

Motivating non-exporters to go abroad: investigating the role of Government using evidence from a developing country.

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Government Export Promotion Programmes enhance Small and Medium Enterprises' export intention through boosting their managerial and relational resources.

In Algeria, managerial and relational resources are the main drivers of export intention, whereas organisational capabilities have a limited influence. Export promotion programs increase firms' managerial, organisational and relational resources. At the pre-export stage, informational programs are more likely to enhance SMEs' export initiation than experiential ones.

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Introduction

Exporting has been proved to be a reliable engine of growth and prosperity for nations and firms (Cadogan et al 2001; Lee 2011) and during the recent global recession, countries with a strong manufacturing export base, such as Germany and Spain, had the most efficient economic recovery (a phenomenon known as 'export-led recovery') (Buck 2014). As a result, many countries are now actively looking to establish a solid manufacturing export base to foster economic development. Among the sectors concerned in this effort, the sector that has drawn the most attention is the Small and Medium Size Enterprises (SMEs), not only because it is an important sector in any country's economy, but also because exporting is considered as the most popular international mode of entry for these firms.

However, exporting can be challenging and may be hampered by a number of obstacles that can prevent SMEs from entering foreign markets (Leonidou et al. 2011) and as such, external assistance is often needed to enable entry to the market (Wilkinson and Brouthers 2006). In recognition of this, Governments are increasingly offering Government Export Promotion Programs (hereafter referred to as GEPPs) that aim to improve a firms export-related resources and enhance export behaviour (Beleska-Spasova et al. 2012; Chaudhry and Crick, 2002; Spence and Crick, 2004). These programs are either “informational” or “experiential” (Faroque and Takahashi 2015; Gencturk and Kotabe 2001; Kotabe and Czinkota 1992), in that some of them are primarily for providing export-related information (such as seminars, workshops, individual counselling, trainings and language support) and referred to as Informational GEPPs; and some are principally for providing tangible experience through personal contacts with

foreign markets stakeholders (such as trade shows and missions) and are referred to as Experiential GEPPs (Faroque and Takahashi 2015; Gencturk and Kotabe 2001).

The relevance of such programs to SME needs remains uncertain (Jones and Crick, 2001; Spence and Crick, 2004) and empirical research assessing their efficiency is relatively limited and inconclusive (Banno et al 2014; Freixanet 2012; Kanda, Mejia-Dugand and Hjelm 2013). Extant studies have been criticized for having a narrow focus on the direct effects of such programs (Lages and Montgomery 2005; Leonidou, Palihawadana and Theodosiou 2011), with most focused on the role of GEPPs in enhancing *existing* exporter performance (Cansino et al 2013; Cadot et al 2015; Díez-Vial and Fernández-Olmos 2014; Francis and Collins-Dodd 2004; Freixanet 2012; Gencturk and Kotabe 2001; Sousa and Bradley 2009; Spence 2003; Wilkinson and Brouthers 2006). What has not been addressed in these studies is whether or not these programs could affect pre-export activities and motivate non-exporting firms to enter the export business, a key concern to policy-makers. Despite recent studies attempting to look at such a role (see for example: Ayob and Freixanet 2014; Cruz 2014), key questions remain unanswered, such as “*how can these programs promote new exporters?*” and “*which programs are most effective at this stage?*” Addressing these questions would provide guidelines on how policy interventions should take place, an aspect missing in the existing literature (Stewart 2015).

In an attempt to answer these questions, this study aims at uncovering the indirect effects of both experiential and informational GEPPs on export initiation. Based on an extended version of the Resource Based View (RBV) and institutional theory, the study argues that a number of export-related resources constitute key drivers of export initiation. These key resources are thought to be enhanced by government institutions and hence

mediate the link between the GEPPs and the firms' export activities. The paper therefore provides a novel theoretical basis for understanding how governments can influence SMEs' export initiation from a resource-based and institutional-based perspective. Uncovering this mechanism also illustrates the full range of consequences associated with government intervention, a dimension thus far overlooked (Steward 2015) yet crucial to enhance understanding of the export assistance mechanism.

The study brings novel evidence from a neglected area in the North-African region, , Algeria. The country's exports are amid the least diversified in the world. Even when compared to similar oil-rich countries (IMF 2011), Algerian non-oil exports are marginal and account for only 3.91 percent of the country's total exports (MDIP, 2013). However, although promoting non-oil exports is at the centre of the Government's focus, the country's trade performance is poor. Recent Algerian statistics report a number of 400 exporters in the whole country out of 1200 potential exporters (LaTribune 2015). Studies investigating the GEPPs' mechanism in different contexts are believed to be necessary as export behaviour is highly influenced by the country's economic development (Leonidou et al. 2011) and hence GEPPs are expected to act differently.

