EFFECT OF INTERNATIONAL ORIENTATION ON EXPORT PERFORMANCE IN EXPORT COMPANIES (CASE STUDY: LEATHER INDUSTRY OF IRAN)

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Abstract. Today, export acts as a fundamental strategy for guaranteeing survival and growth and companies and having competitive advantage in foreign markets has a positive effect on companies' present and future export performance. In spite of this, in intentional marketing field, sufficient information and knowledge about export performance is focused on a set of various and scattered set of variables. Hence, studying the factors affecting export performance appears to be of great importance. The aim of the present study is to examine the effect of international orientation on export performance of exports companies in Iran's Leather Industry and for this purpose, 385 of the experts and mangers in manufacturing and export companies in Iran's Leather Industry were selected by using simple random sampling method and completed the research questionnaire. Content validity of this questionnaire was confirmed by experts in this field and its reliability was also confirmed by Cronbach's alpha test. In the end, data collected from research questionnaires was analyzed by using structural equations test in LISREL 88. And results indicated that research model has a satisfactory goodness of fit. Model's results also indicated that international orientation has a significant effect on export performance of export companies in Leather Industry of Iran; internal international orientation has a significant effect on economic and non-economic criteria of export performance of export companies in Leather Industry of Iran; external international orientation has a significant effect on economic and non-economic criteria of export performance of export companies in Leather Industry of Iran.

Key words: International orientation, export performance, exports companies, Iran's Leather Industry

1. INTRODUCTION

In marketing a series of uncontrollable environmental factors intervene which are related to market environment and competition, society's economic conditions and the legislated regulations. While, in international marketing, in addition to these factors, environmental factors of the destination countries are also of great importance. It is because in every country, market special conditions and special regulations shows international marketing activities which are divided into three groups of controllable, internal uncontrollable and external uncontrollable factors. In general, in recent years, competition in international commercial environment, especially in industrial products and durable consumable products market has intensified and has caused some serious problems for new suppliers who wish to enter these markets including developing countries. On the other hand, Madsen (1998) considers export performance as a fundamental aspect for decision making in international trade. Researchers haven't reach to any agreement regarding a conceptual or operating definition for export performance which often leads to mix results. It is difficult to compare studies by using different indexes and also, it is difficult to generalize their conclusions and findings (Albaum, Strandskov and Duerr, 2002). During the recent decades, researchers more than ever have understood the importance of the effect of internal factors of export companies (like export commitment, international experience and product type) and external factors of export companies (like, export market characteristics and level of competition) on export companies' performance. In today's business world which is mostly characterized by markets' increased globalization and economic interactions, using international marketing strategies is of great importance (Karampour et al., 2012). Today, export growth for governments act as a key for economic recreation (Kadogan et al., 2012). Almost, in all the developing countries, the topic of export development is at the top of governments' priorities and policies. Just as, developed countries are aware of the importance of the topic of export and pay attention to it (Navarro Garcia, 2014). Considering the above argument, the topic of the present study is to examine the effect of international orientation on export performance of export companies in Leather Industry of Iran.

2. RESEARCH LITERATURE

today, export acts as a fundamental strategy for guaranteeing companies' survival and growth and having competitive advantage in foreign market has a positive effect on present and future export performance. In spite of this, in international marketing, sufficient information and knowledge about export performance are focused on a set of scattered and different variables. Hence, developing a theoretical model which studies the analysis of the effective factors on export performance appears to be necessary. Among the factors affecting export performance, management commitment to export activities or the very export commitment is among the important and determining factors which have a strong effect on export success. Bloomer et al. (2013), in their study have examined the effect of a number of factors which are known as forces that reinforce export performance and acknowledge that export commitment affects export performance through these forces. The reinforcing factors in this study are language capability, cultural sensitivity, innovation and risk appetite (Bloomer et al., 2013). Governments can play a key role in encouraging international trade activities of domestic firms through export development programs; because, business and international trade complexity and lack of sufficient technical knowledge can place an agency in a non-competitiveness position (Moshabaki & Khademi, 2008). Researchers in recent years have emphasized on achieving strategic goals like market share, competitive position and so on as well (Leonidou et al., 2014). In recent years, competitive advantage has been considered as the center of competitive strategies and so many discussions have been created about it (Tsai et al., 2008). Companies should have competitive advantage for improving their performance and competing with their competitor, so that they can have a superior performance in complex and ever changing situations (Ramaswami & Srivastava, 2009). With the occurrence of "information technology" revolution, formation of information and network community as well as quick growth and development of superior technology, global economic growth has fundamentally changed. Due to these changes, international marketing strategies have turned into the most important tools in global economy for companies' competition at the international level (Bontis et al., 2000).

