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LA COMUNICACIÓN, ASPECTO ESENCIAL EN LA INTERPRETACIÓN NECESARIA DE DESIGNING A MODEL OF ENTERING INDUSTRIAL COMPANIES INTO INTERNATIONAL MARKETS WITH A GROWTH AND DEVELOPMENT APPROACH

DISEÑO DE UN MODELO DE INGRESO DE EMPRESAS INDUSTRIALES EN MERCADOS INTERNACIONALES CON UN ENFOQUE DE CRECIMIENTO Y DESARROLLO

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ABSTRACT

The purpose of this research is to present a model and identify the variables affecting the entry of the automotive industry into international markets with a growth and development approach from the perspective of automotive experts. We have divided effective variables into 3 levels: 1- External environment (target market) 2- National environment 3- In-organization environment. In this paper, after reviewing the research background, it summarizes the variables affecting export development by meta-analysis method and then conducts in-depth interviews with 12 automotive industry experts by grounded theory via maxqda12 software after three coding and identification. We present the influential variables of this step and their combination with the variables obtained from the meta-analysis method of the research model.

Palabras clave:

International markets, growth strategy, internal controllable factors, uncontrollable internal factors, uncontrollable external factors.

RESUMEN

El propósito de esta investigación es presentar un modelo e identificar las variables que afectan la entrada de la industria automotriz en los mercados internacionales con un enfoque de crecimiento y desarrollo desde la perspectiva de los expertos automotrices. Hemos dividido las variables efectivas en 3 niveles: 1- Entorno externo (mercado objetivo) 2- Entorno nacional 3- Entorno en la organización. En este documento, después de revisar los antecedentes de la investigación, resume las variables que afectan el desarrollo de las exportaciones mediante el método de metanálisis y luego lleva a cabo entrevistas en profundidad con 12 expertos de la industria automotriz mediante teoría fundamentada a través del software maxqda12 después de tres codificaciones e identificaciones. Presentamos las variables influyentes de este paso y su combinación con las variables obtenidas del método de metanálisis del modelo de investigación.

Keywords:

Mercados internacionales, estrategia de crecimiento, factores internos controlables, factores internos incontrolables, factores externos incontrolables.

INTRODUCTION

Problems arising from the monopoly economy and the reliance on oil revenues in the Iranian economy, as in other oil-rich countries, have severely affected the economy of the oil market. That is, since the bulk of such foreign exchange earnings in these countries is obtained solely through the export of one or more raw materials. So these countries have a very weak and fragile structure (at least in the long run) against external pressures and pressures. It is obvious that in such circumstances any abnormal fluctuations in the price of these commodities or the limited commodities that constitute the main sources of income for these countries will have a profound effect on their entire structure,

Exports are one of the key activities for economic health that significantly contribute to improving trade balance, economic growth and improving living standards as well as enhancing domestic production capacities, creating new jobs, accumulating currency reserves and increasing industrial productivity. The process of globalization of economies and markets has led firms to incorporate global markets into their planning. In the traditional literature of the international economy, exporting is the easiest way to enter foreign markets, because selling products made to foreign markets does not make much difference to the production line and other sources. For this reason, it does not require many financial and human resources (Reis & Forte, 2016).

Exports of goods and services play an important role in the economies of countries. With the boom in business all countries around the world are working to make this economic engine work by adopting appropriate policies. Thus, competition in the field of trade has increased, with countries having a clear strategy and prospects for exporting their products being more successful (Shah Hosseini, Amoli & Khalili, 2018). The automotive industry is renowned for its locomotive industry because of its association with more than 60 other industries, as it builds on a range of technologies including metal, plastic, chemical, wood, insulation, glass, electrical, metallurgy, design, management, economics, and hundreds more are involved.