The paper is structured as follows: the next section presents the export intention dimension used to conceptualise export initiation as well as its determinants. Thereafter, the theoretical framework is presented followed by a description of the methodology, analysis and key results. In the last two sections, a discussion and key conclusions are drawn including the implication of this research.

Conceptualising Firms' Export Initiation

In the export behaviour literature, export initiation is generally assessed through the export propensity measure (Obben and Magagula 2003; Serra et al. 2012). The premise behind use of this instrument is that factors which are significantly higher in exporters than in non-exporters constitute indicators of the elements needed to motivate non-exporters to internationalise. However, Calof (1994) highlights the importance of export attitude in explaining the propensity to export. Here pre-export activity, which often leads to actual export behaviour, is strongly linked to export intentions (Wiedersheim-Paul et al. 1978). Nevertheless, based on the proposition that the greater the intention to engage in behaviour, the higher its performance (Ajzen, 1991), a limited empirical interest is devoted to the concept of intention in the investigation of a firms export behaviour (Jaffe and Pasternak 1994; Morgan and Katsikeas 1997; Yang et al. 1994). Based on the principle that firms exhibiting a strong export intention are the ones most likely to develop a successful export initiation and development strategies (Jaffe and Pasternak 1994; Morgan and Katsikeas 1997; Yang et al. 1992), this study uses export intention to illustrate export initiation.

Research Model and Hypotheses

Firms' Resources and Export Intention: An Extended RBV Perspective

Whether operating in a developing or a developed context, barriers associated with export markets are often due to the lack of internal and external resources related to small and medium sizes firms (Brouthers et al. 2015; Tesfom and Lutz 2006; Villar et al. 2014). It is acknowledged that resource factors linked to the decision maker, the organisation and the environment (specifically collaboration and networks) are the main determinants of internationalisation (Wilkinson and Brouthers 2006). In this paper, the

conceptualisation of the export-related firms' resources and capabilities is based on Barney's (2001) definition which posits that these resources include export-related tangible and intangible assets, capabilities, managerial characteristics, information and knowledge. Such a resource-based approach is regarded as a strong theoretical basis to develop export models (Beleska-Spasova et al. 2012; Freeman and Styles 2014) and has already been successfully tested in explaining firms' entry to export markets (Bloodgood et al. 1996).

However, identifying the specific resource factors affecting firms' performance remains a challenging task. In their literature reviews, Zou and Stan (1998) and Sousa, Martinez-Lopez and Coelho (2008) highlighted that the export literature was inconsistent in identifying the resources influencing internationalisation. Specifically the authors highlighted a lack of parsimony with researchers reporting too many specific factors. Similarly, Beleska-Spasova et al (2012) claimed that empirical studies generally examined a single factor or a group of factors chosen on the basis of the study focus and yet no comprehensive set of resources was reported. Consequently, firms' resources appear to be all equally important and no superiority could be distinguished.

To address this, the current study employs an integrative approach and adapts Beleska-Spasova et al's (2012) taxonomy to group firms' assets into managerial resources, organisational capabilities and relational resources. In other words, distinguishing resource-factors related to the decision maker, the firm and the environment (Wilkinson and Brouthers 2006). While managerial and organisational capabilities are seen as internal resources available inside the firm, relational resources are external resources available outside the firm.

The taxonomy adopted for internal resources was applied by numerous previous studies (Beleska-Spasova et al. 2012; Ibeh 2003; Obben and Magagula 2003; Simpson and Kujawa 1974; Theingi and Purchase 2011). This is particularly useful as it allows the researchers to isolate the role of the owner/manager - crucial in the small and medium size firms' context. As for the external resources, these are also regarded as important determinant of internationalisation (Lavie 2006) and hence could be relevant for mediating the link between export promotion and export initiation. This has precedent, with several prior studies taking the RBV beyond the firms' boundaries to include external assets (Beleska-Spasova et al. 2012; Priem and Butler 2001).

Regarding the resource-factors to be included under each category, these were identified on the basis of a comprehensive review of the export literature. Factors related to the three groups and most cited as important determinants of export initiation were identified and included in the model accordingly. These factors were narrowed down to 8 resources and capabilities, namely: the management's foreign knowledge, international orientation, entrepreneurial orientation and perceptions, the organisation's technology, innovation and planning capabilities and the firm's relationships with peer firms (See Appendix A for full definitions). The use of such a grouping technique is conducted to address calls for more parsimony in studying determinants of export behaviour (Zou and Stan 1998; Sousa et al. 2008; Beleska-Spasova et al. 2012). The next section reviews the previous evidence on the link between resources and export intention.

