Ready to export?
The role of export readiness for superior export performance of small and medium-sized enterprises

Abstract

Drawing on the entrepreneurship perspective and the network-based view on internationalisation, this exploratory study contributes to our understanding of why some exporters succeed while others do not, through an empirical examination of export readiness factors. The paper provides an operationalisation of export readiness for small and medium-sized enterprises (SMEs). Based on a sample of 96 New Zealand SMEs, we find that export readiness is a complex construct involving *finance, trade and exchange,* and *marketing*. The study provides evidence that internal export stimuli are important antecedents of export readiness, while factors traditionally assumed to be critical to export success, such as importing and pre-export domestic expansion, may not be prerequisites to being export-ready. Finally, the study examines the link between export readiness and subsequent, initial export performance and finds a strong, positive relationship. Our study contributes to the export literature by providing a deeper and more integrated understanding of the antecedents of export readiness in a small, open economy (SMOPEC), and its implications for subsequent export performance.

Keywords

Export readiness
SME
Inward internationalisation
Export planning
Pre-export behaviour
Export performance

1. Introduction

Small and medium-sized enterprises (SMEs) are becoming increasingly important players in international trade, currently accounting for 25-35% of world merchandise exports (World Trade Organisation, 2018; Francioni, Pagano, & Castellani, 2016; OECD, 2005). Exporting is the most common foreign market entry mode employed by SMEs, due to its being relatively low risk, with a high degree of flexibility and low commitment of resources (Leonidou & Katsikeas, 1996). For SMEs from small and open economies, international activities often represent the only path for substantial growth (Nummela, 2011); as Dana, Etemad, and Wright (2004: 19) argue, "understanding internationalisation is no longer an option for business success, [but] it is a prerequisite".

Yet, growth in global competition and political turbulence in offshore markets present considerable challenges to small exporters. Economic disintegration (e.g., Brexit in the UK), growing protectionism (e.g., recent policies of the US), and the rise of emerging market multinationals (e.g., firms from China and India) mean that small – and especially young – firms face exposure to the complexities and costs associated with international trade. Developing an understanding of whether a firm is ready to export can, thus, be critical to its long-term success. How do such firms know when they are ready to export? What determines their export readiness? Is being export-ready linked to stronger export performance?

To date, the literature has offered relatively few answers to these questions. Considerably more research attention has been focused on the choice of exporting and other forms of internationalisation (often for large firms from large economies), as opposed to the pre-exporting phase and the antecedents of export readiness (see e.g., Leonidou, 2004; Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007; Beleska-Spasova, Glaister, & Stride, 2012). Notable exceptions include the works of Cavusgil and Nason (1990), Liesch and Knight (1999), Tan, Brewer, and Liesch (2007; 2018), and David and Cariou (2014), which have led discussion in this area and provide a theoretical foundation for this study. Still, the conceptualisation of export readiness remains relatively under-researched, and challenges remain with respect to operationalising such a construct.

The focus of this study is on firms from an advanced, small, and open economy (SMOPEC); such a home context that to magnify barriers to exporting, particularly for SMEs (Van Den Bulcke & Verbeke, 2001). SMOPECs generally display international connectivity that reflects their openness to, and engagement in, international trade and investment. These characteristics tend to present particular challenges to exporting SMEs – who are often young and lack international experience – as they seek access to larger markets while facing full exposure to international competition at home and away (Michailova & Ott, 2019). The need for international engagement to escape the confines of limited home markets and competition from imports provides a theoretically-interesting context for the study of export readiness. However, the extant literature provides relatively few answers with regard to the importance of export readiness for such firms' exporting exploits or export performance.

The purpose of this paper is to operationalise the export readiness construct, and empirically investigate both its antecedents and its relationship with export performance. The first contribution of the paper is an operationalisation of the export readiness construct, focusing on three key aspects: *finance, trade and exchange*, and *marketing*. In this way, we encompass key exporting capabilities and resources, including the availability of financial resources, minimisation of foreign currency exchange risk, and the ability to adapt to customer preferences overseas, building on previous work in this area (Tan et al., 2007; 2010; 2018). From a theoretical perspective, distinguishing among different aspects of export readiness offers a more fine-grained analysis that is based on the entrepreneurship perspective (e.g. Shane & Venkataraman, 2000) and the network-based view on internationalisation (e.g. Johanson & Mattson, 1988). Further, our study incorporates export stimuli, information and export planning, and importing prior to exporting as antecedents of export readiness. Our empirical examination, based questionnaire data from 96 SMEs based in New Zealand, finds internal export stimuli to be particularly important, along with positive relationships between each of the three types of export readiness and export performance. These results suggest that, although not all antecedents of export readiness are equally important to SMOPEC-based SMEs, export readiness is strongly linked to export success. Thus, while addressing calls for more research within specific international business contexts, the paper contributes to our understanding of export readiness, providing strong evidence of a link between readiness and performance for SMEs exporting from an advanced and open economy in a rather peripheral location.

The paper is structured as follows. The next section presents the theoretical background to exporting and develops the study's hypotheses. The research methodology is then presented, followed by the results. Finally, the study's findings, including relevance the SMOPEC context, are discussed.

2. Theoretical background and hypothesis development

This study is embedded in two key theoretical perspectives pertaining to exporting and internationalisation: the entrepreneurial perspective (e.g., Andersson, 2000), and the network-based view on internationalisation (e.g., Johanson & Mattson, 1988; Axelsson & Easton, 1992). The entrepreneurial perspective places a strong focus on the entrepreneur as the individual driving the firm's internationalisation (e.g., Shane & Venkataraman, 2000). This view is based largely on the Schumpeterian notion of the entrepreneur. According to Schumpeter (1934), the entrepreneurship function includes the introduction of new products and production methods, the opening of new markets, the identification and access of new sources of supply and raw materials, and the reorganisation of an industry. Thus, according to the entrepreneurial perspective, the individual entrepreneur has a critical influence on a firm's internationalisation behaviour (e.g., Acedo & Jones, 2007; Andersson, 2000; Shane & Venkataraman, 2000; Stevenson & Jarillo, 1990). The individual in the firm represents the key driver of mode choice for international activity, and internationalisation is conceptualised as "the consequence of different entrepreneurial actions" (Andersson, 2000: 82) and as an "entrepreneurial act" (Ibeh & Young, 2001: 567). The importance of individual decision-makers' characteristics for understanding the internationalisation process of SMEs is also noted by Andersson, Gabrielsson, and Wictor (2004). Thus, a central tenet of this paper is the importance of the decision maker's entrepreneurial nature for understanding the firm's export readiness and its relationship to subsequent, initial export performance.

