, align incentives, and reduce the negative impacts of externalities and information asymmetry. They also recognize that system-wide improvements can make all supply chain participants better off.

Davis and Goldberg, who originated the term *agribusiness*, emphasized a system-wide point of view in configuring production and distribution systems and in designing policies regarding the food system. Lean thinking is reflected in contemporary changes in the food system. Key principles of lean enterprises are also reflected in the vertically coordinated supply chains for pork and beef and in emerging supply chains for identity preserved crops.

Michael Porter (1985) 's concepts of the value chain and value system, as presented in *Competitive Advantage* have gained significant attention. Porter recognizes that a firm can gain competitive advantage not only by more closely integrating the flow of materials and information across the activities that make up its own value chain but also by linking elements of its value chain with those of its trading partners. Porter's concept of a value system as a vertically linked set of individual firm's value chains is analogous to the concept of a supply chain. A firm may work to reconfigure the value system in which it operates in order to improve its competitive position vis-a-vis its trading partners or to strengthen the value system's ability to compete against rival value systems.
Cox argues clearly and convincingly that it is crucial to recognize the strategic dimension of supply chain thinking along with the focus on efficiency and collaboration associated with the shift toward the lean enterprise. Boehlje (1999) also emphasizes the need to consider strategic issues in *ex ante* analysis of structural change in the food system. Sonka and Cloutier (1998) use value chain and value system concepts to clarify linkages between hog producers and packers in their systems dynamics model of the pork supply chain.

### 2.3.2 Competitive Advantage

The terms comparative advantage and competitiveness are frequently used to describe resource used by different entities such as the firm, industry, state or country. Both comparative advantage and competitive advantage (or simply competitiveness) have two general categories of use: a production context and a trade context. For the former category, Domestic Resource Costs (DRC) and net social profitability (NSP) are two commonly used measures for the analysis of production efficiency (Greenaway et al., 1994 and Masters and Winter-nelson, 1995). In the 1960's Bruno (1967) and Kruegar (1966) simultaneously developed the DRC as the ratio of domestic factor costs evaluated at social opportunity costs to value-added. The DRC is basically equivalent to the NSP if shadow prices are used to evaluate domestic factor prices (Pearson, 1976).

In terms of international trade, comparative advantage refers to a comparative cost advantage in producing commodities and explains observed trade patterns according to country differences in resource endowments, investment patterns, technology, human capital and managerial expertise, infrastructure, and government policies. When applied to the empirical world, however, comparative advantage often
becomes somewhat elusive because of the difficulty in defining undistorted pre-trade relative prices, sorting country differences based on these factors, and the presumed absence of government intervention. From an ex post sense, comparative advantage implies country specialization in the production and sale of commodities over time and across countries/regions.

Competitiveness is often perceived as the combination of comparative advantage and existing market distortions (Tefertiller and Ward, 1995). A firm is described as competitive if it is able to survive in the open market. So the term competitiveness encompasses not only relative prices and the ability to market but also quality differences, production and distribution costs, and production and distribution efficiency. Competitiveness, like the case of comparative advantage, is relative rather than absolute.

Because comparative advantage and competitiveness are relative concepts, there is need for a framework, which permits systematic evaluation of measures for these concepts. Literature by Haley (1987), Perkins (1987), Vollrath (1987), and Vollrath and Vo (1988) lay the foundation for the statistical measures of competitiveness and comparative advantage. The research efforts on comparative advantage and competitiveness follow the neoclassical model and are constrained by the static nature of the theory of comparative advantage and the data available to conduct empirical analysis.

Balassa (1965) was the first to develop a measure of revealed comparative advantage. His analysis showed that observed trade patterns generate estimates of revealed comparative advantage. Balassa's index of revealed comparative advantage (RCA) can be written as:
Where \( X_i' \) = country i's export of good k

\( X_i'' \) = World export of good k

\( X_T' \) = Country i's export's of all good (T denotes total exports)

\( X_T'' \) = World export of all good

A Balassa RCA index with value greater than unity (1.0) would imply a comparative advantage or specialization of trade in that commodity by country i.

In the industrial organization and trade literature, there are many definitions of competitiveness. On an international level, the outcome of competitiveness is profitable trade. For a given country, profitable trade can be translated into maintaining and increasing market share. Using market share as a measure of competitiveness, indicators of competitiveness can be developed. These indicators are ex post measures based on past performance. Vollrath (1987) and Vollrath and Vo (1988) developed a comprehensive index called revealed competitive advantage (RC). This index includes imports as well as exports, avoids the problem of double counting and permits intra-industry trade. The revealed comparative advantage index is written as:

\[
RCA = \frac{X_i' / X_i''}{X_T' / X_T''} \tag{1}
\]

\[
RC = RCA - \frac{M_i' / M_i''}{M_T' / M_T''} \tag{2}
\]

\[
RC = RCA - \frac{M_i' / M_i''}{M_T' / M_T''} \tag{3}
\]
Where M = imports from country i or world (W) of commodity k or all commodities (T).

