
Evaluating Export Incentive Programs' Performance of Trade Promotion Organization of Iran on Export Performance: The Mediating Role of Exporting Companies' Marketing Implementation Capabilities and the Perceived Environment of International Markets*

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Abstract:

Purpose: The globalization of the economy and formation of the unions such as the European Union and URASIA, as well as the treaties such as the NAFTA, etc., or organizations such as the World Trade Organization (WTO) have led to the increase in the flow of goods and services. The current study aimed to determine the direct and indirect impacts of the export incentives on the merchants' export performance and export-based producers through the mediatory role of the marketing implementation capabilities and the perceived environment of the international markets.

Methodology: By the use of the random sampling method, 235 questionnaires were collected from the active manufacturing and commercial companies in Iran, and the data obtained from them were analyzed through the Structural Equations Modelling (SEM).

Findings: The statistical data and SEM results indicated that, besides the effectiveness of the export promotion programs on the export performance of the company through the perceived environment of the international markets, the marketing implementation capabilities of the company can be also developed and strengthened. Also, the analysis of the results indicates that the export promotion programs variable explains the highest percentage of the export performance directly, which is indicative of the importance of the export promotion programs in the achievement of the superior export performance.

Originality/Value: Based on the results of the current study, it is suggested that in the export promotion programs for the exporting companies, the transfer of the information of the

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international markets and strengthening the marketing implementation capabilities of these companies by the government be taken into consideration more than ever.

Keywords: *Evaluating export incentive programs' performance, trade promotion organization of Iran, export performance, the perceived environment of international markets, marketing implementation capabilities.*

JEL Codes: *F0, F2, F4.*

Paper type: *Research article.*

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Ethics Approval: *Department of Management, Faculty of Economics and Management, Islamic Azad University Tabriz branch.*

1. Introduction

The free and small economy is of great importance for many of the commercial companies and the exporters' successfulness. In the extended model of commerce with the monotonous conditions of the commercial companies, the subjects have been reviewed and revised by Melitz and Redding in 2014, and the exporters have used a high and sufficient efficiency and covered the fixed costs. This governmental policy with a high interval helps with confirmation of some conditions and situations of the commercial companies. The successfulness of a company in export can be evaluated by its export performance.

The export performance can be defined as the degree of achievement of the goals when the company exports a product to the international markets (Fariabi *et al.*, 2019). Many of the countries help with the successfulness of the local export markets in the export promotion agency. In addition, these programs can be useful for the companies in reduction of the fixed and variable costs through supporting businesses and finding the distributor agent, the foreign customary laws and product presentation methods, and accommodation of the products with the international demand and taste.

In some articles, the effects of the programs proportionate to the strengthening and density of the export at the commercial company level have been addressed, and these factors help the exporters with introduction of the new products to the destination markets. Also, the companies maintain the export markets and reduce the cyclic patterns. Cadot *et al.* (2015) believe that the existing effects would not last and we need to maintain or increase the export trend in the support stage. More details can be investigated in this regard.

In few articles these programs have been reported to have high effects on the increase in participation in the export market and the abstract concepts are usually described in the export promotion agency. Significant differences in these matters have been evaluated in the Flanders Investment and Trade case and this region, as the largest region in Belgium, helps with the non-export companies in extensive sale of their products.

The export is the fastest and easiest way for entrance of small companies into the global markets. In fact, the small and medium companies enter the area of export for long-term survival and growth. The companies enter the export market to gain competitive advantage for growth and survival. Based on the Resource Base View (RBV), the company's resources are the competitive advantage resources. Based on Barney's view (2000) the competitive advantage is the use of the value created by the company which has not been used by the competitors at the same time (Stoian *et al.*, 2011). The important precondition is the presence of the power of trade market and the modulating frictions in it which can be well used by the institution and the employees (Nayadu *et al.*, 2018).

One of the prevalent methods for the entrance of the companies into the global markets is the export. The export allows companies to use different growth rates in different markets and reduce their dependence on a specific market. The export provides the possibility of learning due to the presence of the competition and gives it the capability to survive in the familiar and unfamiliar environments (Hasangholipoor *et al.*, 2011). Regarding the importance of the export, one of the main tasks of the governments is to support the export. The export is supported by the governments as an economic advancement strategy all over the world. The main resources of the governments are allocated to the export promotion programs which are codified for transfer of the science and education to the active exporters in the international markets (Sarmad Saeidi *et al.*, 2016).

