
Shahpour Alizadeh
Accounting and Management Department, Islamic Azad University, Hashtroud Branch, Hashtroud, Iran

shahpouri.alizadeh@gmail.com

ABSTRACT

The aim of this study was to design and explain a model in order to evaluate the impact of components of a resource-centered approach on export performance which is based cost leadership strategy in a country's non-metallic mineral industry. In this study, the researcher evaluated the relationships among components of organizational resources; competitive strategies and performance which are the main parts of the present study by using of a resource-centered approach. This study seek to explore how resources directly and indirectly (through competitive strategies) lead to higher levels of performance. The conceptual model of the present study integrated three major elements of strategic management, namely internal environment (resources, capabilities and competing systems of the organization), competitive strategy and performance together. A total of 300 questionnaires were distributed out of which 285 of the questionnaires were analyzable. Among these, 124 questionnaires were on distinction level strategy, 91 Questionnaires on focus strategy level and 70 were as well on least cost strategy level based on cluster analysis and average of examination of relevant questions strategy method. In this study only obtained model which was based on cost leadership strategy was evaluated. Analysis of the research questionnaire data was done by using factor analysis techniques and organized equation modeling which was confirmed after modification and adjustment. According to obtained results, it can’t be said that only organizational systems have impact on competitive strategy, instead, competitive functionality have the greatest impact on export performance.

Keywords: competitive resources, competitive functionality, organizational systems, competitive cost leadership strategy, export performance

