The Critical Success Factors (CSFs) in Export Planning

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Abstract: Various researches have been performed in the field of export of special goods according to the importance of export in economical issues which indicate the strategic importance of this industry in today’s world. However the present research is the first one performed in the field of effective variables on increasing export in Iran whose purpose is the identification of effective variables on export. This research tries to present the effective factors on increasing the export from the standpoints of the Iranian exporters under a model. Finally four main factors influence exports which are: Individual factor (education, experience, export knowledge, public communications), economical factor (export markets, governmental subsidies, export pricing, export marketing), environmental factor (rules and regulations, culture, technology, informal communications, political factor) and product marginal factor (design and packaging, quality of products, guarantee and after-sell services, distribution canals, products’ brands). The analysis of the results shows that among the effective factors on increasing the export from the standpoints of exporters in the environmental factor (rules and regulations, culture, special communications, technology, political factor), product marginal factor (guarantee and after-sell services, distribution canals, quality of products, brand, design and packaging), individual factor (public communications, export knowledge, education, working experience), economical factor (export marketing, governmental subsidies, export pricing, export markets) are important and effective respectively.

Keywords: Export • Critical success factors • Iran

INTRODUCTION

Scientific studies have proved that the economical growth of the countries is related to their export due to different reasons. The growing trend of global commerce has been accelerated by using commercial active strategies, the revolution of information/communication technology and removing the barriers on the international level and therefore the active presence in global commerce does not need justification [1].

Islamic Republic of Iran is one of the countries exporting goods in terms of petroleum/ non-petroleum export which may be more active than this in the commercial scope due to having different resources such as sea, mines, etc.

World countries export various goods according to their growth level. In industrial societies there is a high importance for the export of industrial/processed goods with high added value, while transitional countries like Iran are dedicated more to exporting agricultural and mining goods [2].
increasing the rate of employment, quality improvement and price reduction of the products. It is obvious that using proper patterns is necessary in order to utilize the advantages of export more in obtaining economical growth and development.

The insist and importance of export-based industries may provide the fundamentals of reinforcing the links between the industry segment and the increase of production/export strengths of different segments providing finally the fundamentals of a dynamic economical growth by making a high multiplication index in other economical segments.

The direction of this research is a location based on which first the researcher gathers the data and then a comprehensive model was presented based on it. In addition, this research was performed by cooperating with Iranian commerce development organization and its experts which tries to identify/present all of the factors effective on successful export in Iran.

**Types of Exporting:** Export is classified from to standpoints. In the first one export is divided into direct and indirect export, while in the second it may be classified into nine parts:

**Direct Export:** Companies which are encouraged by foreign buyers usually use this method. In addition, the sellers whose export is improved such that they can afford managing their export organization use this method too.

**Indirect Export:** It is more common among the companies which have recently thought about export in which there is less need to investment and the company does not need to employ sellers or to perform different contracts outside the country. In addition there is a lower risk for exporters.

**Definite Export:** is defined as exerting goods from the territory of the country in order to sell, use or consume outside the territory of the country's custom. Based on export/import regulations in terms of its operators, definite export may be done via boundary market-places and boundary-residents cooperation companies. In addition production units can prepare goods and export them via buy back and transitional entry of the initial goods.

** Transitional Export:** is defined as exerting goods from the custom territory of the country in order to present/exhibit in exhibitions, repair, complete and process outside the territory of the country and then returning it to inside the country.

**Non-commercial Definite Export (Briefcase Export):** Non-commercial definite export is done via mail/passenger.

**Repetitive Export:** Repetitive export is defined as: "exporting goods which have been entered without additional process/change". Goods would not be included in paying customs if repetitive export is performed via ports, free regions or warehouses under the customs protection. Webster encyclopedia considers the export of goods which have been entered to a country or its geographical territory as repetitive export only if it has whole-sale aspect.

**Export Advantages:** Export should be considered as a central procedure in the country besides a complementary for financial deficits such that petroleum profits must be used only for making fundamental investments and provide financial needs by exporting non-petroleum goods in order to make the production cycle richer [3].

In General it May Be Declared That Export Includes:

- For companies which for the first time perform international marketing, export method is more suitable due to its lower political risk.
- Export method is a good strategy for entering the market when the capacity of the country's market is not determined properly.
- The company can sell its products in the host country via independent medians besides controlling its marketing activities more via its distribution canals.
- Export allows the company to increase the level of its activities when the circumstances are suitable.
- Export method allows the company to stop its commercial relationships without tolerating any considerable cost when the economical/political circumstances of the host company are not suitable.

**Conceptual Model of Research:** Establishing the model in structural equations model is a great pace in the process of which the related structures should be observed and the relationships between them must be identified. The economic/saving should be considered in this model, but it’s not necessary to include every possible variable. Including too many structures in the model may lead to its lack of testability. If you eliminate important structures, you would accept the risk of producing an improper/virtual model.