The network-based view on internationalisation (e.g., Johanson & Mattson, 1988; Johanson & Vahlne, 2003) emphasises the critical implications of networks for exporting and internationalisation, especially in the context of SMEs. According to the network-based view, successful internationalisation depends strongly on the development of networks and interdependencies with other firms, even more so than ownership advantages (Axelsson & Easton, 1992; Dunning, 1988; Johanson & Mattson, 1988; Coviello & Munro, 1997; Styles, Patterson, & Ahmed, 2008). A key related perspective arises from the Uppsala School (e.g., Johanson & Mattsson, 1987; Johanson & Vahlne, 1977), which asserts that firm internationalisation involves stages of increasing experiential knowledge and commitment of resources to increasingly (psychically) distant markets over time. More recent updates to the Uppsala model have focused on the importance of network inclusion or insidership in this incremental process (Johanson & Vahlne, 1990). Another stream of work, which focuses on the born global firm that 'leapfrogs' these stages (e.g., Knight & Cavusgil, 1996), still acknowledges the role of networks in achieving resource-intensive modes and/or entry into distant markets from the outset. Dominguez and Mayrhofer (2017) identify stages characterised by increasing, decreasing, and re-increasing commitment to foreign markets, recognising that there are multiple factors that lead firms from one stage to another, and attempting to reconcile the traditional stages and born global strategies. However, the importance of networks *prior to* these stages of internationalisation, as an antecedent to export readiness, has seldom been considered in the extant research. Of particular relevance to this study, therefore, is the role of inward internationalisation networks in pre-internationalisation processes (Johanson & Vahlne, 2009; Welch & Luostarinen, 1993; Holmlund & Kock, 1998; Karlsen, Silseth, Benito, & Welch, 2003; Benito, Larimo, Narula, & Pedersen, 2002). The following discussion reviews the key themes in the literature that are pertinent to this study.

2.1 Export readiness

The notion of 'export readiness' has received relatively limited attention in the literature, compared to issues such as export development processes (e.g., Crick, 1995), export stimuli (e.g., Francis & Collins-Dodd, 2000), and export barriers (e.g., Leonidou, 2004; Leonidou et al., 2007). Further, the literature tends to lack consensus on some fundamental aspects, including defining and conceptualising the notion of export readiness itself.

Amongst the studies that have explicitly investigated a firm's readiness to internationalise is Cavusgil and Nason (1990), which reported on the CORE (Company Readiness to Export) software for evaluating export readiness. Cavusgil and Nason (1990) identify two key dimensions of readiness: organisational and product. Organisational readiness encompasses top management commitment, the availability of human and financial resources, and the soundness of the firm's organisational structure. Product readiness relates to product adaptation, design and positioning. Building on the CORE model, Liesch and Knight (1999: 386) consider the issue of readiness by examining the role of information internalisation in SMEs' internationalisation processes, defining internationalisation readiness as "being a function of its state of informedness on foreign market(s) and the means for entering them". This definition implies that the availability and accessibility of information and knowledge about foreign markets are crucial to the firm's preparedness for internationalisation. Tan et al. (2007) develop an internationalisation readiness index by building on the Uppsala-based pre-internationalisation model (Wiedersheim-Paul, Olson, & Welch, 1978). Defining internationalisation readiness as a "firm's preparedness and propensity to commence internationalisation" (Tan et al., 2007: 302), this index incorporates a firm's exposure to stimuli, the decision maker's attitudinal/psychological commitment, firm resources, and lateral rigidity. In a follow-up study, Tan et al. (2010) empirically test, and find support for, the internationalisation readiness index, based on a sample of 290 Australian exporting and non-exporting firms. In more recent work, Tan et al. (2018) develop a model of the export commencement decision of SMEs by providing a measurement model for lateral rigidity, which includes domestic orientation, limited stimuli, limited knowledge and experience, and inertia. According to Tan et al. (2018), these factors can hinder SMEs' export commencement decisions. David and Cariou (2014) revisit export-related diagnostic frameworks and argue for updated approaches with regard to export readiness, developing a new model for SMEs' preparedness for internationalisation in terms of product-market couples and internationalisation modalities.

These contributions clearly show the importance of export readiness; however, there remain limitations to the literature, in terms of operationalisation of the concept. The CORE model developed by Cavusgil and Nason (1990), which is largely normative, is intended as a decision-making tool for new exporters; similarly, the model of David and Cariou (2014) has a strong practitioner focus. In contrast, the internationalisation readiness models of Tan et al. (2007; 2008; 2010; 2018) are more theoretical, with less focus on practical implications, and without empirically testing the antecedents of post-exporting performance.

Literature relating to export barriers provides a logical base on which to build the conceptualisation of export readiness, particularly given the lack of a consensus on the operationalisation of export readiness, as evidenced in the studies above. Export barriers have been defined as “attitudinal, structural, operational and other constraints that hinder the firm’s ability to initiate, develop or sustain international operations” (Leonidou, 1995a: 31). The international trade literature offers key insights into the barriers to export, primarily from a macro-perspective, for instance studies of non-tariff barriers, gravity modelling and firm-level export behaviour (Kneller & Pisu, 2011; Eaton & Kortum, 2002; Rauch & Trindade, 2002). In a review of the export barriers literature, Anderson and van Wincoop (2004) conclude that, in addition to costs associated with transport, tariff and non-tariff barriers, other aspects including language differences, cultures, currencies, imperfect information, and incomplete contracts can lead to international trade frictions. In contrast to gravity-modelling studies, the newer firm-trade literature examines export barriers from a different perspective, using empirical surveys and firm-level data as the key approaches (e.g., Kneller & Pisu, 2011). Kneller and Pisu (2011) find that firms recognise similar barriers as those identified in gravity-model studies, including imperfect information between buyers and sellers, identifying their first contact, and cultural factors. However, export barriers do not matter to all firms in the same way; Kneller and Pisu (2011) note that a key predictor of whether export barriers are identified by firms is export experience, as measured by the number of years for which the firm has been exporting.

Barriers to exporting can be either internal or external. Whereas internal barriers relate to the availability of organisational resources or the firm’s approach to export marketing, external barriers arise from the environmental challenges faced by the firm (e.g., unfavourable exchange rates). Internal barriers can be informational (e.g., limited information to analyse the foreign market, e.g. identifying the first contact (Kneller and Pisu, 2011), functional (e.g., inadequate personnel) and operational/marketing related (e.g., inability to offer competitive prices abroad, marketing costs (Kneller and Pisu, 2011)). External barriers can be categorised as procedural (e.g., lack of familiarity with exporting documentation), governmental (e.g., lack of government assistance), task-related (e.g., strong competition internationally), and environmental (e.g., cultural differences) (Leonidou et al., 2007; Moini, 1997; Patterson, 2004; Shaw & Darroch, 2004; Suarez-Ortega, 2003; Leonidou et al., 2007; David & Kariou, 2014).

The underlying premise of this study is that firms that are better able to deal with export barriers – whether the barriers result from the firms' own characteristics, including the entrepreneurial orientation (e.g., Covin & Slevin, 1989; Gerschewski et al., 2016), or the external environment – are expected to be more export-ready. The following section looks more closely at the antecedents of export readiness.