Managerial Resources and Export Intention

The recognition and the influence of an export incentive are closely related to the management's knowledge, attitudes and motivation toward internationalization. Resources and capabilities including knowledge, fluency in languages, and foreign travels play a significant role in encouraging the decision maker to start exporting (Reid 1981).

Export market knowledge is essential to assist managers' decision-making tasks in export markets (Matlay and Fletcher, 2000). This gives managers more flexibility and allows them to have a quicker understanding of export problems and react more effectively (Nemkova et al. 2012). Particularly for non-exporters, accurate foreign knowledge is crucial to avoid relying on instinctive perceptions of export markets (Morgan and Katsikeas 1997). The manager's international orientation (defined as the manager's foreign travels, ability to speak foreign languages and international experience) was also found amongst the determinants of firms' export initiation (Hosseini et al. 2014; Nemkova et al. 2012; Obben and Magagula 2003; Ruzzier et al 2007; Sala and Yalcin 2015). Globally oriented managers benefit from both international acumen and networks which may increase their chances to become exporters (Spence et al., 2011). The ability to speak a foreign language reduces the psychic distance to export markets which in turn positively influences the decision to export (Densil 2011). The lack of such skills leads to miscommunication and misunderstandings (Nemkova et al. 2012). Equally, internationally experienced management teams are more likely to benefit from more strategic partners and are quicker in obtaining foreign sales (Reuber and Fisher 1997). International experience was found to have a deterministic role in the degree of geographic spread of SMEs' internationalisation (Beleska-Spasova and Glaister 2010). In particular, managers with successful past experience are more likely to have a stronger future export intention (Axinn et al 1995). Evidence from developing countries such as

Nigeria revealed that having foreign business experience positively influenced decisions to go overseas (Ibeh 2003).

Only a few studies uncovered a link between the managers entrepreneurial orientation and the export decision. The managers proactiveness and risk taking attitudes were found to be important predictors for export decision (Acedo and Galan 2011; Shih and Wickramaesekera 2011; Minniti 2013), where proactive managers tend to constantly look for more opportunities to grow and their risk taking attitude encourages them to embark on uncertain foreign markets. Equally, a managers positive exports perception increases the probability of export (Ruzzier et al 2007; Simpson and Kujawa 1974; Shih and Wickramaesekera 2011). Therefore, the first hypothesis is proposed as:

H1. Managerial resources increase export intention, in terms of the decision maker's export knowledge, international and entrepreneurial orientations and export perception.

Organisational Capabilities and Export Intention

Most empirical studies listed firms' technology, innovation and business planning amongst the principal firm-related capabilities affecting a firms decision to enter the export market. Overall, a positive influence of organisational capabilities at the export initiation stage was reported in the export literature. Several scholars have found a significant and positive influence of technology intensity (Dhanaraj and Beamish, 2003; Ibeh, 2003; Van Beveren and Vandenbussche, 2010; Serra et al., 2012), and innovative activities (Roper and Love, 2002; Yang et al., 2004; Van Beveren and Vandenbussche, 2010) on the propensity to export. In theory, the level of technology and product innovation constitute a competitive advantage for firms that can make the difference in international markets and enhance the export potential (Nassimbeni 2001; Roper and

Love 2002; Ibeh 2003; Serra et al. 2012). Technological capabilities lead to new and more efficient productive processes which would in turn confer the firm a competitive advantage in terms of costs and differentiation (Rodriguez and Rodriguez, 2005). Such advantages would allow the firms to reduce costs and hence overcome the sunk costs associated with export market entry. Similarly, product quality advantages achieved through innovation allow non-exporters to enter export markets more readily (Roper and Love, 2002). All these advantages would motivate managers to consider exporting. In terms of business planning, Serra et al (2012) and Nemkova et al (2012) found that planning is an important precursor in the export decision making process. Wiedersheim-Paul et al. (1978) revealed that firms targeting long term growth are more likely to export. Firms seeking long term learning are more likely to perceive export as a valuable opportunity to achieve its target. As a result, the following hypothesis is proposed:

H2. Organisational capabilities increase export intention, in terms of technology, innovation and planning.

Relational Resources and Export Intention

External resources can play a significant role in enhancing the firms' export behaviour. Such resources are typically developed through cooperation and collaboration amongst firms (Welch et al 1998). The main benefit firms can have from networks is information gains. In this respect, although inter-firms' influence on capability development was addressed; the link with export is less established (Boehe 2013).

