

Identification and Classification of factors Affecting Export Performance Case Study: Clothing Industry

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Abstract

In this study, in order to help develop the clothing industry exports, they are studied five factors such as: environmental, managerial, organizational factors and the ones related to product and marketing strategy. For gathering some information concerning these factors, at the first stage, it was distributed a poll-taking questionnaire in the form of the Likert five-options spectrum among 45 companies active in the clothing exportations in Tehran Province and extracted the 35 final factors affecting export performance in the clothing industry. At the second stage, in order to prioritize the criteria and sub-criteria, it was distributed the questionnaire of even comparisons, among 15 experts and specialists in the clothing industry from the research society. Finally, the "managerial", "organizational", "marketing strategy", "product" and "environmental" factors were assigned the priorities first to fifth, respectively. Likewise, concerning the 35 sub-criteria, the sub-criteria of "services to customers" from the product criterion, emotional intelligence from managerial, politics from environmental criterion and human resources from organizational criterion and competitive advantages from marketing strategy were given the first to fifth positions, respectively.

Keywords: Export Performance, Process of Hierarchical Analysis, Clothing Industry.

Introduction

Exportations are considered as the most usual way for companies to start marketing activities outside the country. One of the most important reasons for it is that the exportations as compared to other internationalization methods, need less resources. Different countries encourage their companies to export, because this important activity would increase the employment rate inside their country, develop competitive conditions and improve exchange revenues.

The companies because of competitive pressure and being interested in expansion and development, try a lot to increase exportations. In the meantime, the increase in clothing exports as one of the items of nonpetroleum exportations, because of going out of a mono-product economy, entering the world economy market, using the country's potentials for producing clothes, becoming a member of the World Trade Organization and creating diversity in export items, is one of the necessities of the country's economic development.

The nonpetroleum exportations are considered as a key element in economic development which needs a clear and stable export-based strategy, duty-performing of each of the executive systems related to exportations and also having cultural tendency towards producing the best export products in the society.

The textile industry is the biggest and the most important ones

in the world and with its so high financial flow, is paid attention to by many countries and the world's biggest economies. The exchanges volume of the textile and clothing industry throughout the world, is annually more than about 600 milliard dollars. If we take a general look at the textile situation in the country, we realize that how much this industry could influence employment and exportations rate. At present, there are 9,393 textile units enjoying exploitation permit in Iran which in total, compose 15% of the country's industry; the percentage of the textile added growth out of the whole industry is calculated 4%. By comparing this with the industry's situation throughout the world, it can be noticed clearly the status of Iran internationally. China with 171 milliard dollars of textile products exportations, is the biggest producers of textiles in the world.

Iran's exportations during the first ten months of the year 1391 were about 595 million dollars which shows a 24% growth as compared with the last year. Therefore, it is important to study export performance in this industry and emphasize its effective and key factors.

The export performance is usually measured by using the single index approach and export sales, increase of export sales, export profits and exportations intensity are the most usual used indexes representing the available multidimensional structure for measuring exportations.

The export performance consists of results for a company gained from its international sales. These results include

strategic and financial aspects of the performance and also they should contain a temporal horizon to involve changes. Cavusgil and Zou point out that most of the last studies for measuring export performance used export sales being linked to financial aspect¹. There are numerous studies in the field which turned to identify internal and external factors influencing company's performance and manner at export markets²⁻⁵.

Some of the researchers divided the factors affecting export performance into 2 groups: internal factors and external factors and some others divided them into controllable and uncontrollable factors; the internal determinant factors are based on available resources and external determinant factors are organized according to the theory of industry structure. The available resources consist of assets, qualifications, processes, managerial features, information and knowledge which are controlled by company; on the other hand, the theory of industry structure believes in external factors specifying strategy and performance and states that the external environment imposes pressures on company which is bound to give a suitable answer to them, if it desires to survive and develop. Balduafand et al. introduced in their model offered for small economies, cultural-social, political, demographic factors, management motivations, distinction and expenditure as predictors of the export performance⁶.

