

## Evaluation of Internal and External Factors on the Company's Product Adaptation Strategy in International Markets and Export Performance of Industrial Companies in Fars Province-Iran

Ali Asghar Negahdary<sup>1</sup>, Mohammad Ali Keramati<sup>2</sup>, Mojtaba Dehghanpour Vahid<sup>3</sup>,  
Mahnaz Mahdavi<sup>4</sup>, Hamideh Zare<sup>5</sup>

<sup>1,2</sup>Department of Management, Arak Branch, Islamic Azad University, Arak, Iran

<sup>3</sup>Department of Management, Esfahan University, Esfahan, Iran

<sup>4</sup>Department of Accounting, Zarghan Branch, Islamic Azad University, Zarghan, Iran

<sup>5</sup>Department of Accounting, Science and Research Branch, Islamic Azad University, Khuzestan, Iran

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### ABSTRACT

In this study, in terms of the importance of developing non-oil exports and the export performance of 270 Industrial exports in the last 5 years (2007-2011) has been studied and the way of how the company's export performance as a source of revenue was linked to the company factors (Export dependence, Openness to innovation), industry factors (Industry adaptation), Product adaptation strategy and market factors was reviewed. By using field studies and questionnaires and designing a model, product adaptation strategies as a mediator between the internal and external factors of the company and the company's export performance has been investigated. The related information was analyzed by *Lisrel* & *SPSS* Software and some results in relation to the company's export performance and internal and external factors as well as its relation with product adaptation strategy in international markets have been obtained.

**KEYWORDS:** export performance, product adaptation strategy, international marketing, industrial companies

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### INTRODUCTION

International trade plays an important role in economic life of countries. More generally, trade as a way for human access to products with the least possible cost from the past to the present times has been a means to satisfy the human needs and. The volume of trade in different countries has increased in recent decades. The increasing importance of foreign trade in the economical growth and development of developed and developing societies is to the extent that some economists were considered it as an engine of economic growth and development. Nowadays, in the world economy, we observe the countries which achieved a significant position in the economic world by focusing on their abilities, considering the global needs and planning based on them. Accordingly, many countries have defined their economic development model for developing exports. From the mid-1950s, exports' development especially exports of industrial goods was one of the development strategies for Third World Countries. Industrial goods because the international trade scene, have a good position and most of the export restrictions on raw materials not, can have an important role in the process of economic development. Industrial goods due to their importance in the international trade scene and lack of access to the limitations of raw material exports can play an important role in the process of economical development of countries (*Binshan, Walton, 1998*).

Countries that have experienced economic development in the last half century have an effective presence in the international markets and could define or design their production and investment patterns in relation to the global demands and also achieved the huge foreign exchange earnings in the completion field (*George Balabanis & et al, 2004*). The most important factor in the marketing of export goods is the economical aspect in producing them. Therefore, the groups of national products with relative advantage are able to present themselves in the foreign markets. In other words, the completed cost of these goods compared to their costs in the global markets will be less and will result into more profit for the importer and exporter. In this paper, the export performance of many companies was studied and it was determined that this performance is in relation with the internal and external factors of a company. The internal factors included organizational structure, management experiences and available sources but the external factors included competition in the industry, environment of business and the properties of a product (*Bain, 1951 & Cavusgil, 1994*). What is unclear is that how the company export performance as a source of revenue was linked to the company factors (Export dependence, Openness to innovation), industry factors (Industry adaptation), and Product adaptation strategy and market factors was reviewed? Therefore, the businesses' managers

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\*Corresponding Author: Aliasghar Negahdary, Department of Management, Islamic Azad University, Arak, Iran,  
Tel :+989176319989 ,E-mail: ali\_negahdary@yahoo.com

try to define the economical and cultural differences of various societies for decreasing the costly errors / failures in the production and export fields (Stottinger & Holzmuller, 2001).

This paper has been divided into three sections: Studying the product adaptation strategies of a company as a mediator between the internal and external factors of the company and the company's export performance by designing a model. Determining the similarities and differences of effective factors on the export performance in the product companies which had an export performance and Considering the properties of a company and defining its relationship with the export performance through product adaptation strategies (Roger J & et al, 2006).

