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**GOVERNMENT EXPORT PROMOTION PROGRAMMES AND  
FIRMS' EXPORT BEHAVIOUR: EXPLORING THE INDIRECT  
LINK**

**THE CASE OF UK & ALGERIAN MANUFACTURING FIRMS**

By

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**GOVERNMENT EXPORT PROMOTION PROGRAMMES AND FIRMS’  
EXPORT BEHAVIOUR: EXPLORING THE INDIRECT LINK  
THE CASE OF UK & ALGERIAN MANUFACTURING FIRMS**

**Mohamed Yacine Haddoud**

**Abstract**

It has been recognised that exporting is an engine for growth at both country and firm levels. However, the challenging nature of international business often prevents companies from entering and surviving in international markets. In the Small and Medium-size Business context, lack of resource is normally the main reason behind the inability of firms to overcome export barriers. In recognition of the issue and for promoting exporting, the governments have been offering the so-called Government Export Promotion Programmes (GEPPs) to act as “resource supplements”. While there have been extensive practices, the mechanism and effectiveness of these programmes have not been thoroughly explored and analysed. In some academic studies, criticisms and doubts about these programmes have been raised.

Against this background, the thesis investigates the working mechanism of these programmes and tests their effectiveness in terms of export initiation, performance and regularity. Using an extended version of the Resource Based View, two integrative and comprehensive conceptual models are developed in order to reveal the indirect impacts of GEPPs on export behaviour. The models are then tested with a total of 495 completed questionnaires collected from two sample countries; namely, Algeria and the UK. These were analysed through a multivariate analysis using a variance-based statistical technique known as Partial Least Squares Structural Equation Modelling.

The findings of this thesis are two-fold. First, with respect to the critical resources affecting export behaviour, the study finds that while both Algerian and UK firms’

export intention are affected by management resources only, firms' export performance and regularity are instead mainly influenced by management and organisational resources in the UK and management and relational resources in Algeria. Second, regarding the impact of GEPPs on export intention, the study confirms its indirect nature through the management resources in both countries. However, when it comes to their effect on export performance and regularity, the indirect effect was only established in the UK and mainly through management and organisational resources.

These findings have both theoretical and practical implications in that the results have provided empirical evidence on the indirect impact of GEPPs and can serve as an indication in practice for both firm managers and policy makers in deploying key resources for different stages of internationalisation.

## **Dedication**

*To the soul of my grandmother*

*To my grandparents*

*To my mother, the first inspiring academic I knew and whose infectious passion for education has led me to this path.*

*To my father who consented extraordinary sacrifices to help me fulfil my aspirations.*

*To my brother, sister and aunts,*

*A special dedication to my supervisors, Paul Jones and Robert Newbery*

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## List of Abbreviations

<b>Abbreviations</b>	<b>Full term</b>
ABS	Association of Business Schools
ADV_CAP	Advertising Capabilities
ALGEX	Algerie Export
APC	Average Path Coefficient
APS	Agence Press Algerie
ARS	Average R-squared
AVE	Average Variance Extracted
AVIF	Average Variance Inflation Factor
BCC	British Chambers of Commerce
BIS	UK Department of Business Innovation and Skills
CBI	The Confederation of Business Industries
CIA	Central Intelligence Agency
DZD	Algerian Dinards
EC	European Commission
EMRS	Export Marketing Research Scheme
ENT_OR	Entrepreneurial Orientation
ENT_OR	Entrepreneurial Orientation
EU	European Union
EX_COMM	Export Commitment
EX_INT	Export Intention
EX_PERC	Export Perception
EX_REG	Export regularity
EXPERF	Export Performance
EXPERF_F	Financial Export Performance
EXPERF_R	Strategic Export Performance
EXPERF_S	Satisfaction with Export Performance
FCO	Foreign and Commonwealth Office
FSB	Federation of Small Businesses
GEPPs	Government Export promotion Programmes
GEPPs_USE	The Use of Government Export promotion Programmes
GNI	Gross National Income
GNP	Gross National Product
GVA	Gross Value Added
H	Hypothesis
HDI	Human Development Index
IMF	International Monetary Fund
INF_CAP	Informational Capabilities
INNO	Innovation
INT_OR	International Orientation
IoD	Institute of Directors
IT	Information Technology
KNOW	Export Knowledge
KPMG	Klynveld Peat Marwick Goerdeler
MBV	Market Based View
MDIP	Ministre de l'Industrie et des Mines
MENA	Middle-Eastern and North-African
MNG_RES	Management Resources
NA	Not Applicable

