
The Effect of Policies Encouraging Development of Export of Leather Exports from Exporters' Perspective

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Abstract:

The present study examined the impact of encouraging the development of export of leather exports "from the perspective of exporters" is. For this study the 36-member company is an exporter of leather used in 2011. In this study, data collection methods, such as study, library, publications, regulations and incentive policies, global networking sites to gather information about literature, theoretical background of the research and selection of variables was used to assess. Also, using interviews, information about the variables of Leather Exporters' Association and community samples and marketing obstacles and leather product exports has been collected. Interview and questionnaire validity and reliability of its basic design have also been used. To test hypotheses and findings of tests and one-sample t-test to compare, measure distance, Friedman ranking test and ANOVA were used. The results show that policies to encourage exports to Iran

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Leather Export Promotion Effective and bonus payments based on added value and competitive advantage in export of leather export development is proposed.

Key words: leather, export, policy

Introduction

One of the most important factors in survival of manufacturing companies, industrial, service in commercial development of markets today, particularly is accessibility to global markets. The planning and implementation of trade policies favored by government has an important role in its realization. Evaluation of non-oil economies suggests that if a country with a careful planning and appropriate policies develop their exports. Earnings from their exports beyond export revenues oil-rich countries such as Iran.

With regard to Ends of oil resources, planners and politicians are convinced that developing country exports and non-reliance on monoculture economy is vital to fourth program of economic development, social and cultural (2005-2009) mutation exports a main component of sustainable development was introduced and direct subsidies and export subsidies were considered as cash incentives that according to goals of fourth program in country's non-oil exports were targeted and organized state subsidies and export awards in support of direct and indirect, in Fifth Development Plan for Economic, Social and Cultural Islamic Republic of Iran (2011-2015) as interactions with global economy in order to modernize and streamline business, increase its share of international trade, development of non-oil exports and services, strengthen competitiveness of export products in international market action.

While Iran is about eighty percent of country's income from oil and gas exports to earn that according to many reputable domestic and foreign experts in development of non-oil exports has great potential. Because of its potential to export agricultural and livestock products, is one of the most important parts of economy. In general, countries can invest in developing animal husbandry industry production, leather processing, leather processing industries, in addition to creating new employment opportunities for higher value-added work force for national economic benefit.

Iran assign 8.4% of global share of trap light and 5.4% share of world production skin style to assign high ratings. These percentages by World Food and Agriculture Organization (FAO) reported in 2004 that in itself represents a competitive advantage in lightweight leather. Country alone 8.4% of world's animal style is allocated to measures which may be thought of as a hub for leather industry brought light to world (Union of manufacturers and exporters of leather hide and Iran, 2011).

This research is based on a survey of various policies adopted by government in Fifth Development Plan for awards, incentives and export facilities, impact of these policies and practices affect development of Iran's exports of leather due to potential competitive advantage in this sector that current situation is more than growth of exports and exchange technology, data analysis and suggestions for improvement, and optimization aiming to provide export credit freeze. Basically, governments in each country according to capability and competitive advantage of existing infrastructure and facilities have attempted to provide producers and artisans in their own ability to produce higher quality and are also used to conquer global markets. Over past two decades, assuming "perfect competition" and "constant returns to scale production," traditional model has given way to a new generation of models of "imperfect competition" and "increasing returns to scale production," they stressed. New models on the one hand the

ability to explain causes of trade theory of comparative advantage, doubts has been created and is open to possibility, government intervention in trade through import restrictions and export subsidies (export incentives) could under certain circumstances be beneficial to national economy. (Akhavi, 2008). Government support are not directly, governments in assessing and identifying markets and distributors Insurance against commercial and political risks in foreign exchange are exporters with information.

The types of support policies such as subsidies and foreign exchange rates, preferences, exemptions and tax credits and affordable, types of tariff and non-tariff measures are in domestic economy in order to facilitate development process takes place.

Evaluation of four countries of Mexico, Malaysia, Brazil and South Korea show that countries that export development and consequently have been successful in improving macroeconomic indicators, common policy instruments, institutions and attitudes have on exports, with emphasis on some policies in some countries has been more common to them all, but we can say following:

The use of foreign investment through creation of political and economic security, elimination of bureaucratic barriers, customs and export facilities, creating a more favorable environment in terms of investment security through defined property rights, elimination of red tape and regulation and deregulation, correct attitude about global export markets, use of export incentive mechanisms such award, tax breaks, duty exemptions, credits, providing information and providing raw materials for export, training centers and research and development spending to increase performance of these countries in terms of human development and per capita income have a good performance. (Motavaseli, 2001).

