Factors that Influence the International Markets Evaluation in Medicinal Industries Area of Kaveh Industrial City

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Abstract: The main aim of this study is that investigate the factors that influence the international markets of exporter companies in medicinal industry of Kaveh Industrial city. The research method is an applied method in regard to object and it is a descriptive-surveying study concerning to implementation. The sample volume was including 31 persons that selected randomly based on Cochran's formula. The data gathering tool in this study was the Robertson and Wood's questionnaire (2000) that consisted of 6 dimension and 47 questions. The t-student test used to data analysis. The analysis results show that attention to political issues, market potential, economic problems, infrastructure and legal problems is important for companies' decision making about export to a foreign market; but attention to cultural problems has not a significant importance in this decision making..

1. Introduction

The scientific examinations proved that countries economic development is related to their export and there are several reasons for this. The global treading growth is in progress by exploiting the active trade strategies, revolution in communication and information technology and by eliminating the obstacles in international level. Thus, the active presence in global trade doesn't need to any justification. The world countries export various goods based on their development level. In industrial countries, exporting the industrial and processed goods is more interested and is more important because these goods have a high added-value. The export supporting has many advantages include bulk production, providing the foreign exchange, preoccupation increase, quality improvement and price reduction of produced goods. It is

undoubted that in a country that relies on a singular production economy, the risk will be higher during the economical evolutions and economical crisis and it will be more prone to losses. Thus, attention to exporting goods other than oil and developing some areas such as industry, agriculture, services and mine can rescue our country during the different economical disasters. In other industries than oil, the medicinal industry is an important one that can play a significant role in this regard due to high capacity and power of our country in this area. However, the main problem is that based on statistics of industries and mine trade room, while our medicinal export increased during last decade, but the growth rate of export never increased as import rate. The medicinal import is more than 10 times higher than its export and reaches to 100 million dollars. In selecting the

international markets, any country has some specifications that should be considered. The readinesses of any country for accept the different services and goods and its attractiveness for foreign companies is depend on several different factors. These are economical, political, legal, cultural environment and infrastructures of a country that the international marketer should be know about that country economy. Two economic factors the implying the market attractiveness of country are industrial structure and income distribution (Kotler, 2005).

Now by given the above mentioned points it should see that do medicinal exporter companies in our country pay the needed attention to these variables during the international markets selection. Because, by considering these factors and by planning for effective encountering with them, it can increase the export volume.

2- Problem statement:

Undoubtedly, that in a country that relies on a singular production economy, the risk will be higher during the economical evolutions and economical crisis and it will be more prone to losses. Thus, attention to exporting goods other than oil and developing some areas such as industry, agriculture, services and mine can rescue our country during the different economical disasters. In other industries than oil, the medicinal industry is an important one that can play a significant role in this regard due to high capacity and power of our country in this area. But the main problem is that based on statistics of industries and mine trade room, while our medicinal export increased during last decade, but the growth rate of export never increased as import rate. The medicinal import is more than 10 times higher than its export and reaches to 100 million dollars. Based on FAO related to country health ministry, our weakness to making the medicinal products resulted to lower export rate against its import rate of these

products. Therefore, now per any 800 million dollars medicine import, only 80 million dollars is export. Iran have a good index for medicinal products manufacturing because more than 95% of consuming medicines are manufactured in Iran and this is a good index for medicine production. No country can eliminate its need to medicine without import, but it is important to be a positive balance between export and import level of medicine. The medicine production strategy in our country should be gone to export side more than import. In this condition, the internal needs to medicine can be provide spontaneous and we reach to a higher level of medicine quality and medicinal marketing. By given that Iran has a good index for medicine production; it should be consider those factors that influence the medicine export marketing so that the unbalanced rate of export and import the medicine can be eliminate. The export marketing is a level among different levels of international marketing. It include all activities that a company do during the exporting its products to a foreign country. The main challenge in export marketing is selecting the proper markets or countries by marketing research, decision making about need modifications in products so be suitable for foreign markets. By increasing the companies' dependence to international business and by increasing the competition, the international market selection became to the most critical decision in international strategies (Malhotra & Papadopoulos, 2007). The trade interdict with some countries due to government policy, some small and poor markets, intense competition in other markets, high tariffs and trade limitations on some products are among factors that make some limitations in market selection. Typically, in selecting the international markets any country has some specifications that should be consider. The readinesses of any country for accept the different services and goods and its attractiveness for foreign companies