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NS	Non-Significant
OECD	Organisational for Economic Co-operation and Development
OMIS	Overseas Market Introduction Service
ONS	The UK Organisation of National Statistics
ORG_RES	Organisational Resources
PES	Passport to Export Scheme
PLANN	Planning
PLS-SEM	Partial Least Squares Structural Equation Modelling
PRI_CAP	Pricing Capabilities
R&D	Research and Development
RBS	Royal bank of Scotland
RBV	Resource Based View
REL_RES	Relational Resources
RQ	Research Question
RQI	Relationship Quality with Importers
RQLB	Relationship Quality with Local Businesses
SEM	Structural Equation Modelling
SME	Small and Medium Size Enterprise
SMMT	Society of Motor Manufacturers and Traders
SPSS	Statistical Package for the Social Sciences
TAP	Tradeshaw Access Programme
TECH	Technology
TID	Trade and Investment Division
TPO	Trade promotion Organisation
UK	United Kingdom
UKTI	United Kingdom Trade and Investment
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
VAF	Variance Accounted For
VIF	Variance Inflation Factor

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## Author's declaration

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Graduate Committee.

Work submitted for this research degree at the Plymouth University has not formed part of any other degree either at Plymouth University or at another establishment.

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## **CHAPTER ONE: INTRODUCTION**

This chapter first provides a brief background for the study. Next, it concisely highlights the research gaps and the contributions brought by this research. Following this, the research aim and objectives are presented. Finally, the importance of the study and the structure of the thesis are stated.

### **1.1. Research Background**

Exporting is proven to be an engine of growth at both national and firm levels (Herzer et al., 2006; Lee, 2011). At the national level, despite a debate over the direction of causation between export and development, there is strong evidence supporting the export-led growth theory, which confirms the critical role played by exports in enhancing economic growth for both developed and developing countries (Abu-Qarn and Abu-Bader, 2004; Herzer et al., 2006). As a result, an increasing number of countries are embracing an export oriented economy in order to boost their economic development (Aw et al., 2007). Efficient resource allocation, international cost effectiveness, economies of scale and technological change are the main benefits countries can gain from an export orientated economy (Ram, 1985; Bhagwati, 1988; Hill, 2009). Exporting has the double benefit of reducing trade deficits and enhancing growth in the manufacturing sector (Smith and Fenton, 2014).

Since the world financial crisis in 2008, the concept of “export-led recovery” has become particularly popular and increasingly mentioned when discussing the countries’ recovery from the global crisis (Buck, 2014). Export-led recovery refers to the recovery of an economy through increasing its exports. One frequently cited example is Spain, a country that has managed to recover the recession through a successful export strategy.

Currently, the country has become a new exporting powerhouse and is seen as the new Germany of Southern Europe (Buck, 2014). In the United Kingdom (UK), boosting the country's exports is seen as the right policy to lead the UK's recovery from the global crisis (House of Lord, 2013: 7). Similarly, in developing countries, manufacturing exporting is seen as a tool for economy diversification. Such a diversification is highly needed as these countries are often reliant on their natural resources (IMF, 2014). In addition, exports can be regarded as a bridge for knowledge spillovers to transfer from developed to developing countries, and hence would play an important role in increasing economic growth and development through improving productivity and employment growth (Damijan et al., 2003).

