

Uncertain Supply Chain Management

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Factors influencing business activities for export development

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ABSTRACT

Export is the backbone of business development in any industry and it plays essential role on the success of organizations. The objective of this study is to determine factors influencing on food industry for development of export activities. The study designs a questionnaire in Likert scale and distributes it among 247 randomly selected experts who were active in production of foods in city of Tehran, Iran. Using principle component analysis based on varimax rotation, the study detects six factors including social opportunities, international opportunities, customer orientation, business opportunities, new technologies, organizational capabilities, commercialization of ideas on the development of export markets.

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1. Introduction

Export is the backbone of business development in any industry and it plays essential role on the success of organizations (Dichtl, 1984). Small companies are believed to contribute 25 to 35% of world exports of manufacturers, and about one fifth of manufacturing small companies receive 10-40% of their turnover from cross-border activities (Wolff & Pett, 2000; Andersson et al. 2004). In addition, small companies appear to get into the international market at a much earlier age than before, and they are also more actively following strategies that involve international activities (Knight & Cavusgil, 1996; McDougall & Oviatt, 2000). There are several studies associated with the adaptation of business activates towards boosting export activities.

Mohammadi et al. (2014) determined different factors influencing on development of packaging to have better influence on domestic as well as international market including communications, infrastructure, awareness, design and technical extraction. Nosouzi et al. (2013) performed a study to find out factors influencing on exporting medicinal plants and determined eight factors including environmental issues, export supportive issues, potentials for export, business plan, export plan, structural barriers, competition capability and strategy. Hosseini et al. (2014) performed a study to learn more about the effects of firm and management team's characteristics to develop food industry. They

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reported that “management knowledge about export market was number one important factor followed by the level of technology used, competitive advantage, believe in being profitable”. Nikseresht (2013) discussed how empowering small and mid-cap firms could develop national exports.

Shekari et al. (2011) determined and modeled the drivers of Green supply chain management (GSCM) to put environmental activities into practice. Their results demonstrated that a six-factor measurement model (including internal environmental management, green purchasing, cleaner production, recovery, eco-design and pollution) could fit the data acceptably. Nikfarjam and Zarifi (2015) determined entrepreneurial marketing factors affecting on small and medium enterprises (SMEs), which were active in Iranian food industry. The study has determined five factors including innovative approach, flexible marketing, customer, product strategy and resources, which were influencing the most on entrepreneurial marketing factors.

Cadogan et al. (2002) extended some previous studies associated with market orientation into the international arena by developing and examining hypotheses associated with the antecedents to and consequences of market-oriented activities in companies' export operations. Export experience, export dependence and coordinating capabilities were detected in this study to be positively associated with export market-oriented activities. Moreover, export market-oriented activities were positively related to aspects of export performance.

Leonidou et al. (2002) aimed to synthesize extant knowledge based on a meta-analysis of empirical studies on the export marketing strategy–performance relationship. The study disclosed that although several marketing strategy variables could yield positive effects on overall export performance, the relationship was not always meaningful. In addition, the export performance measures investigated in different studies, stronger effects were observed in association with export proportion of sales. Finally, time of study, geographic focus, and product type had a limited effect on the impact of marketing strategy elements on export performance. According to Haar and Ortiz-Buonafina (1995), the policy adopted by many counties emphasized an increase in the volume of exports with the objective of diversifying export markets and products.

Haar and Ortiz-Buonafina (1995) addressed the process by which Brazilian companies internationalized their manufactured goods. They collected the necessary data from a large sample of companies belonging to the Association of Brazilian Exporters (AEB). They also used factor analysis for the purpose of summarizing the information with regard to export marketing dimensions. Discriminant analysis was implemented to determine the marketing dimensions pertinent to each group at various levels of the internationalization process in export activities. They reported that export development in Brazilian firms was directed by currency issues and marketing capabilities. Moreover, the study disclosed some important insights into the success of export activities.

