

# Prudent Managers, Pioneers of Powerful Attendance in International Markets

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**ABSTRACT:** Being familiar with the various methods of entrance into world markets is an important element helping the firms to be successful in achieving a more proportion of markets. In fact, such knowledge is used to overcome the uncertainty caused by the unknown environment of world markets and plays a key role for successful commercial decision makings. The main purpose of the study was to investigate the strategies used by the firms producing Iranian Poly Propylene products to enter into foreign markets. At first, using library studies, the strategies with which the firms are universalized were clarified and with the use of qualitative method in the firms exporting Poly Propylene products, such strategies were tested. Then, having prioritized the strategies, the most important motivations of managers for entrance into world markets were put into analysis. Based on the findings of the study, the strategies used by producing and exporting firms of the country are the followings: export, direct foreign investment, submission of authority for export, and strategic agreements. The results also show that the motives of managers for entrance into foreign markets are: sales increase, short-term profit, long-term profit, technological promotion, readiness for universalization and achievement to global success. Another finding of the research indicates that managers' prudence can change into stable competitive advantage, promoting the firms' performance. The other finding of the research is indicative of the relationship between managers' commitment to export with their attitude towards attendance in world markets on the one hand, and with the indices of international performance on the other.

**Keywords:** international strategies, prudent managers, commitment to export, world markets.

## INTRODUCTION

Setting foot in trade market and competition with other countries with the aim of achieving a higher proportion of international markets entails fundamental transformations to occur in the management of economic firms and enterprises.

Undoubtedly the factor necessary for the growth and proliferation of management is "interaction" between the management of economic enterprises and competitive environment of world markets. In this viewpoint, "export" is taken into account as an incentive triggering entrance of economic firms into competition with other firms in the international trade market, and hence the promotion of management in firms. In fact, "government" and "firms' strategies" are the two key factors necessary for the success of firm in world markets (Rahmanseresht and Senobar, 2001).

Persistent changes and transformations occurring in world markets are the source of a great many of threats and opportunities related to trade and commerce. For countries to promote their position in such markets, they should place themselves in better positions to confront the threats and take full advantage of the opportunities (Emami Khuee, 1999).

International business firms have various actions and interactions with other countries. To enter the market of a given country, such firms are faced with two main options: 1) export, or, 2) manufacturing in that foreign country.

For entrance into the market of host countries, firms make use of various "Entry Strategies". Some of these strategies are as follows: 1: Exporting; 2: Giving License; 3: Franchising; 4: Management Contracting; 5: Contract

Manufacturing; 6: Turnkey Operation; and 7: Foreign Direct Investments, which in turn consists of: a) Joint venture; b) Wholly-owned Subsidiaries and c) Strategic Alliances (Purnajafian, E., 2000).

The present research is intended to investigate the various types of strategies to internationalize the firms exporting propylene products in Iran. The findings of the study can help managers of Iranian firms to make sound decisions with respect to their entrance into foreign markets. They can also help policy makers of the export firms to have better attendance in world markets. The results can also provide the literature related to how to internationalize the firms exporting propylene products which can be fruitful for later studies.

### **LITERATURE REVIEW**

Being familiar with the various methods of entrance into world markets is a significant element helping firms to be successful in their aim to achieve a higher proportion of markets. As a matter of fact, this familiarity can be used to overcome the uncertainty caused by the unknown environment of foreign markets, playing a large role in the successful business decision makings.

The present research is intended to examine the strategies of entrance into foreign markets by the firms producing Iranian propylene products.

The term "Internationalization" was first used by Welch and Luostarinen (1988). The aim underlying "Internationalization" is to increase involvement of firms in international markets. "Business Strategy" is also a term which encompasses a wide range of strategic choices done by firms and consists of the following strategies: organizational and operational management strategy, market-product strategy and variety strategy.

The results of a great many of previous studies regarding the internationalization behavior of firms indicate that the process consists of some fundamental stages (such as export and other forms of internationalization) in which firms gradually get involved in their journey to become internationalized. In other words, involvement of industrial firms (i.e. those benefiting from high technology) in cooperation with other firms increasingly refers to having more resources at hand, which leads to the increase of foreign market share through export and other methods of internationalization (Bilkey and Tesar, 1977; Johanson and Vahlne, 1977; Cavusgil, 1980; Czinkota, 1982).

Although different firms should take various steps to become internationalized, the progressive model shows that only the firms having suitable domestic market can manage to successfully go through internationalization strategies (Bell, 2004). Though being highly supported by a great many of researchers (Leonidou and Katsikeas, Petersen, P. and Pedersen, 1997; Elis, 1987; Pekuwich, 1998), the internationalization process has been severely criticized by some others since the 1970s (Bilkey, 1979; Cannon, T. and Willis, 1981; Reid, 1983; Rosson, 1984; Turnbull, 1987).

Anderson (1993) pointed out some reasons to criticize the internationalization process, some of which are the weak theoretical models, inconsistency between theory and practice. In his research, he concluded that there is a limited ability to depict higher borders between the stages of internationalization process. Moreover, he doubted the usefulness of the stage theories for making the service-giving firms internationalized (Chadee and Mattsson, 1998; Knight, 1999).

