

The Impact of Organizational Factors on Export Performance of Export Firms Located in Tabriz

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ABSTRACT

The object of this study is surveying the impact of organizational factors on export performance, export companies located in Tabriz. Terms of goal this research is applied and a term of method of research is descriptive – analytical. Standard questionnaires used to collect data from this study that after localization and ensure high reliability of the questionnaires were distributed. Statistical population of this study included all the export companies located in Tabriz that number of it has been 135 companies and sample size by using the formula obtained equal to 100 companies. For analysis data is used SPSS software in both descriptive and inferential statistics. Results of Pearson correlation coefficient and multiple regressions indicate that the export commitment and the export experience with the dependent variable of the export performance are positively and significantly and also the results of hypothesis tests indicate lack of significant relationship between two variables of firm size and export performance in Export Company located in Tabriz.

KEYWORDS: Firm Size, Export Experience, Export Commitment, Export Performance.

1. INTRODUCTION

Expanding trade, globalization and internationalization of products and services companies has increased always the importance of international business relations. International business relations cover various dimensions that affected effectiveness of companies in the international market particularly the export market. Due to the complex market conditions and change constantly and a steady, rapid acquisition of commercial information is often key to success in international markets. However, companies are working in the international market and unknown export environment are encountered with greater the environmental uncertainty. Under turbulent conditions, there is greater likelihood that that company's products aren't to suit customers 'needs and competitors' products and consequently reduced the effectiveness of company actions. So in a more turbulent environment of export, exporters require lot of information that increases identify them as a means of changing conditions of export. Market- orientation is caused that companies focus on continuous collecting information on associated with the needs target customers and competitors capabilities and apply this information toward creating superior value for customers (Doaei & Hosseini Robat, 2010). It's clear that mutual effort of governments and people is the critical element for the progression of companies and actual promotion of their activity levels (Rezvani, Gilaninia & et al, 2011; Gilaninia et al, 2012) Development and survival of companies and economic growth in many countries is associated with a better understanding of the determining factors of export performance. During past four decades, numerous studies have been conducted in connection with one or several determining factors in export performance. However, most of them an internal perspective (managerial or organizational factors) or a local approach (environmental factors) have accepted, while only a few examples of both of these studies have examined these factors simultaneously (Navarro et al, 2010). Growth rate and growth amount of world export requires a real responsibility and resource efficient and design and planning international marketing strategies are successful that this provides it possible for companies and institutions to create a commercial market, they communicate and exchange that this has good value for their customers, traders and other buyers. This is a process that according to its competitive advantages may be realized in foreign markets that this has a positive effect on current and future export performance. But in the field of international marketing, gaining extensive knowledge about determine competitive conditions of institutions on foreign markets and their influence on export performance is very difficult (Stoian et al, 2010). Follow of the pattern of export development boosting foreign exchange earnings resulting from it Presents the benefits such as to gain exchange for national economic and growth foreign exchange earnings and in proportion to it, ability of imported growth and utilizing the technical knowledge of the world, increases in living standards for people's welfare, prosperity investment, create new job opportunities, promotion of products quality, and finally sustainable economic growth. Therefore, changing the economic development policies from replace imports that were considered in the past two decades in Iran

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and employing all the institutions of the executive decision maker (both public and private) can be provided in areas favorable for the development of export (Shadi Dizji, 2011).