The revealed competitive advantage index as a measure of competitiveness shows how well a country's particular economic sector or industry competes abroad and at home. A positive RC measure demonstrates that country has a competitive edge in producing and trading commodity k.

Another dynamic variation of this approach is the Constant Market Share Analysis. This method decomposes the change in a country's exports of a product into the change that can be explained on the basis of a constant market share of changing world exports of that product and the residual change that is thought to indicate changing competitiveness. (Richardson, 1971).

The German Council of Economic Experts (Frenkel 1994) measured Germany's competitiveness by using the natural logarithm of the ratio of Germany's exports over imports of a particular product to its ratio of total exports over to total imports. In this case, a positive value for the log of the ratio indicated a relative advantage and a negative value, a relative disadvantage. Still another variation of the export-import measure, applied in studies of Central and Eastern European countries by Fieleke (1990) and by Collins and Rodrik (1991), is the ratio of the net exports (exports minus imports) over the sum of exports and imports by product classification. This ratio can take on values between -1 and +1; the closer the ratio is to +1, the greater the comparative advantage is thought to be and the closer to -1, the greater the comparative disadvantage.
These measures of comparative advantage thus serve as a useful source of determining the competitiveness of the countries in a particular commodity industry in the world. They also relate to the export share and performance of the countries concerned in the commodity.

2.3.3 Effect Of Market Share On Export Performance

Export marketing is one of the first steps towards international marketing. During the past three decades, there has been a noticeable increase in the quantity and quality of research about international and export marketing. Most early research dealt with firm internationalisation and described the process that firms go through as they internationalise (Bilkey and Tesar 1977; Cavusgil 1982, 1984; Czinkota and Johnston 1981; Johanson and Wiedersheim-Paul 1975). As the subdiscipline matured, a growing number of scholars addressed the issue of international performance and its determinants (Bilkey 1982; Kirpalani and Macinthosh 1980; Rosson and Ford 1980, 1982; Shohani and Albaum 1994).

Conceptual definitions (when discussed) and operational definitions used in export performance research vary widely. Conceptual definitions of export performance include export effectiveness, export efficiency, and continuous engagement in exporting (Aaby and Slater 1989; Madsen 1987; Shoham 1991). Measures of export performance include export intensity (the percentage of sales sold internationally) (Tookey 1964), perceived profitability (Bilkey 1982), and continuous export activity (Brooks and Rosson 1982).

A conceptual definition of export performance should address each of the two parts: export and performance. Export is defined conceptually as the international.
marketing related decisions and activities of internationally active firm (Cavusgil and Nevin 1981). Naturally, this is a conceptual definition and is, therefore, inclusive of several international engagements. The difference between exporting and other forms of international engagements of a firm is that the firm does not control the foreign operations - it either exports directly or through agents/distributors-as would be the case for a joint venture or wholly owned subsidiary.

This definition has the advantage of being inclusive of a wide variety of internationally involved firms. Countries use widely varying international strategies, ranging from minimal involvement in the early stages of internationalization, to being global competitors at the late stages (Bilkey and Tesar 1977; Cavusgil 1982, 1984; Czinkota and Johnston 1981; Johanson and Wiedersheim-Paul 1975). Advocates of the stages-of-internationalisation school have documented that countries occupy different positions on the internationalisation continuum and that such positions can and do change over time. A broad definition of export, as used here, allows the study of performance for countries at all stages of internationalization.

Summarizing the diverse conceptual definitions of performance in the strategic management literature, Cameron (1986) noted five shared themes, which are also relevant for the construct of export performance (Chakravarthy 1986; Gupta and Govindarajan 1984; McGuire, Schneeweis, and Hill 1986; Venkatraman and Ramanujan 1986). Among them following themes assume importance in the context of the study.

1. It is important to recognize the central importance of performance in any discussion about strategy, including international strategy. This importance is due to performance being a pivotal outcome construct in the study of international strategy.
2. Both the conceptual and operational definitions of export performance should depend on the more general and inclusive definitions of firm and marketing performance.

3. Any definition of international performance is context-specific. The conceptual definition of performance depends on the research context of a given study. Thus the definition of export performance may be problem driven rather than theory driven. In other words, studies of performance may differ in definitions to the extent that they address different problems.