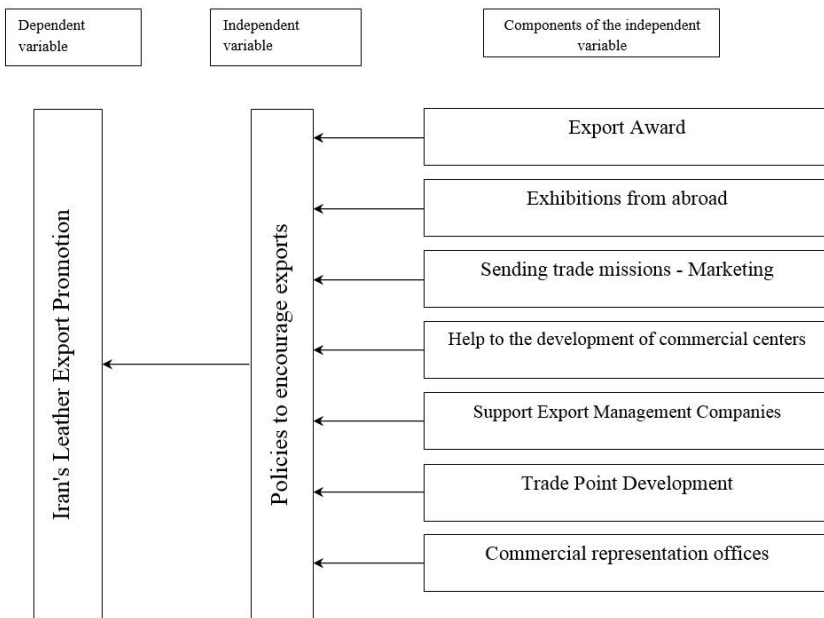
Innovation in products and processes can lead to an absolute advantage in production, but due to spillover effects (R

& D) or technology transfer to other firms, firm's innovation can benefit from (R & D) fully allocated therefore, from perspective of the best allocation of resources, incentives for private lead (R & D) is very small, so due to spillover effects (R & D) and weak incentives for private sector in carrying out its cost, government should (R & D) subsidy said. (B.Spenser)

- Development of export: To export development, development of non-oil exports are products that can either promote export of raw materials and agricultural and industrial development, exports of manufactured goods appears.
- Subsidies or incentives (subsidy): subsidy of GATT (General Agreement on Tariffs and Trade), is a broad concept and includes any form of income or price directly or indirectly to increase exports of any product acts are in fact trade with developed countries subsidize their exports in absence of any kind is placed at a lower level.
- Production: a set of physical characteristics, and service needs and demands of buyers or consumers symbol estimates(Kaygan).
- Export Award: To encourage export of value-added exports and fits 0.5 to 3 percent bonus paid last base price of exported goods.
- Commercial Tours: Commercial committed to export target markets by Trade Promotion Organization of Iran Chamber of Commerce and Industry, Provincial agencies and organizations producing and exporting countries to develop export markets for products and services and goals export mutants.
- Exhibition Subsidy: In order to help marketing and export manufacturing enterprises export part of costs associated with participating organizations, chambers of commerce export and production units that participate in exhibitions abroad paid.

- **Business center:** Commercial premises and economy by exporting entities, private or cooperative in target countries have established or are establishing and will be used to determine native forces necessary commercial services to facilitate and support process of Iranian exports in all cases such as for research, consulting, investment, planning and establishment of commercial offices and other business services to provide.
- **Agency:** Persian firms obtaining necessary permits from local host countries in trade negotiations and supply (wholesale) goods and services uses.
- **Export Management Company:** One of types of firms that export intermediaries to help enterprises to enter international markets will play role, export Management Company acted as arms exports, manufacturing and trading companies and try following products and services firm specializing in marketing as a member of management target.
- **Export consortia:** a combination of volunteer companies, with aim of improving products and services of its members abroad and facilitating export of these products through a participatory action. Members of consortium are higher than competitive aspect that should be aspects of cooperation in order to achieve key markets and latest technology. Export consortium can be a formal strategic partnership among few companies to consider long-term as a specialist provider of services to facilitate companies' access to foreign markets act.
- **Export clusters:** clusters are geographically concentrated clusters of export companies and institutions in a particular field are interconnections.

