

STUDYING THE FACTORS ASSOCIATED WITH EXPORT PERFORMANCE OF FOOD EXPORTING COMPANIES IN TEHRAN

Mohammad Ali Abdolvand¹ and *Ali Afshari²

¹Islamic Azad University, Science and Research Branch, Tehran, Iran

²Department of Marketing, Islamic Azad University, Science and Research Branch, Tehran, Iran

*Author for Correspondence

ABSTRACT

In this paper, the relationship between "size of the company, managerial characteristics, technology, export experience, export stimulus, exporting problems, competitive advantages, export commitment, product, price, direct export channel, promotion" and "export performance" has been investigated. The study population is food exporting companies of Tehran. After analyzing the data, it was found that there is a positive relationship between "managerial characteristics, technology, export experience, export stimulus, competitive advantages, export commitment, product, price, direct export channel, promotion" and "export performance". It was also found that there is a negative relationship between "exporting problems" and "export performance" and there is no relationship between the "firm size" and "export performance".

Keywords: Export Performance, Food Exporting Companies, International Marketing

INTRODUCTION

Many individuals and companies may think of exporting their products to other countries in addition to selling them in domestic markets. They may not know what to do to be successful at exporting. A lot of research has been conducted on what factors lead to the company's success in export. The export performance of companies includes their share of the market compared to their competitors, their sales volume and their profitability. This means the companies with a higher market share, great sales volume, and high profitability have better performance. In this study, we examine what factors are associated with export performance. In other words, observing which items will improve export performance.

MATERIALS AND METHODS

Materials

Firm Size: Firm size refers to the number of company's employees, assets or the sale. Some studies suggest that firm size is not related to export performance, but some studies have linked the size of the firm to export performance (Aaby and Slater, 1988). Culpan (1989) and Reid (1983) state that there is a positive relationship between firm size and export performance (Cavusgil and Naor, 1987).

Katsikeas *et al.*, (1995) and Ibeh (2003) state that there is no relation between firm size and export performance (Ibeh, 2003). Gripsrud (1990) states that there is a negative relationship between firm size and export performance (Katsikeas *et al.*, 1995).

Larger firms can be engaged in export process more effectively. There seems to be a relationship between firm size and export performance (Aaby and Slater, 1988). Thus, the first research hypothesis is presented as follows:

1. There is a relationship between firm size and export performance.

Managerial Characteristics: Managerial characteristics include age, education, foreign language skills, knowledge of international communication, etc (Ibeh, 2003).

Managers' characteristics such as the level and type of education, proficiency in foreign languages, international tendencies, risk-taking amount and having an open mind are associated with export performance. Koh (1991) states that the export performance is connected to managers' motivation, the extent of efforts of managers, marketing research by them, and managers' understanding. Axinn (1988) and Bilkey (1978) express that the level of education and skills of managers is associated with export performance (Ayan and Percin, 2005).

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Therefore, the second hypothesis arises as follows:

2. There is a relationship between managerial characteristics and export performance.

Technology: Improvement in technology leads to improved product quality, which leads to satisfy the needs and demands of customers and overall improves the export performance. Improving technology also reduces production costs and improves the export performance. However, in this study, the relationship between technology and the export performance was not significant (Alshammari and Islam, 2014). Many researchers say that technology is associated with export performance. Reid (1986) suggests that there is a very weak relationship between technology and export performance (Aaby and Slater, 1988). Cavusgil and Naor (1987) state that there is a weak relationship between technology and export performance. Ibeh states that technology is linked with export performance (Ibeh, 2003). So there is disagreement on the quality of the relationship between technology and the export performance (Aaby and Slater, 1988).