A summary of the foreign studies about this field are presented as the following:

**Table 1: A Summary of Researches about Measuring the Export Performance**

Related researches	Measuring the export performance
Albaum, Strandskov&Duerr (1998), Cavusgil&Zou (1994), Julian (2003), Kirpalani (1989), Lages&Lages (2004); Morgan, Kaleka&Katsikeas (2004) Ogunmokon& Wong (2004).	Growth of export selling and its intensity
Castaldi, Sengupta& Silverman (2001), Cavusgil&Zou (1994), Cuyvers& Dumont (2000), Diamantopoulos &Schegelmilch (1994), Lages&Lages (2004), Ogunmokon& Wong (2004)	Export profitability
Cavusgil&Zou (1994), Kirpalani (1989), Das (1994), Ogunmokon& Wong (2004)	Achieving the export strategic goals
Cadogan, Diamantopoulos &Siguaw (1999), Cavusgil&Zou (1994), Evangelist (1994), Katsikeas, Piercy & Ioannidis (1996), Ogunmokon& Wong (2004)	Management of perceptions and export success
Cavusgil&Zou (1994), Lages& Jap (2002), Ogunmokon& Wong (2004)	Satisfaction with successful export
Das (1994), Kirpalani (1989), Solberg (2002)	Increasing the market shares
Cavusgil&Zou (1994), Julian (2003), Katsikeas, Leonido& Morgan (2000), Morgan, Ogunmokon& Wong (2004), Zou, Taylor &Osland (1998)	A combination of measuring factors

**Table 2: A Summary of Researches about Adaptation Strategy against the Standard**

Related researches	Strategy
Albaum, Strandskov&Duerr (1998), Lages& Jap (2002), Mueller (1992), Ogunmokon& Wong (2004), Onkvisit& Shaw (1990), Solberg (2002)	Adaptation
Buzzel (1968), Dijk (2002), Cuyvers, Dumont &Leelakuthanit (2000), Levitt (1983), Lages& Jap (2002) Ogunmokon& Wong (2004), Walters &Toyne (1989)	Standardization
Cuyvers, Dumont &Leelakuthanit (2000), Fletcher & Brown (1999), Hoang (1997), Jain (1989), Julian (2003), Keegan (1989), Ogunmokon& Wong (2004).	A combination of the above strategies

**Table 3: A Summary of Researches about the Relationship between Export Performance and Marketing Strategy**

Findings	Dependent variable	Independent variable	Industry	Researcher
There is not a significant relationship between product adaptation and export performance.	Export performance	Price of product, advertising and distributing	Combinational	Lages&Montgomery (2001)
There is not a significant relationship between product adaptation and cost with export performance.	export performance	Price of product, advertising and distributing	Combinational	Castaldi, Sengupta& Silverman (2001)
There is a positive relationship between variables and export performance.	export performance	Price of product, advertising and distributing	Jewelry industry	Cuyvers, Dumont &Leelakuthanit (2000)
There is a positive relationship between advertising and being success.	High success	advertising	Machine industry	Kotler, Leong & Tan (1996)
There is a positive and insignificant relationship	Export selling	Price of product, advertising and distributing	Combinational	Styles & Ambler (1996)
There is a positive and insignificant relationship	export performance	Planning	Combinational	Styles & Ambler (1996)
There is a positive and significant relationship between product marketing strategy and export performance.	export performance	Strategy and marketing of a product	Productive	Cavusgil&Zou (1994)
There is a positive relationship between cost adaptation and export intensity.	Export intensity	Adaptation level	Combinational	Das (1994)
Adaptation is ineffective.	Market's share	Product	Combinational	Fraser & Hite (1990)
There is a positive relationship between adaptation and export success.	Export success	Adaptation	Productive	Madsen (1989)
There is a positive relationship between product quality and export performance	export performance	Product quality	Combinational	Burton &Schegelmilch (1987)
There is a positive relationship between product strategy and export performance.	export performance	Product	Combinational	Lages& Jap (2002)
There is a positive relationship between strategy and export performance.	export performance	Strategy	Combinational	Lado, Martinez -Ros& Valenzuela(2004)

