

## IMPACT OF MANAGERIAL FACTORS ON EXPORT PERFORMANCE OF EXPORT FIRMS

**Shahram Gilaninia<sup>1</sup>, Mohammad Taleghani<sup>2</sup>, Fatemeh Gholizadeh Damirchi<sup>3\*</sup>**

<sup>1</sup>Department of Industrial Management, Rasht Branch, Islamic Azad University, Rasht, Iran

<sup>2</sup>Department of Industrial Management, Rasht Branch, Islamic Azad University, Rasht, Iran

<sup>3\*</sup>M.A. Student of Business Management, Rasht Branch, Islamic Azad University, Rasht, Iran  
(corresponding author)

### Abstract

In this research has investigated six factors including International experience, foreign language skills, time spent abroad, international business knowledge, perceived export stimuli, perceived export barriers. To collect data related to these factors distributed researcher made questionnaire among the managers of exporter in Rasht and then were analyzed by SPSS software. Result show that there is significant relationship between six factors and export performance of companies.

Keywords: Export Performance, International Experience, Foreign Language Skills, Time Spent Abroad, International Business Knowledge, Perceived Export Stimuli, Perceived Export Barriers

### 1. Introduction

Nowadays foreign business sector is considered as one of the most important economic sectors in all countries, particularly developing countries (Katsikeas, 2000). International trade and the world market is found more than before in firms in recent decades. In these conditions by different ways companies try to sell their goods and services around the world and to maximize their profits. Meanwhile, an export is one of solutions that have the most widely used for international companies. Companies by export can be supply their products with the least involvement in local activities in foreign markets. A growing number of companies in this space find opportunity to expand their international activities In order to achieve objectives such as growth, earn profit and sales for a variety of commercial risk and even foreign participation in the market. In these conditions almost all companies regardless of their size and industry or nationality are facing this fact and found that choose options the lack activity in international markets will not exist for them very soon. In this regard in order to development of trade, economies around the world for eliminate the complexity looking for international markets and trade liberalization. To enter the global market, companies have used from different approaches that one of them is the export development approach. Since exports are required to use the least resources, thus it has the lowest risk and also lowest organizational commitment, Therefore this approach is the most popular and easiest approach adopted by the company in trying to enter and influence foreign markets. It is important that doing export and selling goods in foreign markets has special delicacy and sensitivity that they may lack of attention to them may waste human and financial investments. A wide range of factors can affect on export (Nategh & et al, 2009).

### 2. Literature Review

Thereby increasing the trend towards global economy and interdependent countries to resources, products and trade services can be contacts participation in international business, particularly in national welfare and individual organizations (Stoian, 2011).

Direct and positive relationship between economic growth and exports of countries according to the calculations of export as a component of total demand and transfer of productive resources from less productive sectors to more productive in the global market, all of them identify necessary effective factors to facilitate exports. Export development is caused by increasing and diversification of currency reserves, leaving the country's economic monoculture, increasing the quality and competitiveness of Iranian products in global, relative advantage of the country, development of the employment and readiness to enter market and global economy and membership in the WTO (Rahmani, 2005).

Survival and development of enterprises and economic growth in many countries with a strong understanding of the determinants is associated with export performance (Stoian, 2011). Fundamental questions that every active company in the international market is facing it, what factors have affected the export performance of firms? (Hosseini & et al, 2011).

