

Identifying barriers to the development of exporting home appliances to Central Asia countries

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Abstract

This study aims to identify barriers to the development of exporting home appliances to Central Asia countries. The extant study is applied research in terms of objective and is a descriptive study with correlational type in terms of data collecting method. The statistical population of the study comprised ten major home appliances-producing companies that have had export over recent two years. All home appliance-producing companies were studied as a statistical sample due to the limited number of them. Moreover, 12 managers were averagely employed in these companies. Hence, the statistical sample size equaled 120, which were studied through total population sampling. The required data were gathered using library and field methods, including questionnaires. The data obtained from samples were analyzed using descriptive-analytical and inferential techniques through SPSS software. The results indicated economic, political, and managerial obstacles as barriers to the development of exporting home appliances to Central Asia countries.

Key words; Export, Home Appliances, Managerial Barriers, Political Barriers, Economic Barriers

Introduction

In the current world that is full of competition, the success of each nation depends on the perception and knowledge about available amenities and their optimal operation of them to create more growth and development in all fields and contexts (Jaghoubi, 2021, Alzahrani, 2022). This is also a critical case in our country, Iran which depends on the oil income (Busman, et al., 2021). Decreased income obtained from oil export and its severe fluctuations, population rise, reduced purchase power, oil incomes obtained from the ruined transaction relation in favor of industrial and developed countries in trade with third-world countries, and more importantly, non-renewability of natural resources, including oil must warn us, and especially economic planners and policymakers of Iran that they must develop non-oil export and eliminate the single-product economy depending on oil income. A society that looks for independence and autonomy in the modern world of today requires earning income from other resources and amenities that must be found. They must take effective measures, plan, and invest to develop such resources and use the income obtained from such products to result in personal and social creativities. This case, in the first level, requires research about the resources, barriers, and amenities then making a plan to achieve a higher efficiency and take rapid measures to accomplish such plans (Haluk, 2011).

Non-oil export development in Iran deals with numerous issues and problems; hence, many solutions and strategies have been proposed for this problem by various [articles](#), comments, and conferences. However, these solutions could not boost export development due to many reasons. The present study was conducted to find whether this problem is rooted in a lack of study on export or not. The purpose of this study is to investigate the role of studies in increasing non-oil export.

To do this, the impact of study and research on export enhancement is addressed, indicating that research and study on all contexts related to export, including the use of new technologies in the production of different products, creating conversion and processing industries, and marketing research would develop the export process. Therefore, export must be seen as a specialized process,

and sophisticated solutions must be provided in the research. Hence, this study aims to study the non-oil export process and examine factors causing recession or development in this process, while addressing the role of studies as the export development driver. Moreover, this study prioritizes studies on factors boosting export (Altintas et al., 2007).

In addition, the home appliances industry is now one of the largest industries in the world their production and export bring high profits for countries that have such industries. Since these industries gain a high sale rate worldwide, Iran can achieve a good position in this field by investing in, producing, and exporting these products in terms of job creation and earning income.

Iran's status in the home appliances sector is not a good position in the huge international trade market, while the most relative advantage of Iran is in home appliances helping the country to enter international trade. The obstacles to export have prevented these markets from considering the continuous and optimal product supply by Iranian exporters. This issue appeared due to a lack of skill in this sector, especially in international trade. Hence, it is required to address the export and international marketing based on a knowledge-based approach to make public policies on non-oil export development and remove the barriers to exporting home appliances.

According to the statistics published on Custom Website, home appliances export makes up around 10% of the world export rate, while this rate is very low in Iran. Various factors contribute to [attracting](#) international markets, including quality of domestic products, competitive price in the target market, suitable services, etc. Availability of the target market is another effective factor, and Central Asia countries have this feature in export. Iran also can easily have economic exchange with Central Asia countries through sea and land. Another point contributing to achieving the target market is the common [language](#) and culture shared between countries. Historical antecedents indicate that these countries were a part of Iran in the past, and even people in some of them like Tajikistan speak in Persian, so it is easier to communicate with countries in Central Asia and export appliances to them. On the other hand, a country that has inexpensive and available raw materials and resources, as well as a young educated human force can achieve a great position in the production and export of this large industry. Therefore, Iran can attract the market of neighboring countries particularly those located in Central Asia that do not have a developed industry.

