

*A Study on Factors Affecting Exports Performance of the Customs of the Ports  
(The Case of an Iranian Ports)*

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**Abstract**

The aim of this article is explanation of the relationship between strategy of exports market development and performance and identification of factors affecting on exports performance of the customs of the ports. The study is based on deductive reasoning and applying structural equation modeling (SEM). Population in this study includes all of the economics experts and practitioners working in the port of Khorramshahr and 219 of them are selected as sample size. Afterwards, factors affecting on exports performance of the customs of the port is studied based on the model presented in this article. The results indicate that market and industry characteristics and strategy of exports market development has a significant impact on exports performance of the customs of the port.

Keywords: Exports Performance, Strategy of Exports Markets Development, Organization Characteristics, Industry and Market Characteristics.

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## **I Introduction**

In fact exporting goods and services is a way to obtain foreign exchange and therefore economic development (Albaun et al, 2004, P46). A part of the international trade is constituted by countries exports.. There is no doubt that development and expanding exports is not an easy job nowadays when all countries are trying to acquire more share of global markets and they have realized that benefits of market share acquisition in a country is not limited to economical and material profit. Sensitivity and importance of exporting goods and services to countries lead to identification of tools and effective factors in this field and putting effort into expanding exports. (Elahi and Hasanzadeh, 2007, P93) The customs services is one of the factors influence exports development of goods and services. In fact, international trade is not meaningful without the customs. The customs as a substantial and inseparable part of foreign trade is where all trading agents and exports/imports regulators and law enforcements meet and provide information. The importance of role of customs is at such high level that sometimes is taken into account as a criterion for evaluation of foreign trading or even macroeconomic activities of a country. In fact the customs' role is promotion of exports and imports and providing and analyzing data and statistics about foreign trade. (UNCTAD, 2006) Researches have shown that the primary concern for countries is to improve exports performance. (Fiegenbaum, Schendel, 1996). One of the main and basic factors determining exports performance is strategy of exports market development. Studies have indicates that applying such strategy improves exports performance. (Craig Julian, 2003, P366)

## **II Literature Review**

There is a study by Ghasemi et al. done at 2010 titled "Coordination Model between International Marketing with organization environmental size and international market subsystems and its effect on exports performance". The study indicates that external coordination and internal coordination as 2 variables and their interactive have impact on exports performance. The study also has shown that internal coordination have more effect on export performance than external coordination. Nategh and Niakan studied "Sub-structuring of Exports Development with emphasis on Exports Limitations, Drivers and Performance" at 2009. The results show that if exporters face with problems and limitations in early stages of export, they may give up exporting permanently. Therefore focus on solving these initial problems is of utmost importance. In the following table exporters problems and limitations in starting exports or the so-called non-exporters problems are shown. After identification and solving these early stages problems, the focus must be on identification and strengthening exports performance variables. Dehdashti on 2007 in a study titled "Effective Factors on Small and Medium Exporting Firms" has showed that internal controllable factors include exports marketing strategic factors, management attitude and perceptions and internal uncontrollable factors include management, competency and external uncontrollable factors include foreign market characteristics, industry characteristics and measurement criterion are categorized in 3 criteria: financial, non-financial and mixed. Bategeka et al.<sup>1</sup> in 2012 studied "Effect of exports marketing strategy in relation between firm's skill and exports performance of

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<sup>1</sup>Levi KabagambeBategeka, Justus M. Munyoki, Martin Ogotu

small and medium exporters in Uganda” and the results have indicated that export marketing strategy, in spite of prior studies, has an unimportant effect on relation between firm’s competencies and exports performance.

Jang did a research in 2012 titled “exports market orientation, management relationships and performance”. The aim of this study is to find relationship between exports market and performance by considering that do the management relationships act as adjustment? Result of this study indicates that developing and distribution exports market increases the power of business relationships and decreases the power of politic relationships and also exports market has a positive relationship with exports strategic performance. Ovenini and Omotavo studied “Effect of Marketing Strategies on Exports Performance” in 2009. The study has shown that product acceptance and promotion and marketing position influences exports performance. Gomez et al by a study “Exports Marketing Strategies for Excellent Export Performance” in 2006 show that there is a positive and meaningful relationship between penetration in foreign markets and marketing strategies. Considering marketing strategies, factors of active exports are product acceptance, price competition and type of distribution network.