Taking these themes and previous research into account, export performance is defined conceptually as the composite outcome of a firm's international marketing (Shoham 1996).

**Market Share**

Market share drives profitability (Buzzell 1978; Buzzell and Gale 1987) or covaries with it (Jacobson 1988; Jacobson and Aaker 1985). This relationship has been thoroughly investigated and documented in the PIMS studies (e.g., Buzzell, Gale and Sulthan 1975; Day 1990; Schoeffler, Buzzell, and Henry 1974). Therefore, in this study, market share is used as a measure of export sales exclusively.

Craig, Douglas, and Reddy (1987) and Douglas and Craig (1983) used market share as part of their financial subdimension. However, market share (and its derivatives, such as change in market share) was seen earlier as a measure of sales because profitability is driven by market share (Buzzell 1978; Buzzell and Gale 1989) or covaries with it (Jacobson 1988; Jacobson and Aaker 1985).

Even former adherents to Bain's interpretation of the concentration-profitability association (e.g., Scherer et al. 1987) agree that recent empirical analysis
supports Demsetz's interpretation. Analyses based on the Strategic Planning Institute's Profit Impact of Market Strategies (PIMS) and the Federal Trade Commission's Line of Business databases show that once the impact of market share is taken into account, industry concentration accounts for little, if any, of the difference in the levels of firm profitability (Gale and Branch 1982; Ravenscraft 1983). Market share rather than industry concentration is seemingly a key determinant of profitability.

The empirical evidence linking market share to profitability is so widespread that Scherer and his co-authors contend the market share effect is "robust" across a wide range of variable definitions, sampling frames, and controls for accounting method variation. Many analysts have used this evidence to motivate businesses to implement a market share strategy. Henderson (1979), for example, states, "In a competitive business, it [market share] determines relative profitability. When it does not do so, it is nearly always because the relevant market sector is misdefined or the leader is mismanaged."

In the agricultural products context market share need to be looked at strategically at various stages of the process of agriculture. This means that market share in production, processing and marketing subsectors of any crop becomes a necessity. Market share analysis in the cashew context would therefore mean the analyzing of not only the cashew kernel market share but market shares of products like raw cashew nuts and by products like the cashew nut shell liquid. The macro level analysis of the strategic nature of exports of cashew must reflect in the reveled competitive advantage of cashew exports from India. Therefore, in this study revealed competitive advantage and market share are used to study competitiveness of the Indian cashew industry.
2.4 Micro/Firm Level Factors

One of the major constituents of the Porter's diamond is the Firm strategy, structure and rivalry in the industry for which the competitive advantage of the nation is studied. Firm level characteristics that are involved in determining the nature of strategy are very many. However the key factors that would influence strategy are

1. the nature of planning that is undertaken by the firms
2. the nature of perception of export marketing strategy's impact on export performance
3. the problem perception with regard to export marketing

2.4.1 Planning

Planning prepares the firm to take on the environment in an effective manner, when strategy is viewed as the process of managing the external environment. The perception of the utility of strategic thinking in export marketing is an important ingredient in the use of strategy - as positive perception precedes action. Increasingly, therefore, studies on perception of exporters have gained prominence. Perception of the exporters greatly influences the exports of the country. This is magnified specifically with the perceptions of the problems in export. The study of this aspect throws light on the other two dimensions to be studied.

(a) how strategic are individual exporters in managing the problems in export

(b) what lacunae are there in the strategy at the macro level to overcome the problem perception by the exporters

In line with the discussion above the literature on three aspects were sought to be reviewed.
Ansoff (1965) contends that formal planning is beneficial both for stable and unstable environments on the other hand. Mintzberg (1990) favours logical incrementalism in an unstable environment. A Meta analysis of 26 studies recently concluded that strategic planning positively influenced firm performance. David Howard Berman (1995) found that export information/knowledge acquisition and the level of export planning have relation to the management's perceptions regarding the relative advantage and complexity of exporting but were not significant predictors of export behaviour. Several studies (Kripalani & Macintosh 1980; Malekzadeh & Nahavandi 1985) have identified planning activity as an important export success factor.

Most strategic management studies on the planning-performance relationship have focused on large firms and their domestic rather than international operations. Central to this research has been the effect of planning methods on firm performance, with a significant issue being the impact of "formal" planning on firms' performance (Shrader, Taylor & Dalton, 1984). Formal is defined in different ways by researchers. Armstrong (1982) mentions the use of an explicit goal achievement process, while Fredrickson (1984) emphasizes the use of a comprehensive planning process. In addition to differences in the definition of formal planning, there are also differences concerning how to operationalize this concept.