Despite all advantages, including common border, common language, historical background, and similar culture that make it easy for Iran to export home appliances, this rate is almost zero!

According to the points mentioned above, this study aims to find barriers to exporting home appliances to Central Asia Countries.

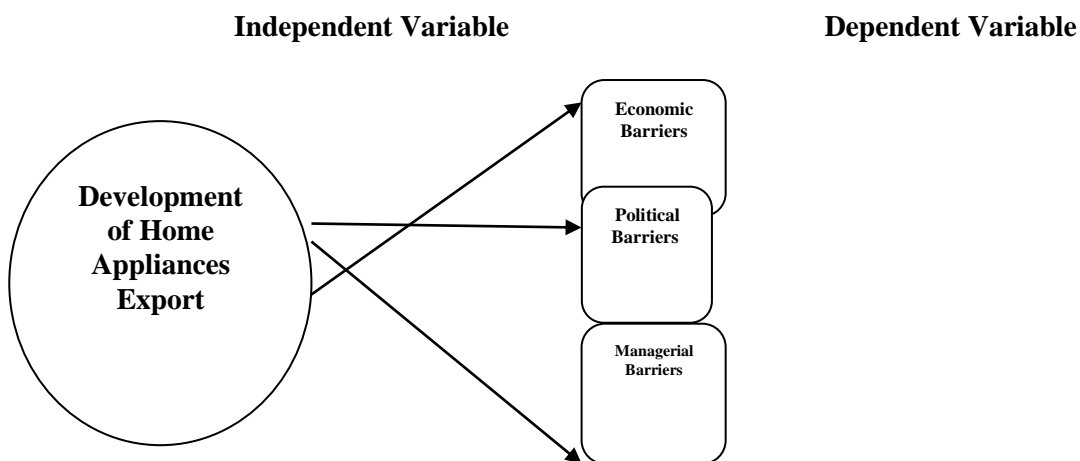


Figure 1. Conceptual Model

Theoretical Foundations

Export

Export issues are defined as attitudinal, structural, operational, and other limitations that postpone the ability of the company to implement, develop, and continue international operations. Many studies have focused on different aspects of export issues using various methodologies. According to the literature review, export obstacles are divided into two external and internal categories. Internal barriers include issues occurring inside the company and usually cover insufficient organizational resources for export activities, which are associated with company and product characteristics, such as incomplete financial resources, lack of knowledge and market information, low quality of products, high price, and insufficient human resources. Studies indicated that difficulty in collecting information about export markets is one of the substantial export barriers for export and non-export companies (Craig & Ahmed). The inability to collect, disseminate, and use market export information negatively affects the export performance of the company.

Product-related export issues can be classified as qualitative and technical problems. Product advantages in terms of quality, price, efficiency, and brand reputation significantly influence the export development of the company. In contrast, the lack of product advantages negatively affects product export demand and directly influences export performance.

In the opinion of Hult et al. (2000), pricing is an important case in export. The inability to provide satisfying prices in international markets may originate from the increased cost of the sold product, which leads to extra costs for product modification, packaging for export marketing, higher management, operational, and transportation expenses, tariffs, higher taxes or fees, and higher marketing and distribution costs. The inability to provide accurate prices lead to some problems in the export sale and negatively affects the export market stock and productivity.

Production factors have always been important elements influencing the productivity of companies. Although the influence of physical infrastructures is a debatable issue, it plays a vital role in efficiency and productivity (Mahdavi and Mirfasihi, 2008). Globalization and increased [business](#) liquidity have enhanced the demand for communication and transportation infrastructures in all countries with any development level.

Effective access of companies to capital for long-term investment increases productivity levels, and it is a critical case. Many studies have analyzed the impact of financial market development on economic welfare (Ang, 2008). Some point to the role of capital markets, while others consider [credit](#) accessibility. Although no clear evidence indicates which one of the financial systems (capital-based or bank-based) is preferable, developed financial markets are more suitable for growth (da Silva & da Rocha, 2001).

Scientific and technological infrastructures are required for productivity growth. A source exists for new ideas in developed economies, which stimulates knowledge progress. In undeveloped countries, the capacity required for production knowledge must be improved; however, innovative capacity is not the only important factor for the costly process of research and development (R&D). The competitiveness of the microeconomy has been high enough in many aspects of the business environment quality aspects, and advanced R&D operations for producing more inventions, and other innovative outputs (Hooley et al., 2001).

