

Providing a comprehensive framework for improving the export performance of small and medium Iranian companies

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Abstract

The purpose of this research is to provide a comprehensive framework for improving the export performance of small and medium Iranian companies. According to its purpose, the research method is applicable, and in terms of implementation method, it is mixed (qualitative-quantitative), and descriptive-correlative in nature. The statistical population in the qualitative section includes 20 academic experts in the field of export, chosen by judgmental and snowball sampling methods; and the statistical population in the quantitative section includes 217 people from all personnel of small and medium export companies in Tehran province, chosen by simple random sampling. Data collection tools include semi-structured interviews in the qualitative part, and researcher-made questionnaires in the quantitative part. Fuzzy Delphi method was used in the analysis of qualitative part data, and SPSS and Lisrel software were used in quantitative part. The statistical results showed that 78 variables (open codes) are effective in penetrating international markets, and statistically, all of them are effective. There are 33 factors influencing international market penetration, and all of them are statistically significant. The final components and dimensions of the model of the influencing components of penetration into the international market were identified after applying statistical tests (confirmatory factor analysis). According to the research model, penetrating the international market includes 5 dimensions, 33 components, and 75 indicators; and compared to the initial research model including 5 dimensions, 33 components, and 78 indicators; 3 indicators were removed in the final model and the rest of the components and dimensions were confirmed in the final model while having a suitable working load.

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Extended Abstract

Introduction

The issue of competitiveness is one of the basic issues for which there are various criteria to evaluate. Competitiveness can help policymakers to evaluate the country's foreign trade situation. Competitiveness means the possibility of achieving a suitable position and stability in a regional market. Creating and supporting small and medium enterprises is one of the basic priorities in economic development programs in many developed and developing countries. Small and medium enterprises play an important role in creating employment and providing a suitable platform for innovation and increasing exports (Asgari, 2019). Small and medium industries are the backbone of the economy and have created more than half of employment and 80% of employment growth in the last decade. Therefore, it is necessary to evaluate the value of approaches such as strategic management to improve the performance of these companies in entering regional markets (Hatfi & Azari, 2021).

On the other hand, due to the fact that a major share of Iran's exports belongs to oil exports, in recent years and specifically since the beginning of the first development plan, the planners' attention has been directed to the expansion policies of non-oil exports. For example, the establishment of free trade zones, the amendment of customs laws and regulations, and the establishment of private banks all indicate the direction of following the policy of encouraging exports and moving towards sustainable economic development (Hosseinnejad & Shujaei Fard, 2021). Considering the above, the main research question is as follows: What is the comprehensive framework for improving the export performance of Iranian small and medium companies?

Theoretical Framework

Export

Export literally means the transfer of goods or the sending of goods from one place to another, whether inside or from inside of the country. In other words, exporting is communicating and working with professional markets and market specialists on the other side of the borders. Export is the starting point of communication with others, and export is also achieved to earn foreign exchange and help establish trade balance and create economic balance (Akhlaghi et al, 2019).

Export performance

Export performance is a variable that has attracted the attention of researchers in the last few decades. Export companies set goals to internationalize and sell their products or services in other countries; the amount of activities as well as the success and failure during this path and the results of achieving those goals are called export performance. Nowadays the field of export has attracted the attention of companies with an increasing speed and companies are moving towards globalization and seeking power. (Bashirkhodaparasti & Marzieh, 2021).

Small and medium companies

Small and medium enterprises (SME) are known as essential components of national development in developed and developing countries (Abrie & Doussy, 2011). This sub- part of economy in the worldwide has been significantly relevant to the employment increasing, poverty removing, equitable distribution of resources, redistribution of income, technical and technological innovation, development of entrepreneurial skills, uniform industrial and economic dispersion, and general improvement of the living standards of the people of an economic region. In addition to this, it has been mentioned as a strategy in providing food security and encouraging rapid industrialization and the reversal of rural-to-urban migration (Oyekanmi, 2003).

Tajamir et al, (2024) in a research presented the model of marketing capacities in Khuzestan steel industry and its effect on financial performance in the direction of investment development. The results obtained from the analysis of theoretical bases and research interviews led to the final model of marketing capacities, which has 7 main categories of product, distribution network, market, customer, analysis of competitors, advertising, and brand. The findings indicated a good fit of the proposed model.

Martos et al, (2023) in a research, investigated innovation and the legal form of the organization as factors that can affect this relationship, with the aim of determining the impact of corporate social responsibility efforts on their export performance. The results show that innovation acts as a mediator in this relationship. It was also found that companies that adopt associative legal forms (i.e. cooperatives) benefit more from their social responsibility practices than companies that adopt non-associative legal forms. Previous findings on the relationship between corporate social responsibility and profitability show that some aspects need to be clarified about this binomial. Contribute to this body of research specifically on exporters helps to understand the role that CSR may play in improving export performance.

Research methodology

According to its purpose, the research method is applicable, and in terms of implementation method, it is mixed (qualitative-quantitative), and descriptive-correlative in nature. The statistical population in the qualitative section includes 20 academic experts in the field of export, chosen by judgmental and snowball sampling methods; and the statistical population in the quantitative section includes 217 people from all personnel of small and medium export companies in Tehran province, chosen by simple random sampling. Data collection tools include semi-structured interviews in the qualitative part, and researcher-made questionnaires in the quantitative part.

Research findings

Fuzzy Delphi method was used in the analysis of qualitative part data, and SPSS and Lisrel software were used in quantitative part. The statistical results showed that 78 variables (open codes) are effective in penetrating international markets, and statistically, all of them are effective. There are 33 factors influencing international market penetration, and all of them are statistically significant. The final components and dimensions of the model of the influencing components of penetration into the international market were identified after applying statistical tests (confirmatory factor analysis). According to the research model, penetrating the international market includes 5 dimensions, 33 components, and 75 indicators; and compared to the initial research model including 5 dimensions, 33 components, and 78 indicators; 3 indicators were removed in the final model and the rest of the components and dimensions were confirmed in the final model while having a suitable working load.

Conclusion

The current research was conducted with the aim of providing a comprehensive framework for improving the export performance of Iranian small and medium-sized companies. The results of this research are in agreement with the results of Tajamir et al, (2024), Rahimi Kalor & Marzieh (2023), Azimi & Hosseinpour (2023), Hatfi & Azari (2021), Faryabi et al, (2021), Najafi et al, (2021), Bagherzadeh et al, (2021), Martos et al, (2023), İpek et al, (2023), Gupta & Chahan (2020), Judege et al, (2020), and Boso et al, (2019). Hatfi & Azari (2021) showed that marketing capabilities have a positive and significant effect on export performance and marketing communications. On the other hand, organizational innovation also affects marketing communications and marketing capabilities. In the end, it was

concluded that organizational innovation does not directly affect export performance, but organizational innovation has a positive effect on marketing capabilities, and marketing capabilities also improve export performance.

According to the results of the research, the following suggestions were presented:

1-Establishing integration in exporting companies, especially regarding the information systems and databases of the organization, can promote the creation, sharing, and storage of knowledge in the organization, and strengthen the knowledge consequences of knowledge management in improving the export performance of the organization.