2.1. Export

The simplest way for entering a foreign market is through export. Case study occurs when a company from time to time passively engages in export due to having Products in excess of domestic consumption in order to sell them to buyers in foreign countries.

A) Indirect export. Indirect export is more common among companies that have recently decided to get engaged in export. In this type of export, less amount of capital is needed and company doesn't have any obligation to recruit and train salespersons or to implement various contracts outside the country (Allahverdi, 2012: 9).

B) Direct export. Those sellers who are encouraged by international buyers to exports, usually, make use of direct export method. in addition to these sellers, those whose exports level have increased to an extent who can themselves afford the costs of running their export organization, also make use of this method (Raeesi, 2008: 8).

2.2. Nature of international marketing

Marketing management refers to "analysis, planning, implementation and controlling predetermined programs for providing desirable trades with target markets for achieving organizational goals". Emphasis of marketing management is more on determining organization's product on the basis of the target needs and demands as well as the use of effective pricing, communications and distribution for creating awareness, creating drivers and providing services in the market (ibid, 15).

2.3. Export marketing definitions

Export marketing has received lots of attention as one of the main dimensions of international marketing and the method of entering global markets. Export marketing is an integrated marketing of goods and services which are provided to customers in international markets. Export marketing refers to:

1.   Understanding the target market environment

2.   Using marketing researches and identifying market potential capabilities

3.   Decisions regarding product design, pricing, distribution channels, advertisements and

communications and marketing mix (Keegn and Green, 2010, 272).

2.4. Studying the impediments of marketing strategies' implementation

In spite of the importance and popularity of strategic planning which has increased the size of strategic planning files in organizations and on the hand, development of new concepts and models which aids mangers in strategic planning process, still we witness interesting figures of inefficiency and failure in strategic plans. This inefficiency results from One-way and static attitude to strategic planning and strategic management free of a total and comprehensive attitude toward it with limiting it to one functional area of the organization. Strategic management is a dynamic process which goes forward as the results of consecutive interactions between planners and executors and doesn't end with codification of a set of strategic propositions. Every strategy is in need of implementation and institutionalization in organizational context for achieving the goals that have been determined at the stage of strategization as its philosophy and quiddity; therefore, not only we should make use of scientific processes at the time of strategization, but also during the implementation stage of the strategy, with relying on scientific and practical principles, we should make the achievement of the determined philosophy possible (Mamdoohi, 2008).

2.5. Perceptual variables related to exports

2.5.1. Export drivers

In focusing on companies' efforts for identification and use of international market opportunities, export marketing researchers have distinguished the effective and passive export drivers from one another. Effective drivers are related to bold behavior of a company and its commitment to performing researches for achieving export opportunities (pull factors). Passive drivers are realted to cmpany's reaction to changes in conidtiosn and reflect its passive orientation in searching out export opportunities.

2.5.2. Problems associated with export

Problems associated with export restricts the ability of searching, specifying and using export opportunities and in turn, leads to low export performance.

2.5.3. Competitive advantage

A company's appetite and capacity for creating and maintaining regular export activities depends on its competitive position in target international markets. Companies might be able to choose a number of various methods for competing in export markets. Characteristics of a target export market are an effective factor in accepting an appropriate competitive position which leads to export survival and success. Therefore, it can be concluded that there is a direct relationship between competitive advantages and export performance (Padarvand, 2014: 8).

2.5.4. Export commitment

Management's commitment to export activities has a strong effect on export success and behavior of manufacturers. For assuring export survival and maintaining a regular export operation, it is important to understand international buyers' attitudes and to perform advanced fundamental marketing activities and for creating such a capacity, management's commitment to export is necessary. Management's commitment is reflected in activities such as separate export organization, export planning and control, export marketing studies and regular visits from export market (Beamish et al., 2015, 49).

