

Original Article

Pages: 32-51

Non-Oil Export Development, Iran's Sustainable Development Key Element in Global Business Environment

(Performance, prospects, Success Key Factors)

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Received: 2017/01/18 Revised: 2017/03/02 Accepted: 2017/05/26

ABSTRACT: One of the key features of the modern business environment is globalization which has mainly changed functional areas of economic enterprises. Among the key areas we can mention organizations and enterprises activities territory in various fields of industry and services. In fact, in order to maintain the level of sale, profit and their competitive advantage, many enterprises with increased competition and competitiveness in domestic markets which is caused by globalization of business environment, national borders removing and the creation of cross-border markets and business environment in this area, have developed and expanded their activities out of their former territories and also have entered into the global markets through the use of different strategies, including development of export. In fact, today, the development and application of this approach is considered as a key element for sustainable development in a global business environment. Hence, in this paper we first provided an overview on the Islamic Republic of Iran performance in the field of Oil and non-oil export in recent years and adaptive comparison of Iran's non-oil export and OIC countries and then, in order to map the route and realization of desired prospect to sustainable development of Iran's non-oil export, we have investigated key success factors in this way at two levels: macro (Macro policies and strategies of the country) and micro (Requirements and enterprises components of the country).

KEYWORDS: Globalization, Sustainable Development, Export Development, Non-Oil Export, Success Key Factors, The OIC, The Islamic Republic of Iran.

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1. INTRODUCTION

From a macro perspective, every enterprise follows three main activities in its business. A part of any business activity is development of new products. Accordingly, enterprises try to design some products or import some products through the license and credit or duplication mechanisms from other firms to keep active that part of their business that is involved in designing new products (Nahavandian, 2003).

Establishing relationship with customers is another business activity. The main basis of such relations is how businesses can continue serving a certain set of customers since they create the most value and income for enterprises. Another part of organizations' activity set is production and service infrastructure. Therefore, if organizations are looked from the highest level, every business in the world can be categorized as one the three mentioned businesses (Nahavandian, 2003). Organizations and enterprises determine and follow their various strategic and operational objectives based on their views on the different businesses types.

The global economy and business markets have experienced various transformations during different periods. Paradigms predominant on each period were completely different and, hence, organizations considered unique and individual approaches during each period. Various periods of global economy can be divided into three groups: classical economy, neoclassical economy and modern economy. In the 21st century economy and business markets significantly transformed again. The transformation removed many prior limitations in global markets and moved them toward liberalization and removing all constraints. These evolving procedures resulted in formation of global modern economy. Some of the most essential "modern events occurred in global economy" can be categorized as follows (Nahavandian, 2003):

1. Globalization
2. Increase in competitiveness
3. Financial and economic crises
4. Serious technological changes
5. Changes in market structure
6. Changes in match principles (manner of structure control)
7. Development of information technology and expansion of digital gap

Altogether these components lead to numerous transformations in the main three areas of business among which the strongest effect results from globalization; so that it puts enterprises, from customer relationship viewpoint, in the face of new customers from outside of available domestic borders. Identification, recognition and meeting needs and expectations of these customers appeals for extensive planning and effort. Respecting development of new products and services, enterprises have to specifically consider developing and presenting innovative and unique products and services with permanent competitive advantages. Finally, from viewpoint of service and production infrastructures, developing effective and efficient infrastructures to realize above mentioned objectives (developing innovative products and services and meeting customers' needs and expectations in global markets) is of great importance (Nahavandian, 2003). Therefore, the present paper aims to study theoretical principles of globalization of economy and business environment and its consequences in export area (especially non-oil export) first and identify and determine success key factors of Iran non-oil export to realize this goal.

2. LITERATURE REVIEW

2.1. The Concept of Globalization

Globalization is not solely an economic phenomenon but also a social, political, cultural, economic and technological one requiring consistency among all high objectives in areas of

science, technology, culture, commerce, etc. in order to enable using appropriate opportunities to change potential facilities to actual ones. Our knowledge of globalization is essentially dependent on our definition of this phenomenon and process. Among various definitions of globalization some define it only based on characteristics of realized and current procedures and some others describe it respecting potential capacities to be realized in the future. Scolt identifies globalization as the process of establishing and expanding over national bounds between people on a global basis. Waters defines globalization as a social process in which geographical constraint shading on social and cultural relationships are removed and people increasingly become aware of removal of the constraints. David Henderson recognizes globalization as integration of markets defines the following prerequisites: free movement of goods, services, labour, capital and developing a unified market; no one is economically foreign and all individuals are equal in the market (Saemian & Arghande, 2007).

David Held and Anthony Mc Grow define globalization in this way: "globalization is simply expanding the scale, growing the size, speeding up and deepening over continental effects of social interaction flow and currents". Globalization indicates movement or diversification in human organization measures which connect far societies and expand power relations all around the world. But, it must not be considered as indicating advent of a globally coordinated community or as a general procedure of global aggregation in which cultures and civilizations are increasingly convergent since awareness of increasing compactness not only leads to new struggles, but also it may expand reactionary policies xenophobia (Economic Studies Office of Ministry of Commerce, 2004).