Country openness for trade and foreign investment is one of the main aspects of strategy and competition. In this case, countries can apply their relative advantages and achieve direct development in total economic performance. This ability provides access to more advanced thoughts and technologies exposing local companies to more competitive pressures. Different empirical literatures exist on the impact of long-term openness on growth and productivity. Some studies have found an association between openness and economic welfare growth (Sarrafizadeh, 2011), or have revised the

role of trade in developed economies. Some others have stated that there might be an interaction between openness and other factors, such as powerful institutes that create positive impacts (Karakaya, 2002), while other authors claim that trade has a positive independent effect. External export issues originate from the macro environment of the company depending on the export market structure and domestic-foreign policies of the government. These macro-environmental forces, including competition in export markets, origin country, and tariff or non-tariff obstacles set by foreign governments would significantly affect the export performance of the company.

Some studies have pointed to the presence of reckless competitors, competitive prices, and stiff competition between export markets as export issues. For instance, Ahmed et al. (2004) found that stiff competition in Mercosur markets (the trade block called the Southern Africa common market) was the second most considerable export problem. Moreover, small-sized companies usually complain about competition between larger companies due to their restricted resources.

Barriers to non-oil export growth

Non-oil export must be studied comprehensively from three aspects. On the one hand, export issues particularly removing export barriers, encouraging exporters, giving required services, and so forth must be examined. The mentioned affairs have been widely addressed in academic seminars and associations by researchers and relevant officials of the Ministry of Commerce and Industries. On the other hand, the trade position of the country must be examined at the global level then rapid international change must be pursued based on a global attitude to implement domestic economic and business plans in line with global trade conditions. In the third dimension, non-oil export must be investigated as a sector influenced by other macroeconomic variables, including inflation, investment, etc. Now, Iran has a disorganized economy in which, required infrastructures for the promotion of culture and technology, as well as economic and social development, have not been provided. Moreover, plans and coordination needed in different sectors have not been considered for mentioned issues leading to various complicated problems in different fields overtly and covertly. Non-oil export issues cannot be separated from economic issues. The unsolved socioeconomic problems in Iran are caused by various factors divided into internal and external barriers. The internal bottlenecks of non-oil export can be investigated as cultural, economic, and structural barriers. The external issues may consist of political problems and economic sanctions, increases regional [cooperation](#), and the formation of the World Trade Organization (WTO).

Table 1. Non-oil export barriers

Row	Indicators	Source
Economic barriers	Exchange rate oscillations Investment barriers Economic insecurity	Institute of Business Studies and Research, Ministry of Industries
Structural barriers	Administrative barriers Service barriers Health Barriers in customs affairs Lack of suitable routes and ports Instability of trade rules and regulations, as well as the weak information system	Institute of Business Studies and Research, Ministry of Industries
External barriers	Increased competition at the international level WTO expansion Increase regional cooperation	Pishro, 1999

	Political issues Economic sanctions	
Cultural barriers	Inattention to time Human force and production factor problems	Office for Industrial Research of Ministry of Industries

The Role of foreign markets in the home appliances industry of Iran

The home appliances industry has a relatively long history in Iran, so a major of needs have been met by domestic production over the years. This is one of the important industries with a high investment rate and considerable background in terms of job creation. In addition to direct job creation, a large number of laborers are indirectly engaged in service, distribution, repair, and other sectors. However, most of the manufactured products in Iran are not matched with the modern industry of the world in terms of technology, appearance, etc. According to the performance of various activities of the home appliances industry, domestic demand features, and industrial developments of the world, the industrial products of the country can be divided into three major groups based on the development strategy plan of Iran: industries producing low-durable consumable products, industries producing durable consumable products, intermediate and capital industries. According to this classification, home appliances are categorized in the group of durable industries.

The export trend of home appliances has experienced many fluctuations over the recent ten years, and this trend has been consistent with the economic conditions of the region and target countries, as well as other indicators influencing world trade. In this case, competition in world markets has become problematic due to increased production costs at the end of 2019 and 2020 after the new economic policies and international restrictive rescripting were imposed.