is depend on several different factors. These are economical, political, legal, cultural environment and infrastructures of a country that the international marketer should be know about that country economy. Two economic factors the implying the market attractiveness of country are industrial structure and income distribution (Kotler, 2005).

Simkin and Deeb (2008) in their study about competitive attraction that is one of priorities of international markets, pointed to effectiveness of company's market place. They noted that company's market place implying the current company's power in servicing to customers and it is influence the competition attractiveness in market. The organization place in market considered in this model as "share of market". Amaravadi, Samadar and Douta (2005) pointed to smarting models for making a smart competition, which can be used for evaluating the attractiveness and selection of target markets. Based on their viewpoint, this model helps the managers to be more effective against other competitors. In this system, the analyzed data called as special intelligence. Rahman (2003) offered a scaling approach that includes measuring the attractiveness of any part based on certain measures that mostly obtained by experimental studies. In this method, after extracting the indices and scales, a certain weight devote to them and different markets evaluate based on interested scale set. Koma (2003) offered the typical screening process in his findings that includes three steps: screening, identifying and selection step. In screening step, the main factors such as economical, legal, cultural and infrastructural factors are considered. In identifying step, by analyzing the information related to industry, a list of countries will prepare and by using the evaluation factors of market growth rate, the competition level will estimate. In the last step the organization related information such as profitability and matching the product with current organization facilities will consider. Koch (2001) wrote an article about present subject. He after considering the subject literatures offered a model for evaluation and selecting the target export markets. In this model, the market selection variables divided to internal, external and compound variables. The strategic sight of organization, strategic objects of organization, internationalization step, international competition power of organization, international market selection experience, methods for calculating the risk and efficiency, accounting costs control, are the internal variables of this model. The market potential, competitiveness of market and market risk are the external variables of this model. The available resources, optimizing the market development method, similarity with foreign market and networking are the compound variables of this model. Wood and Robertson (2000) by studying the subject literature, interview and making the canonical groups formed a comprehensive information framework for evaluating the export target markets. Then by this framework, they did a field research on American exporters to ranking the importance of different information that offered in this frame. The final framework that offered by these two researchers has six main environmental dimensions including the political, economical, market potential, cultural, infrastructural and legal dimensions. In recent years the cultural factors recognized as important factors that influence the marketing. Culture is the group acquisitive method of life and response to various stimulates. The political space of a country or a region may be a key factor in successful or fail in a market, and the economical development level can be a success factor in other markets. The advanced infrastructures make the country as an attractive choice and presence of a stable legal system in country play an important role in market selection. The

political and legal issues of country have significant effect on international marketing activities. Now based on mentioned notes it should be see that do our medicine exporters pay attention to these variables in selecting the international markets or not. Because, by these factors and by planning to effective encountering with these factors, it can increase the export volume.

3- Research method:

This is an applied research in regard to object. As the main object of this study is that identify the influencing factors on international markets evaluation and due to making no experimental modification, this research is a descriptive one in regard to method. As the main tool in this study is questionnaire that distributed between study society and sample, it is a surveying research. By given the main object of study, the research method is a analytical-descriptive method. In this method, author can investigate the relations between variables and analysis them if necessary. In such studies, author has not any interfere in location or situation and role of variables, but only study what are present and descript them. Also by given the mentioned object of study, the descriptive research is a surveying type. Survey is a kind of descriptive researches. The survey research investigates the society by selecting a sample of it to explore the rate, distribution and relation between interested variables.