Helm and Sorenson identify globalization as intensifying borderless economic, political and cultural relations. Proton defines globalization as a process of evolution through which economic and political borders are less significant, relations are expanded and cultural interactions are increased. Globalization is a multidimensional phenomenon the effects of which can be generalized to social, economic, political, legal, cultural, military and technological activities and, also, social tasks such as environment conservation. Simoez present a comprehensive definition of globalization. He characterizes globalization as follows (Economic Studies Office of Ministry of Commerce, 2004):

- National borders become less important to separate markets
- Over national production activities become more specialized, hence, lead to formation of multinational manufacturing networks
- Multi-base technological powers are formed which finally result in more cooperation between international enterprises
- Global information networks connect the entire world
- Stronger correlation is seen between world's financial centers

In a general conclusion, main characteristics of globalization can be summarized as items below (Akbarosadat and Farghdani, 2007):

- Tendency toward capitalist economy
- Prosperity of trades and commercialization of the world so that countries can take their goods to other countries without any obstacles and limitations



- Capital cycle in the whole world, namely, growth of world's monetary markets and rapid prosperity of countries' monetary markets and a global increase in capitals over national government frameworks
- Evolution in consumption and consumption market, namely, integration of consumption market through developing cooperation between commerce and investment and financial markets and consequently mass production and mass consumption
- Population migration, namely, global mobility of people as a result of increasing immigrations
- Global adherence; globalization reflects intensification of global awareness and indicates formation of a global family
- Access to communication facilities; growing communications and communication devices in the world

2.2. Globalization of Economy and Business Environment

As mentioned earlier, globalization is not only an economic phenomenon and its specific features indicate its effect on various economic, cultural, social and political areas. However, it is evident that globalization of economy is the most prominent type of globalization all around the world. In other words, globalization of economy is of more expansion, depth and speed. On one hand, it involves a set of procedures expresses throughout the world and, on the other hand, it requires a high level of interaction and correlation between governments and communities forming the global society. Globalization of economy, in such conditions, is a progressing process in which over national interactions are forming and expanding and the mutual economic dependency among actions of globalizing units are deepening (Ramzanpoor and Shirinkam, 2007).

In fact, in economics, globalization is an increase in liberty of individuals and enterprises to trade with individuals and enterprises of other countries. In this process, local markets are opened up to foreign suppliers and domestic suppliers will have access to foreign markets. The key feature of the process is the decrease of obstacles of trading with over national individuals and enterprises. Hence, investigating components and aspects of globalization of economy is of great importance for organizations practicing in today's modern business environment. In general, the components and aspects include (Economic Studies Office of Ministry of Commerce, 2004):

Significant growth of global commerce: Statistics indicate that global commerce has been growing since 1950 (with growth more rapid than that of global production). The important point is that the more the global economy is opened up to global commerce manufacturing units are turning to a part of the global network of production and trades (Economic Studies Office of Ministry of Commerce, 2004). Thus, this component which is as old as the globalization process is tolerating the main and primary burden of the process and, in fact, international trades is the first symbol of economic globalization (the history of which can be traced back to the middle of 19th century). Free trade is the desired and efficient form of economic globalization the principles of which base upon ideas of scholars and scientist such as Adam Smith and Ricardo. In the era of economic globalization, commerce breaks its traditional form and limitations and continues to grow and progress in new forms, namely, global management by the WTO (World Trade Organization) and the advent of regionalism in connection with other global economic phenomena such as direct foreign investment and financial markets. This cycle is very significant in economic globalization so that some define globalization as production,

distribution and marketing of goods and services and, also, expansion of international trades between all countries (Ramzanpoor & Shirinkam, 2007).

Internationally increased mobility of capitals: Capital transfer, whether in the form of direct foreign investment or as transfer of financial capitals in the form of portfolio, is employed as a main resource of investment and technology transfer (Economic Studies Office of Ministry of Commerce, 2004). In the globalization era, in fact, independence and functions of national financial markets are considerably decreased (affected by international monetary and financial factors). This is naturally considered as a main area of challenge in policy-making and management of monetary and financial structure for governments' national governance. The volume of financial markets is rapidly growing compared to that of trades and is turning to an important factor in economic globalization. So that Dracker believes capital mobility is the running force of global economy instead of trades in goods and services (Ramzanpoor & Shirinkam, 2007).

Increased immigration: internationally increased immigration is another aspect of economic globalization. Although immigration is not a novel phenomenon, it has increased more rapidly during the two past decades. Besides, some background factors speeded up the development of globalization the most important of which include (Economic Studies Office of Ministry of Commerce, 2004):

- Reduction of trade obstacles: Reduction of trade obstacles has significantly helped trade volume (a feature of economic globalization). Conducting the General Agreement on Tariffs and Trade (GATT) and the advent of World Trade Organization (WTO) aiming at removing trade obstacles and freeing international trade are among key components in this area.
- Technological developments: These accelerate globalization by reducing transportation costs and expanding communications. One of technological areas with significant impact on economic globalization is the information and communication technology revolution. In fact, this results from dynamic technological development and facilitates the procedure of over national aggregation and ownership. It also removes physical and geographical limitations so that many services are transport in shortest time with lowest costs through digital capital and financial markets (Ramzanpoor & Shirinkam, 2007).
- Multinational companies: Along with global organizations such as the World Bank and International Monetary Fund, these companies play an important role in economic globalization. Global economic developments are so that, nowadays, intermediate industrial goods form a main part of international trade. This indicates that industrial and economic enterprises are not located as before. At present time, organizations or industries entering international trade are not located solely in one country. Multinational companies with increasing roles provide their raw material from various countries and sell produced goods in different countries, too. In such a case, concepts of national production, national company or national industry are changed and countries have to try to gain the highest rate of profits in each production step (Ramzanpoor and Shirinkam, 2007).

2.3. Consequences of Globalization of Economy and Business Environment in Countries and Economic Enterprises

In general, globalization is followed by fundamental results some the most important of which include (Ramzanpoor & Shirinkam, 2007):



1. The process of transparency and showcasing of the world: technological advances of information and communications help emergence of a globally open information system. The system bases upon a diversity of communication tools and has a multi-core and multi-side (interactive) nature.
2. Advent of an economy over the conventional world economy: The growth of industrial economy leads to advent of weightless economy (which is of great importance). While physical volume of raw material and goods traded throughout the world is as same as that of three decades ago but the added value resulting from these economic activities in five times greater. Seemingly, weightless economy which bases upon electronic information and communications acts over borders.
3. Advent of risk with global aspects: Sociologists speak of the advent of a risky community, one in which no one knows what is going to happen in the future. The world faces risk resulting from technological and scientific capacities the full control of which is not available and countries and organizations are totally involved in their consequences.