2.2 Antecedents of export readiness

Valuable insights into the antecedents of export readiness can be gained from the exporting literature, especially studies of the pre-exporting stage and SME internationalisation. Pre-export behaviour is defined as the activities in the period "until the firm realises its first export sale" (Olson & Wiedersheim-Paul, 1978: 284). Welch and Wiedersheim-Paul (1980) note that this pre-export period is particularly important, as it is during this stage that the extent of export readiness determines export success or failure. With regard to antecedents of export readiness, Wiedersheim-Paul et al. (1978) find export stimuli and the characteristics of both the decision-makers and the firms themselves, such as the nature of products and prior domestic extra-regional expansion, important to firm behaviour and, by extension, readiness to export. Research by Caughey and Chetty (1994) suggest that potential antecedents also include the size of the firm, its ability to overcome export barriers, and managers' education levels, and highlight the importance of the decision-maker's response to internal and external stimuli. Tan et al. (2018) examine the export commencement decision of SMEs, arguing that lateral rigidity may influence the decision to export through domestic orientation, limited stimuli, limited knowledge and experience, and inertia.

Studies looking at factors influencing SME internationalisation also provide insights into the antecedents of readiness. For example, Hollensen (2004) incorporates export motives, barriers, internal and external triggers, and export information in a model of pre-internationalisation and argues that access to the latter is most critical. In addition, competitive, macro-environmental and neo-institutional factors have been examined as influences on SMEs' decisions to internationalise (Fabian, Molina, & Labianca, 2009). Based on such studies, we can group the antecedents of export readiness into three broad categories: export stimuli, inward internationalisation, and pre-export planning and preparation.

2.2.1 Export stimuli

Export stimuli provide the motivation for exporting, and are crucial for explaining why firms engage, and flourish, in their exporting endeavours (Leonidou, 1995b); they also act as the driving force behind a firm's internationalisation path and process (Wiedersheim-Paul et al., 1978). They can be both external and internal. External stimuli derive from export markets and the environment, such as unsolicited orders from abroad, environmental change, saturated domestic markets, intense domestic competition, and encouragement by trade and government associations (Leonidou et al., 2007; Katsikeas, 1996; Morgan, 1999). Internal stimuli arise from a firm's existing (or sought-after) competitive advantages, managerial intentions, commitment, and drive with regard to international expansion (Andersson et al., 2004; Gartner, 1990). Managerial attitudes and behaviour, such as enthusiasm for exporting, have received considerable attention in the entrepreneurship literature (e.g., Shane & Venkataraman, 2000; Andersson, 2000), which suggests a critical link between proactive managerial behaviour critical and export readiness. In contrast to a reactive approach to export initiation as a passive response to environmental pressures or opportunities (Yeoh & Jeong, 1995; Williams, 2008), a proactive response actively seeks to exploit the firm's unique internal competencies (Morgan, 1999) and involves an entrepreneurial (Yeoh & Jeong, 1995) or aggressive approach to actively seeking out export markets (e.g., Da Rocha, Christensen, & Da Cunha, 1990; Leonidou et al., 2007).

Internal export stimuli are often proactive in nature, while external export stimuli are generally regarded as reactive. Based on the export literature, we argue that internal export stimuli are important antecedents of export readiness, as they are often found to be critical drivers in the decision of whether or not to start exporting.

The importance of a managerial approach, coupled with the fact that external stimuli present opportunities that can prompt managers to initiate internationalisation, suggests that internal stimuli will have a more direct bearing on export readiness. Consistent with the entrepreneurship literature (e.g., Andersson, 2000), we hypothesise that managerial influences are especially critical to the decision of whether or not to engage in exporting. The preparation and planning – and the resultant readiness of the firm – associated with proactive managerial behaviour have been linked to superior performance in foreign markets (Dean, Menguec, & Myers, 2000; Francis & Collins-Dodd, 2000), and Leonidou (1998) concludes that an active and programmatic approach to exporting differentiates successful exporters from unsuccessful ones. Thus, we argue that internal export stimuli are important antecedents of export readiness, as they are often found to be critical drivers in the decision of whether or not to start exporting. Thus, we hypothesise:

Hypothesis 1. *Internal export stimuli are positively related to the export readiness of SMEs.*

2.2.2 Inward internationalisation

Traditional stages models perceive internationalisation as an outward process that starts via low resource commitment modes, such as exporting (e.g., Johanson & Vahlne, 1977). However, this process view does not tend to account for important experiential effects gained through inward modes of internationalisation, such as importing and sub-contracting. Welch and Luostarinen (1993) note a critical link between inward and outward internationalisation, such that the effectiveness of outward internationalisation depends on prior experience with inward activities. For example, Australian wine companies started to internationalise by first being franchisees in their home market, subsequently becoming franchisers abroad. These firms benefited from inward network connections, which acted as antecedents of outward internationalisation, in that the firms were able to gain experiential knowledge as well as having access to their foreign suppliers' networks. As a result, Welch and Luostarinen (1993) conclude that inward activities, and the network connections that form as a result, can play an important preparatory role for outward internationalisation, a finding also noted by Korhonen, Luostarinen and Welch (1996).

The literature on firm heterogeneity and international trade has highlighted that a high percentage of trading firms engage in both importing and exporting activities (e.g., Vogel & Wagner, 2010; Castellani, Serti, & Tomasi, 2010; Muuls & Pisu, 2009). Aristei, Castellani, and Franco (2013) find evidence that importing has a positive effect on foreign sales, while a firms' exporting activity does not increase the probability of importing. Studying Italian manufacturing firms, Lo Turco and Maggioni (2013) note that inputs sourced from low labour cost countries promote firms' export activity.

Elango and Pattnaik (2007) examine how parental and foreign networks support the development of firm's internationalisation capabilities, arguing that a local firm can develop networks by forming "bridging ties" with foreign firms, who then assume an ownership interest in the local firm, allowing it access to the foreign partner's larger global network. This equity-based connection may serve to cement existing exporting contracts or prompt initial entry into international markets in which marketing and distribution infrastructure is provided by the new partner/parent (Scott-Kennel, 2013).

Thus, the literature provides evidence of the importance of interdependence among the involved actors, which is a key characteristic of networks (e.g., Johanson & Mattson, 1988). The use of such networks can allow an SME to overcome deficiencies in its resource base and achieve complementary assets that are necessary for internationalisation (e.g., Holmlund & Kock, 1998; Oviatt & McDougall, 1994). This is particularly important for SMEs in small economies, which often lack prerequisite resources, skills, and access to market channels (Scott-Kennel & Enderwick, 2004).