2.6. Export performance evaluation method

Two main methods have been specified in research literature for performance evaluation that are: objective measurement criteria (such as reports related to Company's profit figures and sales level and subjective measurement criteria (managers' perceptions).
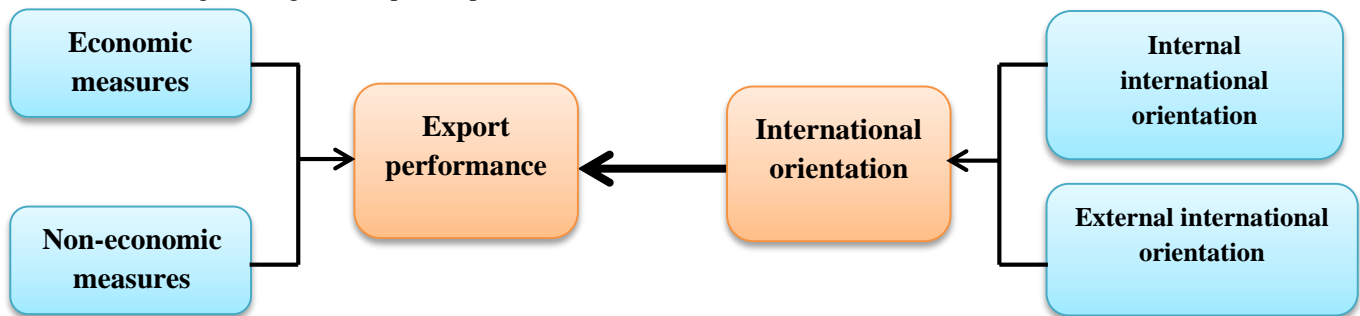
3. Research model and hypotheses

Figure (1): Research conceptual model

Behyan M., Osman M. & Azizah O., (2015),"Influence of internationalization orientation on export performance: in the perspective of Malaysian manufacturing firms", Journal of Business & Industrial Marketing, Vol. 30 Iss 1 pp 4-33.

H1: Internal international orientation has a significant effect on economic measures of export performance of export companies in Leather Industry of Iran.

H2: Internal international orientation has a significant effect on non-economic measures of export performance of export companies in leather industry of Iran.

H3: external international orientation has a significant effect on economic measures of export performance in export companies in leather industry of Iran.

H4: external international orientation has a significant effect on non-economic measures of export performance of export companies in leather industry of Iran.

4. RESEARCH METHOD

Considering the fact that researcher in the present study seeks to examine the effect of international orientation on export performance of export companies in leather industry of Iran, therefore, a cause-effect relationship is examined in this study. Hence, the present study examines the status quo of this situation without any intervention in variables and therefore, it is a descriptive type of study. Since, researcher uses questionnaire instrument, by distributing it among the statistical population and

collecting them back, therefore, the present study is a survey type of study. It is because survey studies evaluate attitudes toward a phenomenon which is being studied and collects the required data from a group that their attitudes are used as the basis of study. Finally, since the present study is a case study (leather industry of Iran) and the results are supposed to be practiced and used in statistical population, it is an applied type of study as well.

Research statistical population and sample: statistical population of this study is consisted of all the experts and managers of manufacturing and export companies in leather industry of Iran and due to homogeneity of the units of statistical population and due to unlimited number of persons in it, simple random sampling method was used. Considering the fact that the volume of statistical population is known, for determining minimum required sample volume, 2nd Cochran's formula was used and 385 persons were determined as the minimum required sample volume and they have been used as analysis basis in this study.

Respondents' Demographic characteristics aer as following:

Table (1): Respondents' demographic characteristics

Respondents' characteristics	Gender		Marital status		Education				Age				
	Male	Female	Single	Married	Associate degree and lower	Bachelor degree	Master degree	PhD and higher	25 years or less	26 to 30 years	31 to 35 years	36 to 40 years	40 years and higher
Frequency	314	71	82	303	69	197	104	15	23	55	72	94	141
Percentage	18.4	81.6	21.3	78.7	17.9	51.2	27.2	3.9	6.0	14.3	18.7	24.4	36.6

Data collection: Research data was collected by using bibliographic method and wit reviewing Farsi and English related studies and extracting material from reliable books and articles, scientific – research journals and student theses. Finally, 385 questionnaires were distributed and collected back.

4.1. Measurement scale, validity and reliability

For testing questionnaire's validity, experts and specialists' opinion like esteemed Supervisor of this research was used. In this study for determining measurement instrument's reliability, Cronbach's alpha method was used. If the alpha value is larger than 70%, it can be concluded that research questionnaire has the necessary reliability.