An export decision is likely to be influenced by other firms' export activities and strategies (Karlsson et al 2014). Several studies have confirmed the positive link between inter-firms relationships and export propensity (Boehe 2013; Ellis and Pecotish 2001;

Gashi et al. 2014; Nassimbeni 2001; Nemkova et al. 2012). Ellis and Pecotish (2001) found that local networks considerably influenced firms' decision to start export activities. Memberships in industry associations affect firms' export propensity by increasing their local reachability (Boehe 2013). Therefore, the following hypothesis is proposed:

H3. Relational resources increase export intention, in terms of local collaboration.

GEPPs and Firms' Resources: An Institutional View Perspective

Institutional theory is of high relevance when explaining small business internationalisation (Szyliowicz and Galvin, 2010; Oparaocha 2015). From such a perspective, scholars are able to explain how firms use market and capital incentives through institutional links to develop entrepreneurial behaviour (Bruton et al. 2010) and international activities. Going beyond the classical RBV perspective in the extant export literature, institutional theory provides a sound theoretical base for studying how interactions with institutional environments and SMEs influences firms' internationalisation (Oparaocha 2015).

Institutional factors could be in the form of direct government intervention in constructing and maintaining a supportive environment for small businesses to grow locally and internationally. Bruton et al. (2010) explain that governments can assist the growth of small businesses by facilitating entry markets and eliminating heavy regulations which can easily discourage international development. Oparaocha (2015) added that government institutional links can help firms overcoming resource barriers inhibiting the identification and exploitation of international opportunities. In this respect, the significant role that export promotion programs play in enhancing firms' internal and

external resources was acknowledged and tested in the export literature. Through GEPPs, firms can have access to a valuable source of expertise (Gencturk and Kotabe 2001; Singer and Czinkota 1994). In the hostile and uncertain environment of foreign markets, this expertise could be crucial for assisting firms in the internationalisation process (Serinhaus and Rosson 1991). In particular, it seems export assistance plays a role in improving firms' organisational, managerial (Czinkota 1994; Francis and Collins-Dodd 2004; Shamsuddoha et al. 2009) and relational resources (Welch et al 1998). The following discusses these effects further.

Informational, Experiential GEPPs and Managerial Resources

In general, due to a lack of financial resources, SME managers are unable to seek external help from private agencies to obtain foreign market knowledge often crucial for their export entry. For this reason, informational GEPPs offer a range of workshops, seminars and training sessions to provide their users with key information about export procedures, market knowledge, foreign practices and regulations, and hence increasing their overall export knowledge. Likewise, participating in experiential GEPPs such as trade shows and missions helps managers in acquiring international market knowledge (Spence and Crick, 2004; Shamsuddoha et al. 2009; Leonidou et al. 2011). Participants are able to access experiential knowledge through meeting other exporters, potential customers and distributors which in turn increases their commitment to exporting (Wilkinson and Brouters 2006).

By providing firms' managers with foreign market knowledge, they will adopt a more positive attitude and perception toward international markets and develop higher commitment toward export activities (Singer and Czinkota 1994). These benefits are most likely to allow SMEs' managers to overcome psychological barriers associated with

exporting, encouraging managers to take a more proactive and risk-taking attitudes, in turn leading to an increase in entrepreneurial orientation. Additionally, the cumulative effect of foreign travel and regular participation in trade shows and missions will develop a managers international orientation (Shamsuddoha et al. 2009). Based on the discussions above, both informational and experiential GEPPs should play an important role in increasing firms' managerial resources in terms of export knowledge, perception and international orientations. The following hypotheses are therefore proposed:

H4a. The use of informational GEPPs enhances firms' managerial resources in terms of decision makers' foreign knowledge, international and entrepreneurial orientations and export perception.

H4b. The use of Experiential GEPPs enhances firms' managerial resources in terms of decision makers' foreign knowledge, international and entrepreneurial orientations and export perception.

