

Barriers to Exports of Small and Medium Companies (Case Study: Ilam Province)

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ABSTRACT

According to exports, one of the important strategies of internationalization both for companies and for national economies in global markets and the importance of small and medium enterprises in production and employment, identifying barriers to exporting companies it is of particular importance. The aim of the present study was to investigate the relationship between export barriers and export development of small and medium enterprises. Export barriers include internal barriers (barriers to participation, barriers and obstacles in product, marketing) and external barriers (barriers, industry, market barriers and obstacles macro environment) are. materials and Methods descriptive survey of target other than applied research. the population for this study was limited and include small and medium enterprises is Ilam. to estimate the sample size Cochran's formula was used and the sample size is 196. The findings of the study indicate that barriers to exports between the development of small and medium export companies, there is a significant negative relationship. This means that if the barriers are removed or reduced these companies will increase exports.

KEYWORDS: export, export barriers, internal barriers, external barriers, small and medium enterprises.

1. INTRODUCTION

Complex and rapid changes in recent decades and the acceleration of globalization, has caused various communities trying to be ready to accept their further development (Rao, 2008). what few decades ago was considered as an economic advantage, were active in establishing and maintaining corporate and it was argued that the larger companies are economy is more dynamic and powerful. although this idea flourished decades and also appeared on the giant corporations, however, recent developments, and especially population pressures, innovations moment, complexities of management and decision-making processes, require immediate and urgent decisions and business activities of small and medium enterprises has shown the importance of firms (SabbaghKermani, 2002).

In recent decades there are fundamental changes in the business environment. these changes have led to a situation in which small and medium businesses, with regard to their roles in job creation and economic development, the broad, diverse and important growth in developing countries are responsible for (Kula and Tatoglu, 2003). exports as a common path forward companies especially Small and medium businesses, known to enter foreign markets. One of the most important reasons for this is that exports, compared to other international procedures, require fewer resources. Therefore, increasing export sales as the proper way to grow is taken into consideration (Rahmanseresht, 2006).

Importance of Problem

Export is one of the most common methods used in the latter stages of the internationalization patterns of firms (Burgul and Murray, 2000). in order to effectively encourage local companies, especially small and medium businesses it is required for entry into global markets not the only factor driving small and medium businesses for exports to understand but the barriers to entry that make them effective and sustainable performance recognize the face in foreign markets (Leonidou, 2004). According to Rocha and others (2008), in terms of scientific the need to understand the nature and role of perceived barriers in export by many researchers is clear.

however, it has been found study export barriers still lack a comprehensive theory that the most important export markets for small and medium businesses economic growth in small states this activity is highly dependent on to classify. Countless attempts to categorize the various export barriers the relevant literature has been (Cavusgil and Zou, 1994; Tesfom and Lutz, 2006). When Bilkey and Tesar (1997) conducted the first study, export barriers widely have been studied in different countries. in the literature, a variety of barriers have been identified (Arteaga- Ortiz & Fernandez- Ortiz). Okpara (2011) identify many barriers which many prevents the growth of exports in developing countries. These barriers include lack of financial resources, export inadequate knowledge, lack of qualified personnel and intense international competition. The key barriers to prevent small and medium enterprise in their export development. Tsar (1975), divided barriers to both primary

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barriers and continuing barriers primary barriers, obstacles that occur first, there are such as: identify opportunities, foreign investment and export registration process, while continuing barriers includes barriers occur during the export process. As analysis of payments and fees, description and discrimination between the values the company offers and values which are requested by the buyer.

For example Cavusgil and Zou noted that marketing strategy on export financing, internal forces (Company and product characteristics) and external forces (industry and market characteristics) are determined. Also Tefom and Lutz (2006), export problems for small and medium businesses keep in mind two important export categories: internal and external. Westhead *et al* (2002) and Jaeger (2008) explain that lack of knowledge information about foreign markets creates barriers finally, the inability to maintain relationships with capitalists in export activities and distribution channels process can cause setbacks. another classification; barriers to exporting knowledge barriers, procedural, and resource sharing is exogenous. General knowledge barriers as lack of knowledge about export activities or ignorance of the subject is defined. Internal resource constraints, the fiscal deficit, production capacity and foreign aid. Procedural hurdles, which are factors in the export process. activity make it difficult, for example, laws and documentation requirements, finally, barriers to exogenous or outside the system barriers are the result of lack of trust in the international market. the other factors comes as governments and industry (Suarez Ortiz 2003; Ortega Ortiz, Fernandez Ortiz, 2011)