The third research hypothesis is stated as follows:

3. There is a relationship between technology and export performance.

Export Experience: Export experience refers to the number of years that the company has been engaged in the export. Export experience offers many benefits to the companies, of which the ability to understand the market conditions and influential factors on it can be cited. Export experience also leads to the identification of new distribution channels, after which the company can choose the right distribution channel and increase its sales and profits. Export experience also informs the company of the demands and needs of customers, forces and competitor of the industry and this allows the company to change its products according to customers' requirements (Alshammari and Islam, 2014). Many researchers suggest that export experience improves export performance because it increases the ability of managers in solving exporting problems. On the other hand, some researchers suggest that there is a negative relationship between the experience of export and export performance because the companies with less experience are more concerned with having a better export performance (Ayan and Percin, 2005). By increase of export experience, companies will get more knowledge of the foreign market, so it is expected that more experienced exporters have a better performance than other exporters. Madsen, (1989) states that the company's export experience has a positive impact on export performance (Katsikeas *et al.*, 1995). Ibeh (2003) stated that there is a positive relationship between export experience and export performance.

In contrast, Cavusgil (1980) stated that in the early stages of the internationalization process, companies have more effective marketing communications than older ones (Aaby and Slater, 1988). In addition, Katsikeas *et al.*, (1995) say that there is no relationship between the export experience and export performance. Alshammari and Islam (2014) claim that after analyzing the data, the relationship between export experience and export performance became positive.

The fourth research hypothesis is proposed as follows:

4. There is a relationship between the export experience and export performance.

Export Stimulus: Of the export stimulus, the following can be mentioned: The desire to reduce stock, reduction of tariffs in target countries, existence of pressure in the domestic market, reduction in domestic demand, domestic market saturation, intensified competition in the domestic market, the existence of demand in the foreign market, and significant financial interests in the foreign market. The results show that there is a positive relationship between the stimulus for export and export performance (Katsikeas *et al.*, 1995).

The fifth hypothesis is proposed as follows:

5. There is a relationship between export stimulus and export performance.

Exporting Problems: Exporting problems can be named as: Lack of sufficient information on the foreign market, lack of recognizing the product in the foreign market, lack of marketing research, lack of knowledge of distribution channels in foreign markets, difficulty in communicating with foreign customers, lack of proper packaging, high standards in the country of destination, lack of appropriate design of the product to enter foreign market, existence of high costs for the export of products, intense competition in the target market and high transportation costs (Katsikeas *et al.*, 1995).

The sixth hypothesis is proposed as follows:

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6. There is a relationship between exporting problems and export performance.

Competitive Advantages: Among other factors related to the export performance, competitive advantage of the company can be named (Ibeh, 2003). Constant export of the company and its survival among competitors depend on competitive advantage of the companies. Competitive advantages can include the following: Production methods, the ability to create new products, diversity of production, experienced and trained staff, efficiency in production, appropriate distribution network, export marketing knowledge, firm reputation, having a good relationship with foreign distributors, proximity to target markets, high quality of the product, product differentiation, production of goods with low price, and low-cost procurement of raw materials (Katsikeas *et al.*, 1995). Ibeh (2003) and Katsikeas *et al.*, (1995) suggest that firm's competitive advantages and export performance are positively correlated with each other (Ibeh, 2003).

The seventh hypothesis is proposed as follows:

7. There is a relationship between competitive advantage and export performance.

Export Commitment: Managers' tendency is effective on export performance of the organization. One of the factors associated with successful export is management commitment (Ayan and Percin, 2005). Export commitment includes the following: commitment to create a separate export sector, commitment to enter foreign market entry and choose the market and customers, commitment to regular monitoring of export markets, commitment to carry out export marketing research, commitment to planning and export control activities. The unwillingness of senior managers to devote sufficient resources to such activities is a major obstacle in exports (Katsikeas *et al.*, 1995). All the studies show that there is a positive relationship between management commitment and willingness to export. The results show that in companies where management has sustainable commitment towards export, export performance is better (Aaby and Slater, 1988).

The eighth hypothesis is proposed as follows:

8. There is a relationship between export commitment and export performance.

Product

To export products, exporters must bear foreign customers' taste in mind. In addition, if the export product were different from other commodities, export performance would be better (Lee and Griffith, 2003). Design and appearance of the product is also positively related to export performance. (Cadogan *et al.*, 2002). There is a positive relationship between the quality of the product and the export performance (Lee and Griffith, 2003).

