

## **Effect of Customs Incentive of Development and Export Organization of Iran on Increase the Volume of Home Appliances Export to the Persian Gulf States Case of Study: “Entekhab” Manufacturing Industrial Group**

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**Abstract:** Effect of customs incentive of Development and Export Organization of Iran on increase the volume of home appliances export to the Persian Gulf states is the purpose of this investigation which is practical in sight of goal and descriptive survey in sight of method. Population of this research includes all, researches managers and supervisors who research in Entekhab manufacturing industrial group and occupied in customs job of home appliances export. To narrate the question naires, figurative and conceptual methods are used. The data analyze is done by using SPSS Software and in two descriptive and inferential levels after collecting. Results show downturn of warehousing, evaluation in place and current costs is not effective on increase the number of home appliance export of Entekhab manufacturing industrial group to Persian Gulf states. It envisions acceptance and with drawal of sample of export commodities of manufacturing units, installment commodity clearance (raw and industrial materials) directing the declaration of top exporters to green and yellow control path, exerting the tariff preferences, priority in creation of dedicated warehousing for manufacturing units, creation of special evaluation service for manufacturing units to increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. One of the effective factors on increase the volume of export is Entekhab manufacturing industrial group to the Persian Gulf states.

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**Key words:** Customs incentives, volume of export, home appliances, downturn, commodity

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### **INTRODUCTION**

Nowadays one of the most important challenges of managers and manufacturers is transferring their produced merchandise to the target markets which role of customs of country will be very effective and important in export development and transferring their produced merchandises to the target markets. Certainly decisions and regulations which are ordained in customs jobs of each country can cause assurance and encouragement or vise versa, discouragement, exporters (Pashai, 1990). Iran's exports are notably in lower level in compare with developed countries and aligned countries.

Since, oil resources of Iran is limited and according to the oil ministry announcement by 2075 they will have achieved to zero there is no remedy for growing,

economic development and occupation development and improvement of non-oil export by engagement with global trade. So in this regard effective factors should be recognized till policy makers in this cases try to improve and reinforcement it in necessity. Iran as a developing country can't play an important role in global trade and economy relying on single product economy and vulnerable economy of oil. Therefore, it should coordinate and match its economy with international development very soon in order to success in economic development and establish a logical and organic connection with foreign trade and develop the non-oil export.

The process of home appliances export fluctuate during last 10 years and this process is changeable proportional to the economic condition in region and goal countries and other effective factors on global trade.