2. LITERATURE REVIEW

Based on theories of international trade, developing countries gain primary expertise of economic because having comparative advantages and production inputs frequency. Compete in the global arena requires planning and implementing competitive strategies (Ali Mohammadi *et al.*, 2012). Also abundantly produced inputs in these countries have intensified entry of foreign independent investments. Meanwhile, some economists criticized to develop an international specialization in economic dependence on exports severely. Accordingly, they believe that international specialization for a country's economy led to a strong dependence on export revenues. However, due to unpredictable price of export goods if strong volatility prices led to the instability of export proceeds and this will have negative effect on the overall economy (Mohseni, 2005). In recent years, the issue of competitive advantage in companies has specially been considered (Rmezzani *et al.*, 2011). Today no country can live in complete separation from other countries. Each country by starting International exchange of production factors produce products that are more efficient and can exchange them with other countries products. Even those companies that decide to work exclusively in their domestic market will be faced with the challenges of international competition. In these conditions, the export is basic strategy to ensure growth and survival of companies (Navarro *et al.*, 2010). Also, review the literature related to the export performance implies this subject that there are extensive set of unknowns and uncertainties that create a valid and reliable predictor for successful job performance would be very difficult (Kaynak and Kuan, 1993). Export situation hasn't good history in Iran, to achieve marketing services for successful export is not done with ease and exporters as well as traditional, but not as a professional and temporary pay for exports. Due to these issues and the need to develop exports, the role of trade promotion organization of Iran in providing export services is important (Farhangi & Lotfi, 2009). Using market information in the field of the export is one issue much attention in recent years. This subject is now accepted that market information is vital for the success or failure companies (Haghighi & Ataei, 2010). In our country, given that there is no specific strategy for export development, presence of Iran has limited in target markets. Including problems and obstacles to export development in our country can mentioned the lack of understanding of the requirements of global markets and non-specialized export activities, and weakness in the design and implementation of training required exporters. Iran's Customs Administration says Iran Non-oil exports in 8 months of this year is including gas condensate 15 billion and 631 million and 870 thousand dollars that Compared to same period last year 8/29 percent had decrease. Economist information unit stated in its latest report on Iran's share of global exports (including oil revenues) will decrease to 0/58 percent in 2013. In 2014, Iran's share of global exports will reach to its lowest level during the forecast period (2005 to 2014) and for this index will be recorded figure 0/46 percent and this is expression of very low our country's share of world trade. One reason for the weakness in exports is inattention or lack of knowledge about issues affecting the export performance such as environment (environmental differences between domestic and foreign markets) and adjusting cost (based on international environmental differences) in the export market. Because the East Azarbaijan province has ranks fourth in terms of number of industrial clusters and also identified 12 industrial clusters in the province has about 6% of the total clusters identified in the country and with 10 percent of total exports in the country has been able to play an important contribution in the development of exports and has an important place in this area and indicate high significance of this province in development exports (Shadi dizji, 2011) and this reason East Azarbaijan Province has been selected as the study population. Given that, the goal of company's export of supplying goods to foreign markets is profits, the ongoing revenue, and enhances competitiveness, increase employment over time; can say that export plays the main role in developing countries and other hand researchers haven't founded definitive conclusions about the impact of organizational factors on export performance. Thus it is selected as a research subject. This study sought to investigate the effect of organizational factors (size, commitment, experience) on export performance. Thus main research question is:

Is there relationship between organizational factors and export performance of Export Company located in Tabriz?

A study by Stoian and colleagues (2010) entitled " Export performance under the microscope: A glance through Spanish lenses " was conducted that studied impact of firm size, export experience and export commitment on export performance in terms of objective and subjective features. The results of this study was that there isn't significant relationship between firm size and objective and subjective features of export performance and there is significant relationship between Export performance and the company's experience in term of the objective features export commitment has a positive effect on export performance. According to research conducted by Stoian and colleagues (2010) Organizational factors include:

- Firm size
- Export Experience
- Export Commitment

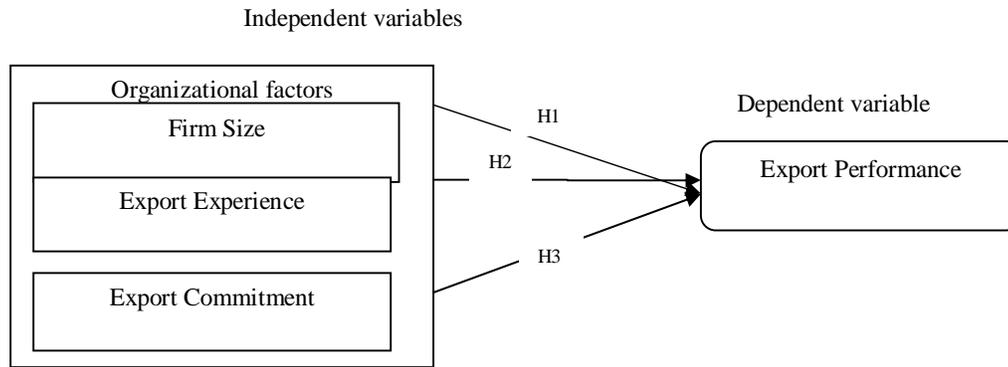


Figure (1) analytical model of research (Derived from the conceptual model Stoian and colleagues in 2010)