On the other hand, globalization of economy and business environment is particularly associated with unique outcomes some which are (Economic Studies Office of Ministry of Commerce, 2004):

Income distribution: Free trade is a main goal of economic globalization and changes income distribution to relatively high production factor profit and to rare production factor (effective in production of exporting goods).

Employment: Economic globalization and the move toward efficiency and optimization of resource usage, no one is employed in inefficient tasks such as those supported by the government. Of course, the transformation is expected to improve production structure in long term but it short terms it results in unemployment and movement of labour.

Reduced effect of domestic policies on national economy: This is one of the most serious effects of globalization. For instance, after a country became a member of WTO, international regulations replaced domestic ones and such conditions it is less possible to use policy tools such as profit rate. As a result, domestic policies have weaker effects on economy.

Accordingly, globalization creates justified economic opportunities among which are (Economic Studies Office of Ministry of Commerce, 2004):

- Development of markets over national borders and expansion of trades
- Extended competitiveness and specialize production in countries provides for economic growth
- Capital moves with more freedom and, hence, if there are susceptible backgrounds, the capital moves toward them
- Technology transfer to various regions and generation of new technologies

In general, effects and consequences of globalization can be discussed from two viewpoints: 1) from viewpoint of national infrastructures (macro level); and 2) from viewpoint of organizational infrastructures (micro level). For each level some subsets are defined by investigating of which countries and economic enterprises can become consistent with

globalization procedure and exploit it in a complete manner. The figure below depicts consequences of globalization from both viewpoints (Saemian & Arghande, 2007).



Figure 1: Areas influenced by globalization and its requirements in micro and macro levels (Saemian & Arghande, 2007).

2.4. Position of Export Development Approach in Globalization of Economy and Business Environment

The issue of globalization significantly affects various micro and macro functional areas in countries and economic enterprises and they have to make use of effective and efficient strategies to be consistent with these changes. One of the most important functional areas in economic enterprises (changed significantly because of globalization) is organizations' activity scope in different fields of industry and service. In fact, many enterprises tend to continue their operational activities in local markets to realize their sales and considered profit. But, the increase in competition and competitiveness resulting from globalization, removal of national borders and formation of over national markets and businesses they have to extend their activities over prior scopes and enter the global market to be able to maintain their sales, profit rate and competitive preference. This requires obtaining and developing considerable capabilities in different functional areas such as quality, effectiveness, pricing, advertising, branding, etc.

This is of great importance since globalization and formation of over national markets leads enterprises incapable of consistency with the changes toward two essential challenges. First, they deprived from customers and opportunities of global markets because of inability to enter them. Second, they face problems with maintaining their share of current markets as a result of prepared conditions for new and strong rivals to enter potential domestic markets. Therefore, it is necessary to comprehensive plans and efforts to improve capabilities and preparing the background to expand activities on a global basis in today's high globalized business environment since in this way enterprises are capable of producing and presenting goods and services in global levels and try to gain more shares in aggregated foreign markets (the only way

to achieve a competitive position) while maintaining local markets. In order to realize this, enterprises face different approaches and chose them depending on situation in which they are. Some of the most typical of these approaches include: export development, receiving certificate, conventional production, common cooperation and full ownership. However, employing each approach requires possessing a certain level of capabilities and potentials.

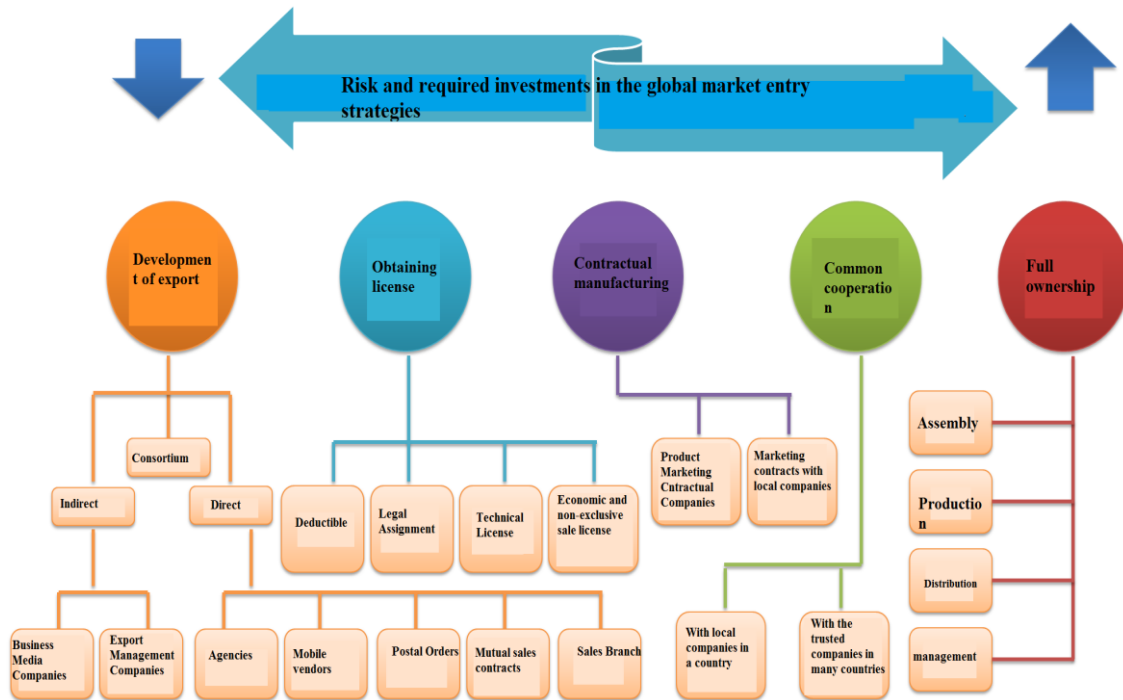


Figure 2: different approaches to enter global markets based on risk rate and investment (Bennett and Bleit, 2002)

Among these approaches, export development is associated with least risk and requires lowest rate of investment. Thus, it is one of the most applicable approached to be employed by enterprises to enter global markets. In other words, in almost all enterprises the approach is considered as the gate to global markets. Therefore, the present paper employs export development approach as an efficient and effective approach to investigate globalization of economy and business environment.