### **III Theoretical Framework**

Exports constitute a vital part of each country economic. Exporting goods and services are most important source of foreign exchange income which keeps global economic live and active. There is an increase in exports because of economic globalization, reduction in tariffs, free markets policies and governments are also interested in helping ports to increase exports and governments of developed countries launch the exports promotion programs. (Dehdashti, 2007, P52) considering the importance of the issue, different studies in various countries in the field of identification of effective factors on exports performance in various industries have been done. In each of these studies, variables were under considerations that in researcher’s point of view have effect on exports performance directly or indirectly. In 2000, Deal, Menguch, and Myers considered firm’s characteristics (size, perceived entrance barriers and firm’s background in business), firm’s competency (exports experiment) and exports market experiments (focus on market against variety and being active instead of being passive) on exports performance of the company. Baldauf, Cravens, and Wagner by developing a model considered the relationship between environment’s characteristics (social, cultural and political), firm’s characteristics (demographics and management motivations) and business strategies (diversification with low cost) with exports performance. (Deal et al, 2000, p68) Shoham, Evangelista and Albaum in 2002 classification firms into 3 category of defenders, analysis and seekers (enthusiasts) and then identified various variables effective on each of this firm’s exports performance. In this study they found out that in analysis firms there is relationship between production of new products, production managements, market orientation and control strategies on one hand and exports performance on the other hand. On the same year Rose and Shoham considered effect of having market orientation on sell and profit. (Shoham et al, 2002, P237) In 2002 Katsikeas, Leonidou, and Morgan by applying a model introduce 3 variables as effective variables on exports performance: exports attitude, exports barriers and management support. The first two variables in addition to direct effect on exports performance have an indirect effect by influencing on management support. (Katsikeas

et al, 2002, P493) Leonidou, Katsikeas and Samiee after further analysis of pervious works, proposed a model in which factors are classified into five categories (management characteristics, organizational factors, environmental pressure, exports goal setting and components of exports marketing strategies). The three first factors influence the last two and the last two have direct effect on exports performance. In this step a product prototype (or a limited number of it) is produce. In cases which technical knowledge about product is augmented, this step may not be necessary and by technology transferring its production will be possible. But for the products which are produced for the first time and technology transfer is not possible this step is necessary. The key factor in this step is having effective factors of product development such as related technologies (software, hardware, mindware) and appropriate capital. If it is possible, it is better to have customer feedback. (Leonidou et al, 2002, P51)

The key success factors are experts' knowledge, adequate capital, having related technologies in labs and continuity in customer/market feedback relationship. Product development is considerable change in current product or production of new but related product that can be distributed by existing distribution channel. Product development strategy is often applied in order to use the firm's brand and attract customers who have good experiences from using firm's former products. The product development strategy is the firm's plan to propose its product and has various aspects which are active simultaneously to generate a new strategy for developing new products. Although in many cases firms produce new products only because of their innovation and profitability and without any specific strategy but in long term production without strategy will cause wasting resources. (Bazargan, 2004, P129)



Research Model adapted from Cooper and Kleinschmidt, 1985

The relations in this model are assumptions of the research that are discussed as follow:

**Organization characteristics:**

Factors that are related to organization and organization has direct control on them. (Aker, 2010, P212) Factors of organization characteristics in this research are management commitment, exports policies, knowledge about exports markets and educated exports staff that are measured by questionnaire.

### **Industry and markets characteristics:**

Trends and events that are out of organization's control (Aker, 2010, P212). In this research factors of industry and market characteristics are applied technology, fiscal policies, understanding of foreign trade trends and intense competition in foreign markets which are measured by questionnaire.

### **Exports markets development strategies:**

long term strategic decision about the span of exports markets over time and allocation of marketing efforts to various exports markets. (Ayal and Zif, 1979, P84) In this research factors of Exports markets development strategies are based on perceptible variables related to exports and market condition which are measured by questionnaire.