According to the researches performed by Leonidou et al., the performances existing in the marketing strategy which affect the export performance are listed as follows⁷: Goal-aiming: focusing on market, market expansion, market division; Products: designing, quality, labeling, packaging, guarantee, product advantage; Price: pricing method, pricing strategy, credit policies, exchange strategy; Promotion: propaganda, sales propaganda, individual sales, commercial expositions.

Identification of factors influencing the export performance of the clothing industry and determination of the importance level of each of the factors is an effective step toward studying the available weak and strong points in order to promote clothing exportations.

In this study, it will be tried to engage in ranking the criteria and sub-criteria existing in the export performance by using the AHP technique, which the yielded results are used to improve the conditions of the clothing exportations in the country.

Main goals of research: Identification and classification of factors influencing the export performance in the clothing industry. Prioritizing and weighing the factors affecting the export performance in the clothing industry.

The research is carried out during two stages: The first stage: Identification and classification of factors influencing the export performance in the clothing industry by means of: examining the last studies, poll-taking questionnaire by using the Likert-5 options spectrum, The second stage: classification of the factors

affecting (criteria and sub-criteria of the decision-making tree) the export performance in the clothing industry by means of: even comparisons questionnaire, process of hierarchical analysis.

Research background

Export performance: The export performance is considered as the base for the international commerce, however researchers are not unanimous about its operational and conceptual definition⁸. This disagreement caused contrary and different results by itself⁵. One of the most important reasons for different results could be the identical criteria for evaluating this variable^{9,10}.

Cavusgil et al. define the export performance as the achievement rate of company's goals in products exportations at foreign markets¹. The main and important points would be economic (profit, sales, expenditures, etc.) and strategic observations (market development, increase in market share, etc.) through programming and performing marketing strategies. Most of the researchers believe that the export performance is multidimensional and it can be made operational and conceptual in different ways¹¹. The export performance should involve managerial satisfaction, because it is by itself a criterion for evaluating organizational expectations which affect organization's oncoming strategies¹². Specifically, a method paid much attention to, is to add satisfaction to different criteria of performance in a single criterion of the export performance. The satisfaction is defined as a composed psychological variable which evaluates the marketing program effectiveness on the basis of the performance¹². Sousa, declares fifty dimensions for performance index in exportations is divided into subjective and objective indexes¹³.

Likewise, Leonidou, et al. classified the factors influencing the export performance into 5 groups: managerial features, organizational factors and environmental powers, export goal-aiming and export marketing strategy factors⁷. Moreover, they recognized the following indexes as performance in exportations: exportations share of sales or exportations volume, sales growth of exportations, level of exportations profit, market share and profit rate from exportations. It is crucial to evaluate companies' performance at export markets where the 2 subjects of evaluation method of the export performance and the choice of evaluated dimensions of performance play a vital role.

Evaluation method of export performance: The two main methods for performance evaluation specified in the literature, consist of objective measurement criteria (like reports about company's profit statistics and sales rate) and subjective criteria (managers' perceptions). In the field of the export marketing, the majority of studies take advantage of objective indexes. The question which is posed here is that if one can get correct objective indexes from the export performance⁹. For example, profitability depends on the factors such as methods for

calculating amortization and the ways of overcharge allocation. When the exportations dimension is integrated into operations, this problem will get more complicated. Besides, managers control process of shaping and doing strategy; therefore, they can choose to compete where and how. So, the managers make decisions depended on their perception of company's internal and external environment rather than the objective reality. This increases the acceptance credit and the development of the specific measurement criteria (subjective) of the export performance¹⁴.

Choice of performance dimensions: We reached a broad agreement on the subject that company performance at the export markets is a multidimensional concept. The review done by Aabyand Slater shows that company's export performance should be evaluated based on the access to company's export goals and features of exportations framework have to play a key role in accepting measurement criteria being proportional to the export performance². Also, different export companies set various performance goals for themselves, on the basis of the nature of export marketing strategy of companies.