5. FINDINGS AND ANALYSIS

5.1. Findings related to research main hypothesis

In the following (figure 2), standardized estimation outpour of structural equations model of research conceptual model of the research main hypothesis is presented. As we can see from the results shown in this figure, all model factor loadings have larger values than 0.3.
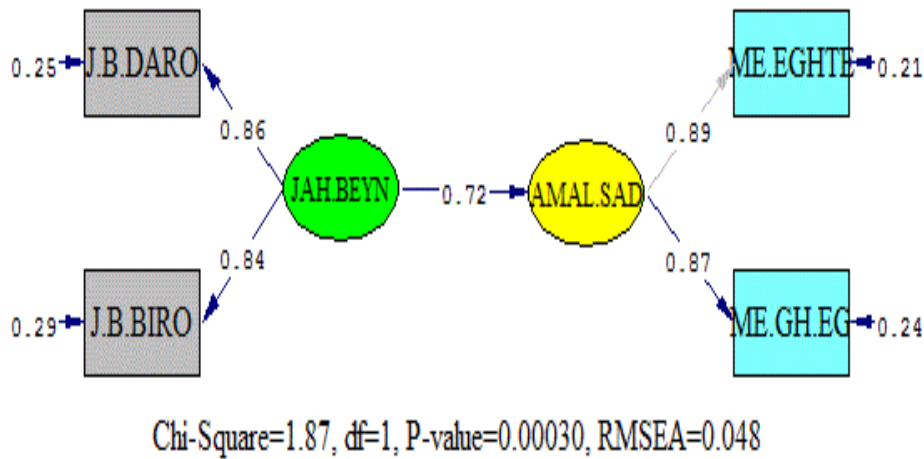
Figure (2): Structural model related to research main hypothesis testing in standard estimation mode

5.2. Studying significance coefficients related to each path coefficient

In figure (3), related significance values model is presented. This model shows that all significance values in this model are larger than 1.96; therefore, all the existing factor loadings in the model are significant.
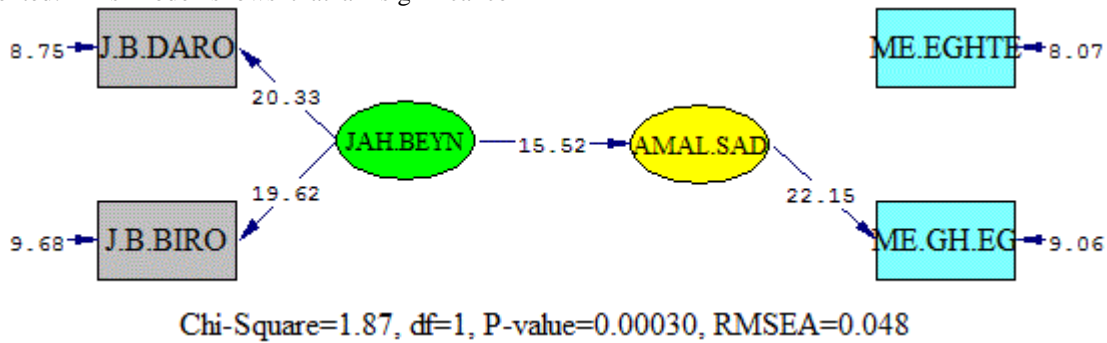

Figure (3): Structural model related to research main hypothesis testing in significance mode

Considering the data presented in table (3), research main hypothesis was tested. Results of this test indicated that intentional orientation with an impact factor of 0.72 and with a value of t=15.52 (P-Value= 0.001) has a positive and significant effect on export performance of export companies in leather industry of Iran. Therefore, main research hypothesis is confirmed with 99.9% confidence. It means that for each unit of increase in the variable of international orientation we witness 0.72 of a unit increase in export performance of export companies in leather industry of Iran.