However, such empirical findings appeared to be ignored by developing countries. Indeed, while the share of Small and Medium size Enterprises (SMEs) in the World's manufactured exports is significantly increasing (25% to 35%), the trend is not illustrated in developing countries (Ibeh, 2004). It is reported that the share of North African countries (combined with Middle-Eastern nations) in global trade has dropped from 8% in 1981 to 2.5% in 2004 (Dennis, 2006). In 2013, such low figures were still recorded for developing countries. According to the United Nations Conference on Trade and Development (UNCTAD) database, African countries only accounted for 3.2% of the total world exports (UNCTAD, 2014).

Turning to the firm level, a similar growth effect is also well recognised. It is established that exporting improves firms' growth, competitiveness and survival through increasing their productivity, innovation, and performance (Wagner, 2013; Pattnayak and Thangavelu, 2014). Exporters are generally exposed to new knowledge, advanced technologies and fiercer competition that should in turn improve their performance (Van Biesebroeck 2005; Love and Ganotakis, 2013). Equally, exporting

can be a source of risk diversification and economies of scale (Wagner, 2013). However, given the challenging nature of international markets, exporting can be hampered by a number of obstacles that are likely to prevent companies from entering or staying in foreign markets (Leonidou et al., 2011). Such barriers are due to the lack of both internal and external resources often associated with small and medium firms (Tesfom and Lutz, 2006; Villar et al., 2014). In both developing and developed countries, the lack of export knowledge, language abilities, management commitment, capacity production, and export perception were among the resource factors stopping firms from entering or staying in overseas markets (Leonidou, 2004). Wilkinson and Brouthers (2006) posited that resource constrained firms would need an external source of assistance in order to be successful in export markets.

In this sense, governments are required to assist SMEs in their internationalisation process by acting as a resource complement for those firms when entering or surviving in foreign markets. In many countries, promoting exports via public assistance has become the main instrument to enhance national development (Kanda et al., 2013). Conscious of such a positive effect on growth, an increasing number of both developed and developing countries are offering services and programmes, known as Government Export Promotion Programmes (GEPPs), aiming at assisting firms in their internationalisation process and enhance the national trade performance (Beleska-Spasova et al., 2012; Freixanet, 2012). Particularly in developing countries, considered as a tool of economic development, public export promotion agencies are being more and more established and increasing capitals are being invested. By definition, the GEPPs involve the government programmes dedicated to assist firms when performing internationally (Leonidou et al., 2011).

Despite a surge in developed and developing governments offering export assistance programmes, the research dedicated to GEPPs and their impact on firms' export performance remains relatively limited (Freixanet, 2012) and inconclusive (Kanda et al., 2013; Banno et al., 2014). Consequently, the effectiveness of such programmes remains established theoretically yet inconclusive empirically. More importantly, the mechanisms whereby such programmes operate are unclear and require further insights. Because of the lack of empirical research, the effectiveness of the government export assistance is still questioned (Head and Ries, 2010), the reason being that policy makers are still unable to design effective programmes which would meet the firms' needs in the different stages of internationalisation.

## **1.2. Research Gap and Contribution**

Despite the extensive number of empirical studies dedicated to assess the GEPPs' effectiveness on firms' export behaviour, the export promotion literature remains inconsistent and inconclusive (Freixanet, 2012). In fact, seven limitations are identified and subsequently addressed in this study. These are summarised in the following sections.

First, most of the empirical studies investigating the export promotion programmes' impact on export behaviour adopt a narrow approach testing the direct link between the use of GEPPs and the firms' export performance (Lages and Montgomery, 2005; Leonidou et al., 2011). However, due to the nature of the GEPPs' role, such an approach is considered to be limited and could be misleading. Hence, the indirect approach adopted in this research provides a more accurate indication about the effectiveness of the government export assistance. It is important to note that in this study formal mediation tests are applied to test these indirect effects. Past studies

looking at the indirect effects did not report any formal mediation test (e.g. Shamsuddoha et al., 2009; Leonidou et al., 2011).