Informational, Experiential GEPPs and Organisational Capabilities

Informational GEPPs can be in the form of individual assistance and technical support and are often in collaboration with external experts. Such support is provided when firms seek technological upgrade and systems certification to be eligible to enter certain foreign markets. The provision of market development intelligence reports on foreign customers specific needs and international competitors' movements can enhance firms' innovation capabilities in developing new products dedicated to fulfil export markets' needs (Leonidou et al. 2011). Similarly with experiential GEPPs, SMEs may be exposed to new technologies when taking part in international events. In these events, suppliers for equipment frequently approach participants to offer upgrades and new machinery. The use of informational export assistance also increases the efficiency of

export planning by providing foreign markets information quickly (Seringhaus, 1987). Market information is also rapidly accessible through experiential GEPPs in trade events (Durmuşođlu et al 2012; Wilkinson and Brouthers 2006). Having access to a market research and information, often for free, allows firms to reduce the cost of export planning and invest more on their strategies (Gencturk and Kotabe 2001). Therefore, the following hypotheses are proposed:

H5a. The use of informational GEPPs enhances firms' organisational capabilities in terms of technology, innovation and planning capabilities.

H5b. The use of experiential GEPPs enhances firms' organisational capabilities in terms of technology, innovation and planning capabilities.

Informational, Experiential GEPPs and Relational Resources

Firms attending both informational and experiential GEPPs have the opportunity to connect with local existing and potential exporters (Young 1995). Relationships building with such networks are likely to be enhanced during schemes such as seminars, workshops, trade shows and trade missions (Wang and Ngaosong, 2012). Often, in these events, long term relationships are developed via social interactions (Yli-Renko et al. 2002). Through these relationships, managers share useful information, past experiences and foreign knowledge. This can then evolve into cooperative strategies which can be further facilitated by export promotion agencies (Wilkinson and Young 1998; Welch et al 1998). In these cases, government agencies can provide formal settings for collaborative relationships. Without such settings, these relationships would not emerge, as in general, firms are reluctant to cooperate with local businesses (Welch et al 1998). The following hypotheses are suggested:

H6a. The use of informational GEPPs enhances firms' relational resources in terms of local collaboration

H6b. The use of experiential GEPPs enhances firms' relational resources in terms of local collaboration

GEPPs and Firms' Export Intention: The Indirect Link

On the bases of the discussions above, and drawing from both an extended RBV and an institutional perspective, it is clear that the use of GEPPs improves both firms' internal and external resources. These resources are in turn regarded as important precursors to firms' export initiation. Hence, this study argues an indirect impact of the export promotion programs on export initiation through firms' managerial, organisational and relational resources. This would imply that GEPPs cannot be effective unless the relevant resources are enhanced. It is recognised that the main goal of export promotion programs is to enhance firms' internationalisation by increasing their resources (Francis and Collins-Dodd 2004) however, although a few studies have partially tested this indirect impact through firms' resources, it has only been tested on export performance - and solely through internal factors (Lages and Montgomery 2005; Leonidou et al. 2011; Shamsuddoha et al. 2009; Jalali 2012). In general, these studies reported that the use of both informational and experiential GEPPs increase firms' export performance indirectly through improving their internal resources and capabilities (Leonidou et al. 2011), pricing capabilities (Lages and Montgomery 2005), manager's perception, knowledge and commitment (Shamsuddoha et al. 2009) and export strategy (Jalali 2012). Hence, based on the hypotheses developed earlier in this study and the aforementioned studies, the following are proposed:

H7a. Informational GEPPs enhance export intention indirectly through improving firms' organisational, managerial and relational resources.

H7b. Experiential GEPPs enhance export intention indirectly through improving firms' organisational, managerial and relational resources.

In summary, this study argues that the use of informational and experiential GEPPs enhances firms' export intention through improving their managerial, organisational and relational sets of resources. Given the lack of empirical evidence to prove the contrary, the study assumes that the logic of the aforementioned hypotheses and the proposed model should hold regardless of the nation in which these are tested.

Methods

The study surveyed Algerian non-exporting manufacturing firms employing less than 500 employees. The 500 employee threshold was chosen to target resource-constrained firms that are more likely to seek assistance from government organisations in their export activities. A similar threshold approach has been taken in several previous export studies (Wilkinson and Brouthers 2006; Morgan and Katsikeas 1997).

A sample of non-exporting firms was selected using the Algerian Chamber of Commerce database. The researchers used a mix of online and face-to-face techniques to distribute the questionnaires. The questionnaire was originally developed in English. However, a French version was prepared using back-translation technique to ensure translation equivalence. The study returned 180 valid responses. This is considered as a highly representative sample as the number of potential exporters in the whole country accounts for approximately 1200 firms (LaTribune, 2015). To test for non-response bias, the study followed Armstrong and Overton's (1977) extrapolation method comparing the means of 30 late respondents with 30 early respondents using a randomly selected 15 items (Ketkar et al 2012). The difference between all the considered items was

statistically non-significant concluding that no response bias exists in the sample. To reduce the common method bias, the questionnaire included a number of negatively worded statements. Furthermore, a post-hoc test for common method bias was applied using Harman's one-factor. The single factor accounted for less than the 50 percent threshold. Hence, combined with the reversed questions included in the questionnaire, the Harman's test shows no common methods bias (Lings et al 2014).