Internal barriers to exports are related to the Company and often with inadequate resources and organizational and relevant to export marketing. For example, problems relating to the importation of quality standards and the project files for export market (Kaynak and Kothatri 1984). In this section, exports of domestic problems have been reported in the literature the problems relating to the Company, product characteristics and are divided (Katsikeas and Morgan, 1994). Also Leonidou (2004) noted that marketing barriers is one of the obstacles of internal growth of exports.

in the literature review we found that because of the importance of the product this factor is considered separately therefore, in this study the four marketing mix elements of product the product also comes with obstacles is discussed. export external barriers: many researchers have concluded that many of the major problems with exports comes from the external environment. The nature of these problems is very broad: yield different foreign customers, unfamiliar business practices and protocol, tariff barriers and regulatory import controls imposed by foreign governments, competition and fluctuating exchange rates. Problems mentioned in this section the problems of the industry, export market and macro environment barriers are related (Tefom and Lutz, 2006).

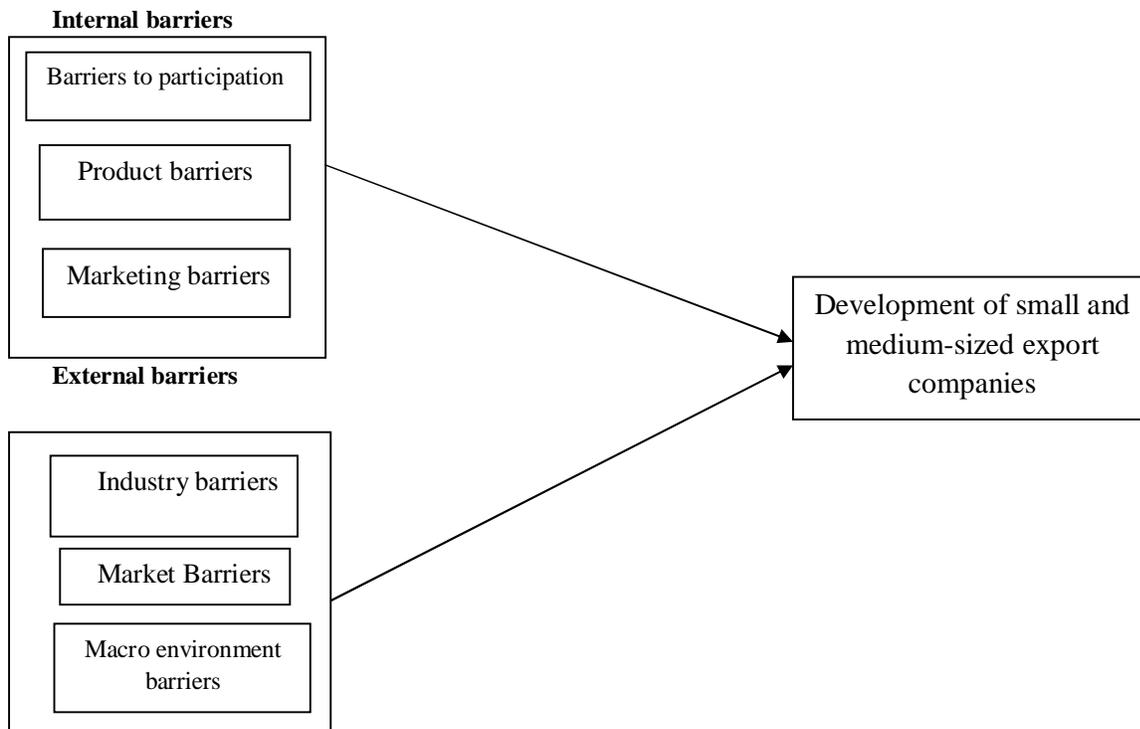


Figure 1. Conceptual model of research
Source: researcher

Research hypotheses

The first major assumption: internal barriers to development of small and medium businesses exports have a negative effect.

The first sub-hypothesis: stop exporting small and medium businesses has a negative effect on development.