According to the Automotive Manufacturers Association, there are a total of 390,000 people in the car parts and automotive industry, 380,000 in the automotive raw materials sector, and 850,000 in the car dealership and aftermarket

service sector. This number ultimately confirms the total employment generated by Iran's automobile industry is 85,000. Almost all developing countries have made export development a top priority for government policies and policies and, of course, there is awareness and attention to the importance of the export issue in developed countries. In line with the vision of the Islamic Republic of Iran in the horizon of 1404, "Delivering a Supreme Leader and Achieving a Top Economic, Scientific, Technological Position at the Level of Southwest Asia with Emphasis on the Software Movement and the Production of Science" in the automotive industry as a pioneer and locomotive of the country's industry, it can play a role in achieving the country's prospects by creating scientific capabilities and capabilities (Iran. Ministry of Industry and Mining, 2013). A review of past studies also shows that so far no qualitative research has been undertaken on designing the model of entry of industrial companies into international markets with a growth and development approach at all levels, so in this study, we have attempted to model the entry of car companies into markets. We have designed the international approach to growth and development according to the variables in the research background and the variables considered by the experts. And the overall goal of this research is to grow and develop non-oil exports for our automobile industry to enter the neighboring countries, especially Azerbaijan.

DEVELOPMENT

The increasing integration of world markets and the interdependence of countries for resources, products, and services has led to the development of international trade, valued at 7.6 trillion dollars. However, many companies see these significant developments as an opportunity to expand their international operations to achieve growth goals, increase sales and profits, reduce business risks and even counter external competitors in their local markets.

The nature of global competition is changing due to networking, cooperation, and growing international alliances. In addition to these environmental forces, other factors such as foreign forces, domestic forces, and company factors have been illustrated in Figure 1.

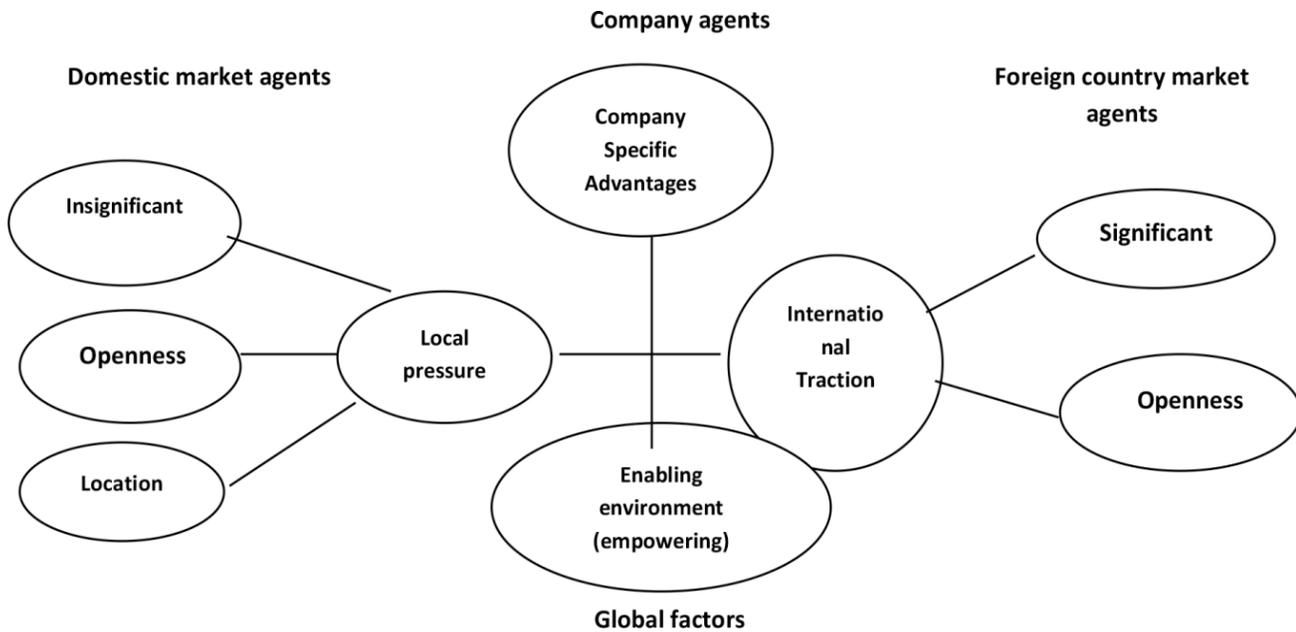


Figure 1. Explaining the factors of internationalization.

Source: Mirabi & Emadi (2017).

