

Strategy Analysis of the Best Non-Oil Exporters in Iran

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Abstract: The purpose of this paper is to understand the competitive strategies of Iran's top exporting companies. The statistical society in this study is 59 of the Iran's top exporting companies. The method is by random sampling and the sample according to Morgan's table is $n=49$. A questionnaire has been distributed in the sample and 35 companies have answered the questions. The data has been analyzed with SPSS and for this matter the Median Nonparametric Test has been applied. The results indicate that most of the Iranian exporting companies use more often the Cost leading strategy and use less of the difference strategy.

Key words: Cost leader ship strategy % Differentiation strategy % Intensive strategy % Exports

INTRODUCTION

It is without a doubt that gaining the global market is the objective of organizations and companies that find following useless and don't stand leadership. But instead, they want to be seen, influential and in one word ahead. Entering the international eras needs proper institutional structure and use of managers with global thoughts and abilities. Managers that have deep and foreseeing knowledge and have the ability to develop team work in the form of international groups with various members.

The businesses must change their point of view from internal markets to global markets, by considering the necessities of global activity and objectifying it and also belief in the possibility of competition.

Now it should be considered that the companies and institutions should choose what strategies in order to turn their internal weaknesses into strength and turn outside threats to opportunities.

Father of strategy was a Chinese philosopher named Saoun-Tesue whose thesis was published by the name of "Art of War" 400 years BC. He considered strategy the art and technique of designing, compound and rejoin of the military operation in order to maintain the objective [1]. This term was turned in to a popular commercial term in the 60s [2]; thus strategy has been transferred from the art of generals to the art of general managers [3].

Strategies are the tools which a company can reach its long term objectives by deploying them. These can be in the form of geographical expansion, activity variation, purchase of other companies, produce and supply, entering the market, reduction of costs, property sale, surrendering rights or conducting private partnership [4]. Strategy is a set of fundamental or critical choices about the results of an activity and to tools to do it [5].

What the managers mean by strategy is vast area, future consideration and necessary plans to face the environment for gaining the company's objectives [6]. Therefore, a strategy shows the firm's game plan and also provides a framework for the managerial decisions [7].

Key aspects of competition strategy: generally planning a competitive strategy means providing a vast formula for determining the way of competition, objectives and the necessary policies in order to achieve their objectives [8]. Depending to the form of the business, management might interpret these operational strategies with more or less preciseness and accuracy.

In the most expanded way, planning a strategy requires some key factors that determine the company's successful area. Specific values of a corporation, are the incentives and necessities of the key sectors of operational and personal managements which the chosen strategy should apply. Advantages and disadvantages

Moral Image	Distribution Channel	Personal	Service	Good	
symbol multimedia	Coverage	ability modesty	Costumer cervices	Qualities	
environment events	expert	credibility trust	Repairing services	Function	
		operation	reaction contact		Match
					lasting
					Trust
					Shape
					Design

beside the values determine internal limits for competition strategy of a company which should be applied successfully by the company [8].

External limits are determined by the industry and vaster areas. Opportunities and threats in an industry are the determinants of the effects of government policies, social considerations, variable conditions and so many other factors on the company's operation [8].

Micheal Porter Competition: to enter the market, companies must choose between market sectors, little costs or uniqueness. Company's choice for gaining a vast sector of market and the advantage from the least cost is called cost leadership; while, gaining an advantage of uniqueness is called discrimination. Companies also may choose concentration strategy which consider small sector of market and least cost or discrimination [9].

Porter's strategy requires different institutional structure, control trends and motivational systems. Bigger companies that have access to more resources compete on expenses for leadership or try to produce special goods and services which defer from the competitors, while most of the smaller companies focus on unique goods and services.

Differ Strategy: the first generic strategy is the one in which the company provides different goods and services. This action will result in a situation that is unique in the whole industry [8]. The mean of this strategy

Table3: Factors of defer is that the goods and services that are considered unique in the industry be supplied to the costumers that have less elasticity to the prices [10].

Variables of defer: in Table 2 we show that a company can make its product unique in five dimensions: Good, Service, Personal, Distribution channel or deferent image.

Concentration Strategy: the second generic strategy is focus on a specific group of buyers, part of the production line or geographical market. The mean of this strategy is to satisfy the needs of a small group of

costumers with a specific good or service. Strategies like entering the market or developing the market are good tools and can be used to focus on a specific group of costumers.

Cost Leadership Strategy: the third strategy that was an increasing phenomena in the 1970s, is a method to gain general leadership using some applicable solutions to achieve this goal. Less cost than the competitors is a factor that should be the core of the strategy; however, the quality, services and other dimensions can't be ignored.

Being in low cost position, beside a strong competition factor, leads to higher revenue for the company in the industry. This situation gives the company this chance to have a defense shield against the competitors, because les costs means the company can achieve profit even after the others have spent theirs competing [8].