### **Exports performance:**

Exports performance is the result of organization operation including internal and external achievements and goals. In this research, exports performance is defined as organization goals and product and market development which are the cause of firm's profitability are considered. Exports performance is measured in two formats: exports level and exports growth. They are measured by questionnaire.

### **Research Procedure:**

In this research, first with literature review based on expressed problem, primary factors are identified and assumptions have formed based on theoretical framework and research model. After that, required date for measurement of these factors is collected by fieldwork study using questionnaire and from experts and practitioners in the field of exports in the port of Khorramshahr. The collected data then are translated into associated scores and ready to be analyzed by Amos 21 and SPSS 19. Afterwards the descriptive characteristics of variables and associated tables are calculated and trait distributions are considered and finally assumptions are tested and final model is proposed.

The purpose type of the study is applicable and its method is descriptive with emphasis on practical model and finally the method of collecting data and information is fieldwork.

## **IV Methodology**

The tool used in this research for data collection is questionnaire. The questionnaire is used in order to extract experts and practitioners and response spectrum is Likert 5 answers spectrum from completely agree to completely disagree.

In order to validate questionnaire, the Delphi method is used. To do this, initial questionnaire was given to experts and then it was modified base on the mean of their comments and final questionnaire was designed. The Cronbach's Alpha method is used for questionnaire to be reliable and is calculated by SPSS for questions related to each factor. In the research procedure for calculating Cronbach's Alpha coefficient,

first a prototype of questionnaire was distributed amongst experts and practitioners in the port of Khorramshahr and then by using collected data Cronbach's Alpha coefficient is calculated. Reliability of questions related to each factor using Cronbach's Alpha coefficient is shown in table 2:

Table (2) Reliability of questions of questionnaire

No.	Number of Questions	Variables	Cronbach's Alpha coefficient
1	3	Exports performance	0.85
2	7	Exports market development strategy	0.94
3	5	Market and industry characteristics	0.94
4	4	organization characteristics	0.91

## V Data analysis

The descriptive statistics and interfacial statistics method are used to analyze collected data. Each factor is described in forms of statistical tables and indexes using SPSS and then for data analysis, assumptions test and generalizing result from statistical sample to statistical population, the Structural Equation Model (SEM) method is used by Amos 21.

Based on SEM, research casual model is fitted by Amos21 and is shown in figure 2. In this model, only the relationships between variables are considered and coefficients for path are calculated.

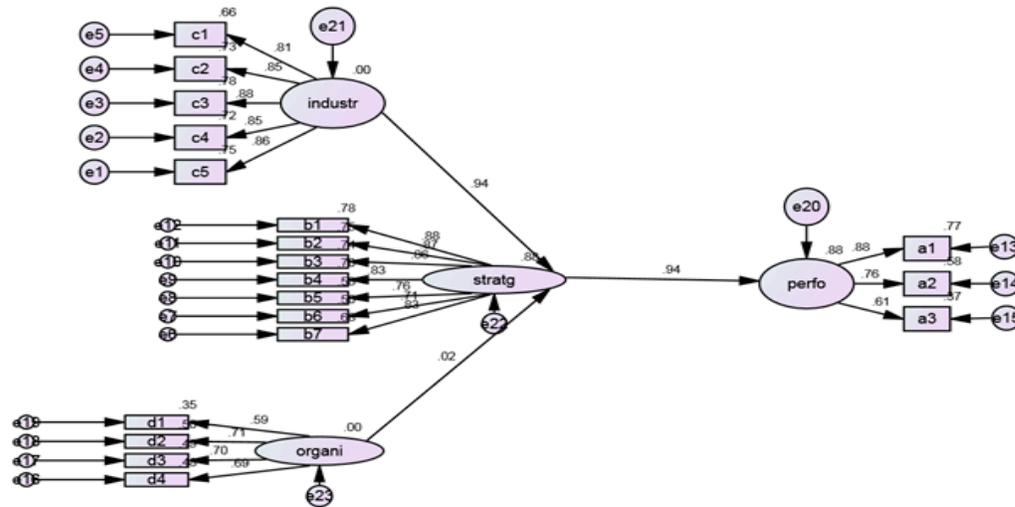


Figure 2) Research model with standard coefficients

Types of fitting indices in this model indicates it is approximately suitable. in table (2) fitting indices of measurement model are shown.