One way to gauge the formality of planning is to measure the degree to which the planning process generates written documentation. Most small business researchers have continued the convention that was first established by large business researchers of using written documentation (the completeness of a business plan) to measure formal planning (Bracker, Keats & Pearson, 1988; Gilmore, 1971; Robinson &
Pearce, 1983; Still, 1974). In these instances, planning is usually measured either as a dichotomy referring to the absence or presence of a written plan, or as a planning comprehensive continuum where such levels as no written plan, partial written plan, and complete written plan are included (Pearce, Freeman & Robinson, 1987).

Some researchers, however, question whether this large firm prescription is relevant to small firms (Robinson, 1982). In this vein, data exists which suggest that written business plans are not used as extensively by successful small businesses as business experts might believe (Parks, Olson & Bokor, 1991; Schuman, Shaw & Sussman, 1985). For example, Parks et al. (1991) found in a survey of 500 firms that only 17.5% had a complete written plan, 32.5% had a partial plan, and 50% had no written plan at start-up. Furthermore, when the research from both large and small businesses on the impact of preparing written plans on performance is considered, the findings are mixed. That is, some studies have shown positive results (Fredrickson, 1984; Lyles, Baird, Orris & Kuratko, 1993) while others have not been able to demonstrate this relationship (Bresser & Bishop, 1983; Hand, Sineath & Howle, 1987).

Another way to operationalize the formality of planning is to measure the degree to which external and/or internal counsel is relied upon in the strategic planning process. Robinson (1982) has proposed that "outsider" involvement in planning indicates a serious commitment to a formal strategic planning orientation in small firms. Outsider involvement refers to both boards of directors and management consultants--people who would appear to be able to supplement a small firm leader's lack of skills in, and time for, formal planning. Limited empirical research exists on the impact of the use of advisors on performance. The results from one study in this area (Robinson, 1982) were that
profitability and improvement in effectiveness were higher for small firms, which engaged in outsider-based strategic planning than for firms, which did not. Overall, past researchers have found the impact of formal planning on performance unclear. Differences in definitions as well as ways of operationalizing formal planning have contributed to these findings. Moreover, Pearce, Freeman and Robinson (1987) have argued that authors of past studies have not considered or controlled for other relevant variables (both inside and outside an organization), which can influence the planning-performance relationship.

Structured and formal strategic planning involves the deliberate and planned search and analysis for thorough evaluation of all strategic options. This requires in depth organisational analysis and environmental Analysis (like that of Jurkovitch (1974), Steiner (1979), and Hofer and Schendel). Various scholars have suggested frame works and methodologies for the effective pursuit of the strategic planning process (Vancil and Lorange (1977), Steiner (1979), Schendel and Hofer (1979)). Situation audit (or strategic investigation) generates information to develop strategic profiles to enable executives to change or modify the content and character of strategic decisions.

Therefore in this study an idea of whether planning existed was being explored and a situation audit in the form of the existing state of the industry is being done.

2.4.2 Export Marketing Strategy and its Impact on Export Performance

Madsen (1987) used the Strategy → Structure → Performance (SSP) paradigm to synthesize export performance articles. This paradigm, as modified by Madsen (1987), suggests that three groups of variables interact to affect performance.
organizational structure, environmental structure and strategy. On the basis of these interactions, Madsen provides strong arguments in favor of three subdimensions namely sales, profits, and change. Satisfaction-based measures provide richer assessments of each subdimension, rather than additional, independent subdimensions. As noted by Bonoma and Clark (1988), "It is not useful to evaluate marketing effectiveness and, hence, marketing performance apart from management’s satisfaction with the results of marketing activities." The essence of Bonoma and Clark’s argument is that a marketing program’s designation as a high- or a low-performance program depends on managers’ reactions to it. This argument arises because, by definition, effectiveness is evaluated by managers against the program’s intended results (Bonoma and Clark 1988).

Managers may use industry-based comparisons to assess their firms’ performance. Managers may indeed compare the results of their firm’s exports with industry (or other) standards. This assertion is based on the emerging organizational theory of strategic reference points. Briefly, Fiegenbaum, Hart, and Schendel (1996) argue that managers use three subdimensions of reference points: temporal (past, present, and future), internal (sales and profits goals), and external (competitors and customers). Notably, they do not claim that the three strategic reference point subdimensions are independent. Rather, they represent a menu of simultaneously determined, multiple reference points—firms can use a number of reference points at any given time.