**Table 4: a summary of related researches toward the export performance and some variables**

<b>Findings</b>	<b>Dependant variable</b>	<b>Independent variable</b>	<b>Industry</b>	<b>Researcher</b>
Competitive environment affects the export performance, considerably.	export performance	Competition	Combinational	Cadogan, Diamantopoulos & Siguaw (1999)
Considerable margin	export performance	Technology	Combinational	Cadogan, Diamantopoulos & Siguaw (1999)
Insignificant	export performance	Company size	Combinational	Cadogan, Diamantopoulos & Siguaw (1999)
Export commitment affects the export performance, positively and considerably.	export performance	Commitment to the export	Combinational	Castaldi, Sengupta & Silverman (2001)
There is a negative relationship between company size and export velocity.	Export velocity	Company size	Combinational	Das (1994)
There is a positive relationship between all variables and export behavior.	Export behavior	Ownership, age, learning, technology	Combinational	Dijk (2002)
There is a positive relationship between culture and export strategy.	Export strategy	Culture	Combinational	Ekerte (2001)
There is a positive relationship between experience and export performance.	export performance	Experience	Combinational	Lado, Martinez-Ros & Valenzuela (2004)
Competition affects the adaptation rate, positively.	Adaptation level	Competition	Combinational	Lages & Montgomery (2001)
Commitment affects the company for adapting with the marketing strategies.	Adaptation level	Commitment	Combinational	Lages & Montgomery (2001)
Mixed and varied results	Export success	Company size	Combinational	Lefebvre & Lefebvre (2001)
There is a positive relationship between export attractiveness and export success.	Export success	Export attractiveness	Productive	Madsen (1989)
There is a positive relationship between size and profitability.	Export profitability	Company size	Extract from mines, foodstuff, woods and ...	Moini (1992)
The tendency of large companies is toward the export more than before.	Export level	Company size	Food	Phillip & Wickramasekera (1995)
A negative relationship between export performance and competition.	export performance	Intensity of competition	Combinational	Styles & Ambler (1996)
Relationship between export infrastructures and export velocity.	Export velocity	Export infrastructures (such as roads, telecommunication, ...)	Combinational	Styles & Ambler (1996)
There is a positive and significant relationship between export velocity and commitment.	Export velocity	Company commitment	Combinational	Styles & Ambler (1996)