DEVELOPMENT

International marketing involves the operation of business activities to plan, price and promote, direct the flow of goods and services to customers or consumers in more than one country for profit. The only difference between domestic marketing and international marketing is that

international marketing activities take place in more than one country. This relatively minor difference ((in more than one country)) has complicated and diversified international marketing operations.

Summary of the different strategies are presented in Table 1.

Table 1 Summary of International Growth and Development Strategies.

	new products	Available Products
Available market	Product Development Strategies Product Improvement Product family development New products for existing markets	Market penetration strategy Increase market share Increase product usage Increase Frequency Increasing the number of new applications
New Market	Diversifying strategies Vertical integration with upward integration Downward integration - homogeneous diversity Heterogeneous variation	Market Development Strategies Expanding on market development of existing products Geographical Development New Target Sections

Source: Erabi & Izadi (2007).

From the theoretical point of view of existing models and theories about internationalization, firms can be divided into two main categories: traditional and established theories (Golestan & Khodadad, 2006). Speculative school, absolute advantage theory, and comparative advantage, product factor ratio theory, product life cycle theory, country size theory, similarity or similarity theory, and Porter's National Competitive Advantage Theory can be

regarded as an example of traditional theories available internationally.

Traditional theories are heavily influenced by the dominant paradigm of economic theory and explain the issue of entry into the world market at the country level. The second stream of corporate internationalization is rooted in the Chandler strategy paradigm (Alaric, 2000 cited by Golestan & Khodadad, 2006). This theory was largely

developed after the Second World War as multinationals grew due to the inadequacy of country-specific theories, and the theory relied on the behavior and characteristics of the firm, industry, or network approach. Chandler's theory of strategy structure, Stapford Wells' stage internationalization model (1972), Franco's internationalization model, and others influenced. Chandler's theory of strategy structure influenced the internationalization model of the Stafford Wells Stage (1972), the internationalization of Franco et al. (1967).

Since the mid-1980s, process school theorists have discovered the emergence of a new model of international strategy and structure for multinational corporations and established a new paradigm for the process of corporate internationalization (Rolander, 1990 cited by Golestan & Khodadad, 2006).

According to Bartlett and Ghoshal (1995), the traditional doctrine (strategy-structure), founded by Chandler, should have replaced the doctrine (purpose, process, people) (Goshal, 1995; quoted by Golestan & Khodadad, 2006).

White and Poynter (1990) argued that, as the international environment becomes more dynamic, strategies that rely solely on a competitive advantage become more ineffective and companies need to create a mosaic mix of competitive advantages. Thus, companies set up horizontal branches that each have their own competitive advantages and achieve a cohesive network structure by aligning them (White, 1984, quoting by Golestan & Khodadad, 2006)

In general, a review of the literature on international trade theories and models of global market entry shows that the existing theories and models are divided into 4 groups in terms of the level of analysis. Some of these theories (often traditional international trade theories) raise the issue of international competitiveness at the country level. Porter and other theorists in the industrial economic have studied the issue of international competitiveness at the level of industry analysis; while some other theorists study the issue of international competitiveness at the level of firm analysis (Golestan & Khodadad Hosseini, 2006).

The fourth group includes theories and models that internationally analyze concepts, such as social capital with a participatory advantage of firms' competitive ability to enter the global market, based on their strategic relationships with other companies and market players (same resource).

Companies seeking to enter foreign markets must have a good understanding of their internal and external environment. Analysis of the environmental factors is one of

the main measures before the initiation of the international activities (Tajeddin, 2009). Environmental factors refer to external and internal forces that influence its development and outputs (Hamidizadeh & Zargaran, 2013).

External environment factors are uncontrollable forces that managers and decision-makers of the company do not have much control over them (Zekiri & Angelova, 2011).

A. Environmental micro factors

Market conditions, government policies, and competitive conditions are among the environmental factors that influence firms' preparation to enter international markets. Companies that intend to enter international markets must have an accurate assessment of the size of foreign markets and estimate the market capability (Talebi, et al., 2010).