Fiegenbaum, Hart, and Schendel (1996) suggest that managers evaluate their firms’ position based on all three subdimensions. Applied to export performance, the use of reference points might lead to satisfaction (when performance is higher than the reference point used) or to dissatisfaction (when performance is lower than the
reference point used). Thus, subjective perceptions of performance will be based on export sales and the sales of the reference point used (such as competitors' export sales or the focal firm's past export sales). Perceived satisfaction will, therefore, already account for comparisons with competitors (or any other reference point used). Such comparisons will lead to satisfaction (or lack thereof), which can be measured in and by itself.

This is very useful way of tracking performance in the context of developing countries like India where the availability of reliable data for performance measurement is a difficult proposition. In this study therefore the nature of perception across several dimensions of the marketing strategy for an individual firm is used as a way to assess the existing state of strategic thinking and its impact on cashew exports.

The issue of business variables associated with exporting behavior and performance has been researched extensively. A notable article by Bilkey (1978) reviewed the existing literature and explained why contradictory findings were prevalent. He advanced the view that firms may progress through several distinct stages of export development and certain variables may not be as meaningful in explaining behavior in some firms as they may be in others. Bilkey (1982) later investigated the relationship between an array of variables and export profitability. He concluded that export prices, attention given to exports, and support from dealers all correlated positively with profitability in exporting.

Johnston and Czinkota (1982) delved into potential linkages between decision-makers' motivation to export and a variety of business variables. Companies were classified as proactive, reactive or sustaining. The analysis revealed that proactive exporters enjoyed larger sales volume, followed cohesive marketing
strategies, and placed more emphasis upon customer service. In conclusion, the authors recommended the reinforcing of proactive attitudes.

Cavusgil (1984) empirically tested associations between managerial characteristics and export activity levels of firms. He explains that more recent studies contain a blend of (1) tests of internal characteristics, along with (2) analyses of stages of internationalization of the sampled firms. It was revealed that the desire to develop new markets, systematic exploration of market potentials, technological orientation, managerial expectations, and consistency in export policy were all linked with expanded export activity.

Kaynak and Kothari (1984) in a study comparing exporters of manufactured goods from Nova Scotia and Texas, discovered several key factors related to export success: consistent product quality, overall company reputation, after-sales service, matching customer specifications, and competitive price. Extensive general agreement was found between these two geographically diverse groups.

Various scholars have contributed to this area and investigated a variety of issues including the factors affecting export initiation and export success (Bilkey 1978; Wiedersheim-Paul, Olson and Welch 1978; Sullivan and Bauerschmidt 1987), the internationalization process of the firm (Johanson and Vahlne 1976; Thomas and Araujo 1985; Dichtl, Koeglmayr and Mueller 1989), differences between exporting and non-exporting firms (Bello and Williamson 1984; Cavusgil and Naor 1987; Keng and Julian 1988; Ramaswami and Yang 1990), the differences between active and inactive exporters (Cavusgil and Nevin 1981; Cavusgil 1984a,
Diamantopoulos and Inglis 1988; Madsen 1989), the perceived obstacles to exporting (Cavusgil and Nevin 1981; Ramaswami and Yang 1990), and the role of export assistance and comparisons of export practices across national boundaries (Denis and Depelteau 1985; Diamantopoulos 1988; Aaby and Slater 1989; Gripsurd 1989).

The firm level determinants of export activity and performances are somewhat ignored (Aaby and Slater 1990). While the external environmental factors influencing export performance, such as macro-economic, industry specific, and market specific characteristics, are extensively studied (e.g., Sullivan and Bauerschmidt 1987; Rao 1990; and Diamantopoulos 1988). Relatively few studies have investigated internal, firm controllable determinants of export activity and success. The knowledge of the external environmental factors is useful for government level policy such as macro level incentives and stimulative national export policy, but it is not very useful in developing firm level export strategies since the macro level factors are usually beyond the firm's control. Cavusgil and Nevin (1981) suggested the need to identify firm level determinants, within the management's control, that affect export activity and success.

Most studies have focused on the decision of export initiation rather than export marketing itself (Diamantopoulos 1988). It has been found in Brazil, which is part of the developing world that government incentives may stimulate companies to export but not prepare them for sustained foreign marketing (Christensen et.al. 1987). A lot of studies have investigated the factors affecting export initiation and the differences between exporting and non-exporting firms (e.g., Dichtl, KoegeImayr and Mueller 1989; Cavusgil and Naor 1987; Keng and Julian 1988; and Ramaswami and Yang.
1990). These studies were done in the hope of finding factors that will stimulate non-
exporting firms to initiate exporting activities. Lee and Yang (1989) asserted that the 
future research on export activity should focus more on the export behavior of firms 
that are already engaged in exporting activities.