Coviello (1994) in his study maintained that the tendency to overcome the environmental uncertainty has produced a situation which in turn has led to the establishment of knowledge-oriented firms. He defines knowledge-oriented firms as "the firms having high values of scientific knowledge enclosed in the fields of production and processes". In recent studies, knowledge-based firms have been mainly scrutinized in the field of ICT (Information and Communication Technology).

In a study performed between 30 firms (15 knowledge-oriented firms and 15 traditional firms), Bell, Crick and Young (2004) concluded that there is a reciprocal relationship between firms' production and concentration on market. The results of the model also show that knowledge-oriented firms and traditional firms have completely different patterns and processes for internationalization.

The strategies adopted by firms to enter into foreign markets can be depicted in figure 1.

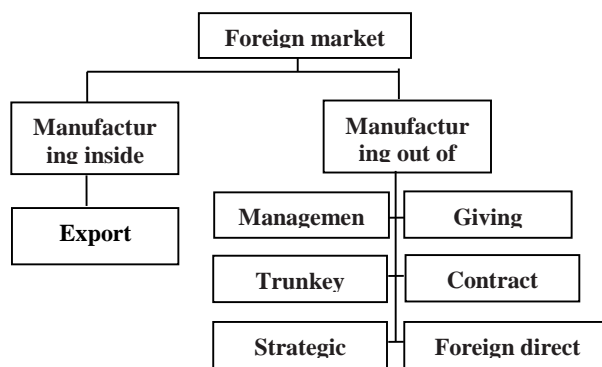


Figure 1. Foreign market entry strategies

**Export:**

the least risky method of entrance into foreign markets is export. To do sales through export requires the least allocation of facilities and imposes the fewest changes on the internal programs of firm. The monetary value produced by export is more than any other entry methods. Export can be done through either direct or indirect method. A firm is said to have indirect export if its products are sold in foreign markets while the firm has no real activity in itself to this end. In fact, through indirect export firm does not really involve itself in international marketing, but products are exported to foreign countries by other exporters. Indirect export can be done without any specific expertise or particular investment. In the method there is so limited control over the selection of market or the marketing strategies. In the direct export method, conversely, it is producers themselves who take on the responsibility of export performance, rather than delegating the duty to other exporters. In this method the responsibility of contacts, research, distributing export documents, pricing, etc. are all on the shoulders of the firm's export unit or export management. Direct export usually creates higher sales compared to indirect export (Esmaeelpur, 1999: 151-157).

There are some reasons why the doors of a country become closed for the products of a specific firm which are manufactured outside the country. Some of these reasons are: transportation costs, tariffs, rationing, fluctuation of foreign currency, and in many countries, high protection of domestic manufacturing. Such a condition usually causes the firm to decide to manufacture its products in a foreign country.

There are some other positive reasons that drive a firm towards deciding to manufacture its products in a foreign country. Some of such reasons consist of: 1) big size of firm, 2) local production due to getting more easily consistent with market needs in order to design the product and the pertinent services and 3) lower costs. For the firms who have been late to decide to manufacture their products in foreign markets, the easiest method for entrance into such markets is to purchase an active foreign firm in the target country or to cooperate with such firms (Esmaeel pur, 1999, 157-158).

Various strategies can be adopted as a firm decides to enter a foreign market through manufacturing in that country. Some of such strategies are as follows:

**Giving license:**

it is an agreement through which license giver bestows a valuable case to the license receiver in exchange for a specific performance or a certain amount of payment. In fact, the license giver (the international firm) bestows one of the followings to the receiver of license:

- The right to use a specified merchandise, technology and/or a process
- The right to use brand names
- The right to publish (printing, artistic and music activities, computer software, etc.)

Some of the advantages of giving license consist of:

1. Having no need to investment
2. The quickest and simplest method for entrance into foreign markets
3. Easy access to local market information
4. Losing political risk related to direct investment
5. Having all the benefits of manufacturing in a foreign country

The disadvantages of giving license are:

1. The license receiver may turn into a future rival.
2. Being dependent on the monetary value of license which forms usually a percentage of sales
3. Uncertainty about the goods quality (ibid, 160-162).

**Management contracting:**

it refers to the firms whose duty is in the field of agreement or complete production (Esmael pur and Najafian, 2000). Management contracting or management service sales are rarely dealing with the establishment of a building or factory but with the creation of long term relations and consist of supplying goods, equipment and managerial knowledge (Esmaeel Pur, 1999, 170).

**Contract manufacturing:**

the term contract manufacturing means that an international firm enters into a contract with an independent foreign firm to manufacture its products in that foreign firm. Based on the contents of the contract, the only responsibility on the shoulder of the foreign firm the production. After the production is done, the products are delivered to the international firm. The responsibility of marketing (including: sales, promotion and distribution) is thoroughly on the shoulders of the international firm.

What follows enumerates some of the benefits of contract marketing:

1. Refusal of manufacturing problems in a foreign country (the firm only performs the actions related to marketing)
2. Transportation costs are reduced (compared to export)
3. Lower manufacturing costs (usually)
4. The possibility to export the parts or the whole goods manufactured to the employer

The shortcomings of contract manufacturing:

1. Manufacturing interest is all for the foreign firm
2. Finding a good producer is so difficult
3. The producer may become a rival in future
4. It is so difficult to control the quality of products manufactured

**Turnkey Operation:**

it means that the international firm is supposed to build the factory with all the equipment and then, when ready to be utilized, should deliver it to the owner. Apart from delivering the machinery and equipment, the international firm should also provide the buyer with the engineering and technical skills. The firm usually trains local personnel to run the factory. In the end, the international firm will benefit not only from immediate sales but also from future supplying of materials and equipment.

