

An Investigation Factors That Affected to Guilan Industrial City Firm's Export Tendencies

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Abstract:

The aim of this study is to investigate the factors affecting the export orientation of the companies located in industrial state of guilan province. This research has examined objective and subjective characteristics of decision-makers and the features of companies in a sample of 130 manufacturers. For this reason, manufacturers in industrial state of guilan province were selected for the study. And this study seeks to answer the question that: What features of a company causes more export orientation and it is possible to identify the characteristics of decision –makers for export orientation? The result was that the characteristics of a company and mental attributes of decision-makers have a significant relationship export orientation and among the objective properties of decision-makers, the ability to speak foreign languages has a significant relationship with export orientation. However, there is no significant relationship between age and education level with export orientation.

Key words: Propensity to Export, Export, Manufacturers, Industrial State of Guilan

Introduction

Iran's economy relies on the oil production. Oil production price has fluctuation among international market. On the other hand, Iran always exports row material and oil. In order to non-alternative resources that being in Iran, so high dependency to the oil revenue is an important issue for governors. However, they seek to export nonoil production. Many countries can develop by nonoil production sell which has more valuable than oil production (Danesh Nya, 2010).

Single production export countries seek to avoid oil revenue. They try to gain more revenue by nonoil production and increase international commerce share. Nonoil production export has very important at economic activities which has significant impact on economy, but it had not any appropriate result because nonoil production export had not many schedule (Mohseni, 2010).

Many countries cannot develop nonoil production export because of low experience, low resource, or another impedes. Export programs presented by government, tread organizations, and other organizations, they try to help firms to eliminate these impedes, and play an important role to encourage company for export nonoil production (Wheeler, 1990).

The aim of this article is investigate factors that affected firm's export propensity at Guilan industrial cities. Next section is stated the main framework of article, and then represent the conclusions.

Material and methods

Bleyki (1987) was the pioneer of the investigated the relationship between motivation and exports. He was found that managers considers the long term profits, and vary the activities. There are different motivations about exports. It is at different forms for any firms.

There are many export firms. Small and middle firms play an important role at economic development as part of globalization which identify at its strategy. It also has beneficial effect on firm's network communication. So, at developed economies, people seek to sustainable and long term communication (Serra et al, 2012).

Serra et al (2012) believed that firms which enter export fields should have special characteristics that can divided at 2 parts:

1. Firm's characteristics
2. Decision maker's characteristics

Firm's characteristics

It also divided at firm's size, competitive advantage, and technology uses.

Firm's size

It is one of the most important variables at exports, but small companies don't pay attention to it. Employee number, sell amount, and firm's asset volumes are the most important variables for firm's size. Company's which have 10 employees call small companies. They incline to family business. Some studies indicate that there is positive relationship between firm's size and export characteristics (Seara et al, 2012).

Competitive advantage

Competitive advantage is one of the key factors to explain firm's export behavior. It seeks to innovation at local market that leads to global competition. So, we expected that competitive advantage has fundamental impact on export behavior (Atuahene Gima, 1995).

Technology uses: technology density is related to export propensity. Cavusgil (1993) found that more adaptability to technology lead to less problems. Jane (2001) shows that high-tech firms can impact on global market significantly. Yeli- Renco (2002) argue that high-tech is more applicable at global market, they also studied about social capital, knowledge and learning about international opportunities. However, small and middle companies' potentially play an important role at export propensity (Seara et al, 2012).

Decision maker's characteristics

Objective characteristics:

Objective characteristics are: manager's age, education, foreign language impact.

Manger's age: it is challengeable issue at export inclination. Although researchers found that manager's age have not any relationship to export development, Obben and Magaula (2003) suggested that there is significant relationship between manager's age and export propensity.

Education: it has impact on export performance potentially. It also enhances manager's skills among complex international environment.

Foreign language impact: it is an important issue because facilitate communications and improvement business activities. Obben and Magagula(2003) indicated that there are strong relationship between language skills and export propensity.

Subjective characteristics:

These are: risk taking, perceived costs, perceived advantage, and commitment.

Risk taking

Perceived and understand risk at export propensity is another key element. Export companies often tolerate more risk because of lake of information, and financial resources. Manager who perceived high risk, increase to their production exports.

Perceived costs

Vewaal and Danker (2002) stated that costs are determinant of export inclination effectiveness. International business depend on costs which always rising. Costs are divided on 2 parts: fixed costs and variable costs.

Commitment: export commitment consist of employees and financial. Researchers found that commitment always one of the important factors to gain successful.

Figure 1 indicate conceptual framework of research:

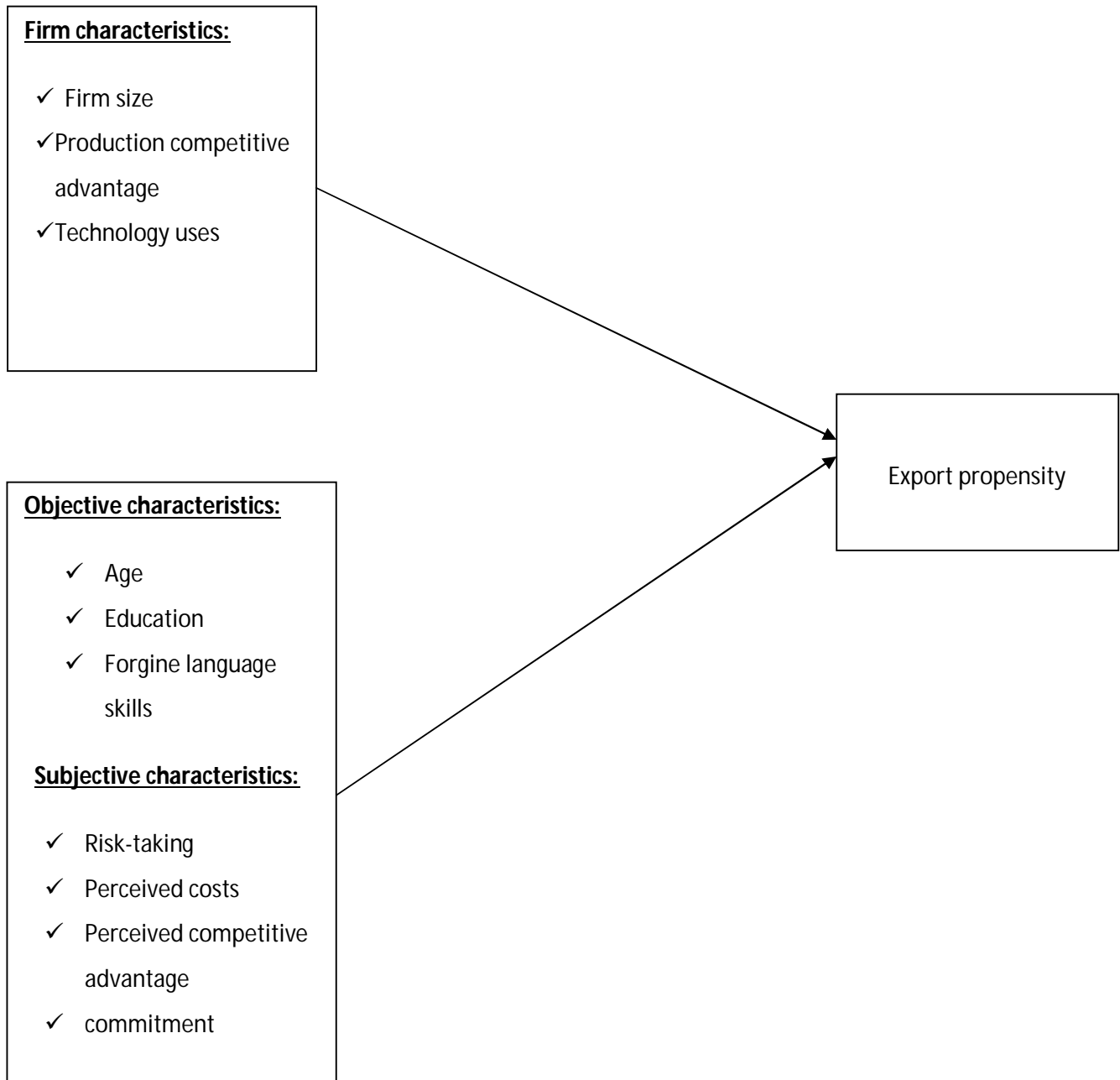


Figure 1: Research conceptual framework

According to these, hypostatize are:

H1: firm size has significant relationship to export propensity

H2: competitive advantage has significant relationship to export propensity

H3: technology uses has significant relationship to export propensity.

H4: manager's age has significant relationship to export propensity

H5: manager's education has significant relationship to export propensity

H6: manager's ability at forgin language has significant relationship to export propensity

H7: risk taking has significant relationship to export propensity

H8: perceived cost has significant relationship to export propensity

H9: competitive advantage has significant relationship to export propensity.

H10: manager's commitment has significant relationship to export propensity.

Statistical society is all companies that export and produce goods at Guilan industrial cites which are 312. Data was gathered by questioners, and it analyzed by Pearson correlation and π^2 or SPSS 18. Corenbach rate state the reliability of research variable because it is 95/4 percent.

Result and conclusion

Research variable explanations are stated at table 1 and 2:

Table 1: Variable explanation

variable	No	min	Max	Mean	SD	Varyance
Export propensity	130	1/83	5	3/89	0/6972	0/486
Firm size	130	1/67	5	3/7846	0/6414	0/415
Production competitive advantage	130	1/67	5	3/8103	0/79613	0/634

Technology uses	130	2	5	4/0333	0/65078	0/424
Risk-taking	130	1/67	5	3/9026	0/65814	433
Perceived competitive advantage	130	2	5	4/0846	0/57408	0/33
Perceived costs	130	1/5	5	4/0462	0/63014	0/397
commitment	130	2	5	4/1256	0/6543	0/428

Table 2: Variable explanation

variable	No	π^2	df	sig	result
Age and export propensity	130	2/759	6	0/838	reject
Education and export propensity	130	9/848	8	0/276	reject

According to Pearson correlation, all hypotheses are accepted except hypothesize some which related to age and educations in other words, all variables had significant relationship to export propensity, but age and education had not any relationship with export propensity.

It is suggested that managers should pay attention to communicating factors such as personal interaction, and foreign customer meeting or exhibit attendance. They must improve goods quality production firms should able compete to some foreign production. International exhibits can impact on export volume.

Learning course is also increase the export program effectiveness. Managers should identify characteristics of new markets, and gain new information about market. Foreign language is help managers to communicate target customers.

Lack of time and few firms are the research limitations. Future research can investigate other factors of export propensity.

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