5.3. Research secondary hypotheses testing

5.3.1. Testing standard path coefficients related to research secondary hypotheses

In following (figure 4), standardized estimation output of the structural equations model for research conceptual model including research secondary hypotheses are presented. As we can see from the results in this figure, all model's factor loadings have values larger than 0.3.
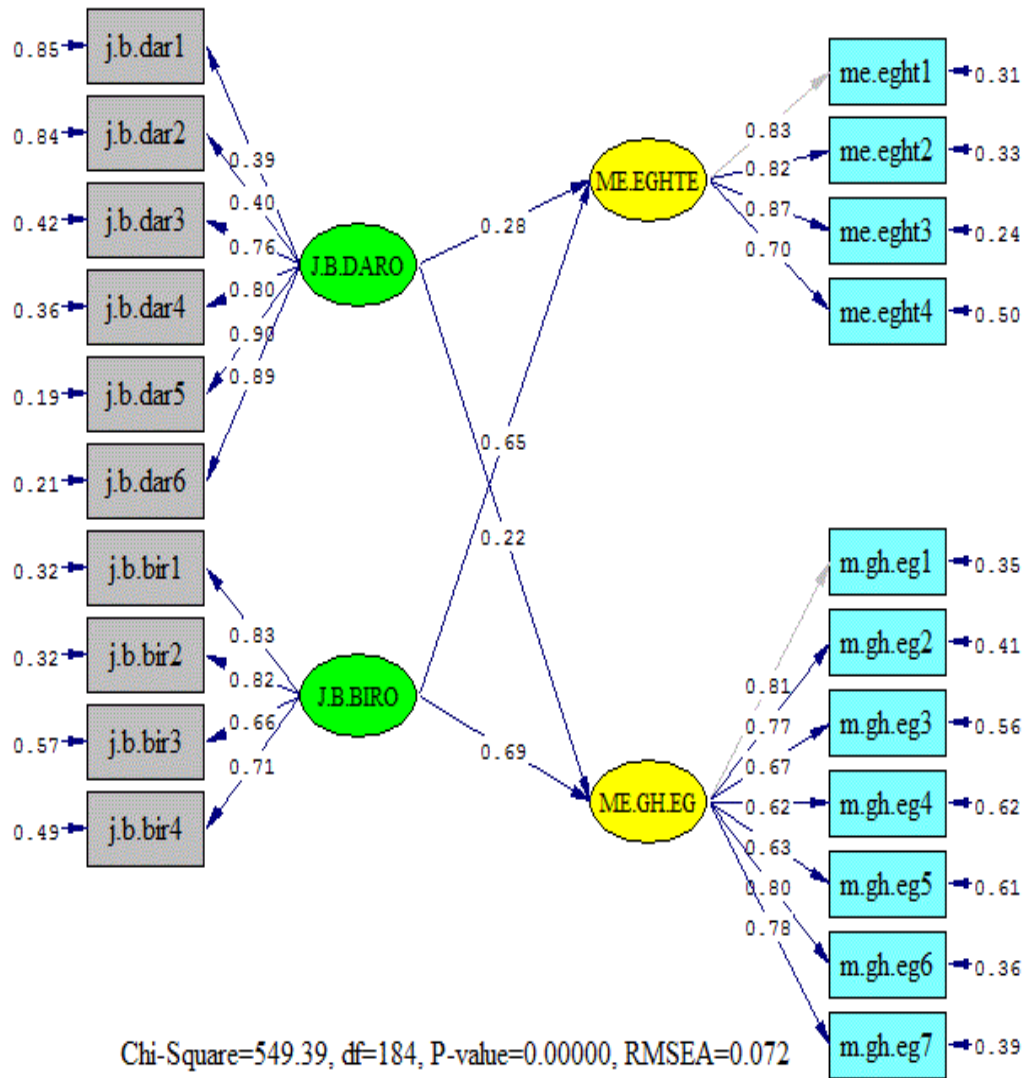
Figure (4): Structural model related to research secondary hypotheses testing in standard estimation mode