2.1. Export Performance

Along with the globalization of markets and products, entry into foreign markets is very important for companies. Export is a simple and easy way to enter foreign markets (Lim & et al, 2003). Cavusgil and Zou (1994) defined export performance such as the domain and range according to the company achieves to its goals in exports a product to a foreign market (Navarro et al, 2010). Rate of success of a company involved in export can be evaluated with its export performance. Cavusgil and Zou (1994) defined Export performance as the amount to achieve the objectives, when the products are exported to foreign markets. Researchers' disagreement on common conceptual and operational definition for function of export has led often unrelated and contradictory results. Lack of results for assessment this variable led to generalize the results of comparative studies that use different indicators; it is difficult and sometimes impossible. Economic considerations (profitability, sales, costs, etc.) and strategic (market expansion, increased foreign market share, etc.) in planning and implementing international marketing strategy is a fundamental point and effects on export performance of firms (Hosseini & Mirjahan Mard, 2011). In this research export performance is measured with indices of export sales growth, export profitability, export intensity, achievement expectations, evaluates competitors.

2.2. Firm Size

Organizational resources, conservation of scale and perception of risks in international activities are three essential factors that is caused firm size be related to export performance positively. These advantages related to size, not only to understand the characteristics foreign market can facilitate, but the ability to respond effectively increase demand of foreign customers and thus potentially are led to increased levels of export performance. In this research firm size is measured with the index number of employees with 1-19, 20-49, 50-99, 100-294 and over 295 employers (Haghighi et al, 2008). The first hypothesis in this study can be expressed as follows:

H1: There is relationship between firm size and export performance in export firms located in Tabriz.

2.3. Export Experience

Experiential knowledge about foreign markets and operations is a guiding force in the internationalization of companies. Increased export experience will have benefits such as (1) increasing the confidence of export activities, (2) better understanding of the mechanism of foreign markets and (3) Develop networks of extensive communications with customers for the company. In result design and implementation of programs will seek the export markets more effectively (Navarro et al, 2010). Export experience is measured with number of years that company has attempted to export activities, number of countries that company export from classes, 1-5, 6-10, 11-15, 16-20, over 20 in this study. The second hypothesis in this study can be expressed as follows:

H2: There is relationship between Export Experience of firm and Export Performance in Export Firms Located in Tabriz.

2.4. Export Commitment

Management commitment to export activities has a strong effect on producers of export success. To ensure and maintain the orderly operation of export, understand the attitudes of foreign buyers and conduct marketing activities is important, In order to create such a capacity, management commitment to exporting is important. Management commitment will reflected in activities such as separate unit of export control and export planning, export marketing research and regular visits from the export market (Haghighi et al, 2008). Researchers from two different aspects look at the export commitment. Commitment is a strategic factor that

can used to distribute resources within the organization. Export commitment can be defined like this: trends the managers to spending human resource, management and financial for export activities. Export commitment of a firm can be showed in different ways, but nothing is not reflects the export commitment an institution (Navarro et al, 2010). Export commitment is measured with export channel unit, enter to the foreign market, choosing customer, regular visits from export markets, and the use of export marketing research, planning and controlling the export in this study. The third hypothesis in this study can be expressed as follows:
H3. There is relationship between export commitment of firm and export performance in Export Firms Located in Tabriz.