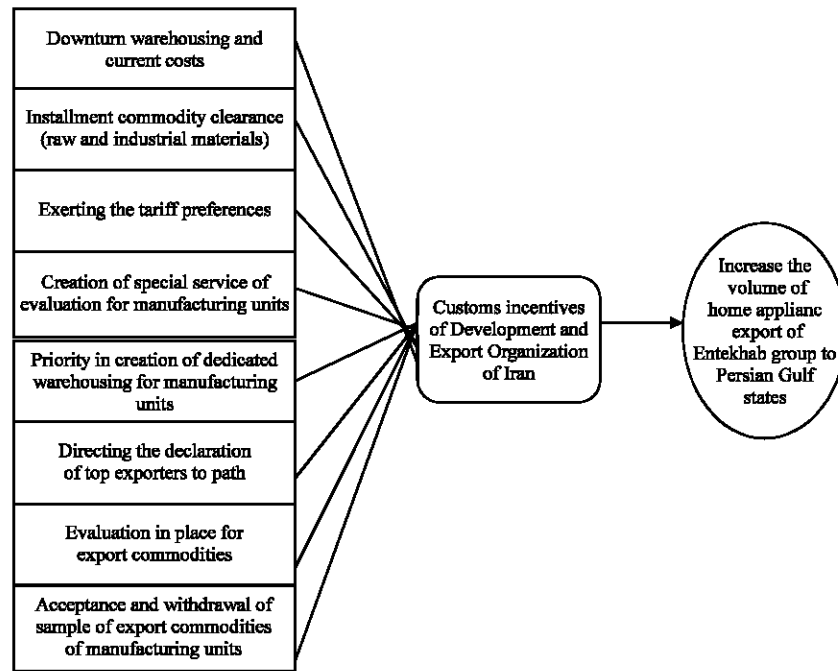


Fig. 1: Conceptual model of research

Meantime increased production costs at end of years 2010 and 2011 cause troubles in global trade competition because of exerting new economic policies in country and international restrictions. In compare with 2010, during the 2011 amount of home appliances export was faced the decrease equivalent to 12% in terms of value (249 million dollar) and 8% weight (75 thousand tons) which this value was 283 million dollars in 2010 (Department of Commerce).

Therefore, using customs incentives can be helpful to increasing the export volume and recognition effect of these factors on development of export can be the oretical achievements of this investigation. In recent years trying to achieve to the goals 20 years vision and create new capacities to develop non-oil exports was always one of the long term strategies of country on the economic front. Some advantages of increase the volume of home appliance export can be:

- Relief from single product of oil and become independent of political and economical games
- Prevent irregular migration of villagers, farmers and artisans to the city
- Improve the quality of production and capability of competition due to the possibility of offer

So this investigation actually has necessity since by recognizing the effect of customs incentives of development and export organization of Iran on increased volume of home appliances export to the

Persian Gulf states, enormous planner and determiners of country to be informed from factors which cause reducing volume of home appliances export to the Persian Gulf states (Fig. 1).

## THEORETICAL FOUNDATION

**Export:** Communicating and researching with professional trades and professionals who are in markets beyond the bounds, named exporting (Rahimi, 1997).

**Plans of encourage export:** Plans of encourage export which include training and guidance of export are plans that effect on process of export in a company. Also they cause stimulate and expand the foreign market.

**Export stimulators export incentives:** Export incentives including some actions which are done to encourage and support exporters to cause increase and facilitating export like export subsidies.

**Export strategy:** Export strategy is goals, ways and instruments which manufactures are exported around the world by using them like direct sales via the internet (Sadeqi and Ismaeli, 2010).

**Downturn the warehousing and current costs:** Due to the creating an appropriate and varied water front (specially in Imam Khomeini's port) possibility of transit

of foreign goods has lot of potential and opportunities so Iran's customs consent and cooperate in construction warehouses, dedicate manufacturing and transit suppliers units to prevent an increase in warehousing and current costs as much as possible.

**Installment commodity clearance raw and industrial materials:** In some cases which imported commodities are raw materials for factories and production and strategic units, payment of import will be installment and commodities will clearance and their tax will be paid on due date by owner of commodities other wise it is prevented to services to him/her.

**Exerting the tariff preferences:** Due to the import and export regulations, tariff preferences can be between Islamic Republic of Iran and some Persian Gulf states. In this way that commodities exchange to these countries don't subordinate to rate of tariff and existence tariff and because of amity between these countries and Iran, commodity import the Iran in less tariff or Iranian commodities enter those countries in less tariff (Naderi *et al.*, 1990).

**Creation of special evaluation services for manufacturing units:** Customs intended special evaluation services for manufacturing units to accelerate the exit and commodities of manufacturing units and no interference with other importers. Customs does these to act in minimum time of the customs formalities.

**Priority in creation of dedicated ware-housing for manufacturing units:** There are two states: manufacturing units create storage in place for themselves (with customs agreement) and customs dedicated specified warehousing for these manufacturing units from its monitored warehousing.

**Directing the declaration of top exporters to green and yellow control path:** In spite of red path which control is done completely traditional and particular, path of commodity control in green and yellow is done faster. Here, survey is brief and they do formalities relying on declare of manufacturer and trust him/her.

**Evaluation in place for export commodities:** Manufacturers and exporters can ask customs about evaluation their commodities in place of manufacturing or factories or their devoted warehouses and customs take action by dispatching export to evaluation and cargo counter too.