During 1950s and 1960s, it was generally believed that developing countries must create their industrial bases only by replacing local industrial goods for import. From mid 1960s it was increasingly manifested that there is another proper way for industrialization and that is export development. Moreover, countries developed in this way achieved high rates of economic growth. Effects of foreign trades can be classified into two parts: direct effects including international job sharing, market extension, increased side effects of investment and resource allocation, and indirect effects such as providing require items, transferring modern technology and knowledge, transferring foreign capital, and developing and encouraging competitiveness (Tavakil & Dehghani, 2010).

Export development is (and has always been) an essential strategy employed by different countries and industries. It is noteworthy that the industrial structure and nature of some countries leads them toward focusing on exporting some certain items. For example, Iran (as the third oil reserve-owning country of the world) has always focused on exporting oil and oil products and despite efforts on developing non-oil export there is a significant difference

between the two areas. Thus, efforts to achieve objectives of the 20 –year perspective and generating new capacities to develop non-oil export has always been among long term economic strategies of Iran during recent years. The reason is advantages of non-oil export along with oil export among the most important of which are (Tavakoli & Dehghani, 2010):

- Abandoning single-product export and independence from economic and political tricks
- Preventing increasing immigration of villagers, farmers and craftsmen to urban areas
- Improved production quality and the ability to compete respecting more supply ability

Here, we first present an overview on Iran's performance in oil and non-oil export areas during recent years and then investigate success key factors in this path to determine the route for sustainable development of non-oil export.

3. METHODOLOGY

3.1. Adaptive Comparison of Iran's Performance in Exporting Oil and Gas and Non-Oil Export

Iran is one of the overriding countries of the world in terms of gas and oil reserves and this has been associated with significant income for the country during past years. According to last reports on countries with oil reserves, Iran is the third oil-owning country of the world. Based on the mentioned reports, the first and second ranks belong to Venezuela and Saudi Arabia and Iran and Iraq are in the third and fourth ranks. This is while Iran, passing Russia, gained the first rank of gas-owning countries during recent decades. Having this amount of oil and gas and trying to extract and exploit the resources resulted in appropriate backgrounds for export of such items in Iran. Hence, oil and gas export is a main income source for this country. Following is an overview on Iran's export performance during past years.

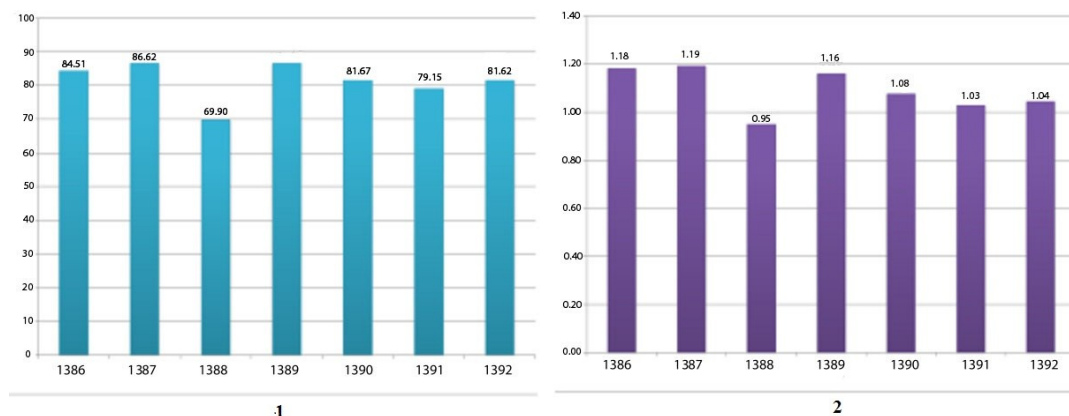


Chart 1: Iran's oil and gas export (Iran's Economy monthly, 2012)

Chart 2: Per capita oil and gas export of Iran (Billion dollars) (Iran's Economy monthly, 2012)

As the charts show, the procedure of oil export has a relative stability from 2007 to 2011 and this is while Iran faced numerous political challenges such as partial sanctions from western countries. Although the stability indicates the ability of Iran to cope with challenges, it can represent considerable risks (especially political risks) of relying on single-product export. Furthermore, these resources are irreversible and limited ones the use of which must be made with future considerations. All together, these factors demonstrate that Iran has to respect exporting other items than oil and gas and this realized through non-oil export. Improved performance of the country in non-oil export not only is considered as another main income source, but also can lead to an enhancement in country's position in other regional and global markets of industry and services. Therefore, this is specifically considered in policy making and macro and strategic planning of the country and results indicate efficiency and effectiveness of policies and plans; so that Iran has increased its non-oil export rate from 15 billion dollars in 2007 to higher than 33 billion dollars in 2011 (with an average annual growth of 24% during 5 years).