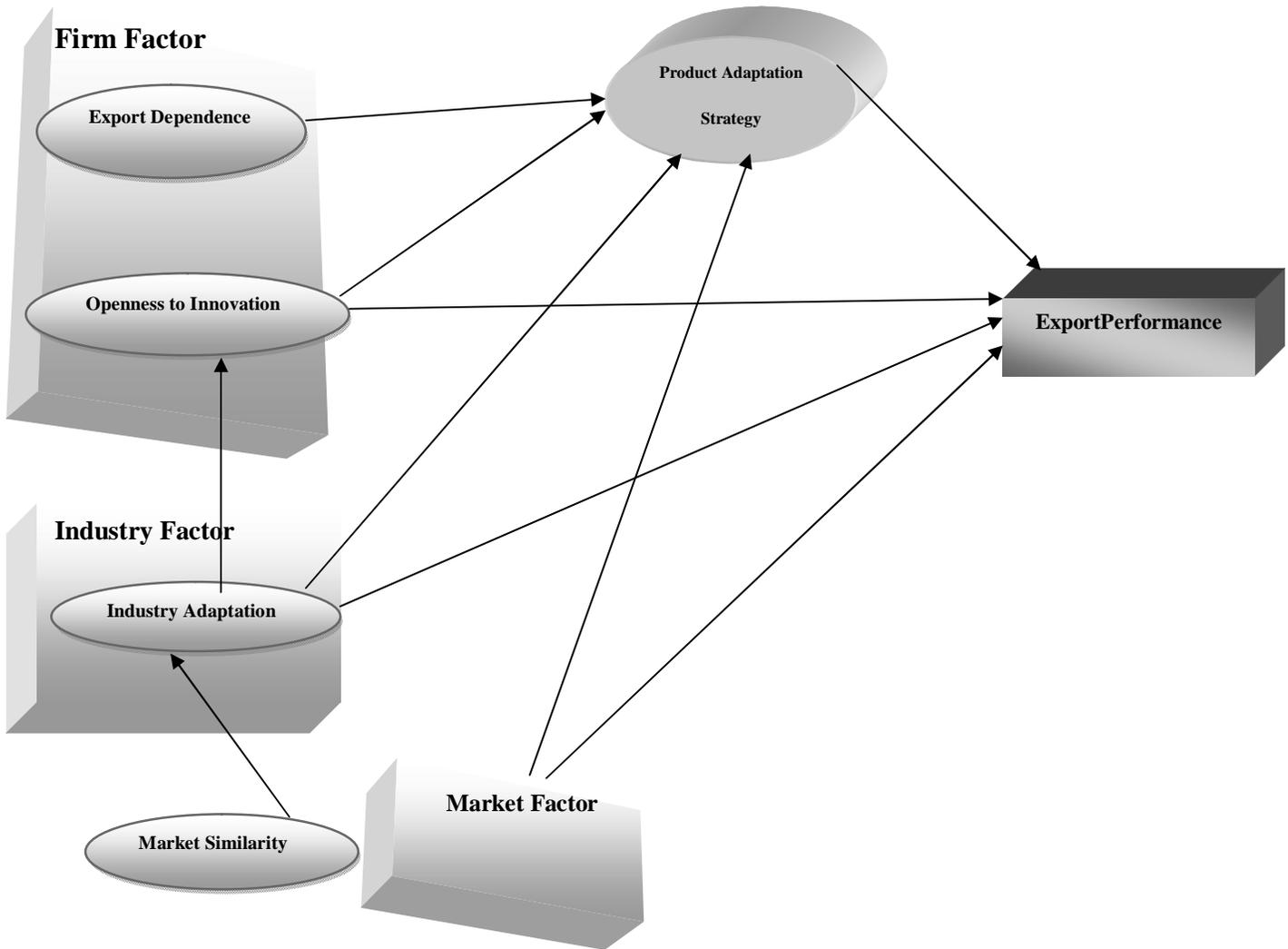
**Theoretical framework:**

This model is taken from a revised model of an article which was done by *Rogers et al. (2006)* in three countries means USA, Japan and South Korea. This model includes internal and external factors such as effective factors on export which are in relation to the product adaptation guideline as a main viable.

The results show that there is a positive relationship between product adaptation strategies with export performance. Therefore, dependency to the export has an effective relationship with this strategy. In this field, the similarity between house and market as a main factor in choosing the export market has been considered but its relationship with compatibility strategy, product adaptation and export performance in different countries is different. Export performance has a direct relationship with product adaptation strategy in the international markets and openness to innovation but has an inverse relationship with the product adaptation in the industry. Product adaptation strategy has a direct relationship with export dependency and openness to innovation in the companies (*Rogers et al. in 2006*).

Based on this model, the properties and internal or external factors of company affect the Product adaptation strategy and also the export performance (*Barney, 1991, Christensen et al., 1987, Culpan et al., 1989, Da Rocha and Christensen, 1994 and Da Rocha et al., 1990*).

Also, this framework has a main variable of markets and a similar market is the other factor of external factors. And it is being expected that this variable affects the export performance through product adaptation strategy of a company and industry, directly or indirectly. At the end, product adaptation strategy as a main factor will be under the effect of export performance, directly (*Cavusgil and Zou, 1994, Cavusgil et al., 1993, Cooper and Kleinschmidt, 1985 and Leonidou et al., 2002*).



Graph 1: analytic model  
Source: Rogers et al., 2006

### **Export performance:**

Export performance refers to the output of a company. Export performance has been studied considerably. Export performance is the result of export activities of a company (Katsikeas et al., 2000 & Shoham, 1998).

However, the operational concept and its definitions are different in the literature (Aaby and Slater, 1989, Madsen, 1987 & Shoham, 1998, 1991).

Export performance of a company as a revenue source is in relation with the company's factors (dependency to exports, openness to innovation and size of a company), industry's factors (adaptation in the industry) and market's factors and product adaptation strategy (Cavusgil and Zou, 1994, Cavusgil et al., 1993, Cooper and Kleinschmidt, 1985, Leonidou et al., 2002 & Rosson and Ford, 1982).

### **Product adaptation strategy:**

Product adaptation strategy includes the programming and productive programs of a company for encountering the interests of local consumers or customers in different cultures (Cavusgil and Zou, 1994).

At first, this strategy is being determined through the characteristics of a company and the external / foreign business environment (Johnson & Arunthanes, 1995 & Leonidou et al., 2002).

Based on the view of some researchers; in the international company, this strategy leads into the growth of selling and markets' share or its profits (Johnson and Arunthanes, 1995).

For this reason, some of the multinational companies believe that they should promote their strategy in the investment and profitability in order to the growth of selling (Cavusgil and Zou, 2002).

The use of this strategy as a marketing strategy affects the export performance (Cavusgil and Zou, 1994, Johnson and Arunthanes, 1995, Leonidou et al., 2002 & Cavusgil and Zou, 2002).

RVB and IO theories support this view that the external and internal features of a company helps it to be effective more than before (Bain, 1951).

**Export dependence:**

The features of a company are being considered as a background of product adaptation strategy such as international experiences and long or short term targets as the export and import domains (Cavusgil et al., 1993, &Leonidou et al., 2002).