1. INTRODUCTION

Exports are definitely a crucial part of the economies of each country. Exports of goods and services are considered to be the most important source of foreign income that makes a country active and alive throughout the world economic events (Bazargan et al., 2002) If it is accepted that non-oil exports is the most effective way to organize and systematize the economy of a country, then, it must be in accordance with a planned program, Modeling from developing countries that have successfully passed the same way (Cavusgil and Zou, 1994). Since the country's petroleum reserves are limited and according to the oil ministry, oil resources would be reduced to zero until the year 2115, for growth, employment and economic development there are no other choice than developing and improving the performance of non-oil exports by interaction with international markets. Then in this regard, factors influencing these must be recognized until policy makers make efforts in times of necessity towards its improvement and strength(Priem and Butler, 2001). For years, the prospect of increasing non-oil exports is offered by the government. Although governments have always tried to realize these outlook, but the country's non-oil export statistics compared with other countries show that there have been little success achieved and require more planning. This indicates that in practice, managers failed to detect properly the factors influencing better export performance (Chetty and Hamilton, 1993) Iran is one of the few countries that naturally have the backing of many mineral and valuable resources. For example, one of these items is stone and Iran is very high mineral potential of ornamental and stone façade among the countries in the field (Cadogan and et al., 2003). Iran ranks second in terms of definite decorative stone resources and the first rank in terms of stone variety in the world. Non-metallic mineral industry which is considered mineral substances and products has significant advantages in the country due to vast reserves of mineral production and exports and there is no exception. Due to the added value of industry, its development must be considered seriously in planning and policymaking (Baldauf and et al., 2002 and Barne, 1997). This industry has numerous production advantages including raw materials, fuel, energy, human resources, etc. has got special importance in recent years and has developed greatly in materials and mineral production. Therefore, the production of many subtype of this industry (production of ceramic tile, stone cutting, pieces porcelain and sanitary, chalk and pieces of plaster, concrete and parts for concrete, stone and stone artifacts, micronized powder production, sand and stone powder) is economically feasible. The primary problem in this industry can also be defined as not
having particular export plan and an appropriate consumption (Bani-Hani and AL-Hawary2009). On the other hand, according to official statistics published by Islamic Republic of Iran Customs Administration, export amount of this industry shows a downward trend. This decline particularly compared to years of 90s is remarkable when this industry, like other industries, has a very high growth (Chetty and Hamilton, 1993). Also, according to the government's policies on country's preparation for joining WTO, import tariff rates of this industry have also been reduced. This issue caused more prominent presence of foreign competitors and companies in domestic markets than before (Bidabadi, 2002). As a result, according to the conditions arisen, the competition in this industry is much more intense and brutal than before. In a business environment, some organizations compared to other competitors always have better performance and earn higher profits. The issue how in a similar environment a company will be more successful than others is a question that seems to have attracted authorities and numerous studies have been conducted in this regard to find the answer (Priem ,and Butler 2001). Some of the strategic management experts who believe that the effects of external environment over organization formulation strategy are more important than internal factors, seek this difference in how to adapt to environment, circumstances and environmental requirements (Dhanaraj and Beamish,2003).Katsikeas and etal(2000),Leonidou and etal, (2002)andNahavandian, (2001)). According to this view, it is the environment that determines what factors managers invest on and put their particular attention to their organizations in order to gain required success in a competitive environment. Hence, understanding the environment and its requirements is essential for getting success. On the other hand, considering limited resources of organization, it is essential for managers to identify the sections that an organization can make a good performance investment on and subsequently achieve a higher returns investment (Baldauf and et al,2002). According to aforementioned issues, the identification of these factors and areas is critical for managers because by identifying them, in addition to optimal allocation of resources, the success of the organization in a competitive environment will be guaranteed. Considering the importance of this issue, several studies have been done in various countries to identify the influencing factors on export performance in different industries and in each of these studies, the variables that have been considered, according to the researcher, have some impact directly or indirectly, on export performance. The number of studied variables was vast and for this reason, ambiguous conclusions or contradictory findings have been found. Most of the initial researches in the field of exports were to diagnosis exporters from non-exporters which mean that they would consider the internationalization process of the companies (Dehdashti, 2007,Nahavandian, (2001),Man and Wafa, (2009)andGhobrani, (2002)). Since then, the