**Acceptance and withdrawal of sample of export commodities of manufacturing units:** Manufacturing units reference and present sample of their commodities to the customs if they need foreign marketing (out of country) and they do its formalities of samples (export samples) out of turn and quickly in minimum time and help export in this job.

## INVESTIGATION METHOD

Effect of customs incentive of development and export organization of Iran on increase the volume of home appliances export to the Persian Gulf states is the purpose of this investigation which is practical in sight of goal and descriptive-survey in sigh of method. Population of this research includes all research, managers and supervisors who research in Entekhab manufacturing industrial group and occupy in customs job of home appliances export. According to inquiry in to staff department number of Entekhab manufacturing industrial group are estimated 300 persons. As shown in Table 1 age of sample are provided and most of sample are 31-41 years old. In this investigation, the stochastic classified method

Table 1: Result of hypothesis test  
Mean of hypothesis

Variables	Mean	Standard deviation	t-values	Degrees of freedom	Level of significance	Mean difference	95% confidence level	
							Minimization	Maximum
Warehousing and current costs	3.05	0.69	1.41	209	0.150	0.05	-0.02	0.13
Installment commodity clearance	3.01	0.78	0.37	209	0.001	0.01	-0.07	0.10
The tariff preferences	3.90	0.78	2.19	209	0.020	-0.10	-0.18	-0.01
Creation of special manufacturing units	3.96	0.73	0.75	209	0.001	0.03	0.11	0.05
Priority in creation of dedicated warehousing	3.07	0.78	1.56	209	0.001	0.07	-0.01	0.16
Directing the declaration of exporters	3.61	0.58	10.49	99	0.001	0.61	0.49	0.73
Evaluation in place for export commodities	3.65	0.47	13.79	99	0.100	0.65	0.56	0.75
Acceptance and withdrawal of sample of export commodities	3.43	0.66	6.47	99	0.001	0.43	0.29	0.56

is used to foresee sample size. To comparison and analysis questionnaire which composed by researcher is used on eight components and 53 items with five point Likert scale. This questionnaire includes eight dimensions downturn the warehousing and current costs, installment commodity clearance (raw and industrial materials) exerting the tariff preferences, creation of special evaluation services for manufacturing units, priority in creation of dedicated warehousing for manufacturing units, directing the declaration of top exporters to green and yellow control path, evaluation in place for export commodities and acceptance and with drawal of sample of export commodities of manufacturing units. To narrate the questionnaires figurative-conceptual method is used. In this study, the samples were in education level of diploma, supper diploma, bachelor and ma which shown in study. It is handed to specialized professors of management repeatedly which in every stage exerted offered reforms. After collecting the data, analyze is done by using SPSS Software and in two descriptive and inferential levels. In descriptive level statistical attributes like frequency, percentage, mean, standard derivation and in inferential level proportional to level of data and hypothesis, statistical t-tests, Analysis of Variance (ANOVA) test is used.

## HYPOTHESIS OF RESEARCH

**Main hypothesis:** The result of hypothesis of this study is provided in Table 1. Customs incentives of development and export organization of Iran effect on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states.

### Second hypothesis:

- Downturn of warehousing and current costs affects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Effect of installment commodity clearance (raw and industrial materials) on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Exerting the tariff preferences effects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Effect of creation of special evaluation services for manufacturing units on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states

- Priority in creation of dedicated warehousing for manufacturing units effects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Directing the declaration of top exporters to green and yellow control path effects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Evaluation in place for export commodities affects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- Acceptance and withdrawal of sample of export commodities of manufacturing units effects on increase the volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states
- According to Fig. 2-4, the distribution of sample in the case study in term of gender, number of men is more than number of woman