The second sub-hypothesis: stop exporting small and medium businesses has a negative effect on the development of the product.

Two main hypotheses: external constraints on the development of small and medium sized exporting firms have a negative effect.

The first sub-hypothesis: the growth of exports from small and medium industry's negative impact.

The second sub-hypothesis: an obstacle to the development of export markets for small and medium has a negative effect.

Three main hypotheses: prevent macro environment has a negative effect on the growth of exports for small and medium.

Four main hypotheses: Obstacle marketing has a negative effect on the development of small and medium businesses export

MATERIALS AND METHODS

The research method in this study, descriptive research method survey and the purpose is other than applied research. The population for this study was limited and includes small and medium enterprises is Ilam. With a sample size of 196 was obtained using Cochran formula. to collect information on the theoretical background of the research of library resources, magazines, journals and the Internet was used. initial data by researcher directly from the owners and production companies, buyers and exporters and was collected by questionnaire. In this study, five Likert scale options have been used to answer questions.

Validity of questionnaire reliability

Cronbach's alpha coefficient for questions 86 /0 is obtained indicating acceptable reliability of the questionnaire. because the questionnaire used in this study is standard; pundits have been approved and has content validity.

Analysis of data

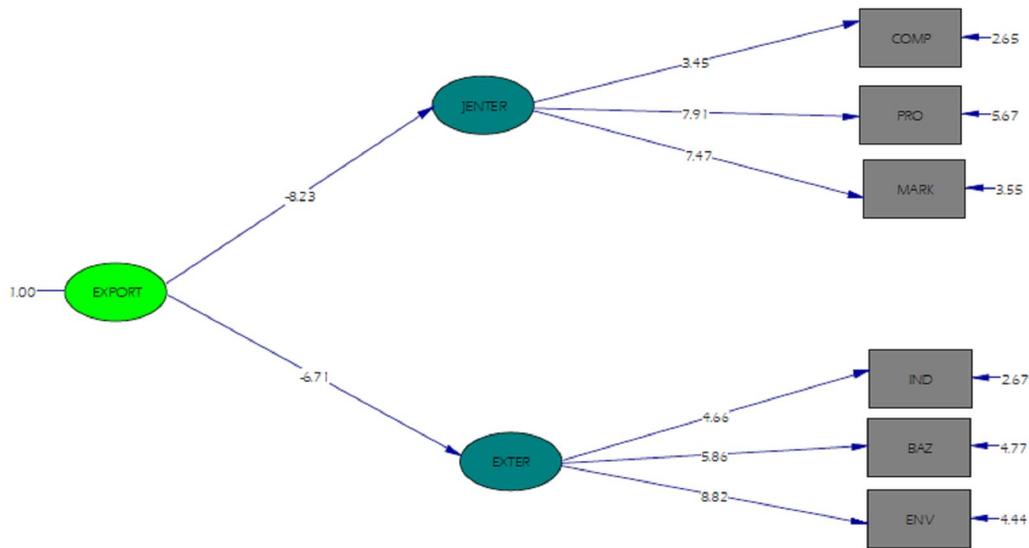
For analysis, descriptive statistics section population and Features SPSS software was used. They also analyzed data and test the model using LISREL software. Data analyzed by two-stage modeling approach structural equation and confirmatory factor analysis was conducted. First, the convergence and validity of the model was examined. The structural model to identify the relationships between variables and determine the goodness of fit was used. Measurement model specifies that how the variables or hypothetical constructs in terms of observable variables are examined what is the credibility and validity. The structural equation modeling, relationships between the latent variables specified causal effects and the amount of variance explained (Azar, 2003). Goodness of fit test after being given model several methods for estimating the goodness overall fit of the model with observed data there. In general, several indicators are used to assess the fit of the model, but often it is sufficient to use three to five indicators (Qazi Tabatabai, 2003).

Default model (the model that is being fitted) when is a good coefficients calculated have been in the range, if the coefficients are calculated outside the allowed range, this means that the index is a poor fit. The table below shows the model parameters.

Values obtained from the above table shows that conceptual model of the study is a good fit.