**Direct foreign investment:**

this strategy consists of a) Joint venture and b) Wholly-owned subsidiaries. Joint venture happens when a firm asks a foreign firm to purchase some shares of the firm. This partnership can vary from 10 to 90 percent but usually is between 25 to 75 percent. Based on this kind of partnership, the international firm should have so many shares in the firm that let the firm to have the legal right to express its opinions in the firm, but not that much to have dominance or complete control over the firm.

The benefits of joint venture:

1. more income
2. higher control over manufacturing and marketing
3. better feedback from market
4. more experience in international marketing

The shortcomings of joint venture:

1. more financial and managerial investment
2. higher risk as compared to the methods in which less commitment is needed

Wholly-owned subsidiaries: among the strategies of internationalization process the highest commitment occurs when all the operations related to manufacturing are done in the foreign country. In this kind of strategy the whole firm (i.e. 100% of the shares) is owned by the international firm (ibid, 159-170).

**Strategic alliances:**

a great many of strategic alliances have in recent years been occurred among firms. In fact, the number of such alliances has been more than joint ventures. In a typical alliance it is usual that firms share their skills and resources to complete each other. This way, each firm can take the best advantage from the experience of the other firm with the aim of getting access to higher interest. Such treaties may occur in the fields of technology, production, and/or distribution (Geannet and Hennessy, 1995: 312-317). Strategic partnership (strategic alliance): is a kind of alliance

based on which firms can jointly make use of each other's resources to attain higher competitive ability (Robert Porter Litege, 1990). Strategic Management Theory supports the idea of strategic partnership. In fact, the approach believes that partnership among some firms, if occurs, can enhance the ability of firms to achieve their aim. In this theory, the actions of an organization should necessarily be compatible with the surrounding environment.

Firms play a highly significant role in the growth of economy and industry of the countries with developed and developing economic systems. They are the main part of private sector and constitute more than 90% of world firms; moreover, 50 to 60 percent of the world employment occurs in firms.

Firms have a high amount of partnership and effectiveness in industrial sectors. This partnership is even higher in the developing countries. In fact, they form about 90 to 95% of small and medium-sized industries and constitute 70 to 75% of employment of such industries, and about 50 to 65% of industrial products are manufactured by such firms.

In the developing countries, small and medium-sized firms are taken into account as the only real sources for the job generation and growth of added-value throughout the country. This is also true for the countries with growing economy where inefficient big state firms are in general replaced by smaller, more efficient industrial firms which are working in private sector.

The high advantage and superiority of small and medium-sized industries over big ones in the developing economies is fundamentally indicative of the fact that such industries are more convenient than their bigger counterparts, considering the position of industry in such countries. This is because such industries are usually more consistent and more compatible with local resources. In general, the strong points of small and medium-sized industries are as follows:

- Small and medium-sized industries are usually job-generative, having a very important role in the generation of job especially for blue-collar workers with inadequate skill as well as low-income women. Thus, such industries provide a very significant incentive for the stable removal of poverty across the country. Being generally more dependent on local suppliers than big industries, small and medium-sized industries indirectly lead to the generation of new job opportunities.
- Small and medium-sized industries improve the efficient allocation of resources. More than need to capital, such industries have tendency to use manpower, causing them to be more compatible with the economic condition of the developing countries which have a high number of manpower but suffering from shortage of capital.
- Small and medium-sized industries support systematic and generative capacities. They help the absorption of generative resources in all economic levels, having a significant role in the creation of a dynamic and flexible economic system in which big and small firms are parallel to each other. What's more, they tend to be more diffuse and scattered across a wide geographic area than big industries, leading to the growth and promotion of skills and entrepreneurship morale, but reduction of economic inequalities in urban and rural areas.
- Small and medium-sized industries are flexible in the face of variable conditions. Due to being small in size, such industries lack inflexible structures or intricate decision-making systems. They are potentially able to react quickly against variable conditions. This means that they can easily get access to the relevant information, and acquire the necessary abilities, which helps them to promptly exert the essential changes in their products or in their production process (reported by United Nations Industrial Development (UNID)).

Some new research has been done since the previous decade in newly-established firms throughout the world (McKinsey, 1993; Madsen and Servais, 1997). In such studies "Internationalized Firms" are referred to as international new capital, committed internationalizers and knowledge-oriented firms (McDougall, 1994; Bonaccorsi, 1992; Bell, 1995; Coviello, 1994; Jones, 1999). Due to the obstacles in the processes or technology, the suggestion of such researchers is usually based on added-value (Knight and Cavusgil, 1996).

A specific feature necessary to be pointed out here is that management usually resorts to a global centralization (Jolly, 1992; McKinsey, 1993; Bloodgood, 1996). According to Knight and Cavusgil (1996), the need for such firms (i.e. global ones) can be described by the current trends such as: the new developments in information and communications technology (ICT), the increasing role of cellular markets and the growth of global networks. Internationalization/transaction cost theory offers an acceptable model in the field of international trade which is empirically supported by foreign direct investment (FDI).