4- Data analysis method:

In this research the directional variance analysis used for generalize the sample's findings to study society. If data is normal, the t-student test will be used and otherwise the non-parametric statistics will be used such as binominal test. It should be noted that the data normalization would measure by Kolmogrov-Smirnov test.

5- Study objects

The main object: investigating the importance rate of factors that influencing the decision making for export to a market;

The sub-main objects:
- evaluating the importance rate of political issues in decision making for export to a market;
- evaluating the importance rate of market potential in decision making for export to a market;
- evaluating the importance rate of economical issues in decision making for export to a market;
- evaluating the importance rate of cultural issues in decision making for export to a market;
- evaluating the importance rate of infrastructural issues in decision making for export to a market;
- evaluating the importance rate of legal issues in decision making for export to a market;
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6- Study hypothesizes:

1. Attention to political issues in companies' decision making about export to a foreign market has the necessary importance.
2. Attention to market potential in companies' decision making about export to a foreign market has the necessary importance.
3. Attention to economical issues in companies' decision making about export to a foreign market has the necessary importance.
4. Attention to cultural issues in companies' decision making about export to a foreign market has the necessary importance.
5. Attention to infrastructural issues in companies' decision making about export to a foreign market has the necessary importance.
6. Attention to legal issues in companies' decision making about export to a foreign

market has the necessary importance.

7- Findings:

H1: Attention to political issues in companies' decision making about export to a foreign market has the necessary importance.

Table1. Descriptive indices of political issues

Variable	Sample number	Mean	Standard deviation	Mean error
Political issues	31	3.4581	0.73065	0.13123

Table2. Variable test of political issues

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Political issues	3.491	30	0.002	0.45806	0.1901	0.7261

As the obtained significance level (0.002) is belong to a two-tail test, thus for one tail test ($\mu > 3$) it should divide the significance level on 2 and it can see that by do this again the obtained value is lower than 0.05. Therefore, the assumption of mean equal to 3 rejected. Based on mean table and by given mean of this variable (3.45), positive sine of t value and positive up and bottom limit of this variable we can conclude that the mean of this variable is higher than 3. Thus, the H0 can be rejected.

H2: Attention to market potential in companies' decision making about export to a foreign market has the necessary importance.

Table3. Descriptive indices of market potential

Variable	Sample number	Mean	Standard deviation	Mean error
Market potential	31	4.2639	0.66984	0.12031

Table4. Variable test of market potential

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Market potential	10.506	30	0.00	1.26393	1.0182	1.5096

As the obtained significance level (0.000) is belong to a two-tail test, thus for one tail test ($\mu > 3$) it should divide the significance level on 2 and it can see that by do this again the obtained value is lower than 0.05. Therefore, the assumption of mean equal to 3 rejected. Based on mean table and by given mean of this variable (4.2639), positive sine of t value and positive up and bottom limit of this variable we can conclude that the mean of this variable is higher than 3. Thus, the H0 can be rejected.

H3: Attention to economical issues in companies' decision making about export to a foreign market has the necessary importance.

Table5. Descriptive indices of economical issues

Variable	Sample number	Mean	Standard deviation	Mean error
Economical issues	31	3.3134	0.73718	0.13240

Table6. Variable test of economical issues

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Economical issues	2.367	30	0.025	0.31336	0.0430	0.5838

As the obtained significance level (0.025) is belong to a two-tail test, thus for one tail test ($\mu>3$) it should divide the significance level on 2 and it can see that by do this again the obtained value is lower than 0.05. Therefore, the assumption of mean equal to 3 rejected. Based on mean table and by given mean of this variable (3.3143), positive sine of t value and positive up and bottom limit of this variable we can conclude that the mean of this variable is higher than 3. Thus, the H0 can be rejected.

H4: Attention to cultural issues in companies' decision making about export to a foreign market has the necessary importance.

