

## AN EXAMINATION OF THE RELATIONSHIP BETWEEN MANAGEMENT STRATEGIES AND EXPORT PERFORMANCE

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### ABSTRACT

International trade has been making into a more complex structure in the competitive environment day by day. Local businesses have to be in international markets and competitive environments so that they can maintain growth. They also need to choose proper strategies to become profitable in those markets. It is one of the obligations for local businesses to possess strategies that can foresee the risks in markets and use those strategies actively. It is seen that local businesses prefer markets with characteristics similar to their own country and cultures. There are several factors that can affect businesses' performance in international competition. One of the most important of these factors is the fact that local businesses must know cultural characteristics of the countries to which there will be export for the first time and the legal regulations there. In this research, the relationship between management strategies and export performance is examined.

**Keywords:** Management, Local Businesses, Strategy, Export Performance.

### INTRODUCTION

In a globalizing world, the changes occurred in the fields of economics, politics and other fields have also affected the commercial relations between the countries. While those changes occurred in developed countries in 1960s and 1970s, it was not until 1980s that the economic and political changes were seen in Turkey. One of the most important reasons for the changes in Turkey is the economic and political developments that had started towards the end of 1980s and foreign expansion policies of the governments then. In the globalizing world economy, international companies need to develop different strategies to be able to benefit from the opportunities of economic markets and the competitive environments. On the other hand, local companies need to transform their current structures and system to enter international markets. Companies that have managed to realize these transformations are able to export to international markets. Local companies that are able to export to international markets gain high profits with less finances and labor force source.

These companies also have lower business risks. Some local companies may fail in international markets due to wrong strategy practices. The fact that these local companies approach the export just as selling the products to abroad cause that export is limited to certain products and traditional buyers. Local companies must develop products, create new products, set proper price strategies and choose the distribution channels properly in accordance with the needs of international markets (Arslan, 2014). The most important element that affects their achievement and performance in international markets is the body of their export strategies. The importance and necessity of management strategies that can be used by local companies to increase their export performances will increase their market share and ensure the continuity of their export achievements (Arslan, 2014).

## CONCEPT OF STRATEGY

### Strategy

Strategy in businesses is defined as an instrument that organizes their relations with their surroundings to the facilities at hand to provide superiority to their competitors. Strategy is using the resources properly to set purposes and objectives and achieve the desired purposes. Strategy is the process of accommodating opportunities and threats of business' internal resources and external environment and evaluating competitors' possible responses (Dinçer, 2003; İslamoğlu, 2011; Mütercimler, 2006). By this means, businesses analyze their commercial competitors well and identify their weaknesses to provide competitive superiority. Acting in a market-oriented way is deemed to be a proper strategy for businesses.

### Strategic Management

Management, in general sense, is defined as using the production resources at hand effectively and efficiently to achieve a business' and organization's objectives (Betz, 2010). Strategic management is the development, implementation and control of a strategy and the body of activities regarding the evaluation of results (Gürsel, 1997). Basic job tasks and responsibilities should be identified properly and the focus should be on the external environment in strategic environment (Dinçer, 2003). Business administration is the planning, organization, coordination, implementation and control of the activities necessary for a business to achieve its objectives. Strategic management means analyzing the external environment (competitors, products, customers, mediators, suppliers) of the business and making decisions about the future of the business (Ülgen and Mirze, 2010).

The following are the attributes that strategic management should have:

- Identifying expedient use and distribution of strategic management source.
  - Following a management process that concentrates on long-term activities and results.
  - Analyzing the external environment (competitors, suppliers) properly.
  - A function of the top management is to define the organization with an open management and guide lower-level administrators.
  - Strategic management is about using the resources in the most efficient and reasonable way.
  - Benefiting from rich and various data, attaching importance to situation analyses, and choosing a future-oriented and visionary point of view (Dinçer, 2003).
- Strategies used in businesses are categorized into three main groups.

### Corporate Strategy

It predicates the general strategy of an organization operating in several sectors with many businesses. Corporate strategy is about new investment decisions and product/market decisions in its widest sense. This type of strategy also includes department policies, new investment decisions and businesses' decisions of market strategies (Yazıcı, 2001).

### Business strategy

Business strategy is about identifying the competition at the department of product/market and the operations that should be performed in a given sector. In this sense, the attention is concentrated primarily on market development and diversification policies (Dalay, 2001).

## Functional Strategy

Decisions of the departments (marketing, production, human resources, financing) within a business are defined as functional strategy. This type of strategy is related to the expedient and efficient use of resources (Dinçer, 2003). Strategic management is also applied to ensure the continuity of businesses and the sustainability of their existence. The process of strategic management is defined as the body of information collecting, analysis, preference, decision and application activities so that a business can survive in the long term and ensure a sustainable competitive superiority (Ülgen and Mirze, 2010). Businesses need to have a strategic awareness during the strategic management process.