3. RESEARCH METHOD

This research in term of objective is applied research and in term of methods is descriptive and analytical type of correlation. Method of data collection is field. The study population consisted of 135 export companies active in the Tabriz city. Considering that there is a list of companies and there is no specific category and classification. All individuals studied have similar and is consistent and coherent. Therefore, simple random sampling method was used to determine the appropriate sample size. Using the sample formula from limit community must first be certain of the normal distribution of data. Thus has been used the test of Kolmogorov – Smirnov. Test results of Kolmogorov - Smirnov shows that Sig is more than 5%, so normalizing the data is accepted. In simple random sampling method to determine sample size, first pre-sample from statistical population was conducted 15 companies and given that standard deviation of pre-sample shows 0/50368 and statistical population size is 135 export companies, a sample size achieved 100 companies by Cochran formula of simple random sample. In this study, for collect information have been used internet sources and library studies and questionnaire. The standard questionnaire is taken from foreign research (Stoian et al 2010, Ling-ye and Ogunmokin, 2001) and domestic (Hosseini and Mirjahanmard in 2011), therefore, the present questionnaire has high validity. In this study, Cronbach's alpha method is used measuring reliability of questionnaire. According to results obtained because Cronbach's alpha coefficient is more than 70 percent, thus questionnaire is reliable. Pearson correlation and multiple regressions test is used for analysis of data.

DATA ANALYSIS

Table1) result of testing hypotheses

Hypotheses	Pearson Correlation	p-value	Result
H1. There is relationship between Firm Size and Export Performance in Export Firms Located in Tabriz.	.059	.558	Rejected
H2: There is relationship between Export Experience of firm and Export Performance in Export Firms Located in Tabriz.	.332	.001	Confirmed
H3. There is relationship between Export Commitment of firm and Export Performance in Export Firms Located in Tabriz.	.647	.000	Confirmed

4.1. Result of first hypothesis

The results of the Pearson correlation coefficient indicated that sig amount equal to 0/558. Therefore, we conclude that:

$$\alpha=0/01 < p\text{-value}=0/558$$

The research hypothesis can be rejected with 95% confidence, thus there is no significant relationship between firm size and export performance and also results of multivariate regression ($B = -0/037$) indicates a negative relationship between firm size and export performance.

4.2. Result of second hypothesis

The results of the Pearson correlation coefficient suggest that the intensity correlation between two variables is +33/2 percent. This suggests a direct relationship between two variables and p-value Equal to 0/001. Therefore, we conclude that:

$$\alpha=0/01 > p\text{-value}=0/001$$

Thus, the correlation coefficients test at $\alpha=0/01$ is significant. So we can say that between two variables export experience and export performance of export companies, there is a significant and direct relationship and the results of multiple regression tests indicate that Independent variables export experience has the direct effect on the rate of export performance in Export Company located in Tabriz.

4.2. Result of second hypothesis

The results of the Pearson correlation coefficient suggest that the intensity correlation between two variables is +64/7 percent and p-value is equal to 0/000. Therefore, we conclude that

$$\alpha=0/01 > p\text{-value}=0/000$$

Thus, the correlation coefficients test at $\alpha=0/01$ is significant. So we can say that between two variables Export Commitment and export performance of export companies, there is a significant and direct relationship

and the results of multiple regression tests indicate that Independent variables Export Commitment has the direct effect on the rate of export performance in Export Company located in Tabriz.

5. Conclusions and Recommendations

Companies can by using the research findings and variables affecting on the export performance improve the rate of its exports. Officials and those involved in their decision making and policies is better that attention to organizational factors affecting on the rate of the export performance and pay attention to decisions that lead to increased exports in the country trading enterprises are recommended to improve their export performance, quality relationship with the importer should consider and therefore take advantage of the model presented in this study.

According to the independent variable of the export commitment and applying it in the decisions will caused to increase exports. Given the significant impact of export commitment on export performance in export companies in Tabriz city suggestions for improving export performance is presented as follows:

1. Export marketing plan is done by using the guidelines of the target market importer and the local distributor.
 2. Regular visits from export markets are done in order to collect valuable information and build close relationships with key members of the distribution network.
 3. Participation in international exhibitions can be effective in increasing exports.
- International experience in exporting helps companies to identify international opportunities and avoid threats. Given the significant effect of export experience on export performance in Export Company Tabriz city proposed to companies that increase export domain to various countries.

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