Fletcher (2001) stresses the importance of inward activities in a firm's internationalisation, thus challenging the traditional approach taken to the antecedents of outward internationalisation. Holmlund, Kock, and Vanyushyn (2007) find importing to be an antecedent of exporting, as it enables the acquisition of experiential knowledge and reduction in perceived cultural differences. Karlsen et al. (2003) identify several benefits associated with inward activities, including the development of relationships with foreign actors and knowledge about foreign trade techniques, which result in better preparation for outward internationalisation. Based on this discussion, we hypothesise:

> ***Hypothesis 2.*** *Importing prior to export initiation is positively related to the export readiness of SMEs.*

2.2.3 Pre-export preparation

The literature considers pre-export preparation with respect to three areas: export planning, formalisation of export activities, and domestic expansion prior to exporting.

Export planning enables a firm to adopt a reasoned and rational approach to exporting, which should contribute to export readiness. Cavusgil and Nason (1990) find that prior planning is crucial ahead of actual exporting. Formal export planning has been associated with superior export performance (Bijmolt & Zwart, 1994; Shoham, 1996, 1999; Gomez & Valenzuela, 2006), while lack of planning has been found to undermine export readiness. Noting that foreign market opportunities are often identified in a reactive way, following unsolicited orders from abroad, Leonidou (2004: 287) argues that such an approach leaves the firm "unprepared and ill-equipped" for exporting. On this basis, we hypothesise:

Hypothesis 3. *Export planning is positively related to the export readiness of SMEs.*

Formalisation of export activities pertains to preparing the firm's organisational structure for exporting. Cavusgil and Nason (1990) note that an appropriate organisational structure is key to export readiness. This effect is magnified by managerial commitment, as suggested by Donthu and Kim (1993: 51-52), who define export commitment as "a general willingness by management to devote adequate financial and/or managerial and human resources to export-related activities". The formalisation of export activities by devoting resources to establishing an export department is one manifestation of managerial commitment to exporting. There is empirical evidence that presence of an export department has a positive impact on export performance. Koh (1991) finds that the use of an export channel strategy that includes a separate export unit is associated with higher perceived export profitability. In a study of British exporters, Beleska-Spasova et al. (2012) find evidence that export expertise, in terms of skilled export personnel, is positively related to export performance. Beamish, Karavis, Goerzen, and Lane (1999) and Ali (2004) also identify evidence of stronger export performance among firms with export departments. Accordingly, we hypothesise:

__Hypothesis 4.__ The formalisation of export activities is positively related to the export readiness of SMEs.

Domestic expansion prior to exporting is also important to consider as an antecedent to export readiness. It has been argued that the domestic market environment influences pre-export behaviour (e.g., Wiedersheim-Paul et al., 1978), and the literature provides evidence that a strong domestic base can be a prerequisite for successful internationalisation. Cavusgil and Nason (1990) note that companies that have expanded at home prior to internationalising are more likely to succeed in the global marketplace, on the basis that expansion in the home market enables the firm to develop its organisational structure and marketing expertise. Similarly, research from the Uppsala School (e.g., Johanson & Vahlne, 1977; Wiedersheim-Paul et al., 1978) and innovation-related internationalisation models (e.g., Cavusgil, 1980) suggests that successful firms tend to expand domestically prior to exporting. Porter (1990) also emphasises the importance of the home market in the diamond model, which posits that a strong domestic base represents the foundation of a firm's competitive advantage, making it an important prerequisite for internationalisation. On this basis, we hypothesise:

__Hypothesis 5.__ Domestic expansion prior to export initiation is positively related to the export readiness of SMEs.

2.2.4 Export performance

We suggest that export readiness has a positive relationship with the international performance of the SME. Export performance can be defined in various ways (Katsikeas et al., 2000). For instance, export performance can be expressed in financial measures, such as international sales, profit, market share and growth measures. In addition, there are non-financial measures, including management satisfaction with exporting and goal achievement (Katsikeas et al., 2000; Zou & Stan, 1998).

Performance measures can be either objective or subjective. Objective measurement relates to “hard” financial data, whereas subjective measures are based on top managements’ perceptions of export performance. It has been argued that subjective performance measures are generally more practical when examining SMEs, in part because small firms may decline to provide reliable objective performance measures (Sapienza et al., 1988). This study takes a relatively broad definition of performance, which includes financial as well as non-financial measures. Consistent with Sapienza et al. (1988) and others (e.g., Sadeghi, Rose, & Chetty, 2018), we use subjective performance measures when evaluating the relationship between export readiness and export performance.

As some previous studies have shown, international preparation is expected to be positively related to international performance (e.g. Knight, 2000; Mitchell et al., 1992; Solberg, 1997). However, we do not know if this relationship holds for SMOPEC SMEs, whose limited home markets make them more likely to pursue international activities while younger, initiating exporting activities even when they may be less ready to do so. In spite of these SMOPEC-specific challenges, we still expect a positive relationship. Thus, we hypothesise:

Hypothesis 6: *Export readiness is positively related to export performance.*

Figure 1 shows the hypothesised relationships between the export antecedents, export readiness, and export performance.

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3. Methodology

3.1 Data

We test the hypotheses using questionnaire data from a sample of manufacturing-sector exporting SMEs based in New Zealand. This country exemplifies the small, open market context, with many of its firms heavily dependent on international activity, in the form of both exports and imports, for growth. Kahiya (2020: 1) describes New Zealand as "a geographically isolated, small open economy (SMOPEC) with audacious trade aspirations, a strong domestic institutional environment, favorable attitude toward trade, and entrepreneurial small-to-medium size enterprises", suggestive of "a naturally occurring laboratory for studying small businesses that are involved in exporting and global trade" (Kahiya, 2020: 4).

Two criteria were used to develop the sampling frame. First, we identified firms with up to 100 employees, following Cameron and Massey's (1999) definition of SMEs in New Zealand. Second, we selected manufacturing SMEs, according to the Australia and New Zealand Standard Industry Classification (ANZSIC) code C. Manufacturing firms comprise the majority of New Zealand exporters (Statistics New Zealand, 2010). The sampling frame was identified using the Kompass New Zealand database; in total, 1,093 firms fulfilled the two selection criteria. We posted a mail questionnaire to a member of the top management team (i.e., Managing Director, CEO, or Director) of 1,000 of these firms, during 2005-2006, seeking information regarding the companies' pre-export behaviour, export stimuli, export readiness, and performance. With 15 surveys returned due to a change of address, our final sample consisted of 96 usable surveys, for a net response rate of 9.6%.

We checked for evidence of non-response bias, following Armstrong and Overton (1977). Consistent with Weiss and Heide (1993) and Sousa, Ruzo, and Losada (2010), we compared the characteristics of early responses (the 75% of surveys returned initially) and late responses (the 25% returned following the sending of reminder emails). Independent samples *t*-tests revealed no significant differences in the means between early and late respondents in terms of key demographic and firm characteristics, including the number of full-time employees, annual gross sales, company age, and export experience.