Cooper and Kleinschmidt (1984) developed a strategic export model 
where export performance is a function of the direct and interaction effects of (i) 
firm/management characteristics, (ii) export marketing policy, and (iii) 
market/industry characteristics. Market and industry environment are identified as 
external factors by Cavusgil (1984), and include macro-economic, social, physical, 
cultural, and political factors that influence export management and export 
performance. Firm/management characteristics and export marketing policy are 
identified as internal factors by Cavusgil (1984), and include commitment and attitudes 
toward exporting, export market expansion strategy, policy regarding seeking outside 
export assistance, and product adaptation policy (Aaby and Slater 1988).

There have been some studies, which have indicated that marketing 
mix variables have an impact on market share and ROI. Findings based on the PIMS 
database have shown that investments in product quality are associated with higher 
market share and ROI (e.g., Buzzell, Gale, and Sultan 1975; Craig and Douglas 
1982; Phillips, Chang, and Buzzell 1983). Several studies have revealed the existence 
of a positive association between higher product quality and market share (Buzzell and 
Aaker (1987) show that perceived product quality leads to higher share and prices, and 
has a direct impact on ROI. A focus on quality can also reduce costs (Young 1985).
The impact of other marketing variables on performance is uncertain. Some studies report that R&D expenses are associated with reduced profitability (Craig and Douglas 1982) whereas others report that the relationship changes over the product's life cycle (Holak, Parry, and Song 1991). Craig and Douglas (1982) found that relative prices did not affect profit.

In their analysis of the impact of marketing strategy on performance in groups of foreign markets, Fraser and Hite (1990) found that the nature of these relationships was different from those found in the U.S. There were also some differences among the foreign markets they studied. The literature clearly suggests that both organizational characteristics and marketing strategy play a role in determining export performance (Dominguez and Sequeira 1991). Some researchers have found that larger firms are often more successful than smaller ones (Culpan 1989) while others make the case that given the low entry barriers, small firms can be successful exporters also (Bonaccorsi 1992). Several researchers (e.g., Dominguez and Sequeira 1991; Walters and Samiee 1990; Aaby and Slater 1989) have highlighted the importance of organizational commitment and desire as contributors to export success. Namiki (1989) investigated the impact of strategy on performance in export operations.

Certain marketing strategies are also found to be associated with export success. Namiki (1989) has provided empirical support for the role of marketing by pointing out that a firm's export performance was a function of both its competitive strategy and its export marketing activities. Koh (1991) found that a high export price (relative to the domestic price) led to financially better export performance. Adsen (1989), in a study of Danish exporters found that export marketing policy and
experience had the largest impact on export performance. Chan's (1992) findings suggested that using a direct export channel was associated with higher export profitability.

Conventional wisdom suggests that economic differences make it necessary to adopt a customized pricing strategy. Since costs, competition, incomes, etc., are different around the world, a standard worldwide price is not advisable although Seifert and Ford (1989) found that, in their sample of mostly small firms, exporters used export prices, which are similar to their domestic prices. Additionally, financial problems in many LDCs (e.g., balance-of-payment problems, sluggish exports, high external debt) makes such countries price-sensitive and forces them to resort to alternative financial settlements such as counter trade (Ford et al. 1987), which makes price standardization difficult.

There is also some evidence that channels of distribution decisions are different when dealing with developing countries. Leonidou (1987) reports that importers from developed countries exercise greater power over their developing country suppliers. Frazier and Kale (1989) propose a framework to explain manufacturer-distributor relationships in developed and developing countries. They suggest that cultural and structural dimensions influence international channel relationships. Based on their study of channel relationships in India, Frazier, Gill and Kale (1989) call for more research in this area.

Many authors argue that exporting entails greater risks than selling at home and, therefore, may constrain manufacturers from initiating, developing, and sustaining export operations (Wiedersheim-Paul et al. 1978). The effect of risk
perceptions on export behavior was investigated in several studies, most of which confirmed that exporters usually perceive lower risks associated with exporting, in contrast to non-exporters (Simpson and Kujawa 1974; Brooks and Rosson 1982; Ogram 1982; Cavusgil and Naor 1987). Two studies failed to link this factor with the aggressiveness of export operations (Tesar and Tarleton 1982), and results were inconclusive in attempts to relate this variable to export development. In one study investigating this issue, it was concluded that the level of perceived risk diminishes as firms proceed to more advanced export stages (Jaffe et al. 1988). Another study revealed a negative correlation between risk perceptions and export sales growth (Czinkota and Ursic 1991).

The notion of risk associated with exports would provide a view on the nature of export decision making that takes place in the firms under study.

Profit Perceptions.