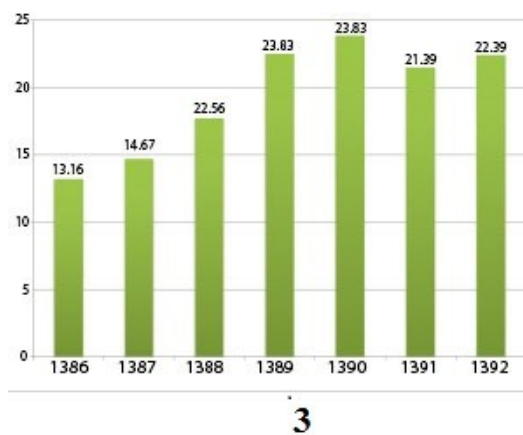


Chart 3: Iran's non-oil export (Iran's Economy monthly, 2012)

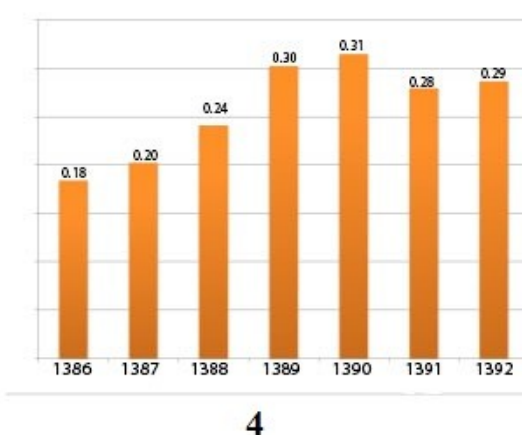


Chart 4: Per capita non-oil export of Iran (Billion dollars) (Iran's Economy monthly, 2012)

Table 1: Iran's performance in oil and gas export, non-oil export and goods and services export (Iran's Economy monthly, 2012)

Indicator	2007	2008	2009	2010	2011
Oil export (billion dollars)	84.51	86.62	69.90	86.70	86.70
Non-oil export (billion dollars)	15.60	18.40	21.30	26.60	26.60
Population (million individuals)	71.53	72.58	73.65	74.73	74.73
Per capita oil export	1.18	1.19	0.95	1.16	1.16
Per capita non-oil export	0.21	0.25	0.29	0.36	0.36
The ratio of oil export to non-oil export	18%	21%	30%	31%	31%
Goods export (billion dollars)	97.67	101.29	87.53	108.61	108.61
Services export (billion dollars)	6.93	8.01	6.78	8.28	8.28
Goods and services export (billion dollars)	104.60	109.30	94.31	116.89	116.89

Despite significant progress in non-oil export it is considerably weaker compared to oil export so that in 2011 the ratio of non-oil to oil export is 34%. As mentioned earlier, Iran non-oil export grew more than 120% during the 5-year period. This figure leads to an annual average of 24%. Thus, if the target ratio of non-oil to oil export is determined to be 40%, with an estimated oil export rate of 115 billion dollars for 2012, non-oil export rate must reach 46 billion dollars. This indicates that in order to achieve this goal non-oil export should experience a 36% growth

during 2012, a number greater than average annual growth of non-oil export of the country. This requires comprehensive planning to develop non-oil export.

3.2. Adaptive Comparison of Iran's Performance in Non-Oil Export and Member Countries of OIC

Organization of Islamic Cooperation (OIC) is the second intergovernmental organization (after the UN) with 57 member countries and expanded throughout four continents. The organization involves the Middle East and Northern Africa (MENA), Europe and Central Asia (ECA), Eastern Asia and Atlantic Ocean (EAP), Southern Asia (SA) and Central and Southern Africa (SSA). One of the most important characteristic of member countries is their economic, political, cultural and social similarities and their close beliefs and approaches. These factors facilitate export development throughout the region effectively. Thus, enhancing the position and export status of Iran must be considered as an essential and key strategy. So, selecting patterns to optimize export development and to recognize Iran's main rivals in this path (among OIC-member countries) is associated with higher efficiency and effectiveness (the Center of Education, Social Research and Economic Studies of OIC, 2012).

Table 2: Performance of overriding countries of OIC in non-oil export from 2007 to 2011

(Adopted from the Center of Commercial Interactions, www.interacen.or)

Country	2007		2008		2009		2010		2011	
	Non-oil export	Non-Oil to oil export	Non-oil export	Non-Oil to oil export	Non-oil export	Non-Oil to oil export	Non-oil export	Non-Oil-to oil export	Non-oil export	Non-Oil to oil export
Saudi Arabia	28	14%	32	11%	29	18%	36	17%	42	14%
Turkey	102	2040%	124	1550%	98	2450%	110	2750%	129	2150%
The U.A.E	79	101%	107	104%	38	59%	72	82%	61	47%
Indonesia	85	291%	97	243%	84	253%	111	238%	134	1950%
Malaysia	151	604%	163	447%	134	577%	168	532%	187	465%

A look on export performance of member countries of OIC indicates that during 2011 the highest rate of non-oil to oil export ratio belongs to Turkey, Indonesia, Malaysia, Jordan, Lebanon, Bahrain, Tunisia and Egypt. This means that these countries have a higher rate of non-oil export than oil export. But, since the main basis to select Iran's rivals in the area of non-oil export is countries' capability to develop non-oil export and their performance in this area, Turkey, Malaysia and Indonesia are selected in this respect. In fact, these countries can be considered as pioneering ones in the area of non-oil export in OIC region.

Following these countries are Saudi Arabia and the U.A. E with non-oil export rates of 42 and 61 billion dollars, respectively and respecting Iran 40-billion dollars performance they are considered as its main rivals in this area. Saudi Arabia and the UAE had an average annual growth of 11% in their non-oil export during a 4-year period (2008 – 2011) which is lower than that of Iran (24%). Thus, assuming continual annual average growth in these countries, Iran can reach an export rate of 65 billion dollars (during three years) and pass Saudi Arabia with 59 billion dollars of export. Moreover, it reaches the rate of 123 billion dollars in 6 years and also passes the UAE with export rate of 114 billion dollars.