Indicators of export, the company are the most common, the fastest and easiest way for move towards internationalization (Stoian, 2011). Identify the determining factors of export performance in order to improve the country's export performance is most important balance between the national economy with the global economy. In recent decades due to globalization and competition in the businesses are distinct from decades ago. Markets of consumer products, industrial goods and services, or markets for resources such as capital, materials and technologies are highly integrated in the global level. Simultaneously, the formation of various trade agreements and the establishment of open trade policy between countries is leading to the abolition of instruments support-oriented and eliminating trade barriers. Thus, in practice, almost all companies regardless of national origin, size or type of industry is now faced with these realities and have found that refusing participate in global markets will not a long-term choose (Haghighi & et al,2008). The success rate of a company involved in export can be evaluated by export performance (Cavusgil & Zou, 1994). Cavusgil & Zou, 1994 defined export functions as to achieve the objectives, when company has exported products to foreign markets. Modsen defined export function as a fundamental dimension of decisions in international trade (Modsen, 1998). Iran is the developing country that with strong historical and cultural background has still not able to stand in the international trade and beyond, due to weak exports capacity many years (from 1915 year until today) has witnessed severe instability in the field of economic (Esmaeili,2002). The economist data units in its latest report stated, Iran's share from global exports (including oil revenue) decrease to 0/58 percent in 2013 and in 2014 the share Iran from global export will achieve lowest rate during the forecast period (2005 to 2014) and for these index will be recorded figure 0/46 percent and this express our country's low share in world trade. One reason the weakness in export opportunities are lack of attention or lack of familiarity with the issues affecting the export performance such as environment (environmental differences between domestic and foreign markets) and implementation costs (based on international environmental differences), in export markets (shadi,2011).

Chamber of commerce said that, "exporting goods situation in Guilan province due to the advantages and its position is not satisfactory and should be better. Customs supervisor of Guilan reported export of 291 thousand and 759 tons of non-oil goods to worth \$ 183 million, 115 thousand and 93 from Guilan customs in the first half of this year (2012).

Because the Guilan province is dedicated to ranks eighth in the country's non-oil exports, is indicating high importance this province in the development of exports. It said that exports in developing countries play a major role and for this reason it has been chosen as the research topic and this study seeks to evaluate the effects of management dimensions on exports. Thus the main research question is:

Is there relationship between managerial factors and export performance of export firms in Rasht city?

Research mode is as follow:

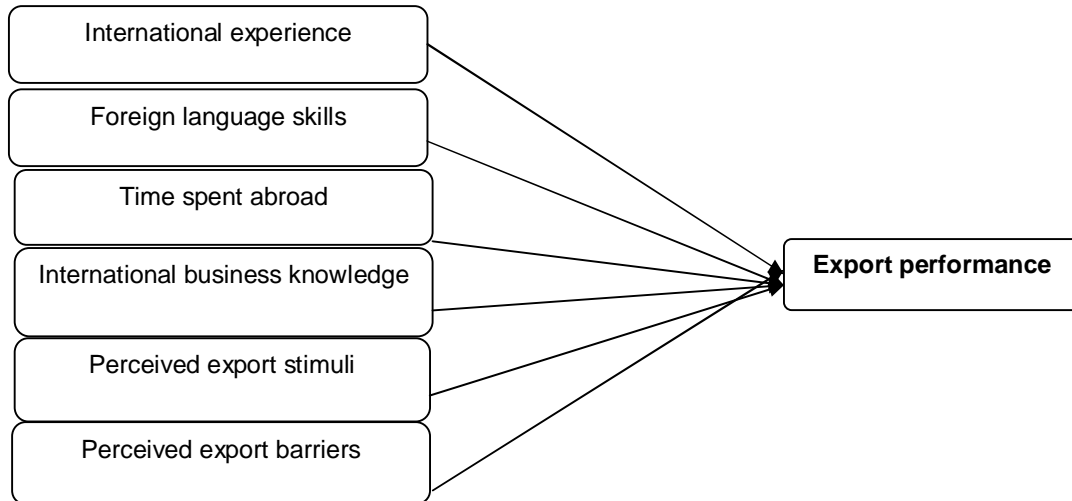


Figure (1): Analytical Model of research (Stoian & et al, 2011)

**Export Performance:** The success of a company in export can be assessed by its export performance (Navaro et al, 2010). Achievement to the company's goal when products are exported to foreign markets is called export performance (Cavusgil & Zou ,1994). Export performance including indexes such as exports sales growth, export profitability, export intensity, achievement expectations, assesses competitors.

**Manager’s International experience:** export experience of manager is one factor that has a direct impact on export performance (Hosseini & Mirjahan Mard, 2011). Export experience of manager is measured by number of years that manager has worked in international business activities (stoin & et al, 2012).