Table7. Descriptive indices of cultural issues

Variable	Sample number	Mean	Standard deviation	Mean error
Cultural issues	31	2.5161	1.16135	0.20858

Table8. Variable test of cultural issues

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Cultural issues	-2.320	30	0.027	-0.48387	-0.9099	-0.0579

As the obtained significance level (0.027) is belong to a two-tail test, that is lower than 0.05. Therefore, the assumption of mean equal to 3 rejected and we can conclude that the mean of this variable is lower than 3. Thus, the H0 can be supported.

H5: Attention to infrastructural issues in companies' decision making about export to a foreign market has the necessary importance.

Table9. Descriptive indices of infrastructural issues

Variable	Sample number	Mean	Standard deviation	Mean error

Infrastructural issues	31	3.9176	0.64532	0.11590

Table10. Variable test of infrastructural issues

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Infrastructural issues	7.917	30	0.00	0.91756	0.6809	1.1543

As the obtained significance level (0.00) is belong to a two-tail test, that is lower than 0.05 for one tail test (μ>3). Therefore, the assumption of mean equal to 3 rejected and we can conclude that the mean of this variable is higher than 3.

Thus, the H0 can be rejected.
H6: Attention to legal issues in companies' decision making about export to a foreign market has the necessary importance.

Table11. Descriptive indices of legal issues

Variable	Sample number	Mean	Standard deviation	Mean error
Legal issues	31	3.4721	0.69132	0.12416

Table12. Variable test of legal issues

Variable	t statistical	Range	Significance level	Mean difference	Limits	
					Bottom	up
Legal issues	3.083	30	0.001	0.47214	0.2186	0.7257

As the obtained significance level (0.001) is belong to a two-tail test, that is lower than 0.05 for one tail test (μ>3). Therefore, the assumption of mean equal to 3 rejected and we can conclude that the mean of this variable is higher than 3.47. Thus, the H0 can be rejected

8- Discussion and conclusion:

First hypothesis: Attention to political issues in companies' decision making about export to a foreign market has the necessary importance.
The obtained results for this hypothesis offered in table 2 and showed that the mean value of this variable is higher than 3 and it was recognized that attention to political issues in companies' decision making about export to a foreign market has the necessary importance. This result is consistent with Wood and Robertson's results

(2000).
Second hypothesis: Attention to market potential in companies' decision making about export to a foreign market has the necessary importance.
The obtained results for this hypothesis offered in table 4 and showed that the mean value of this variable (4.26) is higher than 3 and it was recognized that attention to market potential in companies' decision making about export to a foreign market has the necessary importance. This is consistent with Wood and Robertson (2000) and Koch's (2001) study results.
Third hypothesis: Attention to economical issues in companies' decision making about export to a foreign market has the necessary importance.
The obtained results for this hypothesis offered in table 6 and showed that the mean value of this variable (0.0125) is lower than 0.05 and its

higher and lower limits are positive, thus the H0 is rejected. Thus, attention to economical issues in companies' decision making about export to a foreign market has the necessary importance. This is consistent with Wood and Robertson's (2000) results.

Forth hypothesis: Attention to cultural issues in companies' decision making about export to a foreign market has the necessary importance.

Based on results that offered in table 8 it can see that the test significant level for this variable (0.0135) is lower than 0.05 and its higher and lower limits are negative, thus the H0 hypothesis is rejected. Therefore, a Attention to cultural issues in companies' decision making about export to a foreign market has **not** the necessary importance. This result is consistent with Wood and Robertson's (2000) results.

Fifth hypothesis: Attention to infrastructural issues in companies' decision making about export to a foreign market has the necessary importance.

The results of this variable offered in table 10 that show the 3.9176 as its mean which is higher than 3. Also the positive sign of t and higher and lower limits of this variable showed that the H0 hypothesis can be rejected.

Sixth hypothesis: Attention to legal issues in companies' decision making about export to a foreign market has the necessary importance.

Based on obtained results (table 12) it was recognize that the significance level of this test is lower than 0.05 and due to positive sign of higher and lower limits of this variable it can say that attention to legal issues in companies' decision making about export to a foreign market has the necessary importance. This result is consistent with Wood and Robertson's (2000) results.

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