Export dependence means how long is a company depends the export activities as a revenue and profit source.

Barney, 1991; the sources of a company can be tangible or intangible such as the properties of a company. Based on this view, we came to this conclusion that the degree of export dependence of a company as a property of a company affects the product adaptation strategy.

**Openness to innovation:**

Openness to innovation as the other internal factor affects the product adaptation strategy refers to the usage of new innovation in the marketing activities such as organization’s openness to the new ideas.

**Industry adaptation:**

Type of product, limitations of company’s abilities and competitions require the products’ changes for satisfying the customers.

**Market similarity:**

The properties of a market affect the product adaptation strategy such as cultural, political, legal, and economical and similarity degree in the customers’ values.

1- Table-1-Hypothesis

H1. Export Performance IS related to Product Adaptation Strategy.	EP	→	PS
H2. Product Adaptation Strategy IS related to Export Dependence.	PS	→	ED
H3. Export Performance IS related to Openness to Innovation.	EP	→	OI
H4. Product Adaptation Strategy IS related to Openness to Innovation.	PS	→	OI
H5. Export Performance IS related to Industry Adaptation.	EP	→	IA
H6. Product Adaptation Strategy IS related to Industry Adaptation.	PS	→	IA
H7 – Export Performance IS related to Market Similarity.	EP	→	MS
H8. Openness to Innovation IS relate With Industry Adaptation	OI	→	IA
H9. Industry Adaptation is relating With Market Similarity.	IA	→	MS
H10. Product Adaptation Strategy in markets IS relate to Market Similarity	PS	→	MS

**RESEARCH METHODS**

The method of this study is a causative one and in this way, the relationship between variables based on the target of this study was analyzed. Also this study based on the studies classification in terms of how to collect the data or in the other words, the design of this research, is a descriptive study which describes the properties of a sample and then generalizes these properties to the statistical society.

These studies were classified into many groups but in this study, the measuring one is used. Through this study, the relationship between variables were described, predicted and analyzed. Therefore it can be said that the method of this study is descriptive – measuring and causative one and based on the defined target, it is a functional study.

**Statistical society and sample:**

In this study, the statistical society includes the industrial companies of Fars, Shiraz Province and for determining the sample’s volume, the Cochran Formulae was used.

$$n = \frac{Z_{\alpha/2}^2 p(1-p)}{\varepsilon^2} = 267$$

$N$  :statistical society

$z_{\alpha/2}$  :confidence coefficient to the results of a sample

$P$  :the ratio of feature (quality) in the statistical society was 0.5.

$(1 - P)$  :the ration of lack of feature (quality) in the statistical society was 0.5.

$\varepsilon$  :the accuracy of evaluation (maximum of acceptable error) was 60%.

Since the statistical society of this study included the industrial companies of Fars, so 270 of them were considered as a sample (based on the above mentioned formulae). In this study, the questionnaires were distributed through a randomized sampling method.

For collecting data and information, an anonymous questionnaire which was completed by the major managers of export companies was used. The questions was inserted in the form of questionnaires’Set. EachSetin terms of the main purpose of this study and the related questions was considered and consequently, the response of each question is a step for accomplishing the main purpose of this study. It is necessary to mention that the questionnaire of this study contains of 15 questions as table 1-3.

**Table 5: variables and the number of questions**

Number of question in questionnaire	Considered variable		Row
1-2	Export dependency	Company's factor	1
3-5	Openness to innovation		2
6-8	Adaptation in industry	Industry's factor	3
9-10	Market similarity	Markets' factor	4
11-13	Product adaptation strategy		5
14-15	Export performance		6

**Scale and spectrum of measuring tools:**

In the present study, the measuring scale is ordinal or combination scale.

**Table 6: ranking of research scale**

Completely agree	Agree	Moderate	Disagree	Completely disagree	General form
1	2	3	4	5	Ranking

**Reliability and validity of questionnaire:**

Since the standardized method was used in the studies of Rogers et al., in 2006, so the measuring tools in this study have an appropriate validity and indeed, its validity was defined through its content means content validity. By the initial distribution of 30 questionnaires, the validity coefficient for a questionnaire having 15 questions was about 0.754.

By considering that the minimum rate of reliability coefficient for questionnaires was about 0.70, it can be expected that the coefficient of *CoronBasc- $\alpha$*  will be high. At the end, and by distributing all questionnaires, the coefficient of *CoronBasc- $\alpha$*  for all of them was evaluated 0.743.