5.3.2. Studying significance coefficients related to each path coefficient

In figure (5), model of significance values is presented. This model indicates that all significance values related to factor loadings of this model are larger than 1.96.
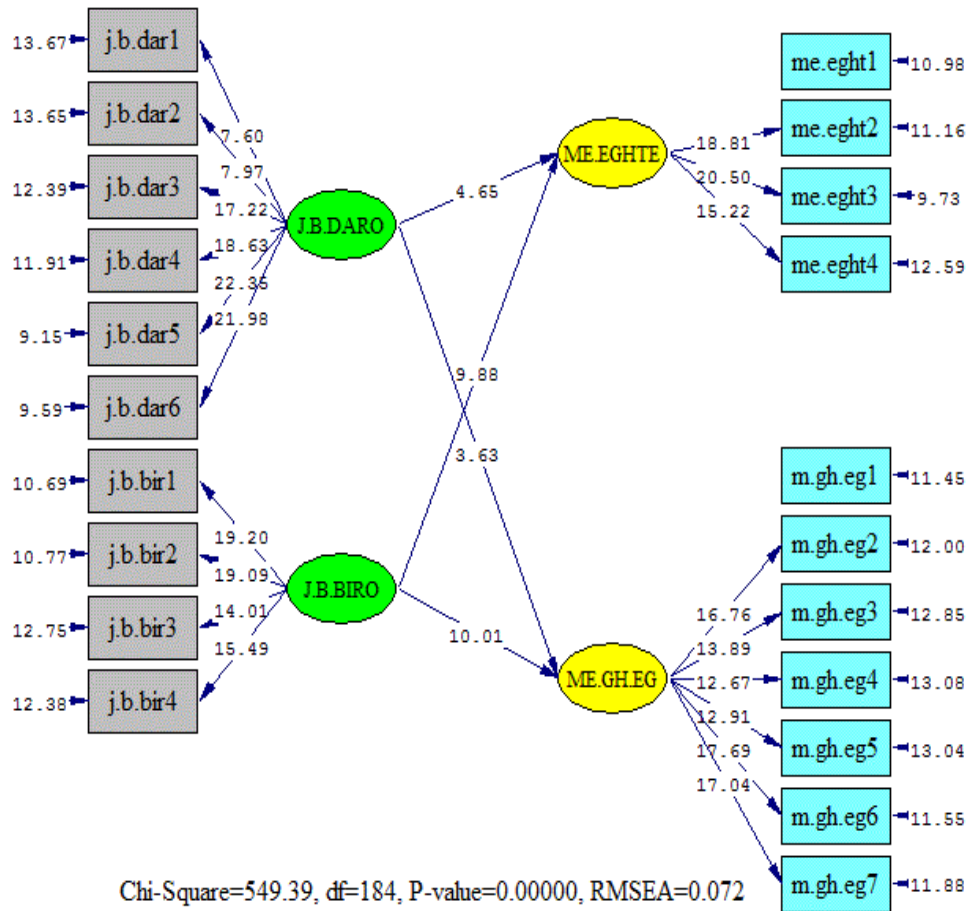
Figure (5): Structural model related to research secondary hypotheses testing in significance mode

5.3.3. Studying goodness of fit indexes of the conceptual model

For studying research model, before confirming structural relationships, we should gain confidence about model's satisfactory fit and appropriateness. Measurement indexes related to goodness of fit, together with their calculated values for the model are presented in table (2) which indicates to desirable goodness of fit for the model.

Table (2): Studying goodness of fit indexes of the conceptual model

Goodness of fit indexes		Acceptable values	Ideal values	Research values	Result
x^2/df	Dividing chi-square to freedom of degree	≤3	≤2	2.85	Good fit
Root Mean Squared Error of Approximation (RMSEA)	Root Mean Squared Error of	≤0.1	≤0.08	0.069	Perfect fit

	Approximation				
Normed Fit Index (NFI)	Normed Fit Index	≥0.9	≥0.95	0.94	Good fit
Non-Normed Fit Index (NNFI)	Non-Normed Fit Index	≥0.9	≥0.95	0.94	Good fit
Comparative Fit Index (CFI)	Comparative Fit Index	≥0.9	≥0.95	0.95	Perfect fit
Incremental Fit Index (IFI)	Incremental Fit Index	≥0.9	≥0.95	0.95	Perfect fit
Goodness of Fit Index (GFI)	Goodness of Fit Index	≥0.9	≥0.95	0.92	Good fit
Adjusted Goodness of Fit Index (AGFI)	Adjusted Goodness of Fit Index	≥0.8	≥0.9	0.85	Good fit
Root Mean Square Residual (RMR)	Root Mean Square Residual	≤0.08	≤0.05	0.066	Good fit
Standardized Root Mean Square Residual (SRMR)	Standardized Root Mean Square Residual	≤0.08	≤0.05	0.071	Good fit

5.3.4. Results of 1st secondary hypothesis analysis

Considering the information presented in table (3), research secondary hypothesis 1 was tested. Rustles of this test indicated that internal international orientation with the impact factor of 0.28 and with the value of t=4.65 (P-Value=0.001) has a positive and significant effect on economic measures of export performance of export companies in leather industry of Iran. Therefore, research secondary hypothesis 1 is confirmed with 99.9% confidence. It means that for each unit of increase in the variable of internal international orientation we will witness 0.28 of a unit of increase in economic measures of export performance in export companies in leather industry of Iran.