In European Union (EU) where 15 countries are member, there are various small and medium-sized industries working with different levels of action. Comparing the experiences of EU can be useful for the development of Iranian firms. The following reasons can justify the use of such a comparison:

- Using the means of the European Union can provide other countries with possibility to compare the amount to which their firms take part in the economic and social activities compared to the firms which are members of the European Union.
- A great deal of the research done regarding the growth of small and medium-sized industries in the countries which are members of the European Union is related to the Mediterranean less-developed economies such as Greece, Spain, Portugal, and the southern part of Italy. Each of these economies, independently forming a single part of the whole Union, can be compared with the status of economy in Iran.
- A great many the countries in central Europe are ready to join the Union. (the countries which are supposed to join the union in the first instance are: Poland, Hungary, Czech Republic, Slovenia, and Baltic countries, while those ready to join the Union in the second phase are: Romania, Bulgaria)
- Because most of these countries are among the ones with developing economies which are trying to advance their firms, they can be fruitful for Iranian officials, researchers, and experts to become familiar with the development trend of such countries. In fact, Iranian firms can benefit from such countries' experiences to promote their small and medium industries.
- Economic integration of the countries which are members of European Union, and future positive growth and development of firms in such countries can provide a successful specimen for other countries in Europe or other parts of the world to prepare themselves to join World Trade Organization (WTO) (reported by UNID).

The first stages of internationalization process were utilized by Anders and Kaolan whose discussion was in the field of marketing performance and the duties of distribution channels.

McDougall, (1994) discovered that in some international new ventures entrepreneurs did not decide to adopt the internationalization decision based on the lowest cost of place. Conversely, their attempt was thoroughly directed to internalize their actions at the point where the interest caused by cost internalization was covered the most.

Moreover, strategic participations are known as the common point for international new ventures. Increasing interest is also shown in the theory of network and internationalization (Benito and Welch, 1994; Johanson and Mattsson, 1988; Johanson, J. and Vahlne, 1992).

Coviello and Munro (1997) in their case studies concluded that our perception of internationalization process of small firms can improve through combining the increasing internationalization models having network viewpoint.

Some researchers believe that firms may experience a period of internationalization during which they decide to discontinue or reduce exporting (Crick, 2002; Oesterle, 1997; Pauwels and Matthyssens, 1999).

The studies of Bell (1995), investigating the samples of computer software firms which followed customers in global markets, showed that the increasing interest of global firms is of high importance because the key strategy adopted by such firms to improve their trade is quick internationalization (McKinsey, 1993). To be accurate, such strategies, however, have been firstly emerged in global markets. The issues that have been deeply and empirically scrutinized in this regard are as follows:

- The first business strategies of firms, their growth purposes and global attitudes
- The incentives effective on the adoption of a strategy and the operational decision caused by which
- The role of internationalization process on the holistic business strategy adopted by firms

During the previous decade, moreover, some researchers have created a demanding contingency framework for international business in the fields of export (Yeoh and Jeong, 1995; Kumar and Subramaniam, 1997).

Talking about the reasons underlying the generation of this framework, Kumar and Subramaniam point out that the existing systematic research has not devoted much attention to evaluating market selection, and entry decisions.

Moreover, some researchers including Bell and Young (1998) and Coviello and McAuley (1999) maintained that much attention have so far been paid to the advantages and benefits of competitive theories and models.

The new researchers have found that firm globalization can be so well perceived through integrating the main theoretical frameworks. Bell and Young claimed that the process of globalization, apart from being highly dependent on internal factors, is by nature dependent on factors including product, industry and other external environmental variables.

What's more, "uncertainty" may propel firms towards insistence on participation in export. Firms may decide to go on exporting though it is temporarily unprofitable, or although the decision provides them with several obstacles for entrance into market. This is because they are enthusiastically expecting to achieve more valuable information about market (Rabetner, 1997).

As the need to internationalize firms enhances, the risks of this decision also increases accordingly. Having decided to enter into international markets, firms are engaged with the following issues:

**Firstly:**

the decision may be accompanied by high debts, fluctuation and unemployment in many countries, political and foreign exchange instability, which, by itself, is a restrictive business factor.

**Secondly:**

governments usually impose more regulations and restrictions on foreign enterprises and institutes.

**Thirdly:**

by enacting heavy tariffs or via creating commercial obstacles foreign governments mainly try to support their own domestic industries and at last financial corruption is considered as a main, fundamental problem.

On the other hand, if foreign markets are attacked by domestic firms via opposite income levels, the relationship between domestic sales and exporting development may differ from what predicted by theory (Lio, 2001).

Some researchers believe that internationalization of firms is in need of a comprehensive attitude to be adopted in this field in addition to the existing theories. In other words, firm internationalization is at best possible through combining the current theoretical structures and the movement of future research towards creating a comprehensive and holistic attitude and psychological development (Fletcher, 2001).

There are various reasons for the importance of doing research on small-sized firms. Some of such reasons are that the firms may provide economic activity, employment, innovation, and wealth (Daxeiz, 1996; Katsikeas, 1998).

Moreover, supporting international cooperation in small businesses has turned into an important priority of those who are responsible for making economic decisions (Crick, 1997; USSBA newsletter, 1993; McNaughton and Bell, 2001; OECD newsletter, 1997).

The results of some studies indicate that inner organizational criticism is an effective motivation for entrance into world markets (Aram and Cowan, 1990).