2. The proposed study

The objective of this study is to determine factors influencing on food industry for development of export activities. The study designs a questionnaire in Likert scale and distributes it among 247 randomly selected employees who were active in production of foods in city of Tehran, Iran. Cronbach's alpha based on standardized items has been calculated as 0.809. In addition, Kaiser-Meyer-Olkin Measure of Sampling Adequacy yields a Chi-Square value of 2239.59 (Sig. = 0.000), which confirm the overall questionnaire of this survey. Table 1 and Table 2 demonstrate the summary of some basic statistics on the survey and total variance, respectively. In addition, Fig. 1 shows the results of Scree plot. Moreover, Table 3 shows the summary of principle component analysis with varimax rotation.

Table 1
The summary of some basic statistics

	N	Minimum	Maximum	Skewness		Kurtosis	
				Statistic	Std. Error	Statistic	Std. Error
1 The growing demand for customized products	247	1	5	-0.423	0.155	-0.497	0.309
2 International opportunity recognition	247	1	5	-0.366	0.155	-0.416	0.309
3 Regional markets	247	1	5	-0.296	0.155	-0.626	0.309
4 Product Development Performance	247	1	5	0.02	0.155	-0.422	0.309
5 Human Capital	247	1	5	-0.642	0.155	0.079	0.309
6 Internet sales	247	1	5	-0.855	0.155	0.535	0.309
7 Individual factors	247	1	5	-0.781	0.155	0.379	0.309
8 Industry growth rate	247	1	5	-0.393	0.155	-0.264	0.309
9 Participation in International Exhibitions	247	1	5	-0.474	0.155	-0.432	0.309
10 Social source	247	1	5	-0.498	0.155	-0.222	0.309
11 Opportunity Recognition in Social activities	247	1	5	-0.448	0.155	-0.561	0.309
12 Growth in market share	247	1	5	-0.152	0.155	-0.701	0.309
13 The support of new ideas	247	1	5	-0.38	0.155	-0.557	0.309
14 Customer-oriented approach in innovation	247	1	5	-0.419	0.155	-0.519	0.309
15 Industry interaction with research teams	247	1	5	-0.48	0.155	0.931	0.309
16 Ecommerce	247	1	5	-0.363	0.155	-0.255	0.309
17 Business ideas	247	1	5	0.118	0.155	-0.946	0.309
18 Networking	247	1	5	-0.912	0.155	0.439	0.309
19 Globalization	247	1	5	-0.337	0.155	-0.485	0.309
20 Providing subsidies to producers	247	1	5	-0.236	0.155	0.221	0.309
21 market prediction	247	1	5	-0.811	0.155	-0.087	0.309
22 CE	247	1	5	-0.507	0.155	1.134	0.309
23 Tariffs	247	1	5	-0.352	0.155	0.418	0.309
24 Government incentives	247	1	5	0.119	0.155	-1.2	0.309
25 Organizational capabilities	247	1	5	-0.226	0.155	-0.966	0.309
26 The idea of market-oriented research	247	1	5	-0.478	0.155	0.461	0.309
27 Fashion Market	247	1	5	-0.224	0.155	-0.92	0.309
28 Technological Innovation	247	1	5	-0.685	0.155	0.47	0.309
29 Offer new product ideas	247	1	5	-0.845	0.155	0.752	0.309
30 Craft industry	247	1	5	-0.767	0.155	0.373	0.309
31 Environmental entrepreneurship	247	1	5	-0.606	0.155	0.052	0.309
32 The use of new technologies by the company	247	1	5	-0.276	0.155	-0.511	0.309
33 Speed commercialization process	247	1	5	-0.824	0.155	0.204	0.309
34 Family SMEs	247	1	5	-0.735	0.155	0.654	0.309