Second, the literatures on export behaviour in general and the export promotion literature in particular are fragmented and lacking comprehensive approaches (Zou and Stan, 1998; Sousa et al., 2008; Beleska-Spasova et al., 2012). Czinkota and Ronkainen (2011: 10) argued that the international marketing literature is “stagnating and falling deeper” due to the overspecialisation of the published articles. As a result the authors called for “resisting the temptations of overspecialisation”, a practise often required to get published yet fails to have any practical or policy implications and only fits in the theoretical world. In this sense, the authors suggest taking an integrative approach that would be useful to practitioners and policy makers. Hence, in this research, the comprehensive three-way approach used to illustrate the firms’ export behaviour and the GEPPs’ impact aims to provide greater implications to both academic and practical communities.

Third, most of the studies identifying the intervening roles of firms’ resources in the relationship between export assistance and performance focused on internal factors only, thus neglecting the environmental factors (Leonidou et al., 2011). Including the relational resources in this study investigates the importance of external resources compared to internal ones in the export context.

Fourth, although the use of GEPPs is also aimed at motivating firms to enter export markets (Diamantopoulos et al., 1993; Ayob and Freixanet, 2014), the empirical literature looking at the effectiveness of export assistance was restricted to existing exporters’ performance in international markets (Cruz, 2014). Therefore, including export intention as a predicted effect of GEPPs may fulfil this gap by illustrating their role at the export initiation level.

Fifth, similar to the fourth point, firms' export survival was also neglected in the export literature (Cadot et al., 2014; Deng et al., 2014; Fu and Wu 2014). For this reason, the present study included the firms' export regularity as a dependent variable with the purpose of identifying the resources making exporters regular actors in foreign markets, and the role of government assistance in enhancing these assets.

Sixth, the number of export studies conducted in developed countries outnumbers by far the number of studies conducted in developing countries (See Section 6.6); hence export behaviour in the developing context remains unclear and comparing firms' internationalisation between these two contexts is problematic. Therefore, testing the model developed in this study in two different countries (the UK and Algeria) brings additional nascent evidence from developing countries enabling for comparison between the two selected contexts (Lages and Montgomery, 2005; Leonidou et al., 2011; Jalali, 2012).

Finally, most previous studies on export promotion lacked strong theoretical foundations to explain the effects of GEPPs (Leonidou et al., 2011). Therefore, using the extended Resource Based View (RBV) to support the current model provides evidence on the applicability of this recently developed theory regarding the internationalisation of the firm.

### **1.3. Research Aim and Objectives**

The aim of this research is to explore the indirect effects of GEPPs on firms' export behaviour (initiation, performance and regularity) through two nations, namely the UK and Algeria.



To address this aim, the following objectives are set:

**1) To identify the critical resources influencing the non-exporters' initiation to exporting**

Identifying the resource factors important for the firms' internationalisation is required when investigating the role of GEPPs. In fact, identifying such factors allows the study to link the GEPPs' effects to the relevant resources needed by firms when going abroad. Thus, through the comprehensive three-way approach adopted in this study, the aim will be fulfilled through illustrating the impact of the three types of resources (organisational, management and relational) on the non-exporters' intention to export. Evaluating the effect of these types of resources simultaneously will allow the study to detect the most important set of assets at the early stage of firms' pre-internationalisation process.

**2) To identify the critical resources influencing the exporters' performance and regularity**

Similar to the first objective, evaluating the effect of the types of resources on the exporters' performance and regularity simultaneously will allow the study to detect the most important set of resources in the early and late stages of firms' internationalisation process.

**3) To examine the effect of government export promotion programmes on firms' resources**

To address this objective, the study tests the effect of the use of GEPPs on both non-exporters and exporters' three types of resources.

**4) To explore the indirect impacts of government export promotion programmes on non-exporters' initiation to exporting.**

The study fulfils this objective by conducting a mediation test of the intervening roles of the firms' resources in the link between the government export assistance and the non-exporters' intention to export.

**5) To explore indirect impacts of government export promotion programmes on exporters' performance and regularity**

Similar to the fourth objective, the study addresses this objective by testing the mediation effect of the intervening roles of the firms' resources in the link between the government export assistance and the exporters' performance and regularity in exporting.

**6) To identify difference between the UK and Algeria in the link between government export promotion programmes and export behaviour**

The last objective is addressed by testing the two models developed in this study in two selected countries, the first representing the developed context (UK) and the second illustrating the developing context (Algeria).