researchers turned to study external factors influencing export behavior, such as incentive programs (Najafi,2008andLeonidou and etal,2002). In the third phase, the researchers studied related factors to the behavior of the companies, proportional to export and its results (Fahimifar (1998),Grant(1995)and Kaleka(2002). Fourth group of researchers studied those factors which were effective on export performance or success Dhanaraj and Beamish (2003),Ibeh(2005), Najafi (2008),Ghobrani (2002 )and Zou and etal(2003). For example, Katsikeas and et al (2002), by proposing a model, evaluate the effect of the three factors such as companies’ objective characteristics, variables related to understanding export (Size and export experience, export motivation, export challenges, competitive advantages) and obligation to export (Separate sections of export, entering the foreign market or customer selection criteria, visit export markets frequently, export planning and control) on export performance in European countries. White,Grifith and Ryans (2000) also analyzed a number of methods for measuring export performance in service sectors. Wallace or Baker (1998) in Australia presented a model for the variables affecting export performance. In their study, they classified the variables into two categories intangible variables (attitudes, skills, knowledge) or tangible (distribution, production, customer relationship, management, suppliers). Tirgar and Ramazani (2000) investigated the effects of qualifications (technology, market knowledge or export, quality), marketing trends, company characteristics, and strategy or environment on export performance of companies. In the model proposed by them, company's characteristics affected the export performance through influencing the strategy. Shoham and Kroop (1998) investigated the effect of marketing mixed variables on export performance. Zou and Sten in the same year with a review of previous studies introduced the 2 × 2 framework for classification of various factors affecting export performance. This framework classified the factors affecting the export performance effectively in to two categories, controllable versus uncontrolled and internal organizational perspective versus external organizational perspective (Zou and et al,2003). By these combinations of dimensions with each other four cells emerged in order to classify factors affecting export performance. In 2000, Dale, Tomgoch and Myers investigated the impact of company characteristics (size, entry barriers and company’s employment years in business), qualifications of company (export experience) or export marketing strategy (focusing on market versus diversity and active versus passive action) on the company’s export performance. In the same year, Baldauf, Krawnc or Wagner (2000) proposed a model which examined the relationship between environmental characteristics (social, cultural and political), company characteristics (demographics, Management motivations) business strategies (discrimination or minimal cost) with export performance. In 2002, Shoham and colleagues
classified the exporting companies to 3 categories, advocates, analysts and seekers, introduced a variety of variables in each of these types of companies which were effective upon export performance. They concluded in their study that in analyst companies, on the one hand there is a significant relationship between production of new products, production management, market orientation and control strategies and on the other hand export performance. In the same year, Rose and Shoham, investigated the effect of company having market orientation upon profits and sales contributed to its export. Casey, Kidd and colleagues in 2002, introduced a model of three variables attitudes toward export, export barriers and management support as three variables affecting export performance(Najafi(2008)and Nahavandian (2001)). The first two variables in addition to their direct impact on variable management support, can indirectly affect upon export performance. In the same year Leondov, Katsuky and Samiei conducted additional analysis on previous researches, proposing a model in which the effective variables were classified into five categories (management characteristics, organizational factors, environmental pressures, and export target of export marketing strategy). The first three variables by directly affecting the next two variables influenced export performance. But, unfortunately, so far no study has been done in the environment of business for Iranian companies. Therefore, in Iran such an investigation in an industry that its macroeconomic indicators is remarkable seems necessary, Because introducing these factors will help industry executives in compiling competitive strategies, optimal allocation of resources and getting success in the competitive environment of target market (Dehdashti,2007). So, the purpose of this study is to design and explain a model in order to evaluate the effect of components of a resource-centered approach on export performance base on cost leadership strategy in non-metallic minerals industry in the country. This model which is based on high-level managers’ ideas and senior executives of companies included in the research will be examined. Introducing these factors and that with what approach look at export market, will help industry executives on competitive strategy formulation, optimal allocation of resources and getting success in the competitive environment of target market (Bidabadi, 2002). Therefore the main research question is "What are the factors affecting export performance?" considering the main question of the study which seeks to determine the dimensions, components and export performance model parameters with emphasis on competitive strategy and examining the possibility of relationship between research model components and generalizibility of the model to industry, Research hypotheses is defined as follows:

a. There is a significant relationship between organizational resources and capabilities.

b. There is a significant relationship between resources and organizational systems.

c. There is a significant relationship between organizational capabilities and systems.

d. Organizational resources have a significant impact on competitive strategy.

e. Organizational capabilities have a significant impact on competitive strategy.

f. Organizational systems have a significant impact on competitive strategy.

g. Competitive strategy has a significant impact on export performance.

h. Organizational resources have significant impact on export performance.

i. Export performance has a significant impact on organizational performance.

j. Organizational system has a significant impact on export performance.

2. LITERATURE REVIEW

Among numerous studies, researchers concluded that there are three different factors determining the behavior (performance) of export which is based on unit of analysis work differently(Katsikeas (2002),Kaleka(2002), Leonidou and etal(2002),Najafi(2008)and Fahimifar(1998))-The first, contingency approach suggests that company's successful performance is the result of a strategic choice leading to establish a better position for the company in structure of the industry. Porter (1980) argues that the strategic choice is determined through five competitive forces: a) customer bargaining power; b) bargaining power of suppliers; c) the intensity of competition between companies within the industry; d) the threat of substitute products, and e) the threat of new entrants to the industry. In this approach, Porter explained that competitive advantage obtained from strategies lies in business systems rather than company resources. Secondly, Sources approach emphasis on this issue that this is resource heterogeneity that causes distinct competitive advantage and different performance levels among the companies. This factor has not been considered in other approaches. According to this view, existing resources of competitive advantage of the company include physical assets, financial capital, human resources, organizational systems, technologies and knowledge, and intangible assets (such as trademarks, invention, copyrights and goodwill). In this regard, Barney (1991) suggests that the sources that can cause competitive advantage contains four attributes, they are valued, not rarity, can’t be imitated and not to be replaced(Fahimifar, 1998).This view focuses on the characteristics of the company (organization), especially strategic resources. Third, relational approach (network interactions) of existing elements of strategy, which considers performance and taking advantage as the result of social relationships between companies’ cooperation not distinct resources of a company or
individual activities. Singh 1998 Four potential source
between achieve competitive advantage will order to
organizational to be consider: a) the assets based on the
relationships b) knowledge sharing guidelines, (c)
complementary capabilities and resources; and (iv) effective
monitoring. In this view, for example, key features of a
company does not include specific sources or tacit
knowledge within the company but capabilities and
resources between organizations relationship is created
through social relationships. According to this view, a
company is not able to create competitive advantage alone
and such advantage is formed through organizations' mutual
dynamic interactions. In this study, the researcher
using the resource-based approach examines the
relationships between the components of organizations
which are resource-based, competitive strategies
(differentiation) and the export performance which are the
original constructs of the study. According to the analysis
of resource and environment, related strategies must be
developed in order to implement company's activities.
Competitive strategies are in fact, are those group of
organizations strategies that are adaptable to the complex
competitive environment. In order to enhance and improve
the value of shareholders, companies are required to achieve
the optimum functioning in the competitive environment,
such as maximum profit. So we can conclude that
performance is an important index to evaluate the
effectiveness of an appropriate competitive strategy (Grant,
1995). Typically, an appropriate competitive strategy in an
optimal environment leads to satisfactory performance.
Otherwise, companies should review their strategic
management process and revise the issues related to the
formulation, implementation and monitoring of strategies.
Companies should pay attention to the issue that a strategy
will not permanently lead to their success. Companies must
evaluate and revise strategies and strategic management
process regularly to ensure the attainment of their
objectives, particularly in dynamic environments (Leonidou
and et al, 2002). Results derived from the comparison of
above approaches, researcher tested the proposed model
based on resource-based approach. This model is depicted
in Figure 1.

Fig 1: Research conceptual model

In the above conceptual model all of the
relationships between concepts, aspects, components and
indexes (Aaby and Slater, 1989) are defined in the form of a
simple regression and multiple regression models. In this
conceptual model, based on available measurement model
types in structural equation model, Because of the
measuring nature all assumptions of the conceptual model
are defined as correlation. In this model, instruments of
competitive resource assessment include physical resources,
human resources, technological and relationships resources.
Measurement instruments include an organization's strategic
capabilities, relationship capabilities and marketing studies
capabilities. Organizational systems measurement
instruments include emphasis on cost reduction in all
activities, constant changing in production processes with
the aim of minimizing production costs, business processes
and organizational knowledge. Investment in large markets
to achieve reduction in scale, amount of emphasis on
delivering products with less price than competitors and
export performance including the strategic objectives of
3. RESEARCH METHODOLOGY

The present study is a descriptive-functional which was conducted through a survey method. The research population includes all companies exporting non-metallic mineral technology in the area of the city of Tehran which were referred to intended company headquarters in the period of doing research. After initial planning of the questionnaire, validity and reliability were determined. For data collection in this study, researcher distributed a questionnaire including 58 questions related to the main variables of the study and 9 demographic variables whose reliability and validity were tested after pilot sampling. In order to determine the reliability, Cronbach’s alpha coefficient was used. Coefficient calculated for the questionnaire was 0.87 which is satisfiable in human-science studies. This coefficient after removing irrelevant questions for the resource variables, competitive capabilities, organizational systems, cost leadership competitive strategies, distinction competitive strategy, concentration competitive strategy and export performance were 0.755, 0.823, 0.912, 0.965, 0.913, 0.926 and 0.964 respectively. In order to test validity of the study, face validity and factorial validity (via the first and second order confirmatory factor analysis) were used. To estimate the sample size, first a pilot study including 30 companies was carried in a small part of the population. The number of exporting companies in this industry that are significantly involved in export activities was 1142 (Ministry of Mines and Industries) and according to Morgan table level of sampling error 5% and accuracy of 1 equal to 300 companies was estimated. In this study, a two-stage stratified random sampling quota was used. Firstly the list of exporting companies in groups of eleven members in the intended industry was determined and then in terms of the proportion of each group companies were identified. In the second step after identifying the contribution of each group, companies were randomly selected and questionnaires were collected after being filled out. Finally, 285 questionnaires were returned and their data was considered as a base for analysis.