The ninth research hypothesis is proposed as follows:

9. There is a relationship between product and export performance.

Price: Successful exporters use reasonable price, price tags and discount. The successful exporters also rely on internationally competitive prices and does not charge deal right and extra money for transactions. To determine the price of goods, they consider the internal characteristics of the product (Aaby and Slater, 1988). In determining the price, the exporters should consider the customers' affordability and also consider the prices of other competitors (Lee and Griffith, 2003). Leonidou *et al.*, (2002) state that there is a positive relationship between pricing strategy and export performance (Ayan and Percin, 2005). In addition, Madsen (1989) states that there is a positive relationship between export-competitive price levels and export performance (Katsikeas *et al.*, 1995). Lee's research results show that price has a positive impact on export performance (Lee and Griffith, 2003).

The tenth hypothesis of the study is as follows:

10. There is a relationship between price and export performance.

Direct Export Channel: Export channel can be direct and indirect. Direct exporters are those exporters that sell their products directly to an importer or buyer abroad. Direct exporters are responsible for their own activities. Direct export has many advantages of which the following can be cited:

It can lead to gain information from export market, and can lead to profit due to performing the distribution by ourselves.

Indirect exporters use an independent intermediary to export their products. The exporter sells products using its sales force and overseas distribution networks. Christensen *et al.*, (1987) suggest that successful exporters use direct export more than the indirect one (Lee and Griffith, 2003). Ibeh

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says that distribution channel is associated with export performance (Ibeh, 2003). Lee says that direct export channel has a positive impact on export performance (Lee and Griffith, 2003).

The eleventh research hypothesis is proposed as follows:

11. There is a relationship between direct export channel and export performance.

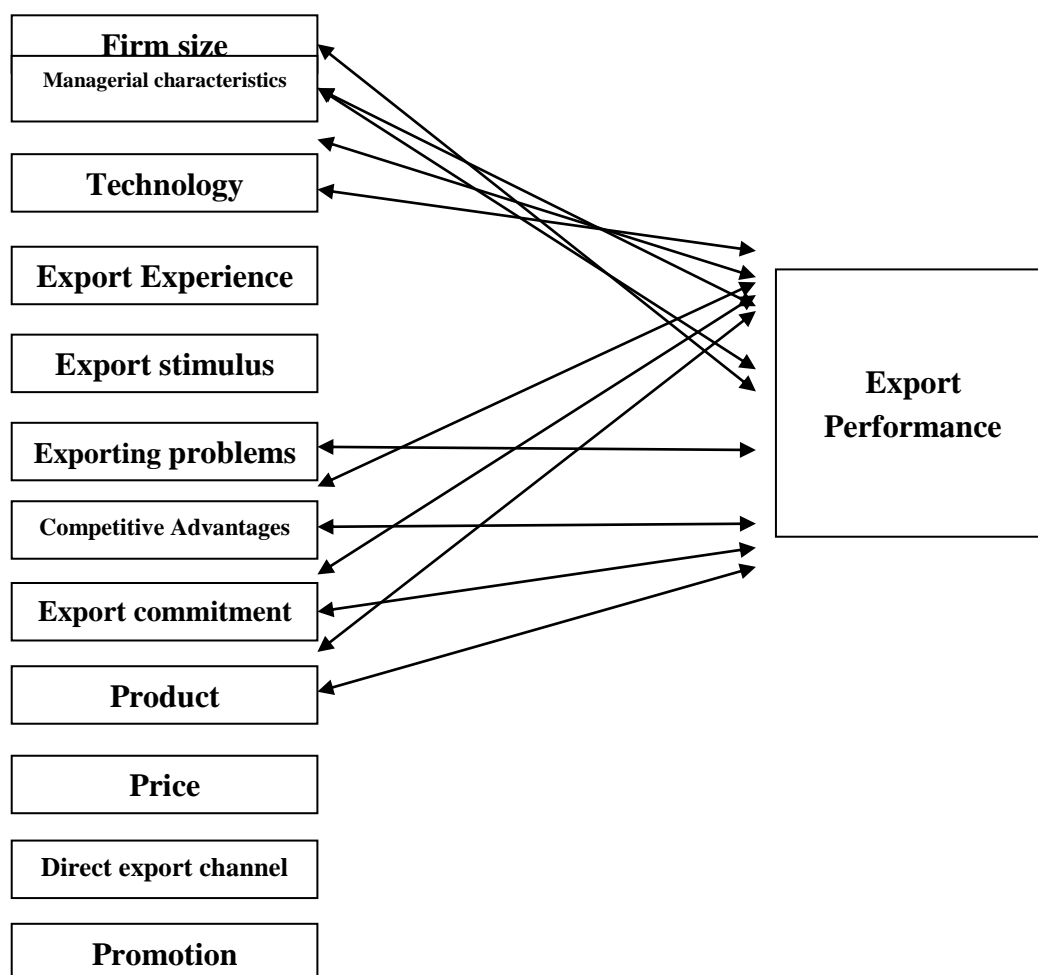
Promotion: Promotion can lead to more sales. Promotion can lead to improved export performance (Lee and Griffith, 2003). Kirpalani and Macintosh (1980) stated that companies that put more emphasis on promotional activities have better export performance compared to companies that pay less attention to this issue. Yapark (1985) concluded that exporting companies believe more in promotion compared to companies that do not export (Aaby and Slater, 1988).