The responding firms were operating in different manufacturing sectors including food and beverage, metal products, textile and clothing, tobacco, wood and paper products, furniture and 'other' manufacturing. In terms of sample characteristics, the largest group included small firms (with less than 50 employees), while the majority of firms were relatively young. Regarding the key informants, these were mostly owners, general directors, export directors or financial directors (Leonidou et al. 2011; Shamsuddoha, et al. 2009).

Measures

To operationalize the use of export promotion programs, the items included in the GEEPs construct were extracted from previous studies (Brouthers and Wilkinson 2006; Leonidou et al. 2011). To ensure their suitability, these were checked against the different programs provided by the two main export promotion bodies the country, namely the Algerian Chamber of Commerce and ALGEX (Algeria Export). Regarding the export intention, the utilised construct was based on Yang, et al's (1992) conceptualisation. The authors posited that when a firm intend to export it would make plans to start selling abroad and allocate necessary resources. As for the firms' resources constructs, the latter were developed on the basis of previous studies (See appendix B for all survey items).

Second order variables were used to test the conceptual model (Leonidou et al. 2011). These constructs are variables that comprise two layers of components (Hair et al 2016) and are the constructs forming managerial resources, organisational capabilities and relational resources. All first order variables included in the model were considered as reflective variables, whereas, second order constructs were all regarded as formative variables (except the relational resources variable which was originally developed as a reflective-reflective construct by Lages et al (2005)). Finally, the study controlled for both firms' size and age.

Analysis

A non-linear regression-based Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to test the hypotheses (Kock, 2010). The use of the PLS-SEM technique has been increasing in marketing and business research (Hair et al 2011). It is regarded as appropriate for both theory building and testing (Lowry and Gaskin 2014).

Measurement Model of the Reflective First Order Variables

To assess the measurement model, we examined (1) the individual reliability of all the indicators through their loadings using Confirmatory Factor Analysis PLS approach, (2) both composite reliability and Cronbach's Alpha coefficients to check the constructs' reliability and (3) the Average variance Extracted (AVE) (See Table 1) and the squared roots of AVE to examine the constructs' convergent and discriminant validities respectively.

Table 1 Here

Table 1 shows that the majority of the values of the composite reliability and Cronbach's alpha were higher than the .7 threshold implying that the first order measurement models has a good reliability. Similarly, the table illustrates that all AVEs

exceeded the threshold of .5 meaning that all constructs have a good convergent validity (Schmiedel et al 2014). The table also demonstrates that almost all values of the Variance Inflation Factor (VIF) are all below the threshold of five meaning the absence of both multicollinearity and common methods bias (Kock and Lynn 2012). Additionally, the squared root of AVE was greater than any of the other correlations involving that construct, implying that the measurement models have satisfactory discriminant validity (Ketkar et al 2012).

Measurement Model of the Formative Second Order Variables

After assessing the measurement model at the first order level, this should be examined at the second order level. Unlike reflective variables, formative constructs' reliability and validity are assessed using the indicator's loadings, weight and their VIF (Hair et al 2016). In fact, the statistical tests employed for reflective indicators cannot be applied to formative indicators. Hair et al (2016) explained that with PLS-SEM, the measurement model's quality involving formative indicators can be assessed through the indicator's weights and their VIF. All second orders' indicators loadings and weights were significant and with a VIF not exceeding the threshold of 5, suggesting a good validity, no issues of multicollinearity and confirming the absence of common method bias (Kock and Lynn 2012).

The Structural Model

Figure 1 illustrates the path coefficients (β), the p values and the R² values of the correlations hypothesized in this study. As can be seen, the use of experiential GEPPs increased all three types of resources significantly hence supporting (H4b, H5b and H6b).

As for the use of informational GEPPs, this improved all three types of resources, hence supporting H4a, H5a and H6a. Second, turning to the effect of the firms' resources on the firms' export intention; it was found that both managerial and relational resources were significant determinants of export intention, hence supporting both H1 and H3. With an R^2 of 0.24, it is concluded that export intention is explained by 24 percent.