In the current study, two subjects have been evaluated for the executive performance of the commercial companies and the start of the export, and probably, the commercial companies would enjoy an appropriate support in export market. Schaur (2015) also used the estimation of the differences for studying the added value, efficiency, and employment in the commercial companies and buying the services through the promotion of export at the World Trade Council. In the first step, the commercial companies are supported for entrance into the export markets with higher percentage and probability and 8% of the commercial companies are controlled with less than 20 employees, but no unconditional and contingent states in the export have been reported.

Atkin, Khandelwal, and Osman (2017) also dealt with the investigation of the quality and growth of efficiency in a small sample of the Egyptian markets. Some random effects have had a high level and degree of the international customers. The results for 19% of the commercial companies have been reported with creation of

the chance to enter the export market. The intensity of the unconditional and contingent patterns in export has been higher for the commercial companies.

2. Literature Review

2.1 The Export Performance

The success rate of a company in the field of export that can be evaluated by its export performance. In order to measure the export performance, there are various levels of financial, non-financial, and compound interest. Criteria such as the sale, profit, and the growth are among the financial criteria and criteria such as the success, satisfaction, achievement of the goals, and the like, are among the non-financial criteria. The compound criteria are based on various types of performance criteria (Mahmoudzade and Ziabyi, 2003). In other words, the export performance is the degree of the economic success for the exporting company in the export markets (Mohtaram and Movasagh, 2019; Cadogan *et al.*, 2003).

The export performance is determined by the internal and external factors. The internal factors are, the product properties, the organization's properties, and the managerial properties which include cases such as the planning capability, available technology, company size, etc. The external factors are, the local and international markets properties, which are also present in the measurement of the subjective and objective constructs' performance (Neror, 1995).

The subjective constructs are a mixture of export marketing, information resources, entrepreneurial tendencies, export drives, export barriers, and tariff barriers. The objective constructs include the company's size, the export to total sales ratio, and the export experience. There are also some factors that indirectly affect the export through the managerial factors. These factors include, management, export qualifications, effectiveness of export markets similarities of export markets and domestic markets, and export markets attractions.

The high growth and low competition are a part of the external environment which lead to the higher sale and better performance, which itself is indicative of better accommodation, better planning, and closer touches of the market (Berny, 2001). The successfulness of a company in the export can be evaluated through its export performance (Çavuşgil and Zou, 1994). And the export performance defines the achievement of the goals when the company exports a product to the international market (Behzadnia, 2019).

2.2 The Export Promotion Programs and the Export Performance

The export promotion programs of the government (state export incentives) are governmental policies suggested to different businesses for improvement of the competitive position of the local companies in the international field (Montgomery

aand Lages, 2005). The incentives domain includes provision of export information and consultation, marketing support, financial support, and the guarantees and advertisement activities outside the country (Cavusgil and Yoeh, 1994). These programs are provided to help the companies develop the positive perception of the managers about the international operation of reducing the psychological or actual obstacles on the export and increasing the necessary capabilities for the success in the international markets (Tecfum and Loterz, 2008). The export promotion programs include different methods.

For example, the export service programs such as the seminars for the potential exporters, and export consultation and financing. In addition, the export promotion programs include the market development programs, participation in the international trade exhibitions, and preparation of the market analysis and export newsletters (Gençtürk and Kotabe, 2001). The information knowledge is usually provided through the workshops, seminars, and the published information on how the export methods. The empirical knowledge is usually obtained through methods such as the participation in the trade exhibitions or the international marketing programs.

Allocation of proper resources to design export promotion programs allows the required knowledge to be transferred and the exporters get aware of international markets operations (Martincus and Carballo, 2010). Morrow and Dhingra (2014) have described the pattern of entrance into the competitive market in only the optimum social conditions. A set of patterns for profitability and the increase in entrance to the market have been described with other reasons for promotion of the export. Entrance into the market affects the competitive price and the factor of efficiency choice.

The set of international patterns and regulations also lead to the improvement of the competitive advantage for the exporters of a country. If the international demand for the trade companies brings about the offensive risk. A few non-exporting people would opt to explore the market conditions and positions. In comparison with the optimal social conditions Albornoz *et al.* (2012) believe that the low-level export may lead to the expansion and determination of new export goals for the entrance of the exporters to the market. Some research show that there is a more complex relationship between the Export Promotion Program (EPP) and the export performance.