#### **1.4. Significance of Research**

Exporting is increasingly seen amongst the most efficient engines of growth for both developed and developing countries. It is also regarded as an effective safeguard against economic downturns and global recessions. Likewise, SMEs are seen as the backbone of the economy and their role in increasing countries' economic growth is well proven and acknowledged (Biggs, 2002). SMEs are believed to enhance development in three ways, namely job creation, innovation and competition enhancement. More importantly, exporting SMEs (regular exporters) are believed to have a greater impact on growth

than non-exporters (Alvarez, 2004). As a result, most governments are now allocating significant resources to promote exporting activities among SMEs (Freixanet, 2012). Promoting exports is becoming crucial for developing countries' development and developed countries' competitive advantages (Baghwati, 1988; Ozturk and Acaravci, 2010; Muhoro and Otieno, 2014). For this reason, exploring and understanding such a role is crucial for the national welfare of every economy.

In this sense, the present research is a twofold study. From one perspective, it identifies the critical resources affecting the firms' export behaviour, which will assist firms' managers and policy makers in focusing on the relevant type of resources to invest in. Export promotion organisations have often limited access to resources (Hogan et al., 1991), and hence designing the right programmes at each stage of the firms' internationalisation will make them more efficient. Similarly, SMEs are resource constrained, and investing in the right type of resources will significantly decrease their sunk costs and thus increase their international competitive advantages. Additionally, the research explores the indirect effects of the GEPPs and therefore clarifies the mechanism whereby such programmes operate, allowing policy makers to improve their practices and design them to meet firms' needs more effectively.

### **1.5. Research Context**

To address the call made in the export literature urging for comparative studies between the developed and developing context, the present work tests the research model in two distinct countries, namely the UK and Algeria. While the UK represents the developed side, Algeria is a developing country increasingly opening up to the global world and foreign trade.

Severally affected by the 2008 global financial crisis, the UK is actively working toward the promotion of SMEs' exports as means to recover growth and rebalance the economy (House of Commons, 2010; House of Lords, 2013). The country has set a target of doubling its exports to £1 trillion by 2020 (Smith and Fenton, 2014). However, thus far, the country has failed to attain the European Union (EU) average of exporting SMEs (Lord Heseltine, 2012). Since 2008, the country has only managed to increase its manufacturing exports by four percent, whereas the world trade increased by 16% (Smith and Fenton, 2014). Consequently, such results have cast doubts on the effectiveness of the government bodies in charge of increasing the country's export performance (House of Lords, 2013).

Algeria by contrast, is an oil-rich country heavily relying on its natural resources to increase and sustain economic growth. The country has always been vulnerable for any global oil shock that could occur at any time (KPMG, 2013). Hence, the need to reduce such a dependence and diversify the economy has become a necessity to secure the county's development (World Bank, 2014). In this respect, it is acknowledged that the Algerian Government is actively promoting a national strategy to boost trade in the non-oil sector (Benbahmed and Lahoues, 2014), and spending considerable capital in this matter (APS, 2014). However, similar to the UK, the effectiveness of such efforts remains largely questioned (Nancy et al., 2009).

For the reasons cited above, it is clear that the two countries constitute a fertile ground to study the effectiveness of the GEPPs. The need to boost exports is crucial for both countries and it is recognised that both governments are keen to take part in achieving this goal.

## **1.6. Research Outline**

This thesis contains ten chapters. These are detailed below

Chapter One provides a brief overview of the study. It highlights the study's background, the research gap and contribution, the research, aim, objectives and questions and last the significance and structure of the thesis.

Chapter Two reviews the literature on the role of exporting at both national and firm levels. This chapter supports the focus of this research and justifies the governments' intervention in boosting firms' export activities.

Chapter Three begins by highlighting the theoretical foundations upon which this present study is built on. The extended RBV is defined and its application justified. Thereafter, the chapter thoroughly reviews the empirical literature investigating the resource factors affecting the firms' export behaviour, including the initiation, performance and regularity in exporting. This chapter identifies the most relevant resources to be considered as mediators for the relationship between the GEPPs' effectiveness and the firms' export behaviour.