Figure 1 Here

To uncover the indirect effects of the use GEPPs on export behaviour, the study tests the mediating role of the firms' resources in the aforementioned relationship. To do this, the study followed Hair et al's (2016) approach and obtained the following results. Informational GEPPs were the only set of programs having an indirect effect on non-exporters' intention to export and this was through managerial and relational resources (non-significant direct link and significant indirect link at 5 percent), whilst experiential GEPPs had no indirect effect (both direct and indirect links non-significant). Therefore, only H7a is supported.

Discussion and Conclusion

Prior research has suggested a direct link between export promotion and firm export behaviour. However, extant findings have been somehow limited and mixed (Lages and Montgomery 2005; Leonidou et al. 2011). Drawing from the extended RBV approach and the institutional theory, this study probes for an underlying indirect mechanism and argue that public assistance enhances export initiation though improving firms' resources. While this study confirmed previous studies revealing such an indirect impact of GEPPs (Jalali 2012; Lages and Montgomery 2005; Leonidou et al. 2011; Shamsuddoha et al. 2009), it goes beyond these findings by (1) focusing on non-exporters'

export intention rather than existing exporters' performances, (2) identifying different effects from different types of programs, (3) studying the influence of these programmes in a developing context, and (4) adopting a comprehensive approach in the inclusion of the resource factors mediating the link between GEPPs and export intention. To the authors' knowledge, this is the first study uncovering the mechanism underlying the crucial role of export promotion in promoting new exporters in the Algerian contexts. The study revealed the following results.

Which programs are most effective in increasing SMEs' export intention?

The results showed that, in Algeria, it was mainly informational GEPPs that were important at this stage. The primacy of such GEPPs over experiential programs in is thought to be underlined by the fact that SMEs' owners/managers are more in need of basic export-related information and market research than experiential knowledge (Nancy et al., 2009). Our sample showed that Algerian firms are typically young and hence are more likely to require objective knowledge to develop their pre-export activities. In this vein, the majority of Algerian SMEs' owners have thus far been well known to be inward oriented and "export illiterate" decision makers who consequently tend to avoid "unknown" international business practices and procedures (Nancy et al. 2009). In effect, the lack of basic export information evokes a negative export perception among managers, and prevents them from considering international opportunities. Often, once those managers are trained for exporting, they become more open to foreign opportunities. This is not restricted to Algeria as the lack of information has been reported to be among the main export barriers in developing countries.

How can export promotion programs enhance export intention?

The study has established that GEPPs influence export intention indirectly through improving SMEs' assets. However, this influence was through both managerial and relational resources. The influence of GEPPs on export intention through managerial resources supports several previous studies (Spence, 2003; Shamsuddoha et al., 2009; Leonidou et al., 2011). SMEs often develop a negative perception towards exporting as a result of the risks, costs and uncertainties that are often associated with international markets. Export assistance programs can have a crucial role in helping managers to overcome these challenges and enhancing their export intention (Czinkota, 1994; Shamsuddoha et al., 2009). GEPPs often constitute a source of expertise that small firms need (Seringhaus et al., 1991). Export promotion was proved to be an important driver of entrepreneurial strategies (Cocks, 2016). When managers are provided with foreign market knowledge, they develop a more positive perception toward exporting (Singer and Czinkota, 1994). Similarly, trade shows and missions enhance managers' perceptions toward export profits (Francis and Collins-Dodd, 2004; Leonidou et al., 2011) and increase their commitment toward exporting (Shamsuddoha et al., 2009). Finally, the participation in trade shows and missions leads managers to conduct more business travels and hence develop their international orientation (Spence, 2003). All these impacts considerably increase an SMEs likelihood to become an exporter.

Interestingly, for Algerian SMEs, the influence of informational GEPPs on export intention was not restricted through managerial resources yet was also extended via relational resources. Collaborative behaviours may be particularly enhanced when SMEs participate in events, seminars and grouping schemes delivered by the GEPPs. In such cases, export promotion organisations could provide a formal platform and act as a facilitator to nurture these relationships (Welch et al 1998). Informational programs allow

potential exporters to collaborate with existing ones and benefit from useful information and foreign knowledge (Welch, et al, 1998). SMEs often develop useful networks with other domestic peer firms participating to the same program through social interactions (Yli-Renko et al., 2000) and these collaborative behaviours turned out to be particularly important in triggering Algerian SMEs' export intention. Such findings are in line with the limited existing evidence highlighting the important role of local collaboration in developing countries. In fact, while foreign collaboration (with importers) was often emphasised in internationalisation studies, local collaboration has been neglected yet appears to be particularly relevant in the developing context. It is argued that despite the novelty of networks use in business, firms in developing countries have always been using such sources to overcome export barriers and cover sunk costs related to exporting. The potential role of solidarity and cohesion among firms is indeed high in these countries (Ghauri et al. 2003; Zhou, Wu and Luo 2007; Ibeh and Kassem 2011), and particularly in African nations where evidence from Benin (Hounhouigan et al 2014) and Niger (Arnould 2001) revealed that successful marketers depend highly on close relationships with trusted peers.