Gengtiirk and Kotabe (2001) found the direct and common effects of EPP (with intervention of the export) on the performance and Lages and Montgomery (2005) suggest that it is the positive direct effect and negative indirect effect of the EPP which lead to the insignificant total effects on the export performance. Some studies have confirmed the constructive and instrumental role of the national EPP's in helping the companies achieve the supreme export performance (Leonidou *et al.*, 2015).

However, some others have not found any significant relationships. For example, Geldres-Weiss (2016) have evaluated the effects of EPP on the export sales of the company by the use of Longitudinal Data of Chile and found out that although the differences pre and post-EPP are positive in the export performance of the users and non-users, when comparing the groups that have used these programs, no significant differences were found. In addition, the effects of the informational and financial programs performance would grab the attention. The advantages of the financial programs have been approved empirically (Simoni and Di Falco, 2014; Shamsuddoha *et al.*, 2009).

The existing studies have evaluated the effective factors on the relationship between the EPP and export performance to explain this complexity. Most of these studies have focused on the organizational level factors and can be divided into three groups. The first group is focused on the demographic export properties and emphasizes on the mutual relationship between them by the use of the EPP's (Ayoub and Fregent, 2014; Gengtiirk and Kotabe, 2001). The second group focus on the mediatory role of the export strategy in the process of EPP use (Lages and Montgomery, 2005; Shamsuddoha and Ali, 2006). The third group try to explain the EPP's play a role in the reinforcement of the organizational resources and capabilities for export performance (Leonidou *et al.*, 2011; Shamsuddoha *et al.*, 2009). This discussion led to the following research hypothesis:

H1: The export promotion programs have a positive effect on the export performance.

2.3 The Export Promotion Programs and the Perceived Environment of the International Markets

The export incentives can affect the process of Internationalization directly and indirectly, through promotion and inference of the managers of the international markets (Fregent, 2012; Carrick and Lindsey, 2015). The managers, based on the type of the EPP's they use, can attain the proper knowledge of the international markets (Leounidu *et al.*, 2011). The objective of some of the EPP's is to familiarize the managers with the competitive environment of the export, so that they would get acquainted with the business challenges in the international markets (Sraha, 2015).

It can be obtained through participation in the specialized training workshops, access to the information on tariffs, reviewing the local businesses, and meetings with the board of directors (Spence, 2003). Therefore, the specific EPP's that provide the information and experiences of the international markets, if implemented properly, can provide the needed instruments to overcome the obstacles perceived from the environment of international markets in the legal framework of the governments and different cultural trends. This discussion led to the following hypothesis:

H2: The Export Promotion Programs have a direct and positive effect on the perceived environment of the international markets.

2.4 The Perceived Environment of the International Markets and the Export Performance

The international markets can create both a threat and an opportunity for the managers. It is argued that potentially, they affect the companies' performance (Sosa *et al.*, 2008). For example, the managers should not ignore the policies and regulations of the foreign country in which they trade, since they would be influenced by the state rules and regulations and the social, cultural, and political status of the country (Willer *et al.*, 2008; Sezinkota *et al.*, 2011). And provision of the conditions to train the managers about the international market conditions can help with the company's performance (Shamsuddoha *et al.*, 2009).

Regarding the perceptions from a specific market based on an experience obtained from the EPP's, the performance measurement can be different based on the time scale and the managers attitude (Carrick and Lindsey, 2015). The export environment such as the customer's preferences and varied national and local regulations can affect the managers decision (Lages and Japp, 2002; Ladou *et al.*, 2004). Badoff *et al.* (2002) showed that the perceived environmental changes do not always have a significant effect on the functional aspects of export. The innovative managers might find ways to respond to the perceived problems such as the use of different methods of entrance to the market for balancing the risk/achievement (Bell *et al.*, 2004). The managers might be influenced for entering or exiting the market with different potential perceptions, due to the changes in environmental conditions (Bell *et al.*, 2003).

Also, the political environment vision of a country might end in the interventions in the international trade affairs (Jane, 1989). The managers working abroad, must precisely follow the changes in regulations, technology, and the customers (Sezinkota *et al.*, 2011). Thus, the managers may connect to the policy-makers to be informed about the predictable changes in the macro level because they can possibly have effects on the company's performance (Carrick and Lindsey, 2015).