**Methods of data analysis:**

In this study, for describing the data and testing the hypothesis, the deductive statistics and modeling method of structural equations were used, and for analyzing the statistical data, at first, the information of questionnaires was extracted and inserted in the main table, then, all information was analyzed by computer through SPSS & LISREL Software.

**Fitness evaluation:**

For evaluating the fitness, the indexes as K2 / freedom degree ( $\chi^2/df$ ), Root Mean Square Error of Approximation (RMSEA), P-Value and CFI were used. RMSEA which is being reported as a decimal number depends on the non-central parameter one (1). This index for appropriate models equals 0.05 or less than it. The models with high RMSEA or their RMSEA equals 0.10 have a weak fitness.

**Comparative Fit Index or CFI:**

If this index is more than 1.0, so it will be 1.0 and if is less than 0, so it will be 0 and as the previous indexes, if this number is between 90 and 95%, so it will be as an acceptable index or number, however the researchers use 0.80 point.

Among the defined indexes, RMSEA is accounted as an appropriate index and CFI as the best index. In general, the fitness indexes are in the range of 0 and 1. The coefficients more than 0.90 are being defined as the acceptable ones although this level as P=0.05 is optional.

In the present study, the value of RMSEA equals 0.074 but for CFI and  $\chi^2/df$  are about 0.93 and 2.94, respectively which indicate that this model is acceptable. The presented indexes and their comparison with the appropriate value for a fitness model indicate the fitness of this model.

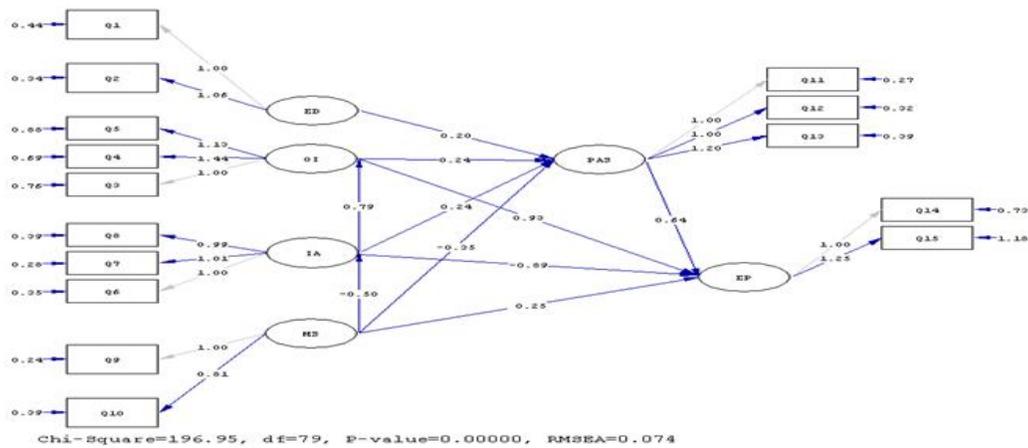
The considerable point in the fitness of the model is that; although the fitness of structural model confirms that model but it does not prove that this model is the single valid one.

**RESULTS**

The questionnaires having 15 questions and the information related to the average and standard deviation of these questions were presented in table 1-4.

**Table 7: average and standard deviation of questions**

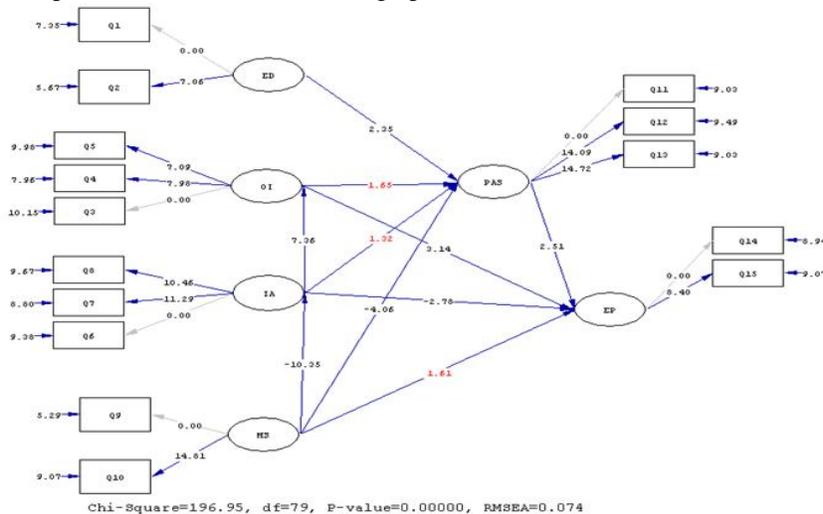
Criterion / standard deviation	Average	Question	
0/896	2/33	Q1	Export dependency
0/861	1/89	Q2	
1/057	2/40	Q3	Openness to innovation
1/198	2/43	Q4	
1/157	2/21	Q5	
0/851	1/98	Q6	Adaptation in industry
0/818	1/99	Q7	
0/871	2/08	Q8	
1/095	4/05	Q9	Market similarity
1/009	4/01	Q10	
0/887	2/02	Q11	Product adaptation strategy
0/920	2/10	Q12	
1/063	1/82	Q13	
1/118	2/30	Q14	Export performance
1/411	2/79	Q15	