The main focus of companies is on identifying the desires and needs of target market customers. Managers and marketers are always looking for the answer to the question whether marketed products or services are capable of meeting the needs of target market customers. Competitive pressures are another influential environmental micro factor. One of the concerns of companies is the loss of local market share in competition with companies that benefit from economies of scale due to operating in international markets. Losing foreign market share to local competitors is another concern of companies focused on these markets. The market share is more specific to those who first enter these markets (Zekiri & Angelova, 2011). Governments can both encourage and hinder export activities through some activities. Governments can encourage export activities by providing export information, sales guidance, tax incentives, insurance, and funding programs (Reid, 1984, quoted by Hamidizadeh & Zargaran, 2013), and they can also hinder companies' export activities through foreign exchange rate change policies (Czinkota & Ricks, 1981 quoted by Hamidizadeh & Zargaran, 2013).

B. Environmental macro factors

Political, economic and socio-cultural factors are among the major environmental factors that influence the international preparation of companies. Political factors play an important role in entering international markets. Any company that plans to expand its business abroad should carefully examine the government's target market guidelines and the host country's political system. Government intervention in businesses is related to policies that maximize the willingness of companies to do international activities. Economic factors as one of the major environmental factors must be considered before entering international

markets. International marketers have paid so much attention to the economic development and performance of the country in businesses.

The economic growth of a country has a great impact on the choice of a company's international strategy because this has a major impact on the company's attitude to economic activities and the need for goods and distribution systems within the country. The economic environment is important for understanding the conditions of developing countries and their market capability and growth. Culture is one of the most challenging factors in preparing companies to enter international markets. Culture refers to the general knowledge of human beings, beliefs, arts, morals, laws, customs, and other abilities and habits that individuals have adopted as members of society. According to Cateora and Graham (2005), culture is part of the marketing concept and its basis is to satisfy the needs and wants of potential buyers (Niko Maram & Abdulvand, 2014).

Internal environment of the company

The internal factors of the company are the variables that are under the control of the company. In this research, controllable internal factors are divided into two categories of management and marketing mix.

A. Managerial factors

The managerial characteristics that influence the preparation of companies to enter international markets are as follows: attitude, personality characteristics, age of the individual, and foreign experience. Perlmutter (1993), quoted by Hamidzadeh & Zargarán (2013), for the first time stated the importance of managerial attitudes in shaping the company's international activities.

Management understanding of international opportunities and constraints, the competitive advantages of the company, and the preparation to export activities shape the attitude of managers to enter international markets. Individual characteristics of company executives or decision-makers include a desire to learn different cultures, risk-taking, travel interest, prioritizing business relationships, language skills, managerial and leadership skills, academic background, and skills in establishing communication networks. Foreign experiences at international levels include work experience, study, and living abroad, formal and informal international contacts or meetings, and language skills. Managers' technical knowledge, often gained through travel or life experience abroad, exposes the company to foreign cultures and provides the opportunity to gain more knowledge through market and competition globally.

The marketing mix is almost under the control of the marketing manager. The marketing manager uses a combination of price, product, promotion, and distribution channels to capitalize on anticipated demand according to their overall resources. Internal controllable elements can be changed in the long-term, and usually in the short-term, to suit market conditions, consumer tastes or organizational goals.

Due to the dependence of the Iranian economy on oil on the one hand and the oil price fluctuations in world markets as well as the multilateral monopoly market, many of the anomalies in this market harm the economy of oil-dependent countries. Export promotion plans refer to all public policies and programs designed to assist firms' export activities from consulting, tax incentives and export financing to trade fairs and sales promotion assistance.

Many companies are unable or unwilling to widely pursue exports due to lack of experience, limited resources or other problems. Export promotion programs are provided by government, business organizations, and other organizations to help companies overcome these constraints and play a key role in encouraging international business.