For example, a foreign state may impose regulations or forces and implement financial decisions, refund, and currency control to reduce the export performance of a company and its managerial capabilities (Bimish, 1993). Therefore, this led to the following hypothesis:

H3: The perceived environment of the international markets has a direct and positive effect on the export performance.

2.5 The Mediatory Role of the Perceived Environment of International Markets in the Export Promotion Programs and the Export Performance

The international markets can create threats and opportunities for the managers which impact the perceptions related to performance (Sosa *et al.*, 2008). Therefore, the EPP's are prepared for provision of the necessary information to the managers, the properties of the international markets, and reduction of export obstacles (Leounidu *et al.*, 2011). Three components of the foreign environments have a specific relationship with the export performance (Kotabe and Berson, 2006). The market turbulence denotes a level of insecurity in the foreign environment that makes the companies adapt their strategies to the variable needs of the customers (Kaver *et al.*, 2011).

In this regard, some studies confirm that there is a positive relationship between the state markets turbulence level and the adaptation level obtained for the marketing mixed program from the international environment by the exporters (Cioresh and Mian, 2012). The technological turbulence reflects the high rates of technological changes in production as well as the technology of the product itself. The businesses active in the industries with high technological turbulence, compared to those businesses active in the stagnant industries, would be more inclined towards the adaptive marketing and the operational strategies (Power and Loica, 2010). The intensity of the competition implies the competition between different players in an industry. As the number of the participants in a market increases, the volume and uncertainty of the strategic changes can also significantly increase (Porter, 1985).

Therefore, there would be a great commitment for the companies to follow these changes and react properly. In terms of the export activities, some researchers have found a positive relationship between the intensity of competition in a market and the adaptation degree in the environment (Power and Loica, 2010). The turbulence and intensity of international market competition intensity would have a positive effect on the adaptation of the product in the export performance. The result of the study by Hasangholipoor *et al.* (2010) also showed that the awareness and use of EPP's in Iran has an indirect effect on the export performance of the companies through affecting their export strategies. Therefore, this led to the following hypothesis:

H4: The perceived environment of the international markets has a mediatory role in relation to the export promotion programs and the export performance.

2.6 The Export Promotion Programs and Marketing Implementation Capabilities

The developing countries widely use the incentives for increasing the export activities (Tesfum and Lutz, 2008). Empirically, the role of the incentives in countries such as Eritrea, Bangladesh (Faruk and Takashi, 2015) and Malaysia

(Ayob and Freixanet, 2014) has been supported. The export strategy is focused on the process of the use of incentives (Shamsodduha and Ali, 2006). Factors such as the capabilities, resources, marketing implementation strategy, and the managerial knowledge of the companies affect the export performance. The marketing implementation capability is an instrument for the reactions of the trade companies and a way to achieve their goals. In the subjects of this study, the export is indicative of the importance of strategy in executive success (Cooper and Clynesmith, 1984; Muller, 1984; Yuprak *et al.*, 1984).

The empirical studies in the unequal conditions for trade company performance in the international activities have been evaluated and the strategy and management capabilities for implementation of the general patterns have been defined (Abbey and Celter, 1989; Hamilton and Chatty, 1993; Cooper and Clynesmith, 1985; Zu and Gausgiel, 1994). Introduction of new products to respond the specific needs of the customers, and measurement of the competitors acts in the international markets requires adoption of innovative marketing techniques.

However, the companies which face problems due to the financial and human resource problems and the other resource limitations for implementation of the governmental processes such as the market development studies, services related to product adaptation, and designing the export planning, usually seek help from the government (Leounidu *et al.*, 2011). In this regard, it can be stated that:

H5: The export promotion programs have a direct and positive effect on the marketing implementation capabilities.

2.7 The Export Promotion Programs, Marketing Implementation Capabilities, and the Export Performance

The potential methods of the managers of the small and medium-sized industrial units with sufficient information of marketing lead to the increase in the opportunities and in market share and expansion of the production line. The expansion of the products in the market and the different international marketing activities based on the experience are also important. The marketing implementation capabilities are related to the implementation of strategy since these capabilities are “routine affairs by the use of which the export companies change the targeted export marketing strategy into the realized affairs and resources settlements” (Morgan *et al.*, 2003). Without the marketing implementation capabilities, the resources cannot be changed into the value in market.