Some of the factors having provided managers of small-sized firms with incentives to enter into international markets are changes in the interests and attitudes of consumers, industrial development, growth of information and communication technologies, and the changes having occurred in competitive conditions.

For today's firms, entrance into world markets and competition in such unsteady condition is to a high extent dependent on managers' thoughts and decision. Managers of knowledge-oriented firms are even more active in this field and act better to this end (Crick and Jones, 2000; Knight and Cavusgil, 1996; McKinsey & Co, 1993; Madsen and Servais, 1997). Internationalization process: internationalization, as a stage of global transformation or transition and a historical, economic, political, and cultural phenomenon, is a process in which geographical restraints and limitations, which are integral parts of social and cultural relations, are eliminated and people become increasingly aware of reducing such restraints (Malcolm Waters, 1999). Asian Development Bank (ADB) has defined internationalization as an economic, political, social, and technological convergence which has three dynamic dimensions. The first dimension is related to the expansion of internationalization decision by economic markets. In fact, the decision is performed through the transition of capital, goods, manpower, and various types of services among countries. The second dimension is related to social and institutional changes which occur inside the geographic borders of the each country. Eventually, the third dimension is the one that produces some changes in the international economy and political relations occurring between countries. According to the first dimension of the above definition about internationalization, a main tool for globalization is to become internationalized, which by itself involves foreign investment. The other effective factor to this end is the development and universalization of technology (such as: quick development of technology in the fields of information and computer) which has a significant role in driving economies towards making internationalization decision. It needs to be maintained that the main source of technology and inventions throughout the world are now "the developed countries" and the developing countries are usually importers of such technologies and inventions. However, there has recently happened a quick movement of technology and inventions towards developing countries, which is due to the exclusion of commercial obstacles and because of the newly created competitive atmosphere. In fact, the universal tendency towards using new technologies has provided countries with the possibility to enter into new markets (Vali Baigi, 2001).

In Iran, the main part of the research done in the area of export is focused on qualitative issues including the importance and influences of export on economic variables, and the effects of macro variables including the price of foreign currency and the price of regulation tariffs on export. It also centers around middle variables effective on export performance including the significance of having knowledge about market and marketing, promotion, packaging and quality. In fact, the issue having attracted the highest number of interests is the general attitude toward the export (Rahmanseresht and Senobar, 2001).

Kahzadi and Gajlu (2001) in their study found the followings as the most important factors effective on direct foreign investment: transportation costs, market size, the effects caused by aggregation, the costs of production factors, financial motives, political and economic stability (business or investment atmosphere) and commercial opening.

Using Grangery's Causality model, they showed that there is a positive correlation between direct foreign investment and economic growth.

Moreover, using export readiness assessment method, Senobar (2002) in his research showed that inner-organizational cooperation is the cheapest method to overcome the problems of production and quality and the only possible choice for getting access to information about target markets.

It is necessary that firms whose main goal is entrance into world markets act as strenuously as possible to promote their technological level. To this end, exporters are to perform various actions to examine the possibilities to enter into strategic alliances with foreign parties. The aim of such actions should be to transmit high-tech investment methods into the country so to promote the capabilities of their staff (Rahman Seresht and Senobar, 2001).

### MATERIALS AND METHODS

The research population used for the preset study were the firms and enterprises who had proceeded to enter into foreign markets durring the year (2011-2012). These firms consisted of 548 ones which were divided into two types, including "exporter producers" and "intermediary firms". The first group (i.e. exporter producers) directly took part in foreign markets while the latter (intermediary firms) only participated in the export performance but did not enter directly into the foreign market.

The size of the statistical sample was determined using Kukran formula at the significance level of 95%. The formula is exemplified as follows:

$$n = \frac{N \times \left(\frac{Z\alpha}{2}\right)^2 \times p \times (1-p)}{(N-1)\epsilon^2 + \left(\frac{Z\alpha}{2}\right)^2 \times p \times (1-p)}$$

$$n = \frac{548 \times 1.96^2 \times 0.5 \times 0.5}{547 \times (0.06)^2 + 1.96^2 \times 0.5 \times 0.5} = 179.6 \approx 180$$

***The main questions of the present research are as follows:***

1. How should the strategies adopted by Iranian exporting firms for entrance into foreign markets be prioritized?
2. What are the motives of managers of Iranian exporting firms of decision to enter into foreign markets and how should these motives be prioritized?
3. To what extent do the managers of exporting firms can be effective on their firm's internationalization process and its subsequent exporting performance?

***Thus, the research hypotheses can be put forward as follows:***

1. There is relationship between the prerequisite actions necessary for internationalizing the firms manufacturing and exporting propylene products and the early decisions made for the internationalization process.
2. There is relationship between the early decisions made for internationalizing the firms manufacturing and exporting propylene products and the final decision-makings for the internationalization process.
3. There is relationship between the prerequisite actions necessary for internationalizing the firms manufacturing and exporting propylene products and the final decisions made for the internationalization process.
4. There is relationship between the managers' international thinking and the firm's export performance in foreign markets.