When exportations profitability is emphasized, the volume of export sales will probably be damaged or by emphasizing the export market share, company's profitability will likely weaken.

This indicates by itself, the importance for creating the complex measurement criteria of the performance^{15,16}.

In general, building a dynamic organizational culture, giving priority to top management for international commerce, commitment to exportations, tendency toward risk-taking, perceptions from growth potential of exportations and profit opportunities¹⁷⁻²¹. All of them influence directly the export performance.

Madsen identified, after studying the last researches, 3 basic dimensions of the export performance: sales, profit and change²². Shoham divided the change dimension into 2 parts: change in exportations profit and change in exportations sales⁸. That's because companies may generally leave a short-term growth in sales and market share to achieve a short-term one in profitability and vice-versa. It's the reason why some of researchers considered in the recent coordinates, a four-dimensional framework for evaluating the export performance. It was seen that exportations sales, exportations profit, growth in exportations sales and growth in exportations profit, all are placed within a series of measured cases to evaluate objective and subjective aspects of the performance. The objective criteria are focused upon the real performance, while the subjective ones emphasize the managerial perception and agreement from performance which provide a tool for evaluating the managerial perceptions from performance by comparison with their expectations²³. On the whole, we define the export performance as the results obtained for company from international sales. The results involve strategic and financial aspects of the

performance and also they must contain a chronological horizon to contain changes.

In the previous studies, a set of factors are identified as the effective ones which consist of: company size, export experience, new technology, price, local market orientation, environmental factors, commercial obstacles, cultural differences and physical gaps^{2,5,24,25}.

Furthermore, other factors like export stimulant which means the focus on companies' attempts to identify and benefit from foreign market opportunities, could lead to the export performance²⁶. Also, the exportations problems, in other words, the problems that limit the ability to explore, specify and take advantage of export market opportunities, lead in turn, to decrease the export performance²⁷. The competitive advantage as company's tendency toward and creativeness in establishing and protecting the export activity, depends on its competitive status at aimed foreign markets. Companies may be able to choose a number of different methods to compete at the export markets. According to these topics, there is a direct relationship between the competitive advantages and the export performance²⁸. Moreover, the strategy of export product refers to the degree equalizing or adapting a productive company. The adaptation of company's products to different customers' needs and desires, can lead company's performance to increase²⁹.

In the researches carried out by Katsikea and Skarmas, the strategy of the export pricing refers to the equalization or adaptation of international pricing policies which affect company's export performance³⁰. Also, some factors such as the strategy of export channels and strategy of export promotions in researches (Navarro, et. al.; Covin and Slevin were studied as factors influencing the export performance^{31,32}.

After the conducted researches were studied and the offered models were combined in order to achieve a more comprehensive model being fitted with the current circumstances of the clothing industry, it was identified that the factors influencing the export performance have been classified in 5 groups as demonstrated in the Table-1.

Methodology

At this stage, it was used the poll-taking questionnaire designed in the form of 38 questions by means of the Likert 5-options spectrum to specify the factors affecting the export performance. The mentioned questionnaire was distributed among senior and mid-level managers of the companies being active in clothing exportations unit of Tehran Province which are more than 45. (Finally, the 143 complete questionnaires were collected out of the 151 distributed ones) After collecting, differentiating and analyzing the mentioned questionnaires via the binomial statistic experiment and the SPSS software, it was, in the end, extracted the factors influencing the export performance in the clothing industry (Table-1). The

questionnaire validity was confirmed by experts and its reliability by the high Cronbach Alpha coefficient (0.8432). The reliability of every set of questionnaire by separating the criteria is as follows: environmental criterion = 0.8269, managerial criterion = 0.8474, organizational criterion = 0.8201, product criterion = 0.8505, commercial strategies criterion = 0.8715.