Therefore, the marketing implementation capabilities are directly related to the company’s success in adaptation with the market environment (Fang and Zou, 2009). In the subjects of this study, the export is indicative of the importance of strategy in executive success (Cooper and Clynesmith, 1984; Muller, 1984; Yuprak *et al.*, 1984). The empirical studies in the unequal conditions for trade company

performance in the international activities have been evaluated and the strategy and management capabilities for implementation of the general patterns have been defined (Abbey and Celter, 1989; Hamilton and Chatty, 1993; Cooper and Clynesmith, 1985; Zu and Gausgiel, 1994).

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H6: The marketing implementation capabilities have a direct and positive effect on the export performance.

2.8 The Mediatory Role of the Marketing Implementation Capabilities in Relation to the Export Promotion Programs and Export Performance

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Therefore, the marketing implementation capabilities are directly related to the company's success in adaptation with the market environment (Fang and Zou, 2009). The information is so important for the active companies in international level since it can reduce the high level of uncertainty and ambiguity of these markets (Teodiciu and Leounidu, 2004). The informative EPP's can provide the companies with information needed for development outside the country and help then with perception of their target export markets and supervision of the international business environment changes (Teodiciu and Leounidu, 2004).

However, the EPP does not spontaneously lead to the improvement of the sales. The informative EPP would be useless in case of the company's incapability in the use of the information provided by that EPP and changing it into real measures. Therefore, the EPP is necessary for competition in the international markets, but it is not enough (Kotabe and Gengtiirk, 2001, Seringhaus, 1986). We suggest that the use of informative EPP can improve the company's marketing implementation capabilities and this measure itself leads to supreme performance.

The internationalization of the company is intrinsically a vague and uncertain measure. This is especially true when companies from emerging markets enter the unfamiliar international market and become potentially more challenging. The managers have little information on how the resources basis change to adapt with the

unfamiliar environments, and it may lead to weaker performance. By the aid of the informative EPP, the managers would have a better perception of the supplementary resources needs and the current and future target export markets. It leads to the integration and reconfiguration of the organizational resources for the effective implementation of the marketing decisions.

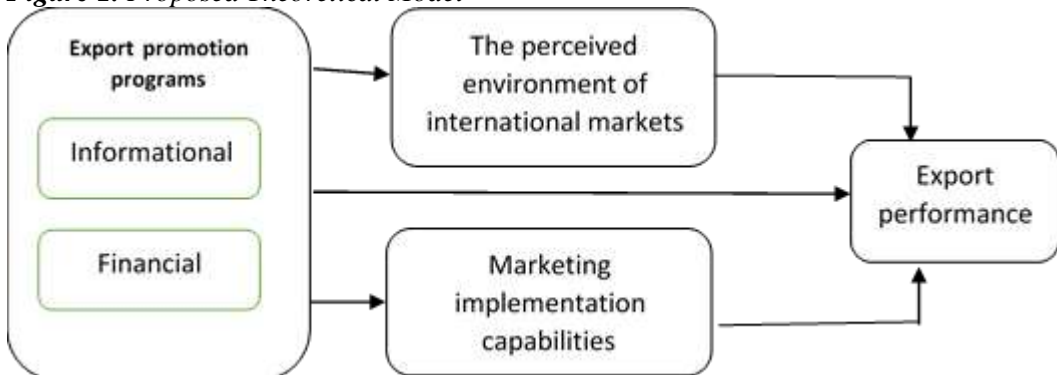
For example, the Feiyue Group was a small family company which have become the biggest manufacturer of sewing machines in the world. It owes its success to the Canton Fair (the biggest trade event of China which is held by the Ministry of commerce every two years). This fair not only does act as a channel for connecting the companies and the international customers, but also significant exports information can be obtained from it. By the use of this information, the Feiyue Group provided affordable and quality products to the foreign customers (Zhuan, 2016). Therefore, we believe that:

H7: The Marketing implementation capabilities has a mediatory role in relation to the export promotion programs and the export performance.

3. The Conceptual Model and Methodology

Figure (1) shows the the conceptual model of the study.

Figure 1. Proposed Theoretical Model



Source: Authors' Compilation.

3.1 Methodology

The current study is of applied type in terms of the objective. The objective is to develop the applied knowledge in particular field. Also, regarding the data collection procedures and the interaction between the variables, and conduct of the study, it is naturally a survey study. In terms of the use of statistical data, the current study is a quantitative study. The statistical population of the current study are the active production and commercial companies in Iran. The random sampling method has been used to choose the sample. Since in structural equations modelling

methodology, the sample size has been suggested to be 5 to 15 observations per each variable (Hooman, 2004) and the number of the questions in the questionnaire was 28, the number of the collected questionnaires must be 170 to 510. Finally, 235 questionnaires were collected. The respondents were the manager directors or the sales managers of the companies.