**Graph 2: model of evaluated coefficients**

In this section, the significance of obtained numbers from this model was studied. Since we try to find the related assumptions in the confidence level of 0.95 or 0.05 errors, so for *t* testing, the numbers will be significant which are more than -1.96 and +1.96; it means that a number between -1.96 and +1.96 in this testing will be insignificant.

In the below model (table 2-4), the obtained figures for *t* testing are significant. For this reason, it is possible to study the causative relationships (measuring indexes with hidden variable) and their effects (hidden variable). Based on the above mentioned points in the below tables and graphs, this model is in the suitable situation.



**Graph 3: model of coefficients of t statistic**

Based on table 8, it is possible to study the assumptions.

**Table 8: regression scales – factor loads of research model**

Predictor variables	Variable binding	Evaluated values	Error	Statistic t	R <sup>2</sup>
Product adaptation strategy	→ Export performance	0/64	0/25	2/51	0/73
Export dependency	→ Product adaptation strategy	0/20	0/085	2/35	0/83
Openness to innovation	→ Export performance	0/93	0/29	3/14	0/73
Openness to innovation	→ Product adaptation strategy	0/24	0/14	1/65	0/83
Adaptation in industry	→ Export performance	-0/89	0/32	-2/78	0/73
Adaptation in industry	→ Product adaptation strategy	0/24	0/18	1/32	0/83
Market similarity	→ Export performance	0/25	0/16	1/61	0/73
Adaptation in industry	→ Openness to innovation	0/79	0/11	7/36	0/66
Market similarity	→ Adaptation in industry	-0/50	0/048	-10/35	0/64
Market similarity	→ Product adaptation strategy	-0/35	0/085	-4/06	0/83

Continued of table 8

Predictor variables	Predictor variable binding	Evaluated values	Error	Statistic t	R <sup>2</sup>
Export dependency	→ Q1	1/00			0/45
Export dependency	→ Q2	1/06	0/055	7/06	0/55
Openness to innovation	→ Q3	1/00			0/32
Openness to innovation	→ Q4	1/44	0/18	7/98	0/52
Openness to innovation	→ Q5	1/13	0/16	7/09	0/34
Adaptation in industry	→ Q6	1/00			0/52
Adaptation in industry	→ Q7	1/01	0/09	11/29	0/57
Adaptation in industry	→ Q8	0/99	0/095	10/46	0/49
Market similarity	→ Q9	1/00			0/80
Market similarity	→ Q10	0/81	0/055	14/81	0/61
Product adaptation strategy	→ Q11	1/00			0/66
Product adaptation strategy	→ Q12	1/00	0/071	14/09	0/61
Product adaptation strategy	→ Q13	1/20	0/081	14/72	0/66
Export performance	→ Q14	1/00			0/40
Export performance	→ Q15	1/25	0/15	8/40	0/39

**Testing the hypothesis 1:** There is a relationship between export performance of a company with product adaptation strategy in the international markets.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of internal hidden variable of product adaptation strategy on the internal variable of export performance ( $\beta_1 = 0.64$ ), with value of  $t = 2.51$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 1).

**Testing the hypothesis 2:** There is a relationship between product adaptation strategy with export dependency.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of export dependency on the internal variable of product adaptation strategy ( $\gamma_1 = 0.20$ ), with value of  $t = 2.35$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 2).

**Testing the hypothesis 3:** There is a relationship between export performance of a company with openness to innovation.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of internal hidden variable of openness to innovation on the internal variable of export performance ( $\beta_2 = 0.93$ ), with value of  $t = 3.14$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 3).