Lee, Griffith (2003) stated that promotional activities have a positive impact on export performance. Ayan says that promotional activity is positively correlated with export performance (Ayan and Percin, 2005).

The twelfth research hypothesis is proposed as follows:

12. There is a relationship between promotional activities and export performance.

Conceptual Model



Source: (Katsikeas *et al.*, 1996), (Aaby and Slater, 1989), (Suhail Nazar and Nawaz Saleem, 2009)

Methods

The present research method is descriptive because research variables are not manipulated. It is also survey because the data collection tool (questionnaire) is collected and distributed in the community. Research method is also correlational because the relationship between the variables is studied. As the

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results of this research are used to deal with market practices, regarding the purpose, the present study is applied.

The study population is food-exporting firms of Tehran. Data collection tool is questionnaire. Since 70 food exporting firms were identified in Tehran, all the 70 companies were given the questionnaire, of which 54 questionnaires were received. To analyze the data, due to non-normal distribution of data (through Kolmogorov-Smirnov test), Spearman correlation coefficients test and spss software were used.

RESULTS AND DISCUSSION

Results

Testing the first research hypotheses:

The result of data analysis for the first hypothesis is as follows:

Table 1: Results of the Analysis of Data for the First Hypothesis

Spearman Coefficients	Correlation	Level of Significance Sig	Error Level	Conclusion
0.017		0.285	0.05	As Sig>0.05, the first hypothesis is rejected

As a result, there is no relationship between firm size and export performance.

Testing the second hypothesis:

The result of data analysis for the second hypothesis is as follows:

Table 2: Results of the Analysis of Data for the Second Hypothesis

Spearman Coefficients	Correlation	Level of Significance Sig	Error Level	Conclusion
0.247		0.000	0.05	As Sig<0.05, the second hypothesis is confirmed

As a result, there is a relationship between managerial characteristics and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the third hypothesis:

The result of data analysis for the third hypothesis is as follows:

Table 3: Results of the Analysis of Data for the Third Hypothesis

Spearman Coefficients	Correlation	Level of Significance Sig	Error Level	Conclusion
0.193		0.000	0.05	As Sig<0.05, the third hypothesis is confirmed

As a result, there is a relationship between technology and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the fourth hypothesis:

The result of data analysis for the fourth hypothesis is as follows:

Table 4: Results of the Analysis of Data for the Fourth Hypothesis

Spearman Coefficients	Correlation	Level of Significance Sig	Error Level	Conclusion
0.184		0.000	0.05	As Sig<0.05, the fourth hypothesis is confirmed

As a result, there is a relationship between export experience and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

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Testing the fifth hypothesis:

The result of data analysis for the fifth hypothesis is as follows:

Table 5: Results of the Analysis of Data for the Fifth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.358	0.000	0.05	As Sig<0.05, the fifth hypothesis is confirmed

As a result, there is a relationship between export stimulus and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the sixth hypothesis:

The result of data analysis for the sixth hypothesis is as follows:

Table 6: Results of the Analysis of Data for the Sixth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
-0.481	0.000	0.05	As Sig<0.05, the sixth hypothesis is confirmed

As a result, there is a relationship between exporting problems and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the seventh hypothesis:

The result of data analysis for the seventh hypothesis is as follows:

Table 7: Results of the Analysis of Data for the Seventh Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.523	0.000	0.05	As Sig<0.05, the seventh hypothesis is confirmed

As a result, there is a relationship between competitive advantage and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the eighth hypothesis:

The result of data analysis for the eighth hypothesis is as follows:

Table 8: Results of the Analysis of Data for the Eighth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.231	0.000	0.05	As Sig<0.05, the eighth hypothesis is confirmed

As a result, there is a relationship between export commitment and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the ninth hypothesis:

The result of data analysis for the ninth hypothesis is as follows:

Table 9: Results of the Analysis of Data for the Ninth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.558	0.000	0.05	As Sig<0.05, the ninth hypothesis is confirmed

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As a result, there is a relationship between product and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the tenth hypothesis:

The result of data analysis for the tenth hypothesis is as follows:

Table 10: Results of the Analysis of Data for the Tenth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.346	0.000	0.05	As Sig<0.05, the tenth hypothesis is confirmed

As a result, there is a relationship between price and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the Eleventh hypothesis:

The result of data analysis for the Eleventh hypothesis is as follows:

Table 11: Results of the Analysis of Data for the Eleventh Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.273	0.000	0.05	As Sig<0.05, the eleventh hypothesis is confirmed

As a result, there is a relationship between direct export channel and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Testing the twelfth hypothesis:

The result of data analysis for the twelfth hypothesis is as follows:

Table 12: Results of the Analysis of Data for the Twelfth Hypothesis

Spearman Correlation Coefficients	Level of Significance Sig	Error Level	Conclusion
0.472	0.000	0.05	As Sig<0.05, the twelfth hypothesis is confirmed

As a result, there is a relationship between promotion and the export performance and as the Spearman correlation coefficient is positive, this relationship is positive.

Discussion and Conclusion

There was a positive relationship between export performance and managerial characteristics, so food-exporting companies should use experienced and trained managers to have better export performance.

There was a positive relationship between technology and the export performance, so it is better that companies use new and updated technology to have better export performance.

There was a positive relationship between export experience and export performance, so companies that have more years of export experience have better performance and are more reliable in product export.

There was a positive relationship between export stimulus and export performance, so in case of existence of a number of stimulus for export, one can predict that the companies have better export performance.

There was a negative correlation between exporting problems and export performance, so if there are problems such as lack of knowledge of foreign markets, lack of proper packaging and so on, it is better to start to solve the problems first and then start to export because these problems affect the exports of the products.

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There was a positive relationship between competitive advantages and export performance, so companies that have advantages such as experienced and well-trained staff, efficiency in production, proper distribution network, export marketing knowledge, reputation, proximity to the target market, high product quality and so on will have better export performance.

There was a positive relationship between export commitment and export performance, so the companies that have managers committed to export and willing to devote sufficient resources to the export will have better performance.

There was a positive relationship between the product and the export performance, so that companies that pay attention to customer taste and have high quality products with good appearance will have better export performance.

There was a positive relationship between price and export performance, so companies that have reasonable prices, use price tags, give discount, and so on will have better export performance.

There was a positive relationship between the direct export channel and export performance, so companies that use direct export channel rather than indirect one will have better export performance.

There was a positive relationship between promotion and export performance, so companies that focus more on promoting will have better performance.

Suggestions for Future Research

In future studies, one can identify more factors associated with the export performance, and the present study can be carried out with different populations in different industries.

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