World trade is moving towards liberalization, reduction in trade tariffs, and cancellation of non-tariff restrictions. In this world movement, competitiveness in the market relies on the price. New investments must be precisely done in industrial products to enter the world markets so that no investment must be done in the sector where its productions are not exportable (Fekri & Seyfi, 2010).

Globalization of this industry requires taking a deep look at the world markets, home appliances industry must export 50% of its manufactured products in the long term to keep a suitable share of the world market and achieve a good position in this market; otherwise, the domestic manufacturer cannot continue their activities due to the rush entrance of foreign companies. In this case, this industry will lose its competitiveness becoming a failed industry. American Whirlpool company with a sales of 18.7 billion dollars is one of the largest companies manufacturing home appliances in the world.

According to the investigation of economic changes and developments in Southeast Asian countries (China, Korea, Malaysia, Singapore, and Hong Kong), the main development keys in these countries have been planned based on two underlying bases:

First, national determination and unity of opinion in policymaking based on industrial development, and second, using successful and unsuccessful experiences of development in other countries. The top home appliance exporters in the world markets are the USA, Germany, Japan, French, Netherlands, Switzerland, Italy, Mexico, Canada, Singapore, and China.

Background

Mirghorbani (2013) has studied exports barriers from three dimensions:

1. Export-related issues, especially removing export barriers, encouraging exporters, giving required services, and so forth, have been widely addressed in academic seminars and associations by researchers and relevant officials of the Ministry of Commerce and Industries.
2. The trade position of the country must be examined at the global level then rapid international

change must be pursued based on a global attitude to implement domestic economic and business plans in line with global trade conditions.

3. Non-oil export must be investigated as a sector influenced by other macroeconomic variables, including inflation, investment, etc. Non-oil export issues cannot be separated from economic issues. The unsolved socioeconomic problems in Iran are caused by various factors divided into internal and external barriers. The internal bottlenecks of non-oil export can be investigated as cultural, economic, and structural barriers. The external issues may consist of political problems and economic sanctions, increases regional cooperation, and the formation of WTO.

Yujiro Indo (2015) believes that home appliance export is done due to household needs based on the geographical region where specific home appliances may be required regarding the climate conditions being hot or cold or having northern or southern direction. For instance, the air conditioner is one of the most important devices that households living in hot weather need, while families who live in cold climate need heaters.

Method

The extant study was applied in terms of objective, and descriptive research with correlational type in terms of data collecting method. The statistical population of the study comprised 10 major home appliances-producing companies that have had export over recent two years. All home appliance-producing companies were studied as a statistical sample due to the limited number of them. Moreover, 12 managers were averagely employed in these companies. Hence, the statistical sample size equaled 120, which were studied through total population sampling. The required data were gathered using library and field methods, including questionnaires.

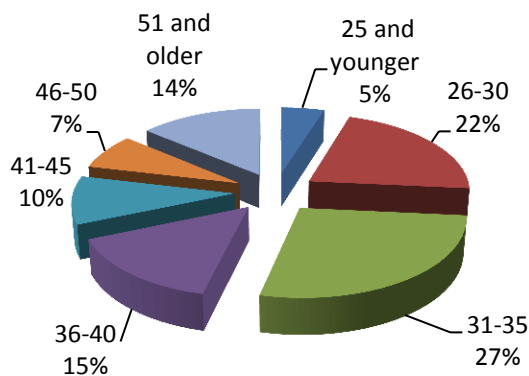
Validity and reliability of questionnaire: Cronbach's alpha method was used to measure reliability through SPSS16 software. For this purpose, an initial sample, containing 30 questionnaires was pretested then the data obtained from these questionnaires were used to measure reliability using Cronbach's alpha method and SPSS software. the alpha coefficient equaled 0.864 indicating the reliability of the measurement tool. Moreover, several advisors, reader professors, and other experts confirmed the content validity of this questionnaire and validated it.

Finally, the data obtained from samples were analyzed using descriptive-analytical and inferential techniques through SPSS software.