In terms of the the conceptual models and the related literature, the library sources such as the books and articles were used. The field data also were collected by the use of a questionnaire with 5-level Likert scale. In order to determine the validity of the final questionnaire, at least three expert professors were consulted with and based on their opinions, some changes such as the changes in grammar, use of appropriate words, importance of items and placement of items in their proper place were applied to the questionnaire.

Also, in order to evaluate the factor validity of the questionnaire, the confirmatory factor analysis method was used and its results are provided in Table 2. The convergent validity evaluation results by the use of Average Variance Extracted (AVE) showed that the value of this index was above 0.5 for all the variables (Table 3). Therefore, the validity of the used instrument was confirmed. Also, for evaluation of the reliability of the measurement instrument, the Alpha-Cronbach and the Compound Reliability (CR) were used and the obtained values were above 0.7. Thus, the measurement instrument has the necessary reliability. The information of the research questionnaire is provided in Table 1.

Table 1. *The questions and calculated indices of Alpha-Cronbach for the variables*

| Variable | Aspects | Abbreviation | Number of questions | Alpha-Cronbach | AVE | CR | Reference |
|-----------------------------------------------|-----------------------|--------------|---------------------|----------------|-------|-------|----------------------------------------------|
| Export promotion program | Informational | IP | 4 | 0.809 | 0.789 | 0.875 | Leonidouet al. (2011) |
| | Financial | FP | 4 | 0.783 | 0.784 | 0.807 | |
| Perceived environment of international market | Market turbulence | MT | 4 | 0.764 | 0.759 | 0.875 | (Qureshi & Mian,2012) (Powers & Loyka, 2010) |
| | Technology turbulence | TT | 4 | 0.824 | 0.756 | 0.884 | |
| | Competition intensity | CI | 4 | 0.719 | 0.795 | 0.836 | |
| Marketing implementation capabilities | | M.IC | 4 | 0.767 | 0.783 | 0.847 | Cavusgil and Zou (1994) |
| Export performance | | E.P | 4 | 0.768 | 0.789 | 0.803 | Lengler et al. (2015) |

Source: *Authors' Compilation.*

Table 2. Factor loading of research items

| Item | Factor loading | Item | Factor loading | Item | Factor loading | Item | Factor loading |
|--------|----------------|-------|----------------|--------|----------------|--------|----------------|
| IP.01 | 0.703 | MT.01 | 0.497 | CI.01 | 0.775 | E.P 01 | 0.523 |
| IP.02 | 0.813 | MT02 | 0.350 | CI.02 | 0.624 | E.P 02 | 0.729 |
| IP.03 | 0.857 | MT03 | 0.717 | CI.03 | 0.578 | E.P 03 | 0.778 |
| IP.04 | 0.812 | MT04 | 0.745 | CI.04 | 0.579 | E.P 04 | 0.795 |
| FP.01 | 0.763 | TT01 | 0.715 | MIC.01 | 0.277 | | |
| .FP.02 | 0.723 | TT02 | 0.852 | MIC.02 | 0.761 | | |
| FP.03 | 0.742 | TT03 | 0.850 | MIC.03 | 0.567 | | |
| FP.04 | 0.629 | TT04 | 0.817 | MIC.04 | 0.796 | | |

Source: Authors' Compilation.

Table 3. Fornell-Larcker test results

| Variable | Export performance | Marketing implementation capabilities | Perceived environment of international markets | EPPs |
|------------------------------------------------|--------------------|---------------------------------------|------------------------------------------------|-------|
| EPPs | 0.796 | 0.687 | 0.723 | 0.843 |
| Perceived environment of international markets | 0.705 | 0.711 | 0.798 | |
| Marketing implementation capabilities | 0.689 | 0.821 | | |
| Export performance | 0.889 | | | |

Source: Authors' Compilation.

The descriptive and inferential statistical methods have been used for analysis of the data obtained from the samples. The descriptive statistics have been used for analysis of the data obtained from the demographic properties and the inferential statistics were used at the structural equations modelling level. The SPSS and Smart PLS software were also used for data analysis.