Analytical model of research:



Research hypotheses

The main hypotheses: development of policies to encourage exports of Iran's exports of leather :

The first sub-hypothesis: export bonus payments based on added value and competitive advantage in export of leather work .

The second sub-hypothesis: cover part of costs of organizing and attending exhibitions overseas export manufacturing enterprises in developing effective leather exports .

The third sub-hypothesis: cover part of cost of participating in trade missions - Marketing expedition aimed at developing export markets for leather work.

The fourth sub-hypothesis: marketing programs developed to help pay for Leather Exports effective.

The fifth sub-hypothesis: to help create and develop business centers abroad in leather export promotion effective.

The sixth sub-hypothesis: supporting export management companies in development of effective leather.

The seventh sub-hypothesis: development of educational activities in export sector by government in development of effective export leather.

The eighth sub-hypothesis: development of trade in leather export promotion effective.

The ninth sub-hypothesis: establishment of representative offices of foreign trade in leather export promotion effective.

Method

The aim of present study was based on survey of applications and methods based on field survey.

Due to limited number of companies exporting leather, leather exports to Iran are sample firms that are members of Iran's leather exports.

Study's time is a territory in 2013 and Fifth Development Plan (2010-2015) that export incentives under government's agenda.

Sampling method

Due to limited population, sample is entire target population. (Export companies to EU producers and exporters of leather hide and Iran)

Measures

Library resources, importance of these resources include internal Yearbook (including Iran Statistical Yearbook of Trade and Commerce Department data), yearbooks and international publications such as World Food and Agriculture Organization (FAO), CD-ROM published by Center international trade (ITC) such as business systems analysis (PC-TAS) and thesis

questionnaire used in this study is researcher's designed questionnaire.

Methods of data analysis

- 1 - Use Descriptive statistics for classification report stating statistical indicators and charts presented
- 2 - Check validity of questionnaire, Cranach's alpha
- 3 - Comparison with a fixed number of variables and hypothetical
- 4 - Test rankings Friedman

Reliability

The method in this context is method of calculating Cranach's alpha reliability using Cranach's formula. Method for calculating internal consistency of measuring tool, such as questionnaires or tests that may be used to measure various properties of this instrument, each question can be answered with help of numerical values. Alpha coefficient of variance for first score of each sub-questionnaire (under test) and total variance calculated

And then use following formula to calculate alpha coefficient. (Farhangi- Safarzadeh, 2008)

$$r_{\alpha} = \frac{1}{J-1} \left(1 - \frac{\sum s_j^2}{s^2} \right)$$

In present study validity of questionnaire is 0.07. Cranach's alpha coefficients were calculated using a questionnaire of 88/0 represents a necessary and sufficient validation of a questionnaire.

Validity

Due to nature of topic, using most appropriate method depends on content validity of questionnaire. Validity of method related content, judging by question to what extent objectives and

content is not in its place. So in addition to content validity content validity, questionnaire's validity is judged by teachers and guides, as well as EU producers and exporters of leather hide and Iran and they have been approved experts.

Conclusions

Present study assesses impact of each export incentives on export of leather. Questionnaire to measure impact of export incentives based on content validity of questionnaire, faculty members and advisors and provided incentives for export promotion in fifth development plan is plan.

Cranach's alpha coefficient for sample 0.88 represents a necessary and sufficient validation of a questionnaire. Statistical community is leather exporters to global markets. Sampling was done based on judgment, so that only 36 leather exporter companies involved in exporting leather and hide and leather manufacturers and exporters' union members in 2011 were selected as sample. Questionnaire was answered based on Likert scale and individually with researcher and in accordance with grading and grading range according to many scholars measure is considered as an interval scale, parametric statistical tests of reliability and can be used and with statistical techniques to calculate index tends to be central and inferential statistical techniques were used to test hypotheses. Due to nature of data and variables, one-sample t-test and Friedman ranking used and results obtained.