Common method bias, created by "variance that is attributable to the measurement method rather than to the construct of interest" (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003: 879), can present an issue with self-reported data when information used to develop dependent and independent variables are collected simultaneously from a single respondent (e.g., Podsakoff & Organ, 1986; Chang, van Witteloostuijn, & Eden, 2010). We employed Harman's single-factor test to check for the potential presence of common method bias in our data (Harman, 1976; Podsakoff et al., 2003). The results revealed multiple factors, with the largest accounting for only 20.02% of the variance of the items. This provides evidence that our sample is likely not subject to substantial common method bias.

3.2 Measurement

We used exploratory factor analysis (principal component analysis and factors with eigenvalues greater than 1, and varimax rotation) and reliability analysis (using Cronbach's α) to generate the variables used in the modelling. Most of the variables are multi-item factors, constructed as summated scales, based on seven-point Likert scale questionnaire items, where 1 represents strong disagreement/not important at all/not ready at all, and 7 represents strong agreement/extremely important/perfectly ready. The Cronbach's α values ranged from 0.71 and 0.78, indicating acceptable internal consistency for the scales employed in the analysis (Nunnally, 1978).

3.3 Dependent variables

Export readiness: As noted earlier, there is no single, widely-accepted operationalisation for export readiness. Our review of the literature revealed that SMEs face substantial barriers to exporting (Leonidou, 2004; Suarez-Ortega, 2003; Moini, 1997; Shaw & Darroch, 2004; Ramaseshan & Soutar, 1996; Dichtl, Köglmayr, & Müller, 1990). The questionnaire asked respondents about functional (i.e., sufficient time for exporting, availability of qualified personnel, availability of financial resources); marketing (i.e., ability to offer competitive prices overseas, availability of unique product, ability to adapt to customer preferences overseas, obtaining reliable foreign representation, low transportation costs); procedural (i.e., familiarity with export documentation), government (i.e., government assistance/incentives); task (i.e., low competition in foreign market); and environmental (i.e., minimisation of foreign currency exchange risk, low tariff and non-tariff barriers, favourable exchange rate, familiarity with cultural practises in overseas market, fluency in language of overseas market) barriers. For each item, respondents were asked to indicate *how ready* their companies were to face that barrier prior to exporting, and then asked *how important* that aspect had been for their export readiness. The individual responses for the level of readiness and the importance of each item were then multiplied, with the product used as input into the factor and reliability analyses. This approach of weighting level by importance is well established, and is viewed as providing richer measurement of respondent's views (e.g., Spector, 1992). Factor and reliability analysis of the importance-weighted responses revealed three distinct constructs of export readiness: *finance*, *trade & exchange*, and *marketing*. While, conceptually, the argument could be made for some overlap across these factors, exploratory factor analysis clearly yielded three factors, with clean loadings and Cronbach's alpha values in excess of 0.70. See Table 1 for the questionnaire items used in each of the three export readiness constructs, with the associated Cronbach's α values.

Export performance:

As noted earlier, export performance can be measured both objectively and subjectively. Issues related to objective performance data among SMEs have been highlighted in previous studies. For example, Sapienza et al. (1988) argued that

> "…it is quite common for owner/entrepreneurs to refuse to provide objective and actual measures of organizational performance to researchers. Furthermore, often when such data are made available, they are not representative of the firm's actual performance, as many owner/entrepreneurs for a variety of reasons report manipulated performance outcomes (e.g., profits)" (p. 46).

In addition, Robertson and Chetty (2000) noted that objective data are often not publicly available for small firms, which makes it difficult to check the accuracy of the performance data. Lee and Griffith (2004) argued that behavioural measures of export performance (e.g., perceived success or satisfaction with export performance) offer insights into a strategic dimension that is omitted from economic measures, such as export intensity. In addition, it has been put forward that decision makers are guided more by subjective rather than objective measures (Madsen, 1989). On the basis of considerable evidence that subjective measures represent an efficient means to capture an SME's export performance, this is the approach that we employ in this study.

With regard to the measurement of export performance, we used seven indicators of export performance, based on modified versions of the scales as developed by Gupta and Govindarajan (1984), including two "soft" performance criteria ('contribution to overall firm reputation' and 'firm learning'). In contrast to Gupta and Govindarajan (1984), 7-point Likert scales were used, in order to maintain consistency in terms of layout and survey design, and to enhance the quality of the measurement. We asked participants to indicate the importance of each export performance criterion, with 1 representing a criterion that is not important at all, and 7 a criterion that is extremely important. We also asked about the level of satisfaction with each export performance criterion for the first three years of the firm's exporting history;

1 indicates a criterion with which the firms are not satisfied at all, and 7 represents extreme satisfaction.

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Table 1 about here
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3.4 Explanatory variables

The explanatory variables used in our study represent a mix of multi-item constructs and single questionnaire items used as standalone variables, as suggested by exploratory factor analysis and iterative reliability analysis (see Table 1).

Internal export stimuli: Our operationalisation of internal export stimuli is based on Leonidou (1995b) and Katsikeas and Piercy (1993), and includes the enthusiasm of top management towards exporting, identification of foreign market opportunities, intention to achieve corporate growth through exporting, and exporting as part of the firm's vision.

Inward internationalisation: Respondents were asked to indicate whether or not their firm had engaged in importing prior to the commencement of exporting, to reflect inward activities associated with internationalisation (e.g., Karlsen et al., 2003).

Pre-export preparation: Reliability analysis yielded three distinct items for pre-export preparation. The first reflects export planning, specifically the time spent on the pre-export preparation process (Bijmolt & Zwart, 1994). The second incorporates information regarding the formalisation of export activities, in particular, the existence of an export department/manager and/or another formal role dedicated to export activities (Beamish et al., 1999). The third measure of pre-export preparation is the extent of domestic expansion prior to exporting (Cavusgil & Nason, 1990).

Control variables: We control for several firm-level attributes that are expected to be related to export readiness but are not the focus of hypotheses in this study. These include the age of the company; the firm's export experience, operationalised as the number of years it has been involved in exporting (Francis & Collins-Dodd, 2000); and firm size (measured by firm's annual sales and number of employees) (Wolff & Pett, 2000).

4. Results

4.1 The sample

Our sample consists of 96 manufacturing-sector SME exporters based in New Zealand. Median categories for the firms in the sample are 15-22 years old, 11-20 employees, NZ$5-10 million in annual sales, and 5-15 years of export experience. Over half (56.8%) of the respondent firms selected Australia as their first export market, followed by the US (10.8%) and the UK (5.3%). In terms of exporting approach, 57.4% of the sample firms had employed foreign agents and/or distributors, while 21.3% exported directly to their customers or clients.