Actually in the cost leadership strategy the objective is that the goods be supplied with less prices than the competitors and thus gain more share in the market. Then by increasing the sale, try to force others out of the market [4].

The study approach: in the present study deferent Porter's competitive strategies and their application were studied in the top exporting companies and therefore the research is applicable. In this paper the approach is descriptive and the data is gathered by using questionnaires in successful exporting companies in order to evaluate their strategies. According to the statistics published by the UNDP in 2010, 59 companies were introduced as the top exporters. The sample was randomly chosen from the above group. The amount of the sample is n=49.

This study consists of three main independent variables and their subsets. The main variables are the Porter's competitive strategy factors (strategies of differ, focus and leadership).

The questionnaire is consists of questions about the three Porter's strategies (Differ, focus and cost leadership). These questions include 14 questions on the differ strategy, 4 on focus and 7 on cost leadership that

Table 2: Differ strategy

	F	F(%)	F _s
Very little		8-Jun	8-Jun
little	10	28-Jun	Jan-37
medium	14	0/40	Jan-77
much	6	17-Jan	Mar-94
Very much	2	5-Jul	0/100
sum	35	0/100	

Table 3: Focus strategy

	F	F(%)	F _s
Very little	5	14-Mar	14-Mar
little	4	17-Apr	25-Jul
medium	7	0/20	Jul-45
much	9	25-Jul	Apr-71
Very much	10	28-Jun	0/100
sum	35	0/100	

Table 4: Cost leadership

	F	F(%)	F _s
Very little	3	8-Jun	8-Jun
little	5	14-Mar	22-Sep
medium	10	28-Jun	Apr-51
much	15	Sep-42	Mar-94
Very much	2	5-Jul	0/100
sum	35	0/100	

Table 5: The statistics

	Num	Mean	S.E	Min	Max
Differ	35	69/45	894/8	28	62

Table 6: the nonparametric median test

	Group	num	%	Per. Of test	P_value
Less and equal the median	<=	13	37/.	50/.	175/.
More than median sum	<	22	63/.		
		35	1.00		

Table 7: The statistics

	Num	Mean	S.E	Min	Max
focus	35	04/11	469/3	4	20

Table 8: nonparametric medium test

	Group	num	%	Per. Of test	P_value
Less and equal the median	<=	9	26/.	50/.	006/.
More than median sum	<	26	74/.		
		35	1.00		

Table 9: The statistics

	Num	Mean	S.E	Min	Max
Cost leadership	35	96/25	903/4	7	32

Table 10: Nonparametric median test

	Group	num	%	Per. Of test	P_value
Less and equal the median	<=	8	23/.	50/.	002/.
More than median sum	<	27	77/.		
		35	1.00		

are based on the research variables. The Keronbakh alpha was estimated by SPSS and it is equal to 77% which is a mean of the questionnaire's credibility.

Data Analysis: According to the results 37.2 percent of the subjects answered little and 22.8 percent of them answered much for the differ strategy.

According to table 3 31.7% of the subjects has answered little and 54.3 percent have answered much for the focus strategy.

The table above indicates that 22.9 percent of the subjects answered little and 48.6 percent of them answered much for the cost leadership strategy.

Hypothesis Test

First Hypothesis: there is a relation between the differ strategy and the amount of export.

H₀: the exporters didn't use the differ strategy for being in the foreign markets.

H₁: the exporters did use the differ strategy for being in the foreign markets.

Since the P-Value is 0.175 after the test and it is more than alpha (5%), therefore the H₀ hypothesis is accepted and hence the top Iranian exporters didn't use the differ strategy.

Second Hypothesis: there is a relation between the focus strategy and the export of the top Iranian exporting companies

H₀: the exporters didn't use the focus strategy.

H₁: the exporters did use the focus strategy

The amount of P-Value after the test is 0.006 which is less than the alpha (5%) and therefore the H₀ hypothesis is rejected and hence the exporters did use the focus strategy.

Third Hypothesis: there is a relation between the cost leadership strategy and the top exporting countries.

H₀ : The exporting companies didn't use the cost leadership strategy.

H₁ : The exporting companies did use the cost leadership strategy.

According the table above the P-Value is 0.002 which is less than the alpha (5%), therefore the H_0 hypothesis is rejected and hence the companies did use the cost leadership strategy.

CONCLUSION

the info gained by the nonparametric tests indicates that in the differ strategy the P-Value $>\alpha$; therefore, the H_0 hypothesis that is the usage of the strategy by the exporting companies is rejected. It can be concluded that most of the companies don't use the differ strategy.

The nonparametric median test also indicates that in the usage of the cost leadership and focus strategy the P-Value $<\alpha$ and therefore the H_0 hypothesis is accepted and so the Iranian exporting companies usually use the named strategies to enter and compete in the markets.

Because of disadvantage in Iran's exporting goods in production, supply and demand instead of trying to gain differ in the Iranian exporting goods the companies are trying to lower the costs and provide cheaper goods in the global market; in order to remain in the markets.

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