Also, the goal of export development programs is to enhance export performance by enhancing firms' capabilities, resources, strategies and overall competitiveness, which results in enhancing export performance. Another major goal of the export promotion program is to increase a country's foreign revenue to enhance its trade balance. External source export development programs provide a ready source of information, experience, and knowledge, and create new capacity to cope with export complexities. The literature also shows that government programs are important for creating awareness of opportunities and planning and enhancing the organization's export capability and provide opportunities for cost-sharing. Also, reducing costs, integrating target market information, export credits and loans, reducing the cost of finished products, granting subsidies, and etc., are directly offered by export promotion programs and have a direct impact on the firm's export performance. In other words, the purpose of these programs is to create awareness of opportunities and to plan and increase the organization's export capability that provides opportunities for cost-sharing (Khorshidi, et al., 2016). Also, adopting a strategy for economic development is one of the most important actions of any organization in today's highly complex and difficult competition in international markets. Every country needs to enter international markets for its own economic development and boost trade with other countries, and these governments make export and trade relations an important factor for economic development because reaching foreign

markets while providing full capacity and production at an economic scale, reduce production costs and provide consumer benefits and this will provide economic added value to the country and promote non-oil exports and ultimately economic prosperity and welfare for its people, on the other hand, emancipation from the single-product economy and diversification of export items, especially the automobile industry, has strengthened Iran's economic independence and, consequently, by achieving economic independence can strengthen its positions in other areas.

MATERIALS AND METHODS

In this study, qualitative research method was used. The reason for conducting the research is that qualitative research allows the researcher to interact with the subjects in their own language and in the context in which they are located. Also, more flexible methods are used for collecting, analyzing, and interpreting data, and it considers the phenomena under study from a holistic perspective (Hariri, 2006).

Qualitative research has the following characteristics:

1. Paying attention to meanings, views, and perceptions
2. Paying attention to natural environments
3. Context perception
4. Process perception
5. Identifying phenomenon and unexpected effects
6. Providing explanation (Saie Arsi, 2010)

A majority of the analysis in qualitative research has an interpretative aspect (same source). Kirk and Miller also consider qualitative research as a social science approach that basically relies on the study of individuals in their own environments as opposed to those in their own language and under the same conditions (Hariri, 2006).

In general, qualitative research has a phenomenological perception of social actions and thus has set itself the goal of trying to see from the perspective of human actors (Same source: 5). Now, in the method of qualitative research, this research has used phenomenology-theoretic-meta-analysis.

Phenomenology

Phenomenology is the explicit description and identification of phenomena, as it collects data from individuals who have experience of the subject, and it develops a descriptive combination of the essence and nature of the experience (Salimi & Sharafi, 2015).

Meta-analysis

Meta-analysis has more or less similar definitions expressed by researchers. In this section, we will discuss some of the views of the experts on the definition of the above concept. Glass writes: meta-analysis refers to the analysis of analytics. Statistical analysis is a broad set of results from the analysis of individual studies with the aim of integrating findings and Dominous and others in an article consider the meta-analysis as a set of statistical procedures that are predicted to accumulate empirical results and correlate from independent studies.

In another definition, Baland writes: The meta-analysis method is a combination of data from multiple studies to produce an estimate and Chievo and Brino believe that meta-analysis relies on the principle that research results based on independent variables can be combined to provide an overview of the subject under study and a broader perspective on the effects of the tested design elements (Faith and Eunuch Nouri, 2006)

The innovation aspect of this research is that previous research has included variables in the theoretical or background context of research in other countries or other industries used in the automotive industry. But the variables of this research are obtained through in-depth interviews with automotive industry experts and its combination with those obtained from meta-analysis studies.

Data collection tool

This study used in-depth interviews to collect information on the Grand Theory section. The statistical population of this study consisted of 18 automotive industry experts selected through purposive sampling method with highly educated and highly experienced export development experts. All questions asked by the researcher were answered. The interview lasted from one hour to two hours (depending on the interviewee). The meta-analysis of the variables was analyzed through articles and research backgrounds that brought together 90 different articles and analyzed as a dataset, and then the variables were extracted from the grounded theory and meta-analysis of the conceptual model of this research.