1. The first sub-hypothesis was confirmed by government-sponsored study in field of export bonus payments based on value added and competitive advantage in export of leather is significantly higher (3.66) and severity of impact area is strong.
2. The second sub-hypothesis of research evidence on effectiveness of coating, costs of organizing and attending exhibitions overseas export manufacturing

- enterprises in leather export development is approved that is significantly different from assumed average 66/3 does, but it significantly more than average, with 99% confidence (3).
3. Third sub-hypothesis research evidence on effective cover part of cost of participating in trade missions - Marketing expedition aimed at developing export markets for leather has been confirmed, that is significantly different from assumed average 66/3 does, but it significantly more than average, with 99% confidence (3).
 4. Fourth sub-hypothesis research evidence on effectiveness of aid programs have been approved for marketing in developing exports of leather, that is significantly different from assumed average 66/3 does, but it significantly more than average, with 99% confidence (3).
 5. Fifth sub-hypothesis not supported and contributed to development of commercial centers in developing countries with significant exports of leather and 99% confidence lower than hypothetical mean (3.66) is mean average of variables (3) also no significant differences.
 6. Sixth sub-hypothesis was rejected in favor of export management companies, export of leather as less significant than medium and strong (66/3) is. Impacts of this variable with mean average (3) no significant difference.
 7. The seventh sub-hypothesis was confirmed by government in development of educational activities in export sector and strong export leather is no difference between average areas. Variables as significant with 99 percent confidence limit of mean (3).
 8. Eighth sub-hypothesis not supported and influenced development of commercial point of difference with export of leather is between moderate and strong impact

of this variable with mean average (3) no significant difference.

9. Ninth sub-Hypothesis established research evidence on effectiveness of trade representative offices abroad in leather export development has confirmed significant difference between average and not strong. Variables as significant with 99 percent confidence limit of mean (3).
10. Tenth sub-Hypothesis was confirmed by original research on development of policies to encourage exports of Iran's leather exports is significantly higher (3.66) and severity of impact area is strong.

With regard to results summarized above in Table 1 support package for exporters perspective has influenced development of Iran's exports of leather. According to research and studies have been carried out, following is important:

Incentive	Impact	Being aware of stimulus (percent)	use of incentives (percent)
1 Bonus payments based export value and competitive advantage	strengths	97	100
2 development of educational activities in export sector	More than average	86	77
3 Commercial representation offices abroad	More than average	83	66
4 Cover part of costs of organizing and attending exhibitions overseas export manufacturing enterprises	More than average	97	77
5 Cover part of cost of participating in trade missions - Marketing expeditions to target markets	More than average	86	72
6 To help pay for marketing programs	More than average	75	38

Suggestions

Recommendations resulting from research planning and organizing targeted incentives to export subsidies and export awards, bonuses paid to general direction and support to

develop specific support packages for different commodity groups ,strengthening monitor key factors for success in any sector, from perspective of leather exporters have incentives under greatest impact.

1 - Pay export bonus based on added value and competitive advantage

2 - Development of educational activities in export sector

3 - Create commercial representative offices abroad

4 - Cover part of costs of organizing and attending exhibitions overseas export manufacturing enterprises

5 - Cover part of cost of participating in trade missions - Marketing expeditions to target markets

6 - Payment Assistance Program Marketing

- It is worth noting some of incentives from perspective of WTO subsidies component are considered prohibited, according to new theory of international trade was already mentioned in detail in terms of being located in a transitional period necessary and important accession to WTO, But it is recommended to prepare and cope with effects of joining WTO in planning long-term future of amount of direct subsidies reduced and more policies providing education and transfer of knowledge and technology, production and marketing infrastructure and renewed his efforts, therefore, in order to develop strategies and policies to encourage exports include exports of leather is recommended.
- With regard to findings with regard to opinions and suggestions of manufacturers and exporters of leather and leather city it is necessary to establish a special economic zone, this could be an important step in promotion of skin and leather industry in Iran is removed.
- Strengthening infrastructure, information technology and electronic commerce, including business organizations to strengthen and develop business in

provinces, departments and government agencies such as customs requirement and non-governmental organizations that are active in informing, to update your electronic services and facilities in Iran Trade Point, informing and educating exporters to use and benefit from capabilities of commercial

- Recommended for leather Iran Export Development Studies target market by House of Representatives, Commerce based in foreign countries and obtain comments exporters of leather and leather hide Iran's cooperation with EU producers and exporters of specialized business centers in world leather market is aimed at commercial centers of manufacturers and exporters of leather for optimal use.
- Coordination and guidance to industry and union of producers and exporters of leather hide and leather industry in Iran, particularly to create an export management company.
- Promote good relations and cooperation with FAO and Rehabilitation Centre "Improved skin and leather Iran" to train and transfer knowledge and technology in leather industry.
- Leather market out of current crisis lie in national commitment and action plans with union or association or an organization cannot hope to improve situation; because regulation tariff rate does not decrease, you cannot export and competitive platform not only for clothing and leather industry also provides many other local products.

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