Results

Descriptive Statistics:

Descriptive statistics of the sample have been reported as follows:



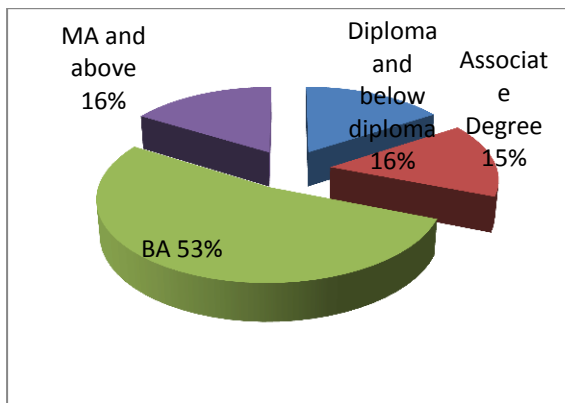
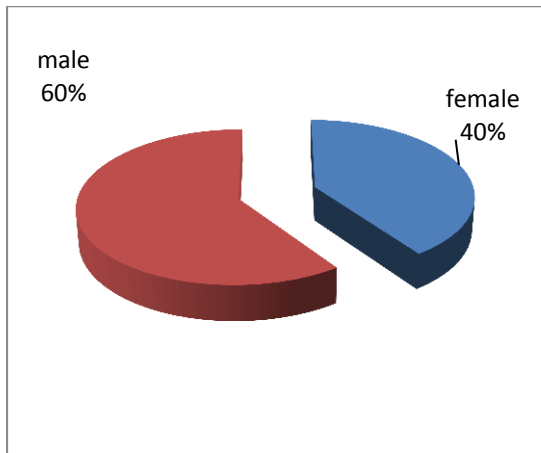


Diagram 1. Demographic information of sample members

As shown in Diagram 1, 5% of samples are 25 years old and younger, 22% are in the age range of 26-30, 27% are of 31-35, 15% are of 36-40, 10% are of 41-45, 7% are of 46-50, and 14% are 51 years old and older. The highest frequency is related to the age range of 31-35. The majority of individuals in the sample were men (60%) and 40% were women. Moreover, the highest frequency was seen in the BA degree, while the lowest number was related to associate degrees; 16% had a diploma and below-diploma degrees, 15% ad associate degrees, 535 had a BA, and 16% had MA and higher education degrees.

Hypothesis testing

Hypothesis 1. Economic barriers are one of the obstacles to the development of home appliances export to Central Asia countries.

Table 2. Results of testing Hypothesis 1

		Economic barriers	Development of home appliances export
Economic barriers	Correlation coefficient	1.000	0.472
	Significance level		0.000
	Number	283	283
Development of home appliances export	Correlation coefficient	0.472	1.000
	Significance level	0.000	
	Number	283	283

According to Table 2, we have $0 \cong Sign < \alpha = .05$ an error level $\alpha = .05$ indicating that the first sub-hypothesis of the study "Economic barriers are one of the obstacles for the development of home appliances export to Central Asia countries" is confirmed.

Hypothesis 2. Political barriers are one of the obstacles to the development of home appliances export to Central Asia countries.

Table 3. Results of testing Hypothesis 2

		Political barriers	Development of home appliances export
Political barriers	Correlation coefficient	1.000	0.622
	Significance level		0.000
	Number	283	283
Development of home appliances export	Correlation coefficient	0.622	1.000
	Significance level	0.000	
	Number	283	283

According to Table 3, we have $0 \cong Sign < \alpha = .05$ an error level $\alpha = .05$ indicating that the second sub-hypothesis of the study "Political barriers are one of the obstacles for the development of home appliances export to Central Asia countries" is confirmed.

Hypothesis 3. Managerial barriers are one of the obstacles to the development of home appliances export to Central Asia countries.

Table 4. Results of testing Hypothesis 3

		Managerial barriers	Development of home appliances export
Managerial barriers	Correlation coefficient	1.000	0.425
	Significance level		0.000
	Number	283	283
Development of home appliances export	Correlation coefficient	0.425	1.000
	Significance level	0.000	
	Number	283	283

According to Table 4, we have $0 \cong Sign < \alpha = .05$ an error level $\alpha = .05$ indicating that the second sub-hypothesis of the study "Managerial barriers are one of the obstacles for the development of home appliances export to Central Asia countries" is confirmed.

Hypothesis 4. It seems that economic, political, and managerial barriers are obstacles to the development of home appliances export to Central Asia countries.