We used a two-stage least squares (2SLS) approach to estimate the relationships shown in Figure 1 and test the hypotheses. The use of 2SLS allows sequential estimation of the full model, while offering the benefit of estimators that are consistent and robust (e.g., Kennedy, 2003) and that account for potential issues related to endogeneity in the complex relationship that we are studying. The first stage of the 2SLS approach generated three instrumental variables (IVs), representing export readiness: finance, trade and exchange, and marketing. Hypotheses 1-5 were tested during this stage. These IVs were then used as explanatory variables in the second-stage performance models, which were used to test hypothesis 6. All of the estimation was undertaken using ordinary least squares (OLS). No evidence of problem multi-collinearity was observed among any of the sets of explanatory variables and residual analysis indicated no deviation from the OLS assumptions of normality, homoscedasticity, and independence for any of the models. Table 2 provides descriptive statistics and correlations for the variables used on the modelling, Table 3 shows the results for the models of the three types of export readiness, and Table 4 displays the results for the models of export performance.

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Tables 2, 3, and 4 about here
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4.2 Hypothesis testing

Hypothesis 1 predicted a positive association between internal export stimuli and export readiness. We find strong support ($p<0.01$) for this hypothesis with respect to all three aspects of export readiness: finance, trade & exchange, and marketing.

The results do not lend support to Hypothesis 2, suggesting that inward internationalisation and importing prior to exporting are not related to export readiness among New Zealand-based SMEs in the manufacturing sector, marginal to the other variables included in the models. Similarly, Hypothesis 3, regarding a positive association between export planning and export readiness, is not supported.

Our sample provides partial support for Hypothesis 4, with evidence of a positive relationship ($p<0.05$) between export readiness and the marketing component of export readiness. In contrast, Hypothesis 5, regarding the association between domestic expansion prior to exporting and export readiness, receives no support, and is contradicted with respect to marketing readiness ($p<0.05$).

In the second stage of the analysis, we find strong empirical support for Hypothesis 6, with regard to the positive relationship between export readiness and export performance, for all three types of export readiness ($p<0.01$).

5. Discussion

This paper has examined and operationalised export readiness, and analysed antecedents pertaining to internal export stimuli, importing, and pre-export behaviour. In addition, we have investigated the relationship between export readiness and the firm's subsequent initial export performance. The results of the study, based on a sample of 96 New Zealand-based

SME exporters, support the idea that internal export stimuli are important for export readiness. Consistent with the entrepreneurship literature (e.g., Shane & Venkataraman, 2000), this finding reinforces the importance of proactive management attributes and attitudes toward export readiness (e.g., Andersson et al., 2004; Ibeh & Young, 2001; Andersson, 2000; Williams, 2008), and the value of identifying entrepreneurial opportunities (Shane & Venkataraman, 2000: 220) for effective export readiness.

The positive relationship between internal export stimuli and export readiness may also be explained by examining the construct of entrepreneurial risk-taking in the firms' internationalisation process. Based on the behavioural theory of the firm (Cyert & March, 1963), the international entrepreneurship literature has focused on the notion of entrepreneurial orientation (e.g., Knight & Cavusgil, 2004; Gerschewski et al., 2015) and the importance of risk tolerance for successful entrepreneurs and SMEs. Liesch, Welch, and Buckley (2011) suggest that, while successful entrepreneurs may be characterised by high tolerance and acceptance thresholds with respect to risk, they may also not be aware of the potential risks of internationalisation (what Liesch et al. (2011: 859) refer to as the "ignorance is bliss phenomenon").

We find no evidence that prior experience with importing and inward internationalisation is significantly associated with export readiness, despite the expectation based on prior literature. This lack of a marginal positive relationship contradicts earlier findings that inward international activity is an important first step for outward firm internationalisation (Karlsen et al., 2003; Welch & Luostarinen, 1993), and suggests that the firms in our sample do not regard importing activity as a critical prerequisite to being export-ready. The firms in our sample also do not necessarily view a lengthy preparation period as necessary for export readiness, marginal to the other variables in the models. It may be that the quality of export preparation is more important than its duration; this is consistent with the increasing importance and prevalence of born globals in the New Zealand context (e.g., Gerschewski, Lew, Khan, & Park, 2018).

A contribution of this study is the explicit consideration of export readiness as a complex construct, and distinguishing among the different aspects of readiness. As shown by our modelling, different combinations of variables serve as predictors for different aspects.

For example, we observe no support for the hypothesised positive relationship between the formalisation of export activities and export readiness for the finance and trade & exchange aspects of export readiness, which is consistent with the sample firms' reliance on agents, as well as a broad tendency for New Zealand firms to act on export opportunities in a reactionary and unsustained manner (Fabling, & Sanderson, 2008). However, we do find evidence of a positive relationship between the formalisation of export activities and marketing-related export readiness, which suggests a focussed approach to the development of a systematic global strategy (Fabling & Sanderson, 2008).

Our findings related to domestic expansion prior to exporting challenge the existing literature on pre-export behaviour (e.g., Wiedersheim-Paul et al., 1978) in a similar manner to the literature on born globals, suggesting that exporting among these SMOPEC-based firms often follows limited domestic activity (e.g., Bell, 1995; Knight & Cavusgil, 1996; Loane, Bell, & Naughton, 2007; Gerschewski & Xiao, 2015). In a similar vein, Dominguez and Mayrhofer (2017) find that SMEs tend to internationalise in a manner consistent with the Uppsala process models (e.g., Johanson & Vahlne, 1977) during their initial internationalisation, focusing first on psychically close countries, but then adopting increasing and accelerated international expansion in their continued overseas activities, which is more aligned to the born global model (e.g., Oviatt & McDougall, 1994; Knight & Cavusgil, 2004). Noting that earlier-internationalising firms are more likely to grow faster, in both foreign and domestic markets, Autio, Sapienza, and Almeida (2000) suggest that such firms do not need to overcome the barriers of domestic orientation and decision-making inertia, unlike those that focus first on expanding within their home market. It may be that early-internationalising firms, which lack the inherent constraints of well-established routines, are in better positions to learn more quickly about foreign environments and to act on opportunities as they arise. As a result, the liability of newness (Stinchcombe, 1965) can be turned into learning advantages of newness (Autio et al., 2000: 919). In the current high-technology environment, manufacturing-sector SMEs may have the ability to be export-ready, even without prior domestic expansion, especially in the context of a relatively small home market that tends to be highly reliant on resource-based industries. In addition, firms from small and open economies may seek competitiveness abroad, rather than building on competitiveness engendered by the home diamond in the double diamond model; see, e.g., Rugman and Verbeke (1993). Thus, internationalisation among these firms appears to be driven more by asset- and market-seeking behaviours, rather than being dependent on the strengths of firm- and ownership-specific advantages (Dunning, 1988).

We find strong empirical support for a positive relationship between export readiness and the sample firms' subsequent initial export performance. This is consistent with previous studies that have identified a positive association between international preparation and export performance (e.g., Solberg, 1997). This finding also highlights the importance of being export-ready prior to export initiation.