Table 2
The summary of total variance

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.435	16.469	16.469	5.435	16.469	16.469	2.955	8.956	8.956
2	2.581	7.822	24.291	2.581	7.822	24.291	2.798	8.479	17.435
3	2.189	6.633	30.924	2.189	6.633	30.924	2.257	6.84	24.275
4	1.796	5.442	36.366	1.796	5.442	36.366	2.072	6.279	30.554
5	1.649	4.998	41.363	1.649	4.998	41.363	1.952	5.916	36.47
6	1.4	4.243	45.606	1.4	4.243	45.606	1.732	5.248	41.718
7	1.33	4.03	49.636	1.33	4.03	49.636	1.596	4.836	46.554
8	1.278	3.871	53.508	1.278	3.871	53.508	1.593	4.827	51.381
9	1.159	3.512	57.02	1.159	3.512	57.02	1.43	4.334	55.715
10	1.075	3.258	60.278	1.075	3.258	60.278	1.283	3.888	59.603
11	1.008	3.054	63.332	1.008	3.054	63.332	1.23	3.729	63.332
12	0.935	2.832	66.164						
13	0.901	2.73	68.894						
14	0.807	2.447	71.341						
15	0.757	2.295	73.636						
16	0.714	2.164	75.799						
17	0.7	2.12	77.919						
18	0.676	2.048	79.967						
19	0.622	1.884	81.851						
20	0.595	1.803	83.654						
21	0.567	1.72	85.373						
22	0.55	1.666	87.039						
23	0.539	1.634	88.673						
24	0.514	1.559	90.231						
25	0.473	1.434	91.665						
26	0.431	1.306	92.971						
27	0.417	1.262	94.233						
28	0.375	1.137	95.37						
29	0.361	1.093	96.463						
30	0.328	0.992	97.456						
31	0.305	0.925	98.381						
32	0.281	0.851	99.232						

Table 3

The summary of principle component analysis after rotation

	Rotated Component Matrix ^a										
	1	2	3	4	5	6	7	8	9	10	11
q31	0.797										
q30	0.734										
q11	0.664										
q10	0.64										
q34	0.572										
q2		0.817									
q19		0.812									
q3		0.743									
q9		0.582					0.436				
q27			0.792								
q14			0.685								
q1			0.655								
q26			0.516				0.341				
q20				0.725							
q35				0.704							
q22				0.671							
q15				0.651							
q28					0.75						
q6					0.558						
q16	0.435				0.55						
q32						0.777					
q18						0.675					
q21					0.407	0.407					
q33							0.753				
q29						0.34	0.533				
q13							0.411				
q5								0.721			
q8								0.704			
q4									0.797		
q24									0.549		-0.415
q12										0.791	
q17			0.37		0.386						0.543

3. Results, discussion and conclusion

The implementation of principle component analysis based on varimax rotation, the study detects six factors including social opportunities, international opportunities, customer orientation, business opportunities, new technologies, organizational capabilities, commercialization of ideas on the development of export markets. The first factor, social opportunities, includes environmental entrepreneurship, craft industry, family SMEs, social source and opportunity recognition in social activities. The results of this section are consistent with findings of Leonidou et al. (2002) and Mohammadi et al. (2014).

The second factor, international opportunities, consists of four items including international opportunity recognition, participation in international exhibitions, regional markets and globalization. The results of this part of survey are in line with Holzmüller and Kasper, H. (1991), Karafakioglu (1986) and Nosouzi et al. (2013). The third factor, customer orientation, includes four sub-components including the growing demand for customized products, customer-oriented approach in innovation, the idea of market-oriented research and fashion Market. The findings of this part are consistent with findings of Czinkota and Johnston (1981), Filatotchev et al. (2012) and Hosseini et al. (2014).

The fourth factor, organizational capabilities, includes Industry interaction with research teams, providing subsidies to producers, organizational learning and organizational entrepreneurship. The results of this part are consistent with findings reported by Nikseresht (2013), Katsikeas (1994) and Katsikeas et al. (1996). The fifth factor, business opportunities, includes three items of adaptation of new technologies, building network and market forecasting. The results are consistent with earlier results presented by Hook Jr and Czinkota (1989), Nikseresht (2013) and Hosseini et al. (2014).

Finally, the last factor, commercialization of ideas, was the last item influencing on development of export activities in food industry, which consists of three sub-item including the support of new ideas, offering new product ideas and the use of new technologies by the company. These results are also consistent with findings reported by Haar and Ortiz-Buonafina (1995), Bennett (1997) and Alimohammadi et al. (2014).

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