At the second stage, after identifying and classifying the factors affecting the export performance in the clothing industry (output of the first stage), it was designed the questionnaire of the even comparisons and then, the mentioned questionnaire was distributed among 15 managers of the exportations unit of the country's example export companies which data, after collecting, were analyzed by the Expert choice Software.

The validity of the questionnaire of this research depends on the validity of the hierarchical analysis process technique which is determined, in turn, by the incompatibility rate in the even comparisons. According to the incompatibility rate being less than 0.1 (7%), it was confirmed the reliability of the second stage too. At the first stage, it was performed 2 types of descriptive and perceptive statistic analysis, on the collected data through the primary questionnaire. The validity of the first questionnaire was confirmed by academic experts and its reliability by the high Cronbach Alpha coefficient (0.8432). Out of the 143 collected questionnaires, the highest percentage of the total respondents comes from men (74%) and after that women are placed (26%).

The employment backgrounds of respondents were classified

into 5 years and less than 5 years, 6-10 years, 11-15 year, 16-20 years and over than 21 years that the group of 11-15 years had the highest plentitude 40% and the group of less than 5 years, had the lowest rate of plentitude 6%.

The highest plentitude about 69% was allocated to licentiate people among the respondents. Among the 5 classified groups, the highest rate of plentitude 34% was allocated to people aged between 36 and 40 years. 5% of the respondents were about 26-30 years old and comprised the lowest percentage.

For the analytic study of the questionnaires results and hypotheses test (statistic perceptive analyses), it was used the statistic experiment of the binomial distribution (achievement test) which results show that the hypotheses 1 to 5 are accepted as follows:

- H1: The managerial factors affect the export performance.
- H2: The organizational factors influence the export performance.
- H3: The product factors affect the export performance.
- H4: The environmental factors influence the export performance.
- H5: The factors related to the commercial strategies affect the export performance. It is performed the decision algorithm applied in this research with the help of the hierarchical analysis process. After the criteria and sub-criteria were extracted, it was turned to carry out this algorithm for prioritizing the factors affecting the export performance in the clothing industry.

Table-1
Classification of factors influencing export performance

Sub-criterion	criterion
Cultural-social, political and demographic factors, competition intensity, capability to reach distribution channels, Management commitment in export activity	environmental
Management motivations, managerial qualifications, command of foreign language, being familiar with exportations, education level, risk-taking, emotional intelligence, communication and negotiation skill.	managerial
Organizational structure, company size, period of export experience, exportations domain, human resources, goal-aiming, technology level	organizational
Adaptation, services to customers, guarantee, product advantage, newness and uniqueness of product, product conformity, mixture (adaptation) of name and product	product
Export stimulants, exportations problems, competitive advantages, channel of direct exportations, promotional policies, export separate unit, entry into foreign market and choice of customer, regular visits to export markets, benefiting from researches of export marketing, export programming and control	commercial strategies

The first step: after studying the research literature and interviewing with experts, it was extracted the correct segments of the decision which the hierarchical structure was designed in

the form of 3 levels of objectives, criteria and sub-criteria Table- 2.