3.2 Data Analysis

The samples distribution in terms of variables such as the gender, age, education, and working experience has been provided in Table 4.

Table 4. The demographic data of the respondents

| Description | | Number (persons) | Percentage |
|-------------|------|------------------|------------|
| Gender | Male | 168 | 71.5 |

| | | | |
|--------------------|-------------------|-----|------|
| | Female | 67 | 28.5 |
| Age | 20-30 | 17 | 7.2 |
| | 31-40 | 93 | 39.6 |
| | 41-50 | 86 | 36.6 |
| | 51 and above | 39 | 16.6 |
| Education | Diploma and lower | 13 | 5.5 |
| | Associate degree | 34 | 14.5 |
| | Bachelor | 123 | 52.3 |
| | Master's degree | 46 | 19.6 |
| | Ph.D. | 19 | 8.1 |
| Working experience | Less than 5 years | 53 | 22.5 |
| | 5-10 | 104 | 44.3 |
| | 11-15 | 64 | 27.2 |
| | Above 15 years | 14 | 6 |

Source: Authors' Compilation.

4. Model and Hypotheses Testing Results

In the Partial Least Squares technique, a general criterion for fitness of the model has been provided by Tenenhaus *et al.* (2005) which is called Goodness of Fit (GOF). This index takes both the external and internal models into consideration and is used as a criterion for prediction of the total performance of model according to table (5). This index ranges from 0 to 1, and the values 0.01, 0.25, and 0.36 are described weak, medium, and strong, respectively. The value of this index in the current study was evaluated as 0.72 which is indicative of the high fitness of the model. The research model in the standard coefficients state has been presented in Figure 2.

According to Table 6, the first hypothesis on direct effect of EPP's on the export performance is confirmed with the path coefficient of 0.313 and significance level of 4.053. The second hypothesis on the positive and significant effect of EPP's on the perceived environment of international markets is confirmed with the path coefficient of 0.278 and significance level of 2.936. The third hypothesis on significant effects of the perceived environment of international markets on the export performance is confirmed with the path coefficient of 0.291 and significance level of 2.917.

The fourth hypothesis on the mediatory role of the perceived environment of international markets between the EPP's and export performance is confirmed with the path coefficient of 0.808 and significance level of 2.063. The fifth hypothesis on the positive and significant effect of the EPP's on marketing implementation capabilities is confirmed with the path coefficient of 0.318 and significance level of 4.2. The sixth hypothesis on effects of marketing implementation capabilities on the export performance was confirmed with the path coefficient of 0.395 and significance level of 2.978.

And finally, for the seventh hypothesis on the mediatory role of marketing implementation capabilities between the EPP's and the export performance, it was confirmed with a path coefficient of 0.1256 and critical value of 2.421.

Table 5. Evaluation of the structural equation model (the the conceptual model)

| R² | Communalities | GOF |
|----------------------|----------------------|-------|
| 0.684 | 0.773 | 0.727 |

Source: Authors' Compilation

As is seen, the GOF value is 0.727 which is indicative of a very high fitness of the study and high optimality of the conceptual model of the study.

Table 6. Hypotheses testing results

| Hypothesis | Path | Path coefficient (β) | Critical value (t) | Significance level (p) | Result |
|------------|-------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------|------------------------|-----------|
| First | direct effect of EPP's on the export performance | 0.313 | 4.053 | 0.000 | Confirmed |
| Second | the positive and significant effect of EPP's on the perceived environment of international markets | 0.278 | 2.936 | 0.004 | Confirmed |
| Third | significant effects of the perceived environment of international markets on the export performance | 0.291 | 2.917 | 0.004 | Confirmed |
| Fourth | the mediatory role of the perceived environment of international markets between the EPP's and export performance | 0.0808 | 2.063 | 0.039 | Confirmed |
| Fifth | the positive and significant effect of the EPP's on marketing implementation capabilities | 0.318 | 4.200 | 0.000 | Confirmed |
| Sixth | effects of marketing implementation capabilities on the export performance was confirmed | 0.395 | 2.978 | 0.003 | Confirmed |
| Seventh | on the mediatory role of marketing implementation capabilities between the EPP's and the export performance | 0.1256 | 2.421 | 0.015 | Confirmed |

Source: Authors' Compilation

5. Conclusion and Suggestions

The export promotion programs play the main role in the initiation and development of the exports in the international market. The existing literature has a relatively low perception of the mechanisms of effectiveness of EPP's on the export performance. Thus, the current study aimed to investigate the mechanism of effectiveness of the export promotion programs on the export performance through evaluation of the mediatory roles of perceived environment of international markets and marketing implementation capabilities. The obtained results confirmed the direct effects of the EPP's on the export performance. The results indicated that in addition to that, it also affects the export performance through the perceived environment of international markets and marketing implementation capabilities.