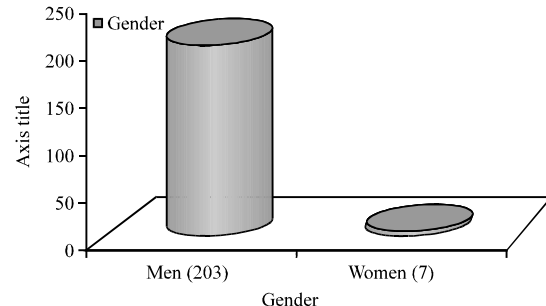


Fig. 2: Distribution of sample of case study according to gender

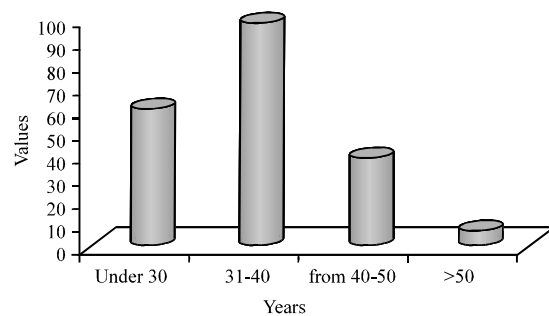


Fig. 3: Configuration of sample of case study according to age

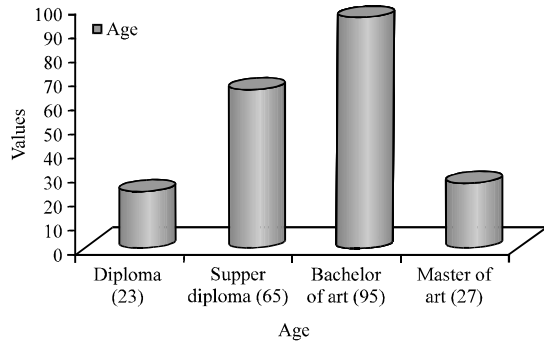


Fig. 4: Configuration of sample of case study according to education

### ANALYZING DATA

#### Descriptive analyzing of research data:

- Distribution of sample of case study according to gender (Fig. 2)
- Configuration of sample of case study according to age (Fig. 3)
- Configuration of sample of case study according to education (Fig. 4)

**Reviewing hypothesis of research data:** Result of hypothesis test in Table 1.

### CONCLUSION

**First hypothesis:** Downturn of warehousing and current costs effect on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. As conclusion shows because level of significance is  $>0/05$  ( $0/15$ ) downturn of warehousing and current costs don't effect on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Actually warehousing costs were not so effective to impede export and this fact shows downturn of warehousing and current costs is not an incentive in increase volume of commodity export at the moment. There is a significance relation between exemption o export and industries growth in ardebil province. Due to the creation of appropriate and varied quays (especially at Imam Khomeini's port) there is a lot of opportunities and potential of foreign commodities export transit (including fuel products from Iraq) so Iran's customs consent and cooperate in constructions warehouses, dedicated manufacturing and transit suppliers units to prevent an increase in warehousing and current costs as much as possible. But according to finding of this investigation this factor can't affect on increase the volume of home appliances export.

**Second hypothesis:** Installment commodity clearance (raw and industrial materials) effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, number of level of significances is  $<0/05$  ( $0/001$ ) installment commodity clearance (raw and industrial materials) effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because number of mean is  $3/01$  and t-statistical number is  $0/37$  and it is a little more than test number (3) so it can be concluded that employees envisage installment commodities clearance (raw and industrial materials) in medium level to increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Customs usually clearance commodities imitating taxes and in cash (settlement) but in some occasions depending on the kind of commodity (raw materials) or situation of owner of materials (usually O" manufacturing) or inaccessibility of owner to cash funds and other limitations by obtaining valid guarantee bank, clearance commodity which on due date of guarantee (usually 3-6 months) and more in some occasions it will exchange to definitive account (cash payment) this kind of service is presented in all customs of province. According to finds in this investigation this fact cause export facilitation in home appliances of Entekhab manufacturing industrial group.