Chapter Four looks at the core question, which is the role of government export promotion programmes in enhancing firms' export behaviour. It first provides an overview of the concept. Next, it systematically reviews the previous empirical studies examining the effectiveness of such programmes in the firms' internationalisation process. Finally, the chapter highlights the limitations of the export performance literature in general, and the export promotion literature in particular, to identify the research gap and select areas needing further research.

Chapter Five is titled “research context”. This chapter presents the two countries where the models are tested. It briefly introduces the GEPPs systems in the two contexts and justifies their selection.

Chapter Six first presents the research model and state the hypotheses to be tested in this study. Second, it defines the methodological perspectives of this thesis. It discusses and defends the philosophical assumptions, the paradigm of enquiry, the research approach and the research methodology chosen for this investigation. Third, it identifies the research methods used to collect the data and test the hypotheses. It also covers the research ethics, the variables’ operationalization and the statistical technique employed to analyse the data (the multivariate data analysis approach). The research methods are also justified and supported by key previous studies in the field.

Chapters Seven and Eight present the results obtained from both surveys. While Chapter Seven focuses on the non-exporters’ data, chapter Eight reports results from the exporters’ data. The results emerging from the two countries are jointly analysed in each of these two chapters. Overall, the chapters start with descriptive statistics to describe the samples and check the statistical assumptions, then move to assessing the measurement models to check the reliability and validity of the measures used in the survey. Thereafter, the structural models are evaluated and the hypotheses tested. Lastly, the chapters conduct a multi-groups analysis to identify differences emerging between the two selected countries.

Chapter Nine is a discussion chapter. To begin with, this chapter recalls the main findings of this research, then explains these findings and links them back to the literature. Here the research questions proposed in the thesis are fully addressed and areas where the current study’s results contradict previous works are systematically

justified. Similarly, differences between the two selected countries are also explained and justified.

Finally, Chapter Ten concludes this thesis. Here, the research aim, objectives and questions are all linked to the findings obtained in this study. Both theoretical and practical implications are presented, the limitations acknowledged and areas for future research identified.

The next chapter is the first chapter of the literature review. It explores the role of exporting in increasing growth at both firm and country levels. This chapter constitutes an introductory chapter highlighting the relevance of exporting for countries and firms developments.

## **CHAPTER TWO: EXPORTS AND DEVELOPMENT**

The impact of exports on development has been extensively discussed in the international trade literature. This discussion has led to various debates concerning the influence of exports on countries and firms' growth. It is therefore the purpose of this chapter to review the literature on the role of exports in improving growth and development. The section is structured as follow. First, an overview of the concept of development is presented. Then, the section examines the influence of exports on countries' economic development at the macro level to capture the national implication of the impact, and at the micro level to explain the mechanism whereby this occurs. The overall aim of this chapter is to illustrate the importance of exports for the development of both firms and countries and hence justify the need of governments' assistance through the export promotion programmes. This would provide a clear support for why this research is taking place.

### **2.1 Defining and Measuring Development**

Looking at the impact of exporting on the countries' economic development requires a clear understanding of what is development, and how it is measured. Development can be approached from different perspectives; while the income-based approach focuses primarily on financial and monetary variables such as Gross National Product (GNP) growth, the human-based approach is rather directed to the human development (Anand and Sen, 2000). Similarly, measuring development differs accordingly with its definition approaches, it is argued that for the latter to be accurately evaluated, a precise identification of the proxy measure is required (Willis, 2008).



### **2.1.1. The Income-Based Approach**

According to this approach, development refers to the achievement of a sustained growth of income at a faster rate than population growth. It is considered as a strictly economic phenomenon where growth in income per capita plays a significant role in improving both economic and social welfare (Todaro and Smith, 2011).