**Foreign language skills:** Foreign language skills help to done social communication and working outside. A decision maker, who speaks multi foreign language, will have levels of export performance higher than managers who speaks only one language. Similarly, decision maker familiar with the foreign culture may be impacted on export performance. Foreign language skills will be a key role in facilitating entry into foreign markets and promoting and able to do business with foreign customers.

**Time spent abroad:** Foreign travel of decision maker will have a better impact on study of international markets, identify foreign business opportunities and engage with potential customers.

**International business knowledge:** amount of familiar the decision maker with international marketing, management, financial, legal systems, ICT applications will have a positive impact on export results.

**Perceived export stimuli:** Effective stimuli are associated with aggressive behavior of companies and their commitment to do research for export opportunities (Haghighi & et al, 2008). This variable can be measured by using criteria such as profits from exporting goods

to foreign, government export support policies, and having the right products for export and lack of control regulations and barriers of trade in target country.

**Perceived export barriers:** Existence problems limits the ability to search, identify and take advantage of market export opportunities that in turn leads to low export performance (Haghighi & et al,2008). Measuring criteria of this variable is including high cost of transportation, language, political and cultural differences and lack of expertise in the export paperwork and bureaucracy, poor quality packaging and inadequate information about foreign markets.

According to the theoretical model of research, in order to achieve the research objectives, the following hypotheses can be proposed:

**Main hypothesis:**

There is relationship between managerial factors and export performance of export firms in Rasht city.

**Sub-hypotheses**

1- There is relationship between manager's International experience and export performance of export firms in Rasht city.

2- There is relationship between manager's foreign language skills and export performance of export firms in Rasht city.

3- There is relationship between time spent abroad and export performance of export firms in Rasht city.

4- There is relationship between international business knowledge and export performance of export firms in Rasht city.

5- There is relationship between perceived export stimuli and export performance of export firms in Rasht city.

6- There is relationship between perceived export barriers and export performance of export firms in Rasht city.

### **3. Research Methodology**

This research in term of aim is applied research and in term of conducting research is descriptive- analysis type of correlation. Also a questionnaire prepares and compiles to collect data about variables proposed and among members of statistical population randomly distribute. Statistical population is all of exported managers in the city of Rasht that number, according to the chamber of commerce, industries and Mines Guilan are 215 people and based on Morgan is 134 samples that after distributing the questionnaire among the managers of export collected total number of questionnaires and has been used to analyze. In preparation of questionnaire have been used standard questionnaire of foreign studies (Stoian et al, 2011) and internal (Hosseini and Mirjahanmard, 2011), thus it is valid. Also to evaluation reliability is used Cronbach's alpha. Total Cronbach's alpha coefficient by using SPSS software was obtained 96.1 percent, thus questionnaire is reliable. For data analysis was used, Pearson's correlation coefficient.

#### 4. Data Analysis

Table 1) result of Pearson correlation test

Hypotheses	Pearson correlation coefficient	Sig	Result
Main H. There is relationship between managerial factors and export performance of export firms in Rasht city.	0.557	0.000	Confirmed
Sub- H1. There is relationship between manager's International experience and export performance of export firms in Rasht city.	0.426	0.000	Confirmed
Sub- H2. There is relationship between manager's foreign language skills and export performance of export firms in Rasht city.	0.550	0.000	Confirmed
Sub- H3. There is relationship between time spent abroad and export performance of export firms in Rasht city.	0.438	0.000	Confirmed
Sub- H4. There is relationship between International business knowledge and export performance of export firms in Rasht city.	0.531	0.000	Confirmed
Sub- H5: There is relationship between perceived export stimuli and export performance of export firms in Rasht city.	0.533	0.000	Confirmed
Sub- H6: There is relationship between perceived export barriers and export performance of export firms in Rasht city.	0.624	0.000	Confirmed

1) In the main hypothesis test, Pearson correlation coefficient was determined that there is relationship between managerial factors and export performance of export firms in Rasht city at the level of 0/01 and the correlation coefficient (intensity relationship) is 55.7%. This means that 31.02 percent from export performance variations can be explained by managerial factors.