Still, respecting Iran's performance in non-oil export two key issues (target 40% ratio of non-oil to oil export as a desirable figure and recognizing that rivals can have greater growth rates than prior ones), developing Iran's non-oil export to rate larger than its annual average growth during

past years can, on one hand, improve the country's ratio of non-oil to oil export and, on the other hand, enhance Iran's position compared to that of rivals and make it possible to pass them in shorter periods of time. Realization of this can also help achieving 20-year Perspective Document of Iran. Therefore, it is necessary to elevate annual average growth of Iran's non-oil export to at least 35%. This increase of 12% appeals for innovative planning and actions in both country's macro policy making area and producing and servicing procedures in economic enterprises.

Of course, it is not simple to achieve this objective but it requires sympathy and efforts of all sections (public and private) of the country. The first step toward identification and make effort to realize this important issue is to determine success key factors of non-oil export. The factors, in fact, represent empowerments the enhancement of which leads to higher performance in non oil export. Below is a detailed description on success key factors of developing non-oil export from both viewpoints of macro policies and producing and servicing requirements in enterprises.

4. RESULTS

4.1. Key Factors of Success in Development of Non-Oil Export in the Global Business Environment

Perspective of developing Iran's non-oil export in the conducted strategic document indicates that this country relies on export-oriented productions and considers non-oil export as the running force of country's economy in developing a sustainable growth, expanding job opportunities and removing poverty and is among 5 countries with the highest rate of export growth in the region. Therefore, Iran, under support of all section of the government and having capacities of growing export production prepared, uses a strong, concentrated and supportive organization on non-oil export to express its presence in the global market with a diversity of products especially those with advanced technologies and high added value. Besides, the government aims to enhance capacities of its own and of private section, develop capacities for export-oriented production, realize competitiveness of goods and services in domestic and foreign markets and develop proper mechanisms for removing obstacles of non-oil export to help it grow continually. Essential macro objectives to develop non-oil export can be described as follows (The Office of Commercial Planning of Iranian Organization of Trade Development, 2007):

1. Sustainable growth of export-oriented productions
2. Having infrastructures facilitating non-oil export
3. Reducing risks of non-oil export
4. Having empowered private section in non-oil export
5. Extending products' competitiveness

Obviously, development of non-oil export requires simultaneous empowerment and enhancement of both state and private sections and, hence, identification of success key factors must be realized as a result of simultaneous consideration of the sections. In other words, the state and private sections help Iran enhance its position in this area by efficient policy making and planning in the considered area and meeting requirements of developing goods and services export, respectively.

4.1.1. Key Factors of Success in Macro Level

Key factors of success in macro level include those factors concerning country's macro policies and plans. In general, the government plays the most important and typical role in this area. The Strategic Document for Development on Non-Oil Export of Iran conducted by The Office of Commercial Planning of Iranian Organization of Trade Development mentions the key functional role of government in developing non-oil export as providing social and cultural environment for non-oil export. For this, the following key policies must be particularly considered (The Office of Commercial Planning of Iranian Organization of Trade Development, 2010):

Developing export culture: by employing strategies such as enhancing society's knowledge and culture of export, developing culture aimed at export-oriented production in member organizations of business support network (customs, ports and shipping, and other executive organizations), advertising to institutionalize export culture in the country, holding national days of national or provincial export, other culture- developing events, awarding national symbols to overriding exporters, educating principles of productivity, quality, export, competition, entrepreneurship, social discipline and works on primary, junior high and high schools, universities, enterprises and organizations.

Developing the culture of export-related issues: through strategies such as developing and promoting entrepreneurship culture and especially entrepreneurship in export among young people, developing and promoting productivity concepts using Islamic lessons and emphasizing productivity in export processes in human resources, kids, adolescents and adults, developing and promoting quality culture emphasizing export quality, developing and promoting concepts and principles of competition, developing and encouraging work and effort and customer-orientation from the lowest levels of executive organizations and economic sections and the population.

Institutionalization (festivals, medals, etc): by strategies such as holding festivals and awarding medals and quality signs in export, holding festivals and awarding prizes and symbols of export productivity, holding festivals and awarding prizes for customer respect in export, festivals on entrepreneurship in export, establishing relationships between rewards and favourable performance.

General education on export-related issues: through strategies such as educating principles and concepts of productivity in export from primary school, education on principles and concepts of competitiveness and entrepreneurship in export, principles and concepts of customer respect in export.

Another key functional area of the government in the field of non-oil export is to enhance technology in national level for which there are numerous policies and strategies such as helping exporting producer enterprises conduct technological strategies in which technological transformations of among key factors of success, encouraging and subsidizing technology enhancement in other parts of value chain of exporting producing enterprises, enhancing production technologies to improve quality, flexibility and reduction of finished price, employing new technologies of transportation vehicles of export section, renewing transportation fleet, employing information and communication technology in member organization of trade support network (customs, ports and shipping, banks, etc.), developing, improving and enhancing national innovation infrastructure with a tendency toward innovative process and export-oriented products, developing and improving electronic commerce infrastructure, vast employment of information and communication technology to facilitate trades, expansion of E-government in all areas.



Another key functional area of government's responsibility is on trade regulations, disciplines and policies conducted in national level. The general policies of this part include:

Conducting and updating regulations directly related to export: by strategies such as regulating the detailed law for Iran's foreign trades based on essential revision of the available law of import and export and integrating all regulations for the sake of stabilization, regulating and implementing regulations on E-commerce, formulating regulations, instructions and administrative procedures to facilitate Iran's trades, modifying regulations of customs export and import, free trade and special economic zones and border markets based on new trade law and future laws on Iran's foreign trades, integrating all trade-related regulations.

Reducing and removing regulations on conflicting and waste procedures: through strategies such as modifying or cancelling regulations contradicting objectives of foreign trade development, reducing and removing obstacles resulting from regulations on export and removing waste and contradicting regulations and instructions, stabilizing proper regulations and avoiding frequent changes based on personal interests, evaluating regulatory consequences affecting export and investment.