Regarding the influence of GEPPs on export intention through organisational capabilities, the latter was not confirmed in this case. In fact, although the use of GEPPs improved organisational capabilities, these were not found to be precursors to export intention. Such a negligible role could be explained by the fact that technological capabilities and Research & Development (R&D) spending do not necessarily lead to new product development that would act as a stimulus to enter foreign markets. In addition, spending on the R&D may reduce the firm's financial capitals assigned to export activities and hence may hinder its export decision (Rodriguez and Rodriguez 2005). Similarly, the

costs engendered by planning activities could offset their benefits in encouraging SMEs' international expansion (Morgan et al. 2012). Therefore, the focus of GEPPs on improving such capabilities may not necessarily result in a high export intention.

Theoretical Implications

This study has contributed to the export literature in various ways. First, by testing the indirect impact of both informational and experiential GEPPs on non-exporters' intention to export. The findings uncover the mechanism whereby GEPPs operate at the initiation level. To date, the majority of research has focused on the much criticised direct impact and were all limited to existing exporters' performance only. The role of such assistance in promoting new exporters has been clearly neglected. For the first time, this study contributes to the literature by empirically validating the indirect effect on initiating firms to exporting, and of two distinct types of programs. Second, by testing the model in a developing context, the study revealed that export promotion and export initiation work differently, and in the Algerian context, relational assets appeared to be important when it comes to engaging firms in exporting. Such findings do not only provide an enhanced understanding of the GEPPs mechanism but also confirm the applicability of the extended RBV in the developing context. The study also confirms the relevance of institutional theory in explaining small business export intention and endorses the Bruton et al. (2010) call for studying this theory using multiple country cases. Finally, by adopting a comprehensive approach where the influence of three types of resources is tested simultaneously, our findings show that not all resources and capabilities have equal strategic importance in encouraging non-exporters to enter export markets. The primacy of the management the relational resources over the organisational capabilities, when it comes to export entry, have been clearly established in this study. Future studies are

highly encouraged to adopt an integrative view when investigating SME internationalisation.

Managerial Implications

This study holds important implications to both SMEs' and export promotion organisations' (EPOs) managers in developing countries. First, experiential and informational export promotion programs were found to act as a resource supplement for their users. SMEs' managers are therefore encouraged to maximise the potential benefits gained through such assistance and use it as an external source to cover the lack of resources that many firms suffer from when entering export markets. Second, the study has established the importance of the so far overlooked role that export promotion programs play in initiating non-exporters to international markets. By uncovering this mechanism, which has thus far been ignored, the study serves as an indication to key resources to focus on when promoting exporting activities amongst non-exporters. EPOs managers in developing countries can use the present findings to improve the efficiency of their programs. EPOs managers should not underestimate the value of informational GEPPs such as seminars and how-to-export workshops, as these were found to be the most efficient when it comes to initiating firms to export markets. In fact, the lack of foreign knowledge has often been cited as the main barrier facing SMEs operating in developing countries. The present study has revealed that informational GEPPs can promote non-exporters through enhancing both managerial and relational resources in collectivistic countries such as Algeria. Hence, EPOs managers are advised to design their informational programs to focus on developing managers' perceptions, orientations and knowledge of foreign markets. In this vein, EPOs in these countries are also encouraged to work in collaboration with educational institutions such as universities and institutes

to develop seminars and courses to enhance knowledge and positive attitudes towards export markets. More importantly, EPOs managers are also encouraged to take a more strategic focus on nurturing inter-firms collaborations and should use the full network potential of their informational programs to enhance non-exporters' probability to go abroad. They are advised to act a facilitator to collaboration amongst local businesses with an export potential and provide a formal platform where firms can share experiences, market information and positive perceptions to enter export markets. Seminars, workshops and trainings should not only be considered as a source of information but also a platform to enhance and developed cooperation strategies.

In terms of limitations, the aim of this study was to assist EPOs in promoting new exporters. Here, the focus is on the pre-export activity stage of the export behaviour and not actual behaviour. While a strong intention will lead to a more efficient performance when the behaviour occurs, we acknowledge that a strong intention will not necessarily lead to the actual behaviour. Here, we support further research to be conducted on exploring the gap between intention and actual behaviour.

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