As for the measurement aspect, the income-based approach mainly considers the Gross National Product (GNP) and its derivatives as substitute measures for development. All policies designed to increase economic growth are regarded as tools for development whereas negligible attention is given to alternative factors (Fukuda-Parr, 2003). Moreover, since living standards are related to acquiring goods and services and the latter is in turn related to prices and income, monetary indicators are regarded as a convenient measure for well-being and development (Seers, 1972, Willis, 2008). As an example, the World Bank emphasises on economic development and uses the Gross National Income per capita (GNI p.c.) as the main indicator for overall development (Willis, 2008). However, considered as the most used measures to evaluate the economic activity, the GNP and its derivatives have often been mistakenly regarded as proxy measures for economic well-being (Stiglitz et al., 2009). The main criticism against using monetary aggregates is their inability to reflect all aspects of the population well-being (Nallari et al., 2011). For instance, Stiglitz et al. (2009) reported that monetary indicators do not capture services such as education, health and housing.

### **2.1.2. The Human-Based Approach**

During the 1950s and 1960s, several countries experienced a constant increase in their economic growth, whereas well-being and living standards of their population were still at low levels. Alternatively, other countries with slow GNP growth considerably

increased their living standards (Anand and Sen, 2000). This has weakened the traditional meaning of development and led to a new approach more directed toward human development (Todaro and Smith, 2011). In this sense, Myrdal (1974: 729) redefined development as “the movement upward of the entire social system”. Thus, economic development is the improvement of a whole system including economic and non-economic elements such as consumption, educational and health facilities, distribution of social power and political satisfaction. In line with this approach, the concept of human development appeared in the mid-1980s with the “capacity building” approach of Amartya Sen. Sen (2000) argued that the meaning of development is to provide people with the capability to choose the life they have reason to value. The United Nations Development programme (UNDP) proposed in 1990 the concept of Human Development; they defined it as “the process of enlarging people’s choices”, these choices include long life expectancy, high educational achievements, decent income, political sovereignty and human rights protection (UNDP, 1990).

With regard to measuring development and based on its perception, the UNDP designed the Human Development Index (HDI) as an alternative proxy measure, comprised between naught and one, this Index included three dimensions namely health, education and living standards, these were respectively represented through life expectancy, means and expected years of schooling and income (UNDP, 2010). Nonetheless, McGillivray and White (1993) questioned the HDI on the fact that using life expectancy and literacy was inaccurate as its classification does not allow for statistical distinctions and year-to-year comparisons to be made. It was found that the HDI is not comparable on annual basis; the main reason is that each year the minimum and desired levels of the HDI’s variables change (McGillivray and White, 1993). Hence, in reaction to these flaws, the HDI has been incrementally improved, in the recent version of the HDI (2010) the GNP per capita has been incorporated in the index, and relative thresholds have

been established (instead of absolute measures). In this new version, a new classification has been introduced, namely developed countries with an HDI among the top quartile of the list and developing ones among the remaining quartiles (Lynge, 2011).

Based on the above discussions, the present study uses the economic growth as a proxy for development when discussing the role of exporting in this matter. In fact, despite the multidimensional aspect of development, using economic growth to illustrate development would not be speculative, as a judicious distribution of the latter constitutes a way to increase human development. Increasing GDP will create more resources that can be used to improve social services such as education and health care. This will in turn enhance human development, capacity building and living standards (Drèze and Sen, 1989; Anand and Ravallion, 1993; Anand and Sen, 2000; Ranis et al., 2000).

## **2.2. Exports and Economic Growth: A Macro-Level Review**

The relationship between exports and economic growth has been extensively discussed in the international trade literature and consequently many debates emerged. In fact, while several scholars claimed that exports enhance economic growth (on the basis of the export led-growth theory) (Ram, 1985; Sachs and Williamson, 1985; Krueger, 1997; Srinivasan and Bhagwati, 1999), others argued the inapplicability of such claim in developing countries (Rodrik, 1999; Rodríguez et al., 1999). Hence, the following reviews the theoretical and empirical findings on the correlation between export and economic growth at a national level.

### **2.2.1. The Evolution of International Trade Theories**

The positive relationship between exports and economic growth goes back to the classical economic theories developed by Adam Smith in 1776 and David Ricardo