**Testing the hypothesis 4:** There is a relationship between openness to innovation of a company with product adaptation strategy in the markets.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of openness to innovation on the internal variable of product adaptation strategy ( $\beta_3 = 0.24$ ), with value of  $t = 1.65$  in the error level of 0.05 with the confidence of 0.95, is not significant. As a result, the zero assumption based on the lack of related coefficient is being accepted (rejecting the assumption 4).

**Testing the hypothesis 5:** There is a relationship between product adaptation in an industry with export performance of a company.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of product adaptation in an industry on the internal variable of export

performance of a company ( $\beta_4 = -0.89$ ), with value of  $t = -2.78$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 5).

**Testing the hypothesis 6:** There is a relationship between product adaptation in an industry with product adaptation strategy in the markets.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of product adaptation in an industry on the internal variable of product adaptation strategy ( $\beta_5 = 0.24$ ), with value of  $t = 1.32$  in the error level of 0.05 with the confidence of 0.95, is not significant. As a result, the zero assumption based on the lack of related coefficient is being accepted (rejecting the assumption 6).

**Testing the hypothesis 7:** There is a relationship between markets' similarity with export performance of a company.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of markets' similarity on the internal variable of export performance of a company ( $\gamma_2 = 0.25$ ), with value of  $t = 1.61$  in the error level of 0.05 with the confidence of 0.95, is not significant. As a result, the zero assumption based on the lack of related coefficient is being accepted (confirming the assumption 7).

**Testing the hypothesis 8:** There is a relationship between products' adaptation in the industries with openness to innovation of the company.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of internal hidden variable of products' adaptation in the industries on the internal variable of openness to innovation ( $\gamma_3 = 0.79$ ), with value of  $t = 7.36$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 8).

**Testing the hypothesis 9:** There is a relationship between markets' similarity with products' adaptation in the industry.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of markets' similarity on the internal variable of products' adaptation in the industry ( $\gamma_4 = -0.50$ ), with value of  $t = -10.35$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 9).

**Testing the hypothesis 10:** There is a relationship between markets' similarity with product adaptation strategy in the markets.

The result of this assumption, based on the information of graph 1-4 and table 2-4, was studied. The path coefficient of external hidden variable of entrepreneurship tendency on the marketing on the internal variable of marketing in the small and medium productive companies ( $\gamma_5 = -0.35$ ), with value of  $t = -4.06$  in the error level of 0.05 with the confidence of 0.95, is significant. As a result, the zero assumption based on the lack of related coefficient is being rejected (confirming the assumption 10).

## DISCUSSION

For improving the export performance, managers must consider the following points:

- ◆ In all stages of export performance, reinforcing the information systems is very important.
- ◆ Controlling the export process of companies is essential and they must be designed as if decrease the costs of a company in order to increase them in the exports.
- ◆ Learning the employees and manages and also providing the up to dated information affect the companies' success in the export field, positively. Exporters must have the appropriate learning programs related to the design of export and business. This subject includes some problems related to the foreign languages, threats and opportunities of foreign markets, external networks of markets and in general, marketing strategies of export, product design and pricing.
- ◆ Also the managers must consider these points such as planning, prioritization, controlling and monitoring, decision making, guiding, coordination, and the motivation of employees.
- ◆ The Iranian exporter must determine the economical barriers which cause the problems for using the standard marketing strategies. The countries based on the economical facilities and infrastructures such as energy, presentation power, transportation facilities, mobile phones, roads, railways, airports, weather conditions, ... are different. When we face these differences among Iran and the destination of exports, responding to them for product adaptation and marketing strategies with the available infrastructures is essential.
- ◆ Determining the sources for improving the capacity of adaptation with the marketing strategies.

- ◆ Determining the cultural factors prevents the export development of Iranian companies to the other countries which are in different cultural conditions.
- ◆ The legal and political situations in one country to the other one are different and these differences were seen in some variables such as governing systems, management policies of foreign exchange rate, export tax, international property, markets, Subsidies, corruption, foreign investment support, rules and regulations, dispossession, controlling the imports, controlling the prices, and limitations in the private section cooperation in the especial (stock) industries. Based on these differences, the managers of exports must study and consider these differences.
- ◆ Increasing the cooperation in the foreign trade exhibitions, export advertising plans / programs, learning programs which are being held by the public entities, and sending the employees to the destination countries in where they have the opportunities for learning the culture of other countries are so effective.

The findings of this study play an important role in recognizing the negative and positive points of export performance and product adaptation strategy of industrial companies and if the future researchers study the companies based on their products' types, then their results will be accurate and effective.

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