## RESULTS AND DISCUSSION

**Some information about the research qualitative statistics is illustrated in the following table:**

Table 1. frequency distribution of respondents based on the time period of entrance into foreign markets after initiation of export

Period (year)	frequency	percentage	Aggregate percent
0 to 2 years	23	12.8	12.8
2 to 5 years	33	18.3	31.1
5 to 10 years	52	28.9	60.0
More than 10 years	72	40.0	100.0
Total	180	100.0	

According to the above table, 40% of respondents, having the highest frequency, stated that the period of attendance into foreign markets is more than 10 years after entrance into such markets. According to 28.9% of respondents, this period was between 5 to 10 years. This is while 12.8% also declared less than two years. Therefore, the period of time necessary for the establishment of a firm in a foreign country, according to approximately 44% of respondents, is less than 10 years while 66% of respondents have stated that the period should be above 10 years.

Table 2. frequency distribution of respondents based on the number of target countries into which the firm decides to enter

	Frequency	Percent	Aggregate percent
One country	144	80.0	80.0
Two countries	27	15.0	95.0
More than two countries	9	5.0	100.0
Total	180	100.0	

Based on the above table, 80% of respondents, which had the highest amount of frequency, asserted that the number of target markets into which their firms decided to enter is only “one country”. This is while 15% answered “two countries” and the remaining 5% of respondents declared that “more than two countries” are among their target markets.

Table 3. frequency distribution of respondents based on the number of countries in which they have been actively attending for more than five years

	frequency	percent	aggregate percent
zero	153	85.0	85.0
one country	23	12.8	97.8
two or more countries	4	2.2	100.0
total	180	100.0	

Regarding the above table, 85% of respondents, with the highest frequency, stated that they have had attendance in no country for more than 5 years. 12.8% answered “only one country” and 2.2% also asserted “two or more countries”.

The findings of the study regarding the main research questions are shown in tables that follow:

Table 4. the results of frequency distribution of firm’s strategy for entrance into foreign markets

Firm’s strategy		.00 (not selected)	1.00 (selected)	total
Export	frequency	8	166	174
	percent	4.6%	95.4%	100.0%
Giving License	Frequency	41	131	172
	Percent	23.8%	76.2%	100.0%
Management Contracting	Frequency	0	0	0
	Percent	.0%	.0%	.0%
Contract Manufacturing	Frequency	0	0	0
	Percent	.0%	.0%	.0%
Turnkey Operation	Frequency	0	0	0
	Percent	.0%	.0%	.0%
Foreign Direct Investments	Frequency	16	146	162
	Percent	9.9%	90.1%	100.0%
Strategic alliances	frequency	32	119	151
	Percent	21.2%	78.8%	100.0%

Table 5. the results of Chi square (X<sup>2</sup>) test on firm's strategy to enter into foreign markets

	export	Giving license	Foreign Direct Investments	Strategic alliances
Chi square (X <sup>2</sup> )	143.471	47.093	112.988	61.084
Degree of freedom (df)	1	1	1	1
Significance level (Sig.)	.000	.000	.000	.000

As can be observed in the above table, the significance level of the chi square test is less than 0.05. Thus, the conclusion is that there is a significant difference between the observed and expected frequency distributions of the above variables. In other words, there is a difference between the frequencies of the selected versus unselected variables of each variable under analysis. Moreover, based on table 5, as can be easily observed, from the total number of 174 respondents who had expressed their views about "export", 166 ones (95.4%) had selected the item "export" while only 8 respondents (4.6%) had not chosen this item. Thus, based on the results of chi square test, respondents decided that "export" should be the most important strategy which should be adopted of firms as their main priority. After export, the next priority of firms for attendance in foreign markets, based on the answers of respondents shown in the above table, should be, respectively, foreign direct investments (146 respondents chose it), giving license (131 selected items), and strategic alliances (with 119 selected items).

Table 6. the results of chi square test (X<sup>2</sup>) on the motives of managers for entrance into foreign markets

	Readiness to cope with globalization	Increase of long-term profitability	Sales increase	Firm's technological promotion	Getting access to Global success	Increase of short-term profitability
X <sup>2</sup>	53.720	41.752	22.172	4.139	.062	1.976
df	1	1	1	1	1	1
Sig.	.000	.000	.000	.042	.803	.160

The significance level is less than 0.05 in table 6. Thus, the conclusion is that there is a significant difference between the observed and expected frequency distributions. In other words, there is difference between the frequencies of the selected versus unselected issues of each variable analyzed above. What is more, based on the above table, from the total number of 127 responses gathered from respondents about their motivation for entrance into foreign markets, "readiness to cope with globalization" was the highest chosen item. The next priorities were respectively "increase of long-term profitability" (with 124 selected items), "sales increase" (108 selected items), "firm's technological promotion" (88 selected items), achievement of global success "with 73 selected items" and "increase of short-term profitability" (with 71 selected items).

Regarding the management parameters effective on the decision of firm for entrance into foreign markets, the research findings are as follows:

Table 7. the results of frequency distribution regarding the effectiveness of management parameters on the decision of firm to enter into foreign markets

	total	Very much	High	No difference	low	Very low		
Mean								
3.88	165	67	46	20	29	3	frequency	S12_1
	100.0%	40.6%	27.9%	12.1%	17.6%	1.8%	Percent	
3.79	165	57	56	16	33	3	frequency	S12_2
	100.0%	34.5%	33.9%	9.7%	20.0%	1.8%	Percent	
3.81	165	57	58	15	32	3	frequency	S12_3
	100.0%	34.5%	35.2%	9.1%	19.4%	1.8%	Percent	
3.77	165	55	56	18	33	3	frequency	S12_4
	100.0%	33.3%	33.9%	10.9%	20.0%	1.8%	Percent	
3.71	155	46	57	16	33	3	frequency	S12_5
	100.0%	29.7%	36.8%	10.3%	21.3%	1.9%	Percent	
3.77	165	52	61	17	32	3	frequency	S12_6
	100.0%	31.5%	37.0%	10.3%	19.4%	1.8%	Percent	
3.85	170	61	57	20	29	3	frequency	S12_7
	100.0%	35.9%	33.5%	11.8%	17.1%	1.8%	Percent	
3.80	165	56	57	18	31	3	frequency	S12_8
	100.0%	33.9%	34.5%	10.9%	18.8%	1.8%	Percent	
3.76	169	57	53	23	33	3	frequency	S12_9
	100.0%	33.7%	31.4%	13.6%	19.5%	1.8%	Percent	

**The parameters of the above table are as follows:**

1. generation and nurturing new commercial ideas
2. changing the purposes and goals

3. the early growth of sales
4. firm's experience in doing import from other countries
5. firm's experience in transferring technology into the country
6. firm's experience to enter into a contract with foreign countries
7. the experience of firm's managers concerning attendance in foreign markets
8. training firm's managers to attend in foreign markets
9. presence of firm's managers in foreign countries due to various reasons

Based on the above table, 68.5% of respondents, with the highest frequency, stated that "generation and nurturing new commercial ideas" is the most effective item for the movement toward attendance in foreign markets. The next frequently chosen variables by respondents were as follows: to 68.4% of respondents, "changes in goals" was the most effective, 69.7% chose "the early growth of sales", 67.2% selected "firm's experience in doing import from other countries", 66.5% selected "firm's experience in transferring technology into the country", 68.5% of respondents selected "firm's experience to enter into a contract with foreign countries" as the most effective, 69.4% chose "the experience of firm's managers concerning attendance in foreign markets", 68.4% selected "training firm's managers to attend in foreign markets", and eventually 65.1% chose "presence of firm's managers in foreign countries due to various reasons" as the item with the highest effectiveness for attendance in foreign markets. Therefore, by average, 68% of respondents believe that the above items are highly effective in firm's decision for the movement towards entrance in foreign markets.

Testing the research hypotheses: Taking the variables' scales into account, Spearman correlation coefficient test was used to test the research hypotheses. The results of this test are illustrated in the table that follows:

Table 8. the results of spearman correlation test

		The early decisions made for internationalization
The prerequisite actions necessary for internationalization	Correlation coefficient	.719
	Sig.	.000
	No.	180

Based on the significance level of the correlation test (sig.: 0.05), H0 is rejected but the H1 is approved. The correlation coefficient of 0.719 is indicative of a positive and relatively strong relationship between the prerequisite actions necessary for internationalization decision made by the firms that produce and export propylene products and the early decisions made for internationalization process. Thus, the first research hypothesis is approved. In other words, there is a significant and relatively strong relationship between prerequisite actions for internationalization process performed by such firms and the early decisions made for internationalization.

Table 9. the results of correlation coefficient test

		Final decisions made for internationalization
The early decisions made for internationalization	Correlation coefficient	.768
	Sig.	.000
	No.	180

Here again, the significance level of the spearman correlation test (sig.: less than 0.05) and the correlation coefficient (0.768) are indicative of the existence of a positive and relatively strong relationship between the early decisions made for internationalization process by the firms producing and exporting propylene products and the final decisions made for internationalization. Therefore, H0 is rejected but H1 is approved. Thus, it can be said that there is significant and relatively strong relationship between the early internationalization decisions made by the firms producing and exporting propylene products and the final decisions for internationalization.

Table 10. the results of correlation coefficient test

		Final decisions made for internationalization
The prerequisite actions necessary for internationalization	Correlation coefficient	.689
	Sig.	.000
	No.	180

Based on the significance level of the spearman correlation (sig.: 0.05), H0 can be rejected but H1 is approved. The correlation coefficient of 0.689 is indicative of a positive and relatively strong relationship between the prerequisite actions necessary for internationalization process made by the firms producing and exporting propylene products and the final decisions made for internationalization process. Therefore, the third hypothesis is also

approved. In fact, based on this hypothesis, there is a significant and relatively strong relationship between the prerequisite actions of firms producing and exporting propylene products for internationalization and their final decisions made for internationalization.

Table 11. the results of spearman correlation test

		Final decisions made for internationalization
Managers' international thinking	Correlation coefficient	.732
	Sig.	1.00
	No.	180

Here again based on the significance level of the spearman test which is less than 0.05, H0 is rejected but H1 is approved. Moreover, the correlation coefficient of the test (0.732) is indicative of the existence of positive and relatively strong relationship between managers' international thinking and firm's performance in foreign markets. Therefore, the fourth hypothesis is accepted. That is, there is a significant and relatively strong relationship between international thoughts of managers and firm's export performance.

### CONCLUSION

The present research tried to investigate the strategies of firms producing Iranian propylene products for entrance into foreign markets. The research findings, in general, are as follows:

The strategies usually adopted by firms for entrance into target markets consist of: export, direct foreign investment, giving license, and strategic alliances.

Most firms usually make use of only one strategy for entrance into foreign markets. The most important strategies (The order of importance for the use of strategies) used by the producer and exporter firms are respectively as follows: export, foreign direct investment, giving license, and strategic alliances.