Profitability in foreign markets may be adversely affected by such factors as the capital tied to foreign transactions, additional costs of marketing abroad, and difficulties in obtaining payment from overseas customers. Some researchers have posited that exporters disregard these adversities and perceive involvement in foreign operations as more profitable than selling in the home market (Simpson and Kujawa 1974; McConnel 1979; Ogram 1982). Perceived profitability was also suggested to be higher among aggressive exporters as well as among firms at more advanced stages of export development. Of the four studies investigating the relationship of this variable with export aggressiveness, three revealed the absence of significant findings (Tesar and Tarleton 1982; Bourantas and Halikias 1991). Further, two studies detected a positive
association between profit perceptions and export development (Jaffe et al. 1988; Moon and Lee 1990), while another established no relationship (Bilkey and Tesar 1978). In one study it was concluded that in the early stages of internationalization this variable is of no significance, but as the firm moves on to more advanced stages the importance of profit perception increases (Cavusgil 1982).

Profit perception has an impact on strategic decision making in export marketing. It is therefore studied in the context of cashew exports.

**Growth Perceptions**

Managerial perceptions regarding the role of exporting for corporate growth is a factor discriminating exporters from nonexporters. In fact, in one study investigating this issue it was confirmed that managers of export organizations attach greater importance to export as a corporate growth alternative than their counterparts in non-exporting firms (Cavusgil and Nevin 1981). Perceptual differences regarding growth were also assumed to exist between aggressive and passive exporters, with the former placing greater emphasis on export-led growth; however, of the three empirical studies testing this assumption only one found a positive association (Bourantas and Halikias 1991). One study confirmed that companies at more advanced stages of exporting perceive higher levels of growth from overseas operations, compared to their counterparts in early export stages (Jaffe et al. 1988).

Growth is one of the strategies available for development of an enterprise and exporting is one of the sources of growth. Therefore the perception of growth related to exporting have strategic implications for this study.
Complexity Perceptions

The general consensus among international business scholars is that overseas markets involve difficulties that may act as barriers to exporting. These include differences in business practices, restrictive rules and regulations, idiosyncratic consumer habits, language and cultural variations, fluctuating exchange rates, and intensive competition. Thus, some researchers have hypothesized that managerial perceptions of the complexity of the foreign markets are negatively related to export development and performance. One study indicated that as the firm progresses along the export development path, the perceived level of foreign market complexity decreases (Jaffe et al. 1988). Another study showed that perceptions of the lesser complexity in overseas business are significantly associated with higher levels of export intensity (Axinn 1989). Perception of complexity has implication on strategic decision making processes.

Many researchers have referred to aspects of contextual influence on strategic decision making processes (e.g., Beach and Mitchell, 1978; Billings, Milburn, and Schaalman, 1980; Bryson and Bromiley, 1993; Dutton, Fahey, and Narayanan, 1983; Hitt and Tyler, 1991; Rajagopalan et al., 1993). Schneider and De Meyer (1991), in an attempt to provide an integrative model, proposed the following categorization of factors, which are expected to influence strategic processes: (1) managers' individual characteristics and group dynamics; (2) internal organizational context; and (3) environmental factors. Pettigrew (1990) suggests that in addition to context, research should consider the role and significance of the nature of the decision problem in shaping the process.
The marketing mix elements together with the influence of the subjective perceptions of exporters on the impact of marketing strategy on export performance at the firm level therefore requires a thorough study.

2.4.3 Exporting Problems

Perceived barriers to exporting reflect management's perceived importance of various export barriers (Cavusgil and Nevin 1981) and their attitude toward exporting. According to Cavusgil (1984), management forms perceptions about the difficulty level of various exporting barriers. He found that non-exporters are more pessimistic in their evaluation of export barriers and risks. Bello and Barksdale (1986) and Ramaswami and Yang (1990) also showed that exporters perceive fewer problems in exporting related activities than non-exporters. In general, perceived barriers to exporting (or export growth) may be considered as an indirect measure of a firm's attitude toward exporting. A firm, which does not perceive export barriers to be significant, generally has a positive attitude toward exporting and this will be reflected in their export performance, which is measured by export growth.

Several studies (Cunningham & Spiegel, 1971; Langston & Teas 1976; Reid, 1980) have highlighted the importance of export decision-makers perceptions and characteristics as critical export success factors. A study of the small firms by Czinkota and Johnston (1983) showed that two problems that received highest ratings were communication and sales efforts. Bilkey and Tesar (1978) found that the most frequently cited problems to be insufficient finances, foreign government restrictions, insufficient knowledge about foreign selling opportunities, inadequate product distribution abroad and lack of foreign market connection. O’ Rourk (1985) studied firms exporting
agricultural products in the Pacific northwest and found that small firms not currently exporting gave low ratings to government services, international trade shows, seminars and workshops and government offices overseas. The chief drawbacks to entering exporting cited were lack of resources and lack of information.