Other regulations: through strategies including revising and modifying structure of regulations concerning objectives of developing economic and manufacturing activities to facilitate presence and competition in international markets, modifying regulations concerning financial markets, the Stock Exchange and goods exchange, revising and modifying the law of work and social welfare to provide for a competitive atmosphere in direct and indirect exporting productions, adapting monetary and banking regulations to provide required equipment to develop production and export.

Regulations consistent with WTO: through strategies such as investigating and evaluating regulations concerning trade and investment of selected countries by the WTO and regulating, improving, modifying and cancelling regulations inconsistent with values and principles (ownership rights, regulations concerning trades, investment, etc).

In the area of conducted trade policies in the national level the followings must be considered:

Conducting trade policies fitting objectives of export development: by employing strategies such as regular and annual publishing of Iran's trade policies inside and outside the country, making commercial profit (entering rights) of especially imported inputs (consumed in producing exported goods) logical, avoiding severe changes in rates of commercial profits and pre-announcement of necessary changes, removing non-tariff obstacles respecting economic sections and subsections' interests, conducting plans for tariff changes based on trade policies and in the framework of requirements of the WTO, preparing sections and subsections to join this organization, continual evaluation of trade policies of partner countries and embedding their mutual items in trade policies, reinforcing expertise principles of regulating trade policies, reinforcing presence of private institutions in decision-making on trade policies, providing exporters with access to required imported inputs in exporting production in a competitive manner similar to rival exporters in other countries in trade policies, avoiding forbidding regulations on export unless in certain cases approved in the High Council of Non-Oil Export Development, deepening the process of removing non-tariff obstacles in foreign trade (export and import).

Mutual actions in trade policies: through strategies such as regulations against exceeding approved prices, integrating political and economic relations in trade policies and predicting available tools in policies respecting effects on local production and markets, avoiding rapid decisions weak in terms of specialized principles from viewpoint of effects on local production

and market in applying tools of trade policies such as sanctions, tariff increases and putting decisions in the framework of a comprehensive and well-designed regulations, exerting sanctions in trade policies in certain cases and against countries' animosity.

Finally, another functional area of government in development of non-oil export is competitiveness of national economy for which the following general policies are considered:

Privatization and competition: through strategies such as enhancing business environment in the country throughout the 20-year horizon, developing competitiveness in business environment as a prerequisite of export development, implementing Article 44 of the Constitution and accelerating privatization, cancelling government monopolies.

Foreign investment: by employing strategies such as encouraging and supporting foreign investors especially foreign direct investors, trying to reduce risks of economic activities of foreign investors.

Financial and monetary policies: by employing strategies such as enhancing capital market and making it competitive, competitiveness of services of banks, providing legal backgrounds required for presence of foreign banks in Iran to make country's banking system competitive, reducing inflation rate to the average level in trading partner countries, making profit rate legal using conventional mechanisms especially through connecting to financial markets.

Currency Policy: Through the use of strategies such as the establishment of an appropriate currency system due to inflation, in order to encourage non-oil export and export profitability compared to foreign non-trade sectors and if not possible, predict other methods; Arranging the inputs oil revenues to the national economy in order to reduce the effects of Dutch Disease Economics and reduce damages to manufacturing, agriculture, mining sectors; Continuous movement toward harmony between trade policy and Currency policy, monetary and financial country.

Productivity: Through the use of strategies such as policies to increase labour productivity; adopt policies to increase the productivity of capital.

Along the policies and strategies that are suggested at the country's macro-level, Economic enterprises should also consider some of the requirements and key components and by improving its position on these issues, the further development of the country's export are realized. Through this synergy, the country will move in the direction of sustainable development. In the following, the requirements will be discussed in detail.

4.1.2. Key Success Factors at the Micro Level

Key success factors at the micro level include the factors that are operational requirements and characteristics of the enterprises in the relevant field. Active economic enterprises play a major role in various sectors of countries industry in this area. In fact, these active enterprises are in various industrial fields that must realize the development of the country's non-oil export by enhancing the capabilities and capacity utilization. This is important while in many studies and researches that have been done, mostly it has been paid to the key success factors at the macro level and in other words to how planning and policy in this area and key success factors at the micro level has remained somewhat neglected. Hence, it has been tried to explain and review the major key factors that must be followed seriously and with a special focus by economic enterprises. Generally, the key success factors for developing country export of economic enterprises, is the change in attitudes of management in these enterprises. In the past, the prevailing attitude of economic enterprises focused on the internal space and general business

environment were considered stable environment and without fundamental changes and while today the attitude and thinking of the organizations is strategic vision that its focus is mainly focused on the external environment because it believes that the level and intensity changes and transformations in this environment is so pervasive and fast that in case negligence of the organization will be faced with extinction. Change in the attitude of the senior management of economic enterprises, which is the main policymakers and determinants of policies in organizations, Significant impact on all areas of functional and operational will exert a significant impact that export promotion policies is also one of the areas. In other words, as long as the attitude of the top management of economic enterprises is not an approach based on export-oriented production, even with the availability of other key areas these firms will not have much success. Among the key strategies to achieve this important is upgrading knowledge management in economic enterprises in country. Employing creative, dynamic and having academic education managers in the field of management, attendance at training courses, conferences, practical pedagogical seminars and also the development of university-industry interactions can remarkably contribute to the promotion of knowledge management in the firms.