2) In the first hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between manager's export experience and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 42.6%. This means that 18.14 percent from export performance variations can be explained by the manager's export experience.

3) In The second hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between foreign language skills and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 55%. This means that 30.25 percent from export performance variations can be explained by foreign language skills.

4) In the third hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between time spent abroad and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 43.8%. This means that 19.18 percent from export performance variations can be explained by time spent abroad.

5) In the fourth hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between international business knowledge and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 53.1%. This means that 28.19 percent from export performance variations can be explained by International business knowledge.

6) In the fifth hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between perceived export stimuli and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 53.3%. This means that 28.62 percent from export performance variations can be explained by perceived export stimuli.

7) In the sixth hypothesis test, Pearson correlation coefficient was determined that there is significant relationship between perceived export barriers and export performance at the level of 0/01 and the correlation coefficient (intensity relationship) is 62.4%. This means that 38.93 percent from export performance variations can be explained by perceived export barriers.

## 5. Conclusions and Recommendations

Companies can improve their export by using results of this study and considering the factors affecting export performance. Managers and economic actors are better at making decisions and its policy is considered to managerial factors influencing on the export performance and decisions that will lead to increased exports. Foreign language skills, international business knowledge, perceived export stimuli, perceived export barriers are consider as most important the company's asset for success on the export. Perceived export barriers have negative relationship with export performance and its enforcement in decisions will increase exports.

According to the results of the research findings, the following suggestions are offered to improve export performance:

- Focus on countries (the neighbor) in terms of export price is economical.
- Attention to consumer preferences and needs of the target market and using it in the quality of the products will increase export.
- Companies with regard to their capabilities and potential can select the appropriate number of markets and with knowledge of competitors situation, marketing mix, rules and regulations,... in the markets with a cohesive marketing program enter to these markets. Meanwhile Iraq and Afghanistan markets, including emerging markets.
- Companies can consider communication factors such as personal interactions and relationships with foreign distributors and maintain positive relationships with the distributors.

## References

- Cavusgil, S., Zou, S., & Naidu, G. (1993). Product and promotion adaptation in export ventures: An empirical investigation. *Journal of International Business Studies*, 24(3), 479-506.
- Esmaeili,A.(2002). Factors affecting the establishment of export culture and its impact on non-oil exports from exporters view, "Master's thesis, field of business administration, Tehran University.
- Haghighi,M;Firozian,M;Najafi,M.S.(2008). Identify the determining factors of export performance in the food industry ", *Journal of Business Management*, Volume 1, Issue 1, pp. 3-20.
- Hosseini,S.Y;Mirjahanmard,S.J.(2011). Companies export function: identification of competitive advantage, implementing marketing tactics and export experience on export performance ", *Journal of new marketing research*, No. I, pp. 155-180.
- Katsikeas, C., Leonidou, L., & Morgan, N. (2000). Firm-level export performance assessment: Review, evaluation, and development. *Journal of the Academy of Marketing Science*, 28(4), 493-511.
- Modsen, T. (1998). Successful export marketing management: Some empirical evidence. *International Marketing Review*, 6(4), 41-57.

- Nategh, M.; Niakan, N. (2009). Infrastructure development of export with emphasis on export restrictions, export incentives and performance ", *Journal of Business Review*, No. 37, pp. 43 -55.
- Navarro, A., Losada, F., Ruzo, E., and Diez, J.A., (2010), "Implications of perceived competitive advantages, adaptation of marketing tactics and export commitment on export performance", *Journal of World Business*, 45, 49-58.
- Rahmani, Sh. (2005). Factors Affecting to facilitate non oil exports from the perspective of exporters, the Export Development Bank of Iran, "Master's thesis, field of Business Management, Institute of Management Studies and Planning.
- Shadi, D. B., (2011), "The effect of environmental factors on export of company based in the city of Tabriz," The Master of Business Administration, Islamic Azad University, Rasht.
- Stoian, M.C., Rialp, A., and Rialp, J., (2011), "Export performance under the microscope: A glance through Spanish lenses", *International Business Review*, 20, 117-135.