RMSEA	AGFI	GFI	CFI	The fit indices
Is greater than 0.9	Is greater than 0.8	Is greater than 0.8	Is less than 0.1	Optimal
0.02	0.86	0.82	0.93	model

Test the research hypotheses using structural equation in order to investigate the main hypothesis, structural equation modeling (SEM) was used. The model outlined below: the underlying concept of the internal factors the underlying concept of external factors the concept behind the development of export is studied.



Chi-square= 365.41 df= 163 p-value= 0.00015 RSMEA= 0.068
 The final model of research

The following diagram significant coefficients and parameters obtained overall measurement model research shows that, if the significance test 1.96 is greater than the number of individual -1.96 the smaller the number, the coefficients are significant. These numbers represent meaningful meaning of the model.

Friedman rank test.

Test result	The dependent variable	Independent variable	The significance level	Standardized coefficients
H1approved	Export Development	Internal barriers	-8/23	% 85
H1approved	Export Development	Barriers to participation	-3 / 45	% 62
H1approved	Export Development	Product barriers	-7/ 91	% 67
H1approved	Export Development	Marketing barriers	-7/ 47	% 73
H1approved	Export Development	External barriers	-6/ 71	% 93
H1approved	Export Development	Industry barriers	-4/ 88	% 74
H1approved	Export Development	Market Barriers	-5 /86	% 80
H1approved	Export Development	Macro environment barriers	-8 /82	% 81

	Average Rating
Barriers to participation	4/00
Product barriers	3/91
Market barriers and	3/41
Macro environment barriers	3/41
Marketing barriers	3/38
From industry	2/88

According to the table, we conclude that barriers to participation as a priority, obstacles product ranks second priority, macroeconomic environment, market barriers and obstacles in the third priority, marketing barriers fourth priority, industry barriers are in fifth place.

Conclusion

The purpose of this study of obstacles is development of small and medium-sized export companies are affected. Cavusgil and Zou (1994) claimed that internal barriers (companies and products barriers) external barriers (industry, market and macro environment barriers) the development of small and medium enterprises impact and Leonidou (2004) claimed that marketing barriers one is the internal barriers, the results of the study, internal and external barriers as factors influencing export development companies introduced confirmed the claim Cavusgil and Zou and Leonidou is well. The findings with the findings of previous research is consistent below are some of them mentioned. Rotinda Cranmer (2008) barriers and export performance Small and medium businesses in western districts of Canada examined the and found similar results participation barriers, organizational barriers, barriers to foreign markets industry. And lack of government support barriers to exports from these companies as industry barriers and foreign and lack of government support the most important barriers successful and unsuccessful companies issuing was diagnosed. Ahmad and others (2004);

Exportation and international barriers to London companies surveyed and by 61 exporting companies and non-exporters interviewed and 5 factors as export barriers were identified: lack of state aid, competition in foreign markets, promotion and pricing policies; high tariffs and lack of financial capital. Ortega research (2003) the barriers to exports Spanish small and medium businesses this is achieved by: lack of resources, lack of export competitiveness and foreign export barriers are.

Guidelines and Recommendations

Based on survey results some suggestions for reducing barriers can be recommended. The emphasis of this offer and must be on practical solutions that can cause the development of exports. Based on the results of the first main hypothesis of the following suggestions are offered:

- Create a marketing intelligence system small and medium enterprises
- Creation of knowledge management and manage customer and market knowledge small and medium enterprises
 - Effective measures financial Management such as financial statement analysis and financial information system
- Creation of joint research and development
 - Training needs assessment of manpower export
 - Knowledge courses exports
 - Training and providing the latest information in the field of new technologies in the packaging industry on exports and providing support for projects packing Services
 - Applied Studies improvement in export procedures and submit results to the business activities
- Planning for strong and continuous in national and international exhibitions
 - Based on the results of two main hypotheses the following suggestions are offered:
 - The use of e-commerce as a means to overcome between markets to reduce costs and to become aware of the business practices in different countries.
 - Provide state support programs for small and medium businesses in order to overcome the financial needs for successful participation in new markets
 - Social networking market members and external organizations
 - Establishment of domestic exhibitions and inviting international companies to participate in this exhibition
- expand cooperation the markets that have the highest customer with a particular emphasis on countries that most exports have
 - Trying to enable insurance companies in order to provide services to merchants the Insurance Times transport and export

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