**Third hypothesis:** Exerting the tariff preferences effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, number of level of significance is  $<0/05$  ( $0/02$ ) exerting the tariff preferences in one of the effective factors on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because number of mean is  $3/90$  and t-statistical number is  $2/19$  and more than the test number (3) so it can be concluded that exerting the tariff preferences is effective and this factor can effect positively on increase the volume of home appliances export. There is a significant relation between customs exemption and industry growth of Ardebil Province. There is a significant relation between exemption of export and industry growth of Ardebil Province. And due to the regulations of exports and imports there is exerting the tariff between Islamic republic of Iran and Uzbekistan, Pakistan, Tunisian, Syria, Cuba, Bosnia and Herzegovina, Kazakhstan and Venezuela. In this way that commodity exchange to these countries don't subordinate to rate of tariff and existence tariff and because of amity between these countries and Iran, commodity import the Iran in less tariff or Iranian commodities enter those countries in

less tariff. Due to the markets of these countries have competitive advantage for home appliances these tariff preferences create an appropriate head stock for commodities supply to these potential markets.

**Forth hypothesis:** Creation of special evaluation services for manufacturing units effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, the number of level of significance is  $<0/05$  ( $0/001$ ) creation of special evaluation services for manufacturing units is one of the effective factors on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because the number of mean is  $2/96$  and t-statistical number is  $0/75$  and less than the test number (3) so it can be concluded that staff believe creation of special evaluation services for manufacturing units is acted well and this factor can effect positively on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. To make importing of commodities faster and to avoid interference to other importers, customs prepared special evaluation service for these manufacturing units to take action about doing the customs formalities in the minimum time. This fact cause exporters export huge volume of their commodities in very short time. This matter creates an appropriate headstock for exporting.

**Fifth hypothesis:** Priority in creation of dedicated warehousing for manufacturing units effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, the number of level of significance is  $<0/05$  ( $0/001$ ) priority in creation of dedicated warehousing for manufacturing units is one of the effective factors on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because the number of mean is  $3/07$  and t-statistical number is  $1/56$  and more than the test number (3) so it can be concluded priority in creation of dedicated warehousing is acted well and this factor can effect positively an increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. This investigation is recognition of the best financing tool to develop the export of country.

**Sixth hypothesis:** Directing of top exporters to green and yellow control path effects on increase volume of home

appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, the number of level of significance is  $<0/05$  ( $0/001$ ) directing declaration of exporters is one of the effective factor on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because number of mean is  $3/61$  and t-statistical number is  $10/45$  and more than test number (3) so it can be concluded directing the declaration of exporters is acted well and this factor can be effective positively on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. In spite of red path which control is done completely traditional and particular, path of commodity control in green or yellow is done faster. Here survey is brief and they do formalities relying on declare of manufacturer and trust him/her.

**Seventh hypothesis:** Evaluation in place for export commodities effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, the number of level of significance is  $>0/05$  ( $0/001$ ) we can say the null hypothesis is confirmed and the hypothesis of research rejects. And actually evaluation in place for export commodities is n't effects on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. If transporting the commodities to customs be impossible for manufacturers, exporters and in some cases for importers because of some limitations or costs too much for them they can ask customs to evaluate their commodities in place of manufacturing or factory or dedicated warehouse. And customs take actions by dispatching expert to the evaluation and cargo counter too. But this matter is n't effective on increase the volume of export.

**Eighth hypothesis:** Acceptance and with drawal of sample of export commodities of manufacturing units effect on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. Since, the number of level of significance is  $<0/05$  ( $0/001$ ) acceptance and withdrawal of sample of export commodities of manufacturing units is one of the effective factor on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states and because the number of mean in  $3/43$  and t-statistical number is  $6/47$  and more than test number (3) so it can be concluded that employees believe acceptance and with drawal of sample of export commodities of

manufacturing is acted well and this factor can effect positively on increase volume of home appliances export of Entekhab manufacturing industrial group to the Persian Gulf states. The obtained result shows a positive significance relation between granted facilities to export deportment on manufacture commodities and export services in Iran and acceptance of export commodities. And in this part of exporting, the most important factor that should be considered is supporting risk of exporters through domestic institution like Export Guarantee fund of Iran. Manufacturing units referenced and present sample of their commodities to customs if they need foreign marketing (out of country) and they do its formalities of samples (export samples) out of turn and quickly in minimum time and help export in this job.

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