How much does context matter to these results? We noted earlier that SMOPECs demonstrate extensive international connectivity that reflects their openness to, and engagement in, international trade and investment. Not simply smaller versions of large advanced economies, SMOPECs differ in terms of resource endowments, physical location, and proximity to other markets, and, most importantly, economic scale (Skilling, 2018). This means that SMOPEC firms – particularly SMEs who are often younger, smaller and less experienced than their counterparts in larger markets – generally face different challenges, associated with a need for greater international connectedness combined with more extensive exposure to international competition (Michailova & Ott, 2019).

In New Zealand, the lack of geographic proximity to a large trading partner – the so-called 'tyranny of distance' – coupled with a small domestic size and openness to international competition, presents a challenge to export-driven manufacturers seeking to engage with international markets. Kahiya (2020) argues New Zealand represents a unique anomaly or a 'critical case' in internationalisation discourse, where results might be expected to diverge from the norm. Indeed, this is consistent with what we find in our study, and we suggest that divergence between the relationships predicted by theory and our empirical evidence on export readiness may hold clues to how this specific context alters SMEs' pre-export behaviour. Specifically, in New Zealand's small, but open, internationalised context, our study provides strong evidence for the importance of all three aspects of export readiness –- finance, marketing development, and understanding external trade and exchange – each of which is positively and strongly related to export performance. Yet, the antecedents of export readiness do not behave entirely as theory would suggest, in that readiness is positively associated with firms' internal stimuli and the formalisation of export activities, but not the other influences found to be relevant in other contexts.

While there are several of possible explanations, some of which have been discussed, we believe that, in this context, our results reflect the need for a truly international focus by SME manufacturing exporters. Not only is the size of the domestic market in New Zealand restrictive to growth, but liberalisation and deregulation have both opened and levelled the playing field with regard to international competitors, many of whom already occupy competitive spaces within the New Zealand market (Skilling, 2018). Thus, SMEs that aim to grow beyond these confines may need to internationalise earlier and more extensively than what might be expected of firms in larger home and regional areas (e.g., the EU). Further, young and new SMEs often face the challenges of an increasingly complex and challenging international economic and political environment, and the emergence of disruptive technologies, armed with fewer resources and less international experience.

New Zealand SMEs tend to be price-takers and subject to international economic exposure (Skilling, 2018), where domestic policy options, particularly with regard to fiscal stimulus and monetary policy (e.g., exchange rates) respond to international rather than local influences. We suggest, therefore, that context matters. Internal stimuli are key drivers of the international expansion of New Zealand SMEs, while domestic expansion, importing prior to exporting are less useful for export readiness. However, formalisation through an export department is important to New Zealand SMEs, in terms of their marketing-related export readiness, despite the fact that many such firms are intermittent exporters whose efforts wax with excess capacity, favourable international market developments, and trading conditions, and wane when conditions decline (Fabling & Sanderson, 2008).

Government policies have the potential to facilitate SMEs' development of export readiness by providing a holistic approach to supporting new exporters through export assistance programmes that focus on facilitation and operationalisation of the internationalisation strategy. For example, obtaining reliable foreign representation abroad is an important part of becoming truly export-ready, and policy-makers can assist potential exporters to establish contact with suitable distributors in foreign markets through initiatives such as the organisation of trade shows. In addition, facilitation and financing of network-building activities through visits to potential overseas markets, as well as agencies and intermediaries based at home, would provide valuable assistance to would-be exporters. For instance, the number and accessibility of private sources of equity capital for start-ups in New

Zealand has grown considerably in recent decades, complementing the rather limited government funding that is available. Network facilitation provides firms with greater opportunities to identify funding sources to make the next step into exporting, and is particularly important for born global firms that internationalise soon after inception (Knight & Cavusgil, 1996; Gerschewski et al., 2015).

Given the distinct types of export readiness, policy-makers are, therefore, well advised to consider adopting a holistic and integrated approach when assisting exporters, paying attention to the specific aspects of readiness and matching assistance relating to finance, trade, and marketing to the actual needs of individual exporters. Policy that offers targeted assistance in bridging the gaps in export readiness and facilitates network connections at home and abroad can be expected to pay dividends to both domestic businesses and the local economy.

In conclusion, we suggest that our study's finding that importing and pre-export preparation are not critical to our sample constitutes a valuable insight, as it reinforces the notion that SMEs from SMOPECs are often more outwardly-oriented from the outset, in comparison with larger firms initiating exporting from larger countries, which have the benefit from the ability to export from a more substantial home market base. SMOPEC SMEs are more likely to rely on the championing manager, rather than experience and connections gained through inward internationalisation and preparation. Here, context is important and illustrates the need to distinguish among different aspects of export readiness.

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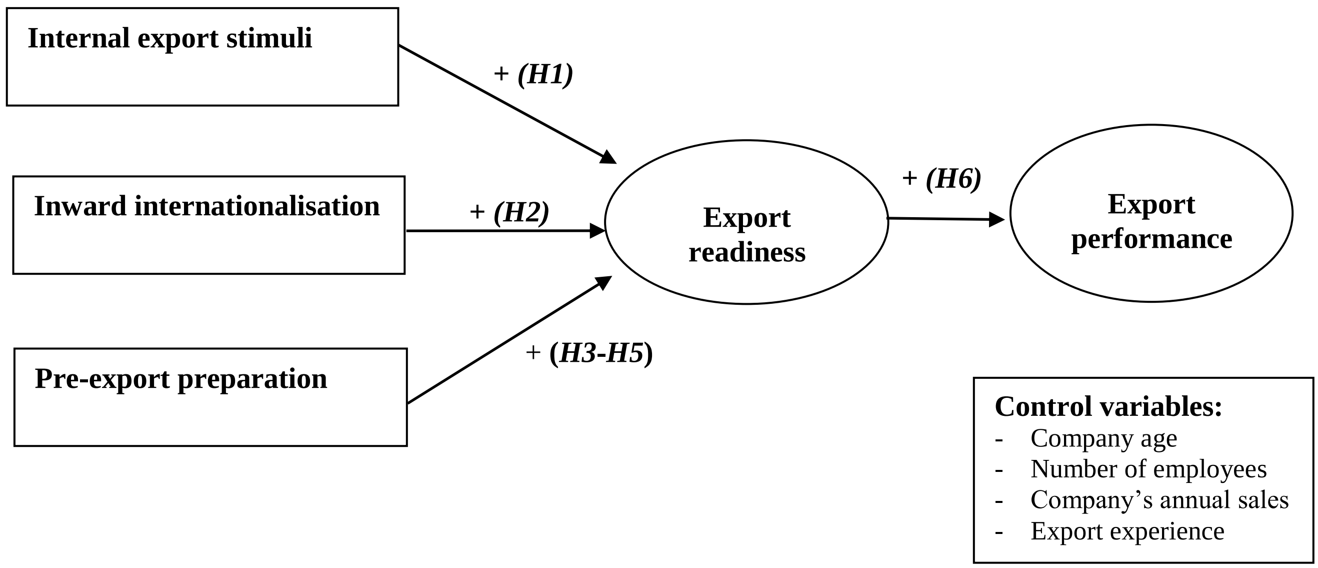

Figure 1. Export readiness model.