To test the hypotheses, first and second order confirmatory factor analysis was used. Data analysis was conducted by use of LISREL 8.54 and SPSS 17 software.

4. RESEARCH RESULT FINDINGS

4.1 Demographic Description of the Sample

Descriptive analysis of the demographic variables of the study was done on two sections, individuals (5 questions), and company (4 items). In this study, 81.8% of respondents were male and 18.2% of them were female and the majority of respondents (84.6%) have a bachelor degree or higher. Respondents with a bachelor degree were the highest frequency (52.3%) between respondents. The results of the study indicate that 16.8% of the respondents had less than 5 years of experience, 18.6% had work experience between 5 to 10 years, 28.2 percent were 15 or more years of work experience. Organizational position of the most respondents in this study was the director of the export (37.9%). The most frequent age of the respondents (56.8%) was over 45 years. Most companies (38.9%) in the study had over 15 years’ experience in international marketing and export and this indicates that most of studied companies have enough experience in the exports. Also, 33.7% of examined companies have 10 to 15 target markets in this industry and after that, 31.9% of companies have between 1 to 5 countries for export. Finally, having an agent or distributor overseas with 26.7% was the most used procedure and export Management Company with 1.4% were considered the least application with export procedures in this study.
4.2 The Results of the Analysis of Research Data

Testing the Relationships between latent and observable variables was done by using LISREL8.53 software. The coefficients on the reflective indices (ratio between variable and variable factors, such as resources and physical resources) are considered factor loading and the coefficients on the formative indices (between variables such as cost, resources and strategies) weight. (Grant, 1995). First and second order of factor analysis shows that in terms of resource, the resource of a relationship (90%), physical resources (77%), technological resources (55%) and human resources (33%) have highest percentage in the aspect of sources. First and second order factor analysis results show that the competitive capabilities, relational capabilities (75%), strategic capabilities (74%) and marketing research capabilities (73%) has the highest capabilities percent in the explanation aspect. in the terms of organizational systems, organizational knowledge is with the highest percent 81% explanation in the terms of resources. Research models shown in Figure 2 are in both modes of the standard approximation.

The results of Regression analysis in Figure 2 show that by applying the minimum-cost strategy, the competitive capabilities aspect have contributed more weight to the resource and organizational systems so that the effect of competitive feature on minimum-cost strategy is 50%, this effectiveness for the resource is 39% and 1% for organizational systems. Also the effect of resource-centered approach components on export performance which is based on minimum cost strategy, the amount of effectiveness of competitive capabilities on export performance is 34% and this amount of competition for resources is 25% and 24% for organizational systems. Managerial result from this argument is that by using minimum-cost strategy, competitive capabilities have more impact in shaping the company's strategy and export performance.