Therefore, it can be said that the EPP's positively and significantly affect the export performance by increasing the exporters' understanding of the international markets environment such as strengthening the positive attitudes towards the technological changes and foreign customers behavior changes, and by developing managerial skills and companies empowerment (marketing implementation capabilities). The EPP's can help with the companies by transfer of experience and information such as the commercial publishing related to exports, information on tariffs, the trade regulations of the target markets and their consumption culture, as well as the commercial consultations of the Trade Development Organization and the universities through provision of specific services to the referents with regards to the information of the international markets and industrial modernization. Or in one higher and applied level, through programs such as the short-term training and commercial visits from the international fairs, the empirical knowledge of technological changes can be transferred.

In some previous studies, the direct effects of the EPP's on the export performance have been confirmed (Sharma *et al.*, 2018; Sosa *et al.*, 2008; Wilkinson and Broterz, 2000). In some other studies also, it was concluded that the EPP's can directly or indirectly affect the internationalization of the companies through improvement of the managers' perception of international markets (Carrick and Lindsey, 2015; Frexint, 2012). Or the perceived environment of international markets is a process that helps with the programs related to the export incentives and export performance (Sharma *et al.*, 2018).

The results of Hasangholipoor *et al.* (2010) study also showed that the awareness and use of EPP's in Iran have a direct and positive effect on export performance of the companies through the effectivity on their export strategies. Also, investigation of the results indicate that the EPP's directly and indirectly explain the highest percentage of changes in export performance through the perceived environment of international markets and marketing implementation capabilities. It is indicative of the importance of EPP's (informational and financial) in achievement of the supreme export performance.

The investigation of the aspects of export promotion programs shows that the promotion programs in terms of provision of information to the merchants and businessmen by the government is of greatest importance and with the current situation, due to the oil sanctions and currency shortages and government inability to pay direct financial incentives, the sustained growth of the country's economy depends on the development and stability of non-oil exports (Movahedmanesh, 2017).

Therefore, provision of correct information of the international markets to the merchants for increasing the development of non-oil exports is very important, and second to it, is the financial aids by the government in the form of export incentives. Also, investigation of the importance of different aspects of perceived environment of international markets indicates that technology turbulence, market turbulence, and competitive intensity have the highest to lowest importance, respectively.

Regarding the results of investigation of the export promotion programs aspects, it is suggested to, in the promotion programs for the exports-based companies and the merchants, provide the information on the international markets and the technological changes by Ministry of Industries, Mines, and Trade, and institutions such as the Trade Development Organization and the universities, to empower the trade and manufacturing companies for entering the international markets, especially those of 15 neighboring countries. Also, it is suggested to pay attention to R&D subject.

Informational factors such as obtaining information from the international markets show the importance of researching the target markets. Meanwhile, the companies' managers must also pay attention to the technological changes, competition intensity, and increasing the skills required for marketing implementation in the competitive environment of current era. These all depend on promotion of the managers' knowledge for correct management of resources and intelligent and targeted development of production instruments besides up-to-date packaging with high quality and proper price, as well as branding to overcome the competition intensity. With the investigation of the effects of brand and identification of the trade population of the authentic brands and the external rewards motivations for investments related to one's brand, the achievement to the export markets must be followed (Leclerc and Ponssen, 2019). And also, the attraction of the state incentives must be consistent with this approach.

Among the most important limitation of the current study, the lack of sufficient domestic and international studies with regards to newness of the mediator variable, especially the marketing implementation capability in the conceptual model, can be named. This limitation led to impossibility of comparison of the current study's results with those of the related literature. Also, because the questionnaire was used for data collection, the intrinsic limitations of a questionnaire such as the trivial view of the real events and scalability of the responses can be named as limitations.

In addition, the merchants were not justified about the government's export incentives. Meantime, it is recommended to analyze the effects of other incentives on different variables such as the political environment of the international markets and skills for entrance to those markets by new companies, in addition to the government's export promotion programs in terms of informational and financial incentives.

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