Experience has shown that you cannot use a model simply to see something, but you should have a good theory in hand [4].
Many research methodologists believe that first you should select theoretical and then a basis or a mixture of theoretical basics and then present the conceptual model by studying the researches performed in that special theoretical basis.

The conceptual frame is a conceptual model of how to make a theory in relation to the relationships between some variables which are defined as the effective factors on the problem. In summary, the conceptual frame shows the mutual relationships between the variables. The conceptual frame presents a conceptual basis for continuing the research and this conceptual frame is not something other than the determination of the web of the relationships among the variables. For this reason understanding the meaning/concept of the variable and different types of the variables is very important [5].

As seen in the graph, the extracted model shows that the identified factors are effective on export. This graph depicts the conceptual model of the present research which indicates the relationship between the variables of the research. Four factors are effective on successful export based on the model which is individual factors (FAC1), economical factors (FAC2), environmental factors (FAC3) and product marginal factors (FAC4).

Each of these factors is evaluated via a series of parameters. For instance, the first factor (individual) is evaluated by four parameters and the fourth factor (product marginal) by five ones.

**Research Method:** The basis of any science is its knowledge method and the validity/value of rules depends upon the knowledge method used in it. Research method is concluded as a special/separated meaning/concept in scientific texts. This conclusion has overlaps/interdependencies and the research method is a collection of valid/organized rules, tools and ways for investigating the facts, discovering the unknown things and obtaining the solution of problems [6].

Applied researches are used for solving mankind needs and improvement/optimization of tools, methods, things and patterns in order to develop welfare and improve humans’ lives [7]. The present research is ranked among coherence researches in terms of applied goal and procedure. Explanatory factor analysis (EFA) and confirmatory factor analysis (CFA) methods are used for analysis.

According to the main/marginal purposes of the research and the main questions of this study, it tries to answer the questions presented along the main question of the research. In general the main question of the research to which the researcher conforms is presented as below:

What are effective factors on increasing export from the standpoints of Iranian exporters? Which model can evaluate them? Based on this according to the main question of the research, marginal questions below may be presented in this research:

- Do marginal purposes influence the increase in export?
- Do economical factors influence the increase in export?
- Do environmental factors influence the increase in export?
- Do marginal product factors influence the increase in export?

This research was done by using stage simple random method among the exporters throughout the country. The number of samples considered in this research is 124 which is approximately 7 times higher than the number of the parameters that is a reasonable number for this research. James Stevens believes that the proper number of versions for performing factor analysis method is 5 which is at most 15 times higher than the number of parameters.

**Validity and Stability of the Research:** The measurement tool should have the necessary validity and stability so that the researcher can collect suitable data for the research in order to test the related assumptions via these data and their analysis to answer the research question. The measurement tool and standardized/scaled tests usually have a suitable validity and stability. For this reason, researchers can use them with confidence [8]. They are considered as a fundamental condition for the usefulness and efficacy of data collection methods [9].

**Validity:** Content validity is a kind of validity which is usually used for investigating different components of a measurement tool. The content validity of a measurement tool depends upon its constituting questions. If the tool’s
questions depict special properties/ skills to which the researcher is to measure, then the test would have content validity.

In the present research also this method was used for determining the stability or validity. Since content validity depends on the opinion/judgment of experts in the related issue, the research questionnaire was approved by the experts in the field of export and some academic faculty of marketing and related export.

**Reliability:** If the questionnaire is problematic from the standpoint of stability, the results of data and questionnaire’s analysis would be problematic too and in some cases we would encounter with invalid or opposite to reality results by too much disobeying. The validity of the questionnaire is impossible in some cases which is the duty of the experts to detect their suitability by investigating the questionnaire, but the stability of a questionnaire is measured by methods using criteria whose most important ones are is the calculation of Cronbach alpha index according to measuring the research’s variables with the help of Likert scale.

**Cronbach Alpha Method:** The general method for evaluating the stability index is Cronbach alpha index which is an index of the stability/conformity measuring the internal conformity of the model. In other words, Cronbach alpha measures how good a collection of observed variables of a built structure. Values higher than 0.7 are reasonable for Cronbach alpha. In this research Cronbach alpha is used with the separation of each structure. Cronbach alpha index is a number between 0 and 1. Values lower than 0.6 show weak stability. In addition, the range of 0.7 and higher than 0.8 are reasonable and good stabilities respectively [10].