Table 3) Fitting indices of measurement model

Suitability Index	TLEI	CFI	NNFI	NFI	AGFI	GFI	RMSEA	CMIN/DF
Acceptable Range	> 0.9	> 0.9	> 0.9	> 0.9	> 0.9	> 0.9	< 0.1	< 3
Result	0.97	0.97	0.96	0.95	0.93	0.92	0.068	2.60

Results of research assumptions test:

Results of the assumptions test of research based on Structural Equation Model are shown in table (1-4-4).

Assumptions	Standard Estimation	CR Estimation	Result
1) Assumption 1. There is a positive relationship between markets and industry characteristics	0.94	14.599	Pass
2) Assumption 2. There is a positive Relationship between organization characteristics and exports markets development strategies.	0.02	0.516	Fail
3) Assumption 3. There is a positive Relationship between exports markets development strategies and exports performance.	0.94	14.813	Pass

## VI Discussion and Conclusion

1. According to the proposed analysis context in this study, it can be found that there is a positive relationship between markets and industry characteristics and exports markets development strategy. In the study, the markets and industry characteristics has a direct and meaningful effect in amount of 0.94 on exports markets development strategy. This means 88 percent of changes in exports markets development strategy is explained and predicted by markets and industry characteristics. Experimental researches also confirm such result. In studies done by Hoseini et al (2008), Nategh and Niakan (2009) and Jang (2012), it is indicated that between markets and industry characteristics and exports markets development strategy a positive relationship exists.

2. According to the proposed analysis context in this study, it can be found that there is no positive relationship between organization characteristic and exports markets development strategy. In this research organization characteristic factor has a direct negative relationship with exports markets development strategy in amount of 0.02. This means that 21 percent of changes in exports markets development strategy cannot be explained and predicted by organization characteristic. The experimental studies confirming this result Are Jamiz et al (2006), Ewini and Emotio (2009) and Ghasem et al (2010) that shown there is a negative relationship between organization characteristic and changes in exports markets development strategy.

3. According to the proposed analysis context in this study, it can be found that there is no positive relationship between exports markets development strategy and exports

performance. In this research exports markets development strategy factor has a direct and meaningful effect of exports performance in amount of 0.94. This means that 88 percent of changes in exports performance are explained and predicted by exports markets development strategy. Experimental researches also confirm such result. In studies done by Dehdashti (2007), Betjka et al (2012), Ewini and Emotio (2009), it is indicated that between exports markets development strategy and exports performance a positive relationship exists.

Applicable suggestion based on research results

1) Results indicate that a positive relationship exists between markets and industry and exports markets development strategy but intense competition has lowest average. Therefor this factor is not in a good state in experts' point of view. For optimizing exports which is the factor of presence in competitive markets, the following suggestions are proposed:

- ✓ Development of competitive advantage in order to improve competency of exports goods.
- ✓ Attracting customers and make them loyal in foreign markets.
- ✓ Reinforcement of trading knowledge and software infrastructure.
- ✓ Development of required scales for market capital and identification of target market.
- ✓ Identification of problems of successful presence in exports target markets
- ✓ Equipping exporting firms with dynamism, innovation, flexibility, speed and modern business models and structures.

2) Results indicate that a positive relationship exists between exports markets development strategy and exports performance but the mean of sales volume is lowest in compare to market share and Profitability. Therefor this factor is not in a good state in experts' point of view. The following suggestions are proposed:

- ✓ Improving customs and shipping equipment and development in order to gain more volume of exports to global markets.
- ✓ Increasing bank credit for presence of exporters in global markets.

It seems that concerns about presence is several limited markets and associated risks, gives our policymakers the motivation to diversify target markets and to encourage exporters to export their products to more markets. The country exports policymakers can provide a list of countries that have more relative reliability for trading and encourage and support exporting to these countries and increase sales in them as the act of "special support of exports performance to priority target markets" became a part of supportive and incentive exports development policies in 2007. But it is not enough to encourage exporters to increase their target markets and presence in new markets. So it seems that these two subjects must be settled.

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