With respect to specific export problems, Lee, Henneberry and Pyles (1990) listed five potential disadvantages of value added exports compared to bulk transfer of agricultural products:

1. Increased differentiation increases the difficulties and uncertainties of penetrating the undeveloped markets;
2. Market penetration and the development of brand loyalties will require more research into the social and cultural characteristics of importing countries;
3. Value added products are more subject to obsolescence and changes in preferences than bulk products;
4. Reduction in demand for value added products (because of higher multiplier) will lead to greater contractions for the bulk products and
5. Value added products are frequently more difficult to transport and store than bulk products.

Vozikis and Meskon (1985) found significant export functional problems in marketing, operations and finance for small exporters associated with the firm's overall stage of development. Rabino (1980) cited barriers for exporting that includes the lack of exposure to other cultures, large U.S. market, lack of staff time, paperwork and management of export operations and different safety or quality standards. Bauerschmidt, Sullivan and Gillespie (1985) identified five factors as export barriers, which listed in the

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order of appreciation, were exogenous economic constraints, comparative marketing distance, lack of export commitment national export policy and competitive rivalry. Sullivan and Bauerschmidt (1989) found that relative value of the currency and transportation costs were the major barriers to exports as expressed by European and US managers

2.5 Summary Of The Literature Survey

The objective in this chapter was to summarise the literature search and review the studies that were done to study the problem as identified by the researcher. In the absence of adequate literature in the area of agriculture and agricultural exports, the attempt in this chapter was to analyse literature in the broad areas of strategies at the macro and micro level. The studies as set in different contexts were sought to be looked at in the agricultural milieu. The survey of literature for the present study brings out the following aspects:

Marketing strategy is a key area in the study of strategy in the context of market orientation gaining importance across all the industries. The Globalisation of industries and the internationalization of the firms have highlighted the importance of marketing strategy in the international context. In the stages of internationalization, exporting is one of the first steps that has also been influenced by the strategic marketing concepts. There have been two levels in which strategy has been studied in global industries namely at the country and the firm levels.

The strategic orientation of the country as well as the firm has become crucial in the attainment of the objectives of the country and the firm. One of the key components of strategic orientation is competitor orientation. At the macro as well as the
micro levels of industry analysis, competitor orientation therefore requires the need for a strategic analysis of the country or the firm in question. This as a situation audit determines the strategy to be adopted by the country or firm in the industry after understanding the existing position. This kind of strategic analysis though has been done in several industries, has yet to take shape in agribusiness firms in adequate measure. The implications of strategic analysis for agro products in developing countries has not been realised.

The survey of literature focuses on the methodologies adopted and the factors that affect strategy formation choice and implementation in order to conduct the strategic analysis at the country and the firm level.

Comparative advantage has been looked at as an alternate way of assessing country specialization of industry. In the case of an industry like agribusiness, where there are different levels there is a need to look at competition by using the market share as a major indicator of the advantage enjoyed a country. However, the competitor country specific details have to be discussed in order to arrive at areas where the possibility of strategic gaps or advantages can be gauged. Moreover the competitive advantage can be measured through the Porter's diamond where the key factors affecting the competitive advantage of nations like factor conditions, demand conditions, firm strategy structure and rivalry and the supporting industries could be analysed.

The recent developments in the strategy literature lay emphasis in the firm rather than the macro level advantages for the strategic successes of industries. Inspite of the developments in the macro front in the globalization of the economies, the countries have now realised the need for the strategic orientation of the firms in the industry to be
successful. For firms to be strategic, the level of strategic and functional planning plays an important role. Recent literature has also stressed on the importance of positive perceptions of the managers of the firms for the success of a strategy. It is now being realised that studies of strategy at the firm level must look at the subjective measures that impact upon export performance. In the context of export marketing strategy, the positive perception of the influence of the marketing mix elements on the firm's performance becomes important.

One of the views of strategy is to look at firms as managing the external environment. Exports have an environment that spreads across the borders. Due to the complexity of the interactions involved in export transactions, the probabilities of problems increase. However, a strategic exporter needs to anticipate the possible problems and be prepared to face the different scenarios. This implies that strategic orientation means that problem perception regarding export marketing should be minimal or absent.

The review of literature provides the basis on which to study and analyse the agricultural export markets and in particular the cashew market for the study in the international context. The literature from the different countries and industries are relevant in the study as the close to free market conditions prevailing in the international cashew kernel market help in the applicability of these studies to an agricultural context.