

EXPORT INCENTIVES AND ITS IMPORTANCE IN THE EXPORT PERFORMANCE

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Abstract

The simplest way for enter foreign markets is exports. Export used when the company every so often production surplus domestic consumption sells to foreign purchases. Active exports occur when the company decides export their products to desired country. In both cases, firm may have produce goods in your country or change them for the target market and or export the same form that is consumed inside the country. In this article an overview explains to expression of export and its importance and affecting factors on the export.

Keywords: *Export, Export Performance, Export Incentives, Subjective knowledge, Practical Knowledge*

Introduction

In recent decades international trade and moving firms to global market has grown more than ever. For develop trade, economies around the world are seeking elimination complexity in order to achieve international markets and trade liberalization. Company for enter the world market have benefited various approaches, one of them is export development approach (Gilaninia 2013). According to that export was required using a minimum of resources, it has lowest risk and also minimum organizational commitment. Thus, this approach the most popular and easiest adopted approach by company is effort for login and influence to foreign markets (Singh 2009). Foreign trade is one of the most important topics in economic development of the country. In this section is source of foreign exchange incomes for investment and attract of modern technology in order to increase the economic production for every State. (Khalilian & Farhadi 2002)

The aims of export company from supply of goods to foreign markets is acquired profit, continuous income, and increase competitiveness. Identification determining factors of export performance for its improve is most important factor balancing between countries' economy with global economy. (Navarro & Zornoza 2003)

Previous Research

1. Review of Government Policy Performance on the Firms' Exports

Vazifeh Goost & Zarin Negar 2009

The results show that there isn't any relationship between export promotion programs and export operations directly and indirectly.

2. Effective Factors on the Iran Pistachios export: an forum analysis

Mahmoudzadeh & Zibaei 2004

It was concluded that for complete compensation of results implement a policy necessary will be two years.

3. Trust and Effective Commitment as Promoter Forces for Export Performance

Blomer Et al. 2012

The results showed that trust and commitment have great effect on the performance of exporter companies.

Export

The simplest way for enter foreign markets is exports. Export used when the company every so often production surplus domestic consumption sells to foreign purchases. Overall export is means services of companies that in it domestic products will be sold to foreign customers and in this process to products is given value added. Exports resources are important because companies in this manner can be used their resources in export and they have more and better export. (Gilaninia 2012)

Conditions of Firms for Exporting

1. Having production and export capabilities
2. Having actual and potential comparative advantage than competitors (Degree of competitiveness firm or industry in foreign markets)
3. Favorable conditions of economic, environment, political

(Lee & Giorgis 2012)

Export Barriers, Difficulties and Restrictions

Table 1: Express Available Barriers

	Extrinsic	Inward
Internal	❖ Problems related to export procedures or administrative tasks ❖ Lack of motive or deputy of state (Public assistance)	❖ Export personnel untrained / inadequate ❖ Inadequate production capacity ❖ Lack of managerial personnel ❖ Lack of working capital for exports

		financing ❖ Limited information for presence and analysis of foreign markets
External	❖ Different behaviors and habits of foreign consumers ❖ Problems associated with understanding the foreign trade procedures ❖ Problems in language and communication ❖ Imposition of tariff and non-tariff Barriers ❖ Intense competition in foreign markets ❖ Fluctuating and adverse conversion rate ❖ Restrictions due external laws and regulations	❖ Different widely standards for product ❖ Difficult collection and slow extensive payments ❖ Presence problem and achieving adequate representation ❖ Risks and high costs extensive sales ❖ Inability to offer competitive prices broadly ❖ Inability to offer technical and after-sales service ❖ Lack or insufficient foreign distribution channels ❖ Transport with high costs numerous problems

(Chi & Sun 2012)