According to Table 5, we have an error level indicating that the main hypothesis of the study "It seems that economic, political, and managerial barriers are obstacles to the development of home appliances export to Central Asia countries" is confirmed.

Table 5. Results of Testing the main hypothesis

		Managerial barriers	Development of home appliances export
Economic, political, and managerial barriers	Correlation coefficient	1.000	0.577
	Significance level		0.000
	Number	283	283
Barriers to export development	Correlation coefficient	0.577	1.000
	Significance level	0.000	
	Number	283	283

Discussion and Conclusion

Economic, political, and managerial barriers are obstacles to developing home appliances export to Central Asia countries. It can be explained that the economic and political situation of the world has been considerably changed after World War II, especially over two recent decades. These changes and developments have been based on the rapid advance in production and communication technology. Along with these developments, the taste of consumers has changed worldwide, and many products listed in major exported products in the world in the past two decades have had no considerable share in world trade.

However, those countries that have experienced economic development in the recent half-century have an effective attendance in international markets and could adjust their production and investment models with world demand. These countries could earn high foreign currency incomes.

It is an inevitable option for Islamic Iran to enhance its export and have an influential presence in foreign markets since this country tends to eliminate its dependence on oil in its development programs.

It should be noted that cost-effective production is the most important factor in marketing export products. Hence, those national products with relative advantages can be provided in foreign markets. In other words, the price of these products must be lower than the counterpart prices in world markets to provide producers and exporters with an optimal profit.

Export development and enhancement of foreign currency incomes obtained from this pattern leads to some benefits, including higher foreign currency income for the national economy, increase foreign currency income and subsequent growth of import power and use of modern technical knowledge, higher living standard and welfare for people, developed investment, new job opportunities, improved quality of products, and sustainable economic growth. Therefore, it is possible to provide the field for export development by changing the economic development policy replacing imports considered in two recent decades, and using all executive decision-makers, including public and private institutions. Many problems and barriers to export development are structural, so commercial organizations in Iran, especially small- and medium-sized firms cannot overcome these barriers. Moreover, many of these issues and barriers are rooted in information weakness and inefficiency of organizations and the current export process of the country. Therefore, it is required to take some measures and collect the trade information required for exporters and facilitate foreign trade, particularly in the export sector, which is a strategic necessity for export development. The non-oil export expansion is done to achieve the major objectives of economic development, including increasing and diversifying foreign currency incomes, strengthening choice for technical knowledge entrance and findings new products suitable for domestic needs, GDP growth, creating jobs, and increasing investment.

Non-oil export growth in recent years has faced many fluctuations, so the non-oil export share has not

reached 20% of the total export of Iran in the recent three decades despite there being many promotions for export income rise. The single solution for economic growth and development is to change the economic development model of the country by expanding exports and making useful policies for it, and creating coordination between public and private organizations. However, this idea has not been fully accepted in Iran, so the economic development of this country still follows the import substitution technique.

Although it is necessary to change policy-making methods for export development in the public sector it is also simultaneously essential for the private sector to be trained enough for attending international markets.

Unfortunately, we have seen a decline in home appliances export in recent years. In addition to mentioned factors, foreign currency oscillation can be named as another reason for such decline since foreign currency price especially Dollar has had 5000Rls fluctuation in the private market in the most optimistic case, which leads to oscillation in the product price.

Ultimately, some recommendations are proposed to develop home appliances export:

- Employ skilled and knowledgeable managers who are aware of home appliance production status in Iran, as well as consumption overseas markets' needs and conditions.
- Because the package of export products in Iran is not standard, the available facilities must be mobilized to make packaging industries high-quality and use it for exporting products. The underlying measures must be then taken to modernize this industry and use proper technology.
- Since knowledge about consumption patterns and consumers' comments and tastes are the major factors affecting export development, a database and information center must be created by the government and private sectors via online networks to collect more information in this field.
- Exporters act independently and executive phases of export are done in a way that many forces and capital are used uselessly. Therefore, it is suggested that public organizations (e.g., centers of export development) help exporters to create committees or unions to do marketing research and share information.
- According to the modern economic movement, producers have no longer dominance over the market, and now consumers are the one who determines production type. Therefore, it is recommended that production firms cooperate with public managers and establish a sector called a marketing research unit to become aware of market needs and match the products with these needs.

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