Table 1
Summary of measurement of variables and reliability analysis.

Dimension/item	Cronbach's α
Finance Export Readiness	0.74
Obtaining reliable foreign representation abroad	
Low transportation costs	
Availability of qualified personnel	
Availability of financial resources	
Trade & Exchange Export Readiness	0.71
Minimisation of foreign currency exchange risk	
Favourable exchange rate	
Absence of tariffs	
Absence of non-tariff barriers	
Government assistance/incentives	
Marketing Export Readiness	0.72
Ability to adapt to customer preferences overseas	
Ability to offer competitive prices overseas	
Familiarity with export documentation	
Absence of strong competition internationally	
Sufficient managerial time to deal with exporting	
Availability of a unique and differentiated product	
Export Performance	0.87
Export profitability	
Export sales ratio (=export sales as a percentage of total firm sales)	
Export market share	
Export growth	
Export market penetration	
Contribution to overall firm reputation	
Firm learning	
Internal export stimuli	0.78
Enthusiasm of top management about exporting	
Identification of opportunities in foreign market	
Intention to achieve corporate growth exporting	
Exporting as part of company's vision	
Inward internationalisation	
Importing prior to exporting	
Pre-export preparation	
Length of pre-export planning[a]	
Formalisation of export activities[a]	
Domestic expansion prior to exporting[a]	
Export experience (years)	
Company age (years)	
Firm's annual sales	
Number of employees	

[a] Used as separate variables in regression models.

Table 2
Descriptive statistics and correlation matrix.

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Export performance	26.51	8.90												
2. Finance readiness	22.23	9.49	.38***											
3. Trade & exchange readiness	26.96	7.52	.42***	.44***										
4. Marketing readiness	26.71	7.41	.50***	.54***	.70***									
5. Internal export stimuli	4.61	0.98	.37***	.47***	.48***	.50***								
6. Importing	0.42	0.50	-.03	-.14	.03	.04	-.04							
7. Pre-export planning[a]	2.71	1.58	.14	.16	.31***	.29***	.31***	-.08						
8. Formalisation of export activities	0.45	0.50	.05	.13	.14	.25**	.09	.09	.14					
9. Domestic expansion	0.77	0.42	-.09	-.10	.06	-.13	.09	..26**	-.13	.02				
10. Export experience[b]	3.69	1.15	.11	.18	.04	.09	.08	.09	-.16	.13	.01			
11. Firm age[c]	4.23	1.40	.06	.05	-.06	.03	-.06	.24**	-.06	.09	-.05	.67***		
12. Firm's annual sales[d]	4.03	1,12	.12	.05	-.00	-.00	-.11	.07	-.02	.12	-.10	.36***	.37***	
13. Number of firm's employees[e]	3.16	1.33	.01	.03	-.03	-.06	-.04	.04	.01	.05	.01	.37***	.47***	.63***

***p<0.01, **p<0.05; two-tailed tests

[a] Values for "Pre-export planning" are: 1=less than 1 month, 2=1-4 months, 3= >4-8 months, 4= >8-12 months, 5=more than 12 months

[b] Values for "Export experience" are: 1=less than 1 year, 2=1-5 years, 3= >5-10 years, 4= >10-15 years, 5=more than 15 years

[c] Values for "Firm age" are: 1=less than 1 year, 2=1-8 years, 3= >8-15 years, 4= >15-22 years, 5= >22-30 years, 6=more than 30 years

[d] Values for "Firm's annual sales" are: 1=less than A/NZ$100,000, 2=A/NZ$100,000-500,000, 3=A/NZ$500,000-1 million, 4=A/NZ$ 1 million-5 million, 5=A/NZ$ 5 million-25 million, 6=more than A/NZ$25 million

[e] Values for "Number of firm's employees" are: 1=1-5 employees, 2=6-10 employees, 3=11-20 employees, 4=21-50 employees, 5=51-100 employees

Table 3
Regression estimates for export readiness (stage 1).

	Model 1: Finance Export Readiness	**Model 2: Trade & Exchange Export Readiness**	**Model 3: Marketing Export Readiness**
Constant	-0.68 (6.43)	8.74 (5.07)	12.34 (4.86)**
Internal export stimuli (H1)	4.36 (1.01)***	3.09 (0.79)***	3.29 (0.76)***
Importing prior to exporting (H2)	-1.683 (2.01)	1.16 (1.58)	1.90 (1.59)
Pre-export planning (H3)	-0.03 (0.66)	0.81 (0.51)	0.41 (0.51)
Formalisation of export activities (H4)	1.67 (1.87)	1.13 (1.47)	3.06 (1.43)**
Domestic expansion prior to exporting (H5)	-3.35 (2.34)	-0.09 (1.86)	-3.80 (1.79)**
Export experience	0.55 (1.20)	-0.01 (0.94)	-0.35 (0.90)
Firm age	0.28 (1.01)	-0.24 (0.79)	0.31 (0.75)
Firm's annual sales	0.63 (1.11)	0.61 (0.88)	-0.10 (0.87)
Number of firm's employees	-0.11 (0.95)	-0.18 (0.75)	-0.12 (0.74)
n	88	89	82
R^2	0.27	0.26	0.34
Adj. R^2	0.18	0.17	0.26
Max. VIF	2.38	2.32	2.33

*p<0.10; **p<0.05; ***p<0.01
Standard errors in parentheses.

Table 4
Regression estimates for export performance (stage 2)

	Model 4: Export Performance	**Model 5: Export Performance**	**Model 6: Export Performance**
Constant	8.79 (5.08)*	0.84 (7.39)	-0.20 (5. 87)
Finance export readiness IV (H6)	0.76 (0.19)***		
Trade & exchange export readiness IV (H6)		0.85 (0.24)***	
Marketing export readiness IV (H6)			1.01 (0.19)***
Export experience	-1.07 (1.12)	-0.18 (1.10)	-0.18 (0.87)
Firm age	0.67 (0.90)	0.72 (0.92)	0.69 (0.73)
Firm's annual sales	0.76 (1.06)	0.85 (1.08)	-0.29 (0.86)
Number of firm's employees	-0.30 (0.88)	-0.37 (0.89)	-0.36 (0.73)
n	90	90	82
R^2	0.18	0.15	0.28
Adj. R^2	0.13	0.10	0.24
Max. VIF	2.15	2.12	2.11

**p*<0.10; ***p*<0.05; ****p*<0.01
Standard errors in parentheses.