After the development of export-oriented attitude of the senior managers of economic enterprises, other areas and functional areas related to these categories would also be renovated in line with this approach that in the meantime the development of the concept of quality and customer-orientation has undeniable effects. Due to the expansion of export and entry into the global markets, organizations will be faced with a wide spectrum of competitors that only by having a sustainable competitive advantage will be able to compete with the formidable competitors. Among these advantages that functions extremely well are development of the concept of quality in the manufacturing, service delivery and customer interaction. The realization of this important also requires many other substrates that among them the following can be mentioned:

- Appropriate access to raw materials required: By improving relationships with current suppliers in order to develop long-term cooperation and also the development of relationships with formidable internal and external suppliers to increase bargaining power in the supply of raw materials required.
- Entitlement of effective financial resources: Through the development of relations between the monetary and banking institutions to provide liquidity and financial resources required in a desirable and inexpensive way (good facilities), and attempt to apply new methods of financing such as stock market and so on.
- Entitlement of the technical knowledge and expertise: Through the efforts in the field of excellent human resources and knowledge and investment in order to improve the knowledge and expertise of available human resources through providing the conditions for participation in regional and international training and scientific communities in order to learn about the global science and also initiatives programs and actions of world leading companies in relevant to business areas
- Entitlement of technology in the field of production: through development and improvement of mutual relations with internal research institutions In order to access the technologies required for native who can prevent the currency out of the country and at the same time put the country in a unique competitive position. In cases where internal access to internal technologies is associated with limitations, development of mutual relations with the leading countries in line with the development of investment is necessary to conduct research jointly or the technology transfer to inside the country.

- Development of an efficient operational infrastructure: In fact, the cornerstone of economic enterprise activities is considered infrastructure activities and hence the development of the infrastructure efficiently considered to be a key issue for firms. Achieving this requires taking into consideration all aspects of infrastructure including institutional infrastructure such as organizational structure and culture, information infrastructure such as enterprise knowledge management and human infrastructure such as innovation management and intellectual capital in enterprises is on the way of export development strategy.

Changing of management attitudes is the main stimulus of export development approach in the country economic enterprises and develops the concept of quality and customer-orientation and fulfilment of the requirements and components, aspects of the process and functional development of export enterprises but nonetheless if the products cannot offer so desirable and pleasant to international markets despite having a competitive advantage, market share, sales and profitability will not achieve expected. Thus, another key component of development strategy of export economic enterprises is the development of marketing concepts and sales globally. Achieving this requires the use of all of the key approaches and strategies in the field such as marketing research, advertising, pricing, distribution and supply, sales promotion, public relations, etc. Effective marketing research, underlies the identification of markets will have the capacity and high potential. The price advantage is achieved by using efficient pricing approaches particularly in markets with price elasticity can be turned to a key competitive advantage. Appropriate distribution and supply of products in various markets in different regions, could be grounds for access to a wider range of consumers. Finally, using the techniques of integrated marketing communications such as advertising, public relations, sales promotion and etc will facilitate interactions with customers and consumers.

The key point in the development of export is the continuing upward trend in the growth and expansion of export activities in target markets and new markets and the most important challenges along the way is to develop and maintain relationships with clients and reputation of the firm in different markets. The main cause of these challenges is also the lack of proper attention to the issue of after-sales service. Failure to provide satisfaction after-sales service will become existing customers to sectional customers, While the desirability of after-sales services, underlies to promote customer loyalty toward the brand economic enterprise and becoming permanent and continuous customers.

Finally it can be stated that because of all these components (Attitude of the management, development of the concept of quality and customer-orientation, development of the concept of marketing and sales, development of the concept of after-sales service); The human factor plays a key and decisive role, efficient and capable human resources development will be the basic infrastructure development of the country's export economic enterprises. Therefore, economic enterprises must in every field according to the requirements, to develop and exploit certain level of education and empowerment programs human resources. In fact, the different nature of different functional areas, will lead to differences in the nature of these applications in different organizational sectors and departments but whatever in all these sectors should be applied jointly, induction of export outlook is in all policies, programs and actions and activities of the organization in every department and division, working Group, the operational and individual levels.

An overview of the components has been explained in terms of the key success factors for the development of export at the micro level (economic enterprises) suggests that in fact, all aspects and dimensions of the value chain of these enterprises must change in line with this policy and be along with the nature and requirements of the export development approach. In fact, enterprises must reconsider and modernize their own value chain in order to achieve success in



the field of exporting our products to world markets. In fact this will represent a change in value chain enterprises from the classic form to an export-driven value chain approach.

5. CONCLUSION

Emerging trends in the business environment of the New World especially of globalization have propounded export development approach as one of the basic strategies adopted by countries and industrial development but what is noteworthy is that the structure and nature of some industrial countries have caused these countries to emphasize their attention on the export of certain species of the products. The Islamic Republic of Iran is considered as one of the world's top countries in terms of oil and gas reserves in the world and over the years this has accompanied many sources of foreign exchange earnings for the country. Entitlement of substantial resources of oil and gas reserves in the world and efforts in exploitation and utilization of these resources have caused suitable ground for export of these items to be created in the country. Despite the advantages mentioned in the country's oil export, exclusive focus on these areas, and a reliance on export to countries with single-product can also be dangerous. Hence, trying to reach 20-year-old prospect targets and the creation of new capacity in order to "The development of non-oil export," has always been one of the long-term methods in recent years. The importance of this area is also advantages of sustainable development in the country's oil export besides oil export in the country.

A review of the performance of the Islamic Republic of Iran in the development of non-oil export in recent years compared with OIC countries indicates that despite the favourable outcomes has been achieved through the planning and actions taken in this field but actually in this field we are faced with strong competitors that surpassing them requires codified policies and strategies formulation in this regard. In this study these strategies and policies were discussed at the macro and micro levels. Through these studies it was determined that at the macro level, which is in charge of the government, issues such as environment conducive to the social and cultural export, promote technology at the national level, laws, regulations and trade policies developed at the national level and competitive advantage of national economy must be aggressively pursued. Also at the micro level that is in relation to the country's enterprises also issues of change management approach, quality, and customer-orientation concept development, marketing and sales concepts developed global sales and development of human resources is efficient and capable of remarkable importance. In fact, due to the synergy between these policies and requirements, favourable prospects for developing country export will be achieved and country can improve its position against regional competitors.

ACKNOWLEDGMENTS

None.

ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

AUTHOR CONTRIBUTIONS

Planning and writing of the manuscript was done by the authors.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.



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