5. CONCLUSIONS

The purpose of the present study was to develop a model to evaluate the impact of components of resource-centered approach performance which is base of cost leadership strategy on non-metallic minerals industry in Iran. With a review of export performance research literature, it can be discovered that this is the first study which examines the relationship between the components of a resource-centered approach which is based on competitive minimum cost strategy and export performance that focuses on providing a conceptual model for assessment. The results indicate the importance of competitive feature compared to other resource-centered approach components (organizational systems and competitiveness resources) in determining the export performance of selected companies. Furthermore, the relational capability has more weight than the other aspects (strategic capabilities and organizational capabilities and marketing research) in shaping competitive capabilities concept. The results indicate the importance of competitive feature compared to other resource-centered approach components (organizational systems and competitiveness resources) in determining competitive minimum-cost strategy and export performance of selected companies.
Results of this study are consistent with the results of other studies. Studies have shown that there is a significant positive relationship between the resources and organizational capabilities (Priem and Butler 2001), Grant (1995), Ibeh and Wheeler (2005) [23] and Najafi (2008)). Other findings also concluded that competitive resources and capabilities are significantly associated with each other (Dehdashti (2007), Fahimifar, (1998), Ibeh and Wheeler (2005), Leonidou and et al (2002) [23] and Najafi (2008)).

Other studies have shown that there is a significant relationship between systems and organizational resources (Dehdashti (2007), Dhanaraj and Beamish (2003), Fahimifar (1998) and Katsikeas and et al (2000)). In abovementioned studies the applications of strategy type have not been mentioned. Studies have concluded that there is a significant relationship between systems and organization's capabilities (Bazargan and et al (2002), Fahimifar (1998), Leonidou and et al (2002), Najafi (2008), Ghorbani (2002), Nahavandian (2001) and Zou and et al (2003)). Other studies also confirmed a significant relationship between systems and organizational capabilities (Dehdashti (2007) and Dehyadegari (2002). Organizational features effectiveness would be enhanced by using appropriate organizational systems. Dehyadegari and other studies (2002) Bani-Hani and AlHawary (2009) and Cadogan (2003) confirmed the significant relationship between minimum cost strategy and performance (Bazargan and et al (2002), Dhanaraj and Beamish (2003) and Hossein (2000)). On the other hand, Azizival and Kimman (2009), Kaleka (2002), Kimman (2010), Dhanaraj and Beamish (2003) Bani-Hani and AlHawary (2009) found a positive significant relationship between the components of a resource-based approach (resources and competitive capabilities) and the minimum-cost strategy which are consistent with results of present study (Dhanaraj and Beamish (2003), Man and Wafa (2009) [23], Najafi (2008) and Nahavandian (2001)).

Cavusgil and Zou (1994), Crone and Baldauf (2000), and Chetti and Hamilton (1993) have also concluded that the components of the resource-based approach (strategic resources and capabilities) have a significant impact on the performance of a company in a particular industry (Dehyadegari (2002), Ibeh and Wheeler (2005), Katsikeas and et al (2000)). By comparing Results of this study with previous ones, we can conclude that results of this study are consistent with most previous ones. Finally, according to the results of the present study, following practical suggestions seems necessary for policymakers and stakeholders in the industry:

- Use an up to date technology and appropriate knowledge to enhance productivity and priorities in the production of high value-added products (such as floor and wall tiles, porcelain and granite with large sizes);
- Select the type of product and production technologies with a focus on export markets, especially in European markets;
- Modifying rules and regulations to encourage and support the export of manufactured products, including:
  - Increasing funds appropriately for export promotion and payment facilitation on time.
  - Providing transportation subsidies of raw materials and export goods (such as China and Turkey).
  - Customs duties exemptions for raw materials, spare parts and machinery required for export production.

- Close cooperation and participation with renowned European producers and distributors in order to increase the quality and quantity of products and export markets assurance;
- not delivering issuance for the new permissions, elimination of government-sponsored foreign exchange facilities and prohibition the use of Foreign Currency Reserve fund and revocation of certificates and allocation foreign exchange have not opened of LC or appropriate physical development so far;
- putting industry products in the basket of government export products and giving appropriate credit for purchase by the government of the other countries;
- To benefit from exemption from tax of domestic sales at the rate of export;
- maintaining domestic prices;
- Production management and investigating points of crises and production problems and reforming the organizational structure and removing barriers;
- establishing marketing cooperatives in order to introduce brand and market presence
- issuing activity permit for new units based on regional and national needs and priorities;
REFERENCES