Conceptual pattern extracted

Based on the results of previous studies and variables extracted from interviews with experts, the conceptual model of corporate-based research into international marketers with growth and development approach is shown in Figure 2:

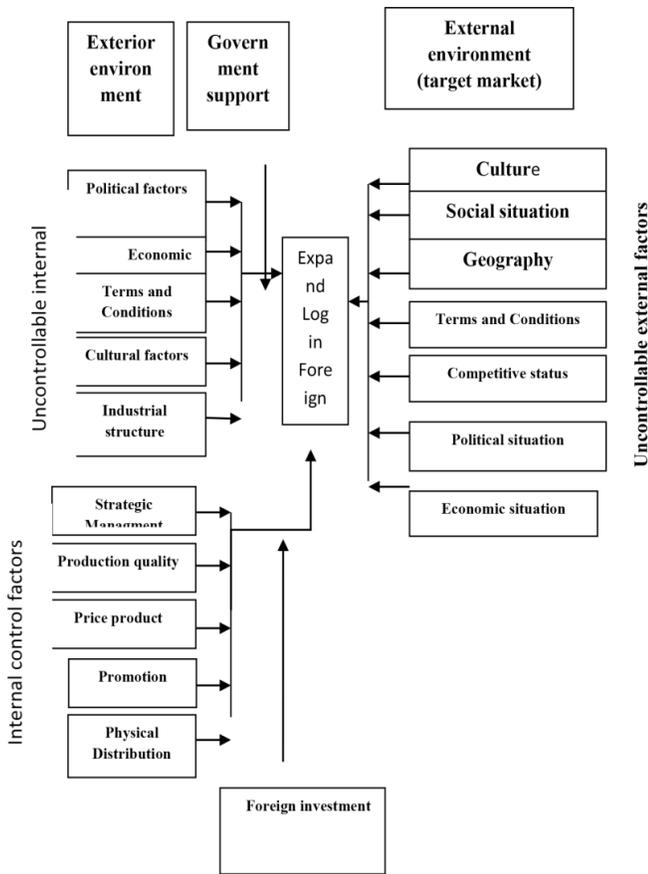


Figure 2. Extracted conceptual model of research.

RESULTS AND DISCUSSION

Data analysis and coding was performed through Maxqda 12 software, which encodes three steps: 1) open coding 2) axial coding 3) selective coding.

1. Open coding: We transform the interviews into text. Then, with Grounded Theory by Max QD software, we start with open coding. The concept of open coding is to extract the document, whether the author, the speaker, or the individual parts of the document, from each individual phrase or sentence. And we encode every concept that comes to our mind that we extracted 451 codecs from the context of the interviews. Some of the codes were gradually reduced due to their duplication.
2. Axial Coding: This is the way in which the concepts derived from open coding are shared, and these concepts are divided into several larger categories, which conclude that axial coding is a set of categories. And the categories of work cover the concepts that fall within their realm that we extracted with 19 core categories by coding in this study.

3. Selective coding: After open coding and axial coding, we deduce the theoretical relations between categories as selective coding, which in the selective coding relate the variables of national domains to the moderating variables of government support and the development of foreign market entry and the relationships of domains within. The organization has been inferred through joint venture and development of entry into foreign markets and relationship of international scope variables and development of entry to foreign markets.

CONCLUSIONS

In this study, we sought to identify and design the variables affecting the entry of car companies into international markets with a growth and development approach. Then we prioritize the importance of the variables. In the first step, after studying the research background, this study brought together the data obtained from different researches and analyzed it as a dataset. Previous research analyzes have yielded large amounts of data and summarized the variables affecting export development that this step is referred to as meta-analysis or meta-analysis. The next step is to conduct in-depth interviews with 12 car export experts to identify variables through maxqda software. The most effective variables are divided into 3 levels. These include 1- International environment (target market) 2- National environment 3- Organization environment (producer) the identified variables at each level are: 1- International environment (target market): Including factors: 1- Cultural 2- Social 3- Geographical 4- Laws and Regulations 5- Competitive Situation 6- Political Status 7- Economic Status and Variations Related to the National Environment Uncontrollable internal factors including: 1- Political 2- Economic 3- Laws & Regulations 4- Cultural and social 5- Industry structure and related variables within the organization Internal control factors including: 1- Strategic management 2- Quality of production 3- Product price 4- Promotion 5- Physical distribution. Two identified moderator variables, one of which is government support, moderates the intensity of the uncontrolled environment variable on the dependent variable of foreign market entry and the joint venture moderator variable that adjusts the intensity of the internally controllable variable on the dependent variable of foreign market entry development.

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