As seen in table below it seems according to the greater alpha for all factors (higher than 0.7) that the questions presented in each part have the necessary stability being designed for measuring proper factors which increases the degree of reliability of the results.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Variables</th>
<th>In the whole questionnaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Education</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>Experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export knowledge</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public communications</td>
<td></td>
</tr>
<tr>
<td>Economical</td>
<td>Governmental subsidies</td>
<td>0.70</td>
</tr>
<tr>
<td></td>
<td>Export markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export pricing 0.748</td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>Rules and regulations</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informal (special) relationships</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Political factors</td>
<td></td>
</tr>
<tr>
<td>Product marginal</td>
<td>Design and packaging</td>
<td>0.77</td>
</tr>
<tr>
<td></td>
<td>Products quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guarantee and after-sell services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Distribution canals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Products brand (mark)</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Bartlet and Kaiser-Meyer-Olkin

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin</th>
<th>Measure of sampling adequacy</th>
<th>0.646</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlet test</td>
<td>Approx. chi-square 2.198 E 3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Degree of freedom 190</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. 0.000</td>
<td></td>
</tr>
</tbody>
</table>

The necessity of performing factor analysis is that the conformity between the variables is not zero, but if the conformity matrix is the same conformity, it means that all of the indices are zero. If Bartlet test is meaningful, it means that the conformity matrix is not the same matrix and there is conformity between the variables. In this performing the factor analysis is possible. Here P-value is less than 0.001 and therefore performing factor analysis is suitable.
Investigation of the Goodness of Fit Indices (GFI):

There are different indices exist for determination the fitness of the model with the reality some of which are used in this model. In general, these indices are divided into three categories: absolute, relative and balanced.

Absolute Indices: These indices include RMSR, GFI, AGFI which are defined as the ratio of X2 to the degree of freedom in an ideal fit. RMSR is the average root of errors square root which must be close to zero. AGFI and GFI do not depend on the size of the sample. The value of GFI and AGFI should be greater than 0.9 and close to 0.9 or higher, respectively. The value of GFI1 and AGFI were calculated as much as 0.83 and 0.78 for this research respectively which indicate the suitability of the model with the reality.

Relative Indices: These indices such as NFI are influenced by the volume of the sample and that is why they are not recommended. These indices compare fitness in the model and usually it is possible in comparison or zero models that only variances are considered in it, while covariance is ignored. In these indices NFI should be greater than 0.9 in comparison with so that the model could be a proper one. Other indices such as TLI, NNFI are like NFI whose values must be greater than 0.9. In addition, CFI is like NFI, but it compensates the effects of sample’s volume whose value in the desired model should be greater than 0.9.

Balanced Indices: Like PGFI and RMSEA, these indices are among balanced indices. PGFI is calculated based on GFI. In addition, RMSEA should be less than 0.05 (of course values greater than 0.08 do not pose any problem for big models). The value of RMSEA 3 and PGFI 4 for this research is obtained as 0.077 and 0.64 respectively which are indices of the mode’s fit.

It can be said according to the indices and outputs of Lisrel software that data are approximately matched with the model and the indices presented show the fact that in general the offered model is a suitable one and the experimental data are virtually matched with it.

Findings and Results:

Reaching extensive markets and commercial successes requires the movement toward the open economics, using marketing strategies and meaningful look at the needs and wants of different customers in various market. On the other hand, there is no doubt that one of the requirements of entry to universal markets and membership in organizations such universal business organization is to have an effective economical regime which can enter these markets with speed, accuracy and technology on the same level of the developed countries of the world in order to provide the basis of an effective business for producers and exporters.

The present research tries to identify the most important factors which are effective on successful export from the standpoint of the exporters. The amount of coherency among the factors and variables is obtained as below according to the analysis performed and the results of the structural equations models:

In the first factor the amount of the coherency variable, the relationship between public communications and the economical factor have the greatest influence and index which shows the importance of the role of pubic communications on successful export. In the second factor the amount of the coherency variable, the relationship between export marketing and the economical factor has the highest effect and index which shows the importance of the role of the economical factor on successful export.

In the third factor the amount of export marketing, the relationship between the rules/regulations of the environmental factor has the greatest influence and index which shows the importance of the role of export marketing on successful export.

Therefore it can be declared that all factors affect successful export. Finally the applied recommendations below are presented according to the results obtained:

The individual factor is one of the important factors in export such that it may be used for developing export and its success. It is recommended that the exporters consider the importance/role of public communications in their commercial exchanges from success measures in order to use them. For the economical factor it can be said that this factor is another important factor which is the most obvious index a successful export such that the exporters/businessmen can use the important variable of this factor, i.e. export marketing as one of the known tools for reaching success in the field of export.

In addition, the economical factor in which rules/regulations is identified as the most important index may be the most important criterion in successful export. Finally the product marginal factor which is one of the
most important factors among five after the investigations performed (after-sell services) has the most important role in successful export. Iranian production/export companies should consider the importance of this variable in order to direct their export programs for their success in international markets and increasing the export of the country so that they can compete their opponents in the international markets.

REFERENCES