Comprehensive Framework for the Development of Export

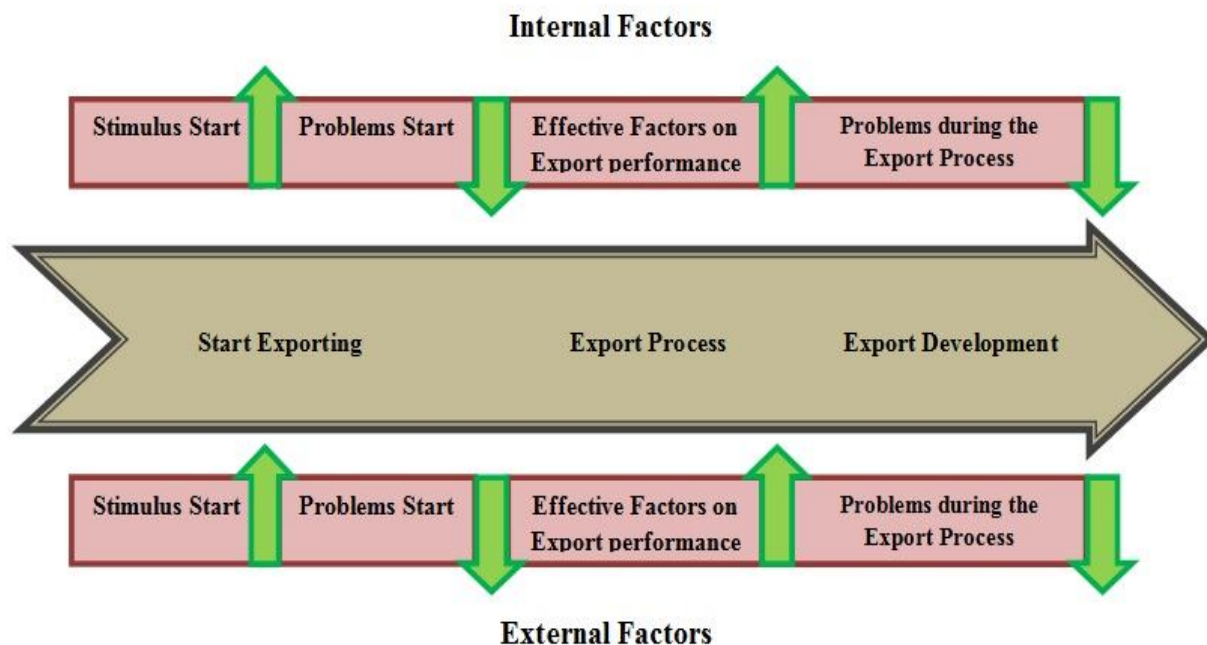


Figure 1: Comprehensive Framework for Export Promotion

(Serra Et al. 2012)

Export Performance

Export performance is typical engineering in economic growth of countries and it has importance in the competition among countries. Export performance is one of the fundamental aspects for decision making in international trade. The success rate of company in export can be evaluated with its export performance. For measuring of export performance there are three different criteria financial, non-financial and complex. Criteria such as sales, profit and growth are financial criteria and also criteria such as success satisfaction, achieve goals are non-financial criteria. Combined criteria are built based on a different options performance metrics. (Gilaninia 2013)

Export Incentives

Export incentives be caused increase the company's export success. Export incentives help to companies for overcome these barriers. So, it plays central role in achieving goals of company. While the many export incentives such as providing adequate knowledge, fair trade, research, export and education insurance are essential for export companies.(Theingi 2011)

Export Performance and Export Incentives

Export performance is divided into 4 categories:

1. Financial goals
2. Purpose of communication with shareholders
3. Strategic goals
4. Organizational learning goals

(Durmusoglu Et al. 2012)

Export Tools and Incentives of Government

General these tools and incentives are provided the form of knowledge. This kind of knowledge can be divided into two general categories:

1. **Subjective Knowledge:** The overall subjective knowledge through procedures of standardization such as research reports about market. Subjective knowledge has subsets the following:
 - a. Providing information about export
 - b. Holding seminars
 - c. Case consultation about export
 - d. Introduction of export offices in major exporting countries
 - e. Research on the international market

(Matanda 2009)

2. **Practical Knowledge:** Practical knowledge was in associated with foreign business and it has flow between the companies and one aspect of differentiation between the

company's approach and acquire knowledge about export market. Practical knowledge has subsets the following:

- a. Offering catalogs of the exhibition
- b. Sales and business development
- c. Promotion of products abroad
- d. Export insurance
- e. Introduction major Exporter companies to purchasers
- f. Export Budget

(Kaleka 2012)

Conclusions

Overall export is means services of companies that in it domestic products will be sold to foreign customers and in this process to products is given value added. Conditions of firms and companies for exporting are included having production and export capabilities, having actual and potential comparative advantage than competitors (Degree of competitiveness firm or industry in foreign markets), and favorable conditions of economic, environment, political. Export performance is typical engineering in economic growth of countries and it has importance in the competition among countries. Export performance is one of the fundamental aspects for decision making in international trade. Export performance is divided into 4 categories that are included financial goals, purpose of communication with shareholders, strategic goals, Organizational learning goals. Export tools and incentives of government are provided the form of knowledge. They are subjective knowledge and practical knowledge. Subjective knowledge through procedures of standardization such as research reports about market. Practical knowledge was in associated with foreign business and it has flow between the companies and one aspect of differentiation between the company's approach and acquire knowledge about export market.

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