## Strategic Analysis

An organization needs to develop a strategic plan to achieve the objective it has set before. The analysis of the current situation is necessary to develop that strategic plan (Fahey and Randall, 1994). Generally, three types of analysis are performed during the development of strategies and the preparation of strategic plans in the process of strategic management.

- External environment analysis
- Internal environment analysis (business analysis)
- SWOT analysis, external and internal analysis table used for strategic analysis.

**Table 1: external and internal environment analysis**

<b>I. External Analysis</b>	
<b>1. Customer Analysis</b> <ul style="list-style-type: none"> <li>• Analysis of customer groups</li> <li>• Analysis of customer demands and requests</li> </ul>	<b>3. Market Analysis</b> <ul style="list-style-type: none"> <li>• Analysis of market size</li> <li>• Analysis of profitability and cost in the market</li> <li>• Analysis of the expected growth in the market</li> <li>• Analysis of critical achievement factors in the market</li> </ul>
<b>2. Competition Analysis</b> <ul style="list-style-type: none"> <li>• Performance, image, culture and structure analysis of competitor organizations</li> <li>• Analysis of competitor organizations' strengths and weaknesses</li> <li>• Analysis of competitor companies' quality and cost structure</li> </ul>	<b>4. Environmental Analysis</b> <ul style="list-style-type: none"> <li>• Demographics analysis</li> <li>• Technological situation analysis</li> <li>• Analysis of relations with the state</li> </ul>
<b>II. Internal Analysis</b>	
<b>1. Performance Analysis</b> <ul style="list-style-type: none"> <li>• Analysis of sales and profitability in the organization</li> <li>• Evaluation analysis of stocks</li> <li>• Analysis of whether customers are satisfied</li> <li>• Product quality analysis</li> <li>• Evaluation analysis of employees' performances</li> <li>• Product portfolio analysis</li> </ul>	<b>2. Identifying Strategic Alternatives</b> <ul style="list-style-type: none"> <li>• Situation assessment of past and current strategies</li> <li>• Evaluation of organization's strengths and weaknesses</li> </ul>

(Morgül, 2013)

## EXPORT

In the widest sense, export can be defined as the evaluation, planning and use of company facilities with regard to international markets and performing their auditing activities on the international platform to satisfy the needs, demands and preferences of customer groups in order to yield profit. According to another definition, export is identifying existent consumers, performing the sale of a given product and distribution of the product to the consumer in the market of another country (Göksu and Cantez, 1999). Developments regarding the export in Turkey started upon liberalization movements and parallel economic development models in 1980s. Important changes occurred in Turkey during this period. Increasing importance attached to export-based policies and the economic crisis back then caused competition to increase and have a more complex structure in international trade. Local companies turned this process into a positive direction by exporting. Therefore, one of the most important and preferred methods used by companies during expanding to international markets is export. According to a similar definition, export, as stated above, is the body of international entrepreneurship such as foreign investments as well as a significant type of foreign expansion frequently preferred by companies and that is considered within international entrepreneurship (Antontic and Hisrich, 2001).

### Relationship between Management Strategies and Export Performance

Aaaby and Slater (1989) found that there is a direct relationship between business strategy and export performance. Export marketing strategy should be providing accommodation between export performance and business' internal and external environment conditions. Export performance is measured by local companies' extent of internationalization. It has been revealed in some studies that export marketing strategy and companies' extent of internationalization have a positive impact on the performance of related strategies (Kahveci, 2012). It has been also determined by researchers that marketing variables affecting the export performance positively are market segmentation, pricing strategy, distributor support and advertising (Leonidou et al., 2002).

## CONCLUSION

Local companies need to analyze markets very well and develop appropriate strategies so that they can survive and perform growth activities in today's intense competition. Setting proper strategies to provide competitive advantage and becoming a pioneer in practice in a market dominated by the globalization and the free market economy will increase the power and preferability of companies. And local companies will achieve the result more quickly through properly implemented strategies in this competitive environment. Surviving in this competitive environment also requires local companies to look for new markets and perform exporting activities. Local exporter companies need to analyze internal and external dynamics very carefully. To this end, a professional management process should provide them with a competitive advantage. The mission, vision, objectives identified during this management process and developing and implementing strategies in accordance with those objectives are highly important for achieving the targets. When developing strategies, changes and developments should be followed. In these circumstances of the market in which the consumer behavior has started to change and the customer has been becoming more and more aware, besides strategies such as profit and process management, customer-satisfaction-oriented strategies are of importance in terms of competition in the market. Strategic management is an indispensable necessity for companies in today's environment in which

competition is increasing, the change is accelerating and customers is becoming more conscious day by day. Companies which can follow all kinds of technological, economic and social developments, assume a professional management understanding and manage internal dynamics very well will have the sustainability of export performance and the profitability.

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