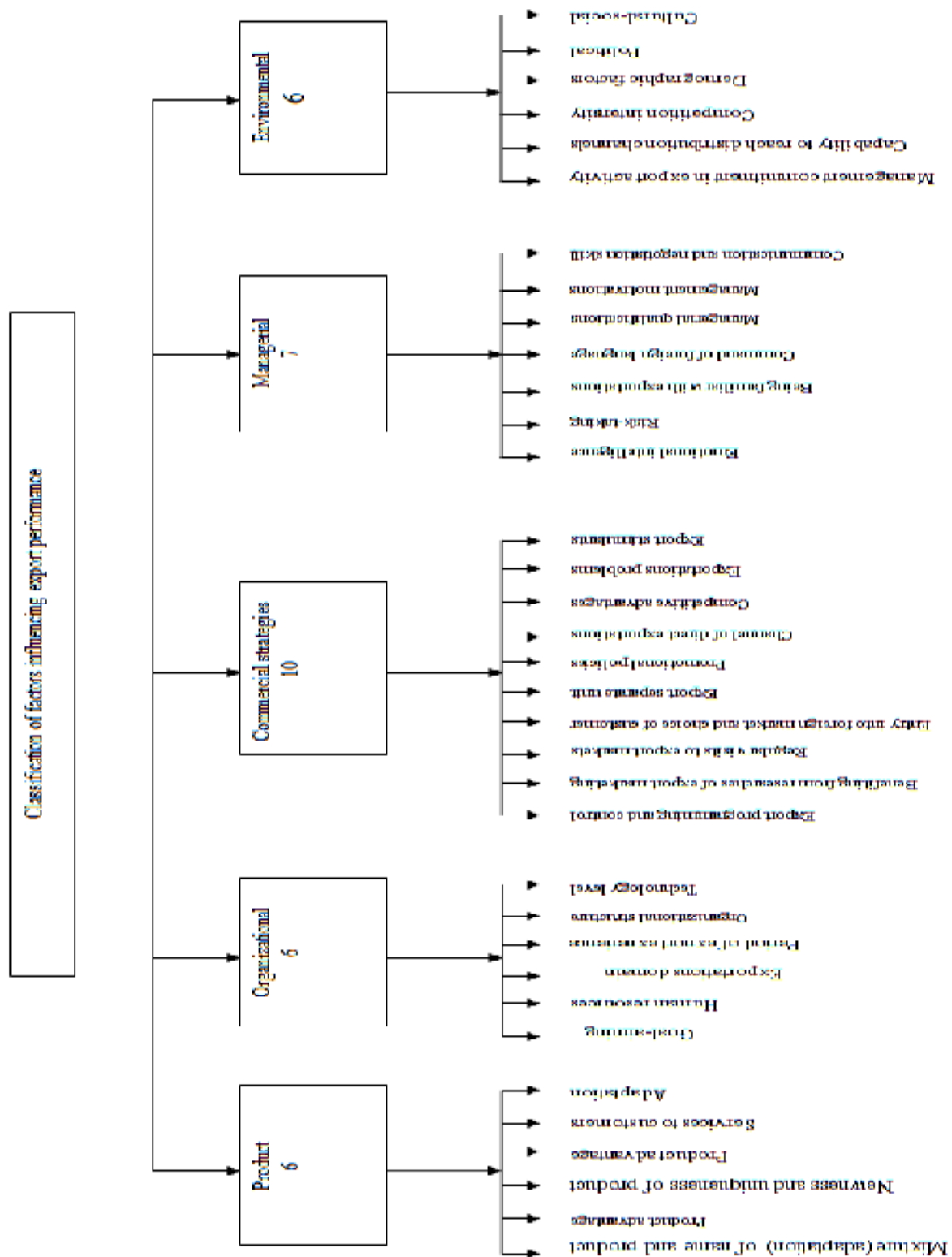


Table-3
The prioritization of sub-criteria related to the 5 main criteria with the last and first priority

Criterion	The first priority	The last priority
Product	Services to customers 0.517	Mixture of name and product %29
Organizational factors	Human resources 0.312	exportations domain %33
Managerial factors	Emotional intelligence 0.401	Command of foreign language %19
Environmental factors	Political factors 0.423	The ability of access to distribution channels %42
Commercial strategies	Competitive advantage 0.262	Channel of direct exportations %30

Second step: After determining the relative importance of the sub-criteria and the factors affecting the export performance in the clothing industry, it was designed the even comparisons questionnaire. At first, it was distributed 19 questionnaires among the members of the statistic society (researchers and experts in the field of clothing exportations).

And finally, it was collected 15 complete and analyzable questionnaires. In this section, it was calculated the relative importance of the sub-criteria according to each of the criteria (Table-3). The even comparisons questionnaire was used as a tool for collecting the needed data and the Expert choice Software for calculating and analyzing them.