Managers' motivations for their decision to enter into foreign markets are: sales increase, short-term interest, long-term interest, technological promotion, readiness for globalization, getting access to global success.

The priorities of managers for entrance into foreign markets are respectively: readiness to become globalized, enhancement of long-term profitability, sales increase, firm's technological promotion, achievement of global success.

The prerequisite actions necessary for making internationalized the firms manufacturing and exporting propylene products consist of: generation and nurturing new commercial ideas, changing the purposes and goals, the early growth of sales, firm's experience in doing import from other countries, firm's experience in transferring technology into the country, firm's experience for entrance into a contract with foreign countries, the experience of firm's managers concerning attendance in foreign markets, training firm's managers to attend in foreign markets, and presence of firm's mangers in foreign countries due to various reasons.

The early decisions for making internationalized the firms manufacturing and exporting propylene products consist of: geographical proximity; positive versus negative attitude toward entrance into foreign markets; exporting obstacles including lack of knowledge about foreign markets, international embargos, and firm's finite resources; exporting incentives including incidental and unintentional orders; and other factors including meetings, inner-firm discussions, receiving a gainful, cost-effective order, increase of commitment levels about financial and manpower issues, financial support by the country's banking sector, reforming and improving the current regulations, recommendation of domestic customers for attendance in foreign markets, firm's attitudes towards future orders, key decision-makings related to internationalization which by itself consist of factors including selection of target markets, the entry methods and decisions made by the firm's marketing management to enter into such markets.

Final decisions for internationalizing the firms manufacturing and exporting propylene products consist of: changes in methods of entrance into existent foreign markets, changes in the decisions of firm's marketing management, changes in the amount of relations with existing markets, searching and recognizing new markets, decision to exit a given foreign market or to search for a new opportunity, diversifying new products, the problems of attendance in foreign markets after decision to enter into such markets and its pertinent international obstacles, subsidiary and supportive resources such as making use of governmental aids, receiving insurance services from Export Guarantee Fund, using duty-free exports (a type of export for which no tax or customs are needed to be paid), changes occurring inside the firm in order to help attendance in foreign markets, decision to change the internal strategies of firm after attendance in foreign markets, changes in organizational structure and manpower in order to internationalize the firm, and eventually making use of skilled staff to do foreign trades.

The findings of the first hypothesis are indicative of the existence of a positive and strong relationship between the activities before internationalization is occurred and the firm's early decisions for internationalization. In fact, this

finding indicates that if the firm benefits from better intellectual, technological, experiential, and scientific substructures for internationalization, it can more successfully compete in world markets. In other words, the more the firm is ready for internationalization, the more successful it will perform in foreign markets. This finding is consistent with the findings of Aram and Cowan (1990), Crick and Jones (2000), Knight and Cavusgil (1996), McKinsey and Co. (1993), and Madsen and Servais (1997).

Moreover, based on the findings of the second and third hypotheses, there are respectively relationships between the early and prerequisite decisions for internationalization process and final decisions for internationalizing the firms manufacturing and exporting Iranian propylene products with the aim of entrance into foreign markets.

This finding, on the one hand, can lead to the enhancement of firm's knowledge, experience, competitive advantage and export performance which is achieved by attendance in foreign markets. In fact, the knowledge and experience can lead to changing the firm's strategies in foreign markets. On the other hand, increased competitive power of firm and movement towards leadership in a given industry or a particular market can be a factor effective on a more powerful attendance in foreign markets. The findings of this hypothesis are consistent with the findings of the studies done by Bilkey, W. J. and Tesar (1977), Johanson, J. and Vahlne (1977), Cavusgil (1980), Czinkota (1982).

Moreover, the relationship between managers' international thoughts and the firm's performance in foreign markets was tested. The findings of this hypothesis showed that there is a positive relationship between these two variables.

In other words, the more knowledgeable the managers of exporter firms are about the marketing strategies in international markets, the more effective they will be on the development of foreign markets. Thus, there is relationship between the attitude of management towards marketing strategy and export performance. In fact, the results of testing the research variables show that there is positive relationship between the attitude of management towards marketing strategy and export performance. In other words, the firm's export performance will improve if the firm's management tries to find better plans for products, higher quality, more prompt delivery of products to customers, absorption of customers' trust, better packaging of products and having better communications with customers.

Moreover, the more the managements of exporter firms are aware of international business knowledge, i.e. the more they are familiar with the concepts and principles of foreign markets and export, the better the export performance of firm will become. Furthermore, based on results acquired from testing this hypothesis, if the managers of exporter firms are highly experienced in doing export performance, the firms export performance will also improve. Moreover, if the management has commitment to export, or if he devotes much of his time to making decisions about export or to solving the problems related to this issue, the export performance of firm will also improve. What is more, if the manager is familiar with the concepts and principles about financial management, the firm's export performance will progress.

Finally, the other factor helping a firm to improve its export performance is that the management tries to update and modernize mixed elements of international marketing at the level foreign markets. Moreover, having customer-oriented attitude can help managers to promote their export performance. What is more, sound use of market research by management (in order to solve the problems related to export and attendance in foreign markets) is another factor that can help the firm to this end. In fact, the thing necessary for stable export and powerful attendance in foreign markets is market research. This is because market research has a positive effect on export performance. Therefore, prudent managers can considered as the main pioneers for powerful attendance in international markets.

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