5.3.5. Results of 2nd secondary hypothesis analysis

Considering the information presented in table (3), research secondary hypothesis 2 was tested. Rustles of this test indicated that internal international orientation with the impact factor of 0.22 and with the value of t=3.63 (P-Value=0.001) has a positive and significant effect on non-economic measures of export performance of export companies in leather industry of Iran. Therefore, research secondary hypothesis 2 is confirmed with 99.9% confidence. It means that for each unit of increase in the variable of internal international orientation we will witness 0.22 of a unit of increase in non-economic measures of export performance in export companies in leather industry of Iran.

5.3.6. Results of 3rd secondary hypothesis analysis

Considering the information presented in table (3), research secondary hypothesis 3 was tested. Rustles of this test indicated that external international orientation with the impact factor of 0.65 and with the value of t=9.88 (P-Value=0.001) has a positive and significant effect on economic measures of export performance of export companies in leather industry of Iran. Therefore, research secondary hypothesis 3 is confirmed with 99.9% confidence. It means that for each unit of increase in the variable of external international orientation we will witness 0.65 of a unit of increase in economic measures of export performance in export companies in leather industry of Iran.

5.3.7. Results of 4th secondary hypothesis analysis

Considering the information presented in table (3), research secondary hypothesis 4 was tested. Rustles of this test indicated that external international orientation with the impact factor of 0.69 and with the value of t=10.01 (P-Value=0.001) has a positive and significant effect on non-economic measures of export performance of export companies in leather industry of Iran. Therefore, research secondary hypothesis 4 is confirmed with 99.9% confidence. It means that for each unit of increase in the variable of external international orientation we will witness 0.69 of a unit of increase in non-economic measures of export performance in export companies in leather industry of Iran.

Table (3): Results of research secondary hypotheses testing

Hypothesis	Hypotheses path	Path coefficient (significance)	Result
1st secondary	Internal international orientation has a significant effect on economic measures of export performance of export companies in leather industry of Iran.	0.28***(4.65)	Confirmed
2nd secondary	Internal international orientation has a significant effect on non-economic measures of export performance of export companies in leather industry of Iran.	0.22***(3.63)	Confirmed
3rd secondary	External international orientation has a significant effect on economic measures of export performance of export companies in leather industry of Iran.	0.65***(9.88)	Confirmed
4th secondary	External international orientation has a significant effect on non-economic measures of export performance of export companies in leather industry of Iran.	0.69***(10.01)	Confirmed

ns = nonsignificant.* $p < .05$.** $p < .01$.*** $p < .001$

6. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

Based on the results obtained from research hypothesis 1 analysis indicating that internal international orientation has a significant effect on economic measures of export performance of export companies in leather industry of Iran, it is recommended to put emphasis on discovery of new business opportunities in company's organizational culture. Companies for entering international markets, companies are recommended to make use of latest technologies acquired through making contracts with international companies. Managers in companies are recommended to constantly communicate their vision for achieving success in international markets to their employees. Managers in companies are recommended to put emphasis on export development in all countries.

In addition, based on the obtained results from 1st secondary research hypothesis analysis indicating that internal international orientation has a significant effect on economic measures of export performance of export companies in leather industry of Iran; therefore, managers in companies are recommended to engage in human resources and other resources development for achieving company's goals in international markets. Managers for company's growth and development in export field are recommended to constantly make planning and put emphasis on having long-term and strategic attitude in organizational culture.

Further, based on results obtained from research secondary hypothesis 2 analysis which indicates that internal international orientation has a significant effect on non-economic measures of export performance of export companies in leather

industry of Iran; therefore, companies are recommended to acquire a satisfactory position in terms of development of export market share, entering export markets and provision of new export products.

On the other hand, based on the results obtained for research secondary hypothesis 3 analysis which indicates that external international orientation has a significant effect on economic measures of export performance of export companies in leather industry of Iran; therefore, companies are recommended to make use of advanced management skills acquired from partnership with international companies for entering international markets. Companies are recommended to model successful and leading international companies for entering international markets. Companies are recommended to constantly try to make contracts with international companies for obtaining growth and development in export field.

Finally, based on the results obtained from research secondary hypothesis 4 analysis, which indicates that external international orientation has a significant effect on non-economic measures of export performance of export companies in leather industry of Iran; therefore, companies are recommended to try to achieve higher levels of development in comparison to their competitors and comparing to their previous year. Companies are recommended to make use of their maximum ability and capacity for achieving their export goals as well as for improving successful export potentials.

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