At the later stage, it was turned to determine the rates of the relative importance of the criteria Table-4 and 5. The prioritized factors in order of importance are as follows: managerial, organizational, commercial strategies, product and environmental factors.

At the later stage, after specifying the importance weights of the criteria and sub-criteria, the 35 factors can be prioritized. The first priority was related to services to customers (the main criterion) and the product criterion (P_2) weighting %96, was the highest ranking and the main criterion (command of foreign language) with the managerial criterion weighting 0.004 was the lowest ranking 35.

Table-4
The even comparisons of the main criteria

Goal	E	M	O	P	S
E	1	0/714	1/2	0/385	1/5
M	///////	1	1/1	1/7	1/2
O	///////	///////	1	2/3	0/833
P	///////	///////	///////	1	0/667
S	///////	///////	///////	///////	1

Table-5
The prioritization of the main criteria according to their importance weights

Ranking	Weight	abbreviation	Prioritization Factors
first	0/233	M	Managerial
second	0/214	O	Organizational
third	0/192	S	Commercial strategy
fourth	0/185	P	Product
fifth	0/177	E	Environmental

The emotional intelligence being dependent on the managerial criterion weighting 93%, was allocated to the highest sub-criterion in this group and the main political criterion, from the environmental criterion weighting 75% was the third ranking within the whole group and the first one for its own criterion. The human resources from the organizational criterion with the weight 67% were the highest index within its own group. In addition, the competitive advantages weighting 50% from the marketing strategy criterion achieved the highest rank in its own group and the fifth one within the whole 35 criteria.

Conclusion

The globalization of an institute and the entry into the international markets, because of the competition intensity and entrance obstacles, doesn't seem to happen accidentally. Overcoming the entrance obstacles and tolerating the intense competition at the world markets require relying on a smart strategic program. Designing such a program needs to develop a strategic pattern by paying simultaneously attention not only to the models and different theories of the internationalization, but also to institute's special conditions and limits, the domestic industry, the country and the studied institute's international relationships. According to the last statistic discussions about the classification of the 5 factors affecting the export performance in the clothing industry, the managerial,

organizational, marketing strategy, product and finally, environmental factors ranked first to fifth, respectively. Likewise, regarding the classification of the 35 sub-criteria, the sub-criterion of services to customers from the product criterion ranked first. The sub-criteria of the emotional intelligence from the managerial criterion, political from educational criterion, human resources from the organizational criterion and finally, the competitive advantages from the marketing strategy criterion ranked second to fifth, respectively. According to the results yielded from the present research, we can conclude that: Companies are able to pay more attention to communicative factors such as personal interactions, relationships with foreign distributors and continuing positive relationships with them; also, the companies should make regular visits to export markets in order to obtain valuable information and build up close relationships with the key members of the distribution network. Attending the international expositions could lead the exportations to increase.

Focusing on closer countries could be cost-effective in terms of the total of export expenditures.

Considering the tastes of the intended market's consumers and exerting them on products quality will make the exportations increase. Achieving the first rank of the human resources within the group of the organizational factors indicates the high importance of staff for improving the export performance. Thus, by developing regular and systematized programs, we have to consider their qualitative promotion.

Also, the research results reveal the high importance of the managerial and organizational criteria as compared to the other 3 criteria. So, the two mentioned criteria require more and more consideration.

Considering the requirements of foreign markets and presenting distinct and unique products, can make the exportations increase as a competitive advantage.

The companies of the clothing industry being active in the exportations section or interested in entering the exportations area pay attention to the company's potentials. This subject was mentioned in order of importance of the 35 factors.

According to the first rank of the factor of services to customers, the establishment of the system of relationship with customers and after-sales services can be effective in improving the export performance.

In the oncoming researches, it would be better to turn to identify the international markets and prioritize them for the clothing exportations. Also, it could be noticeable to identify the factors affecting the export performance of the nonpetroleum products, especially in the field of handicrafts. According to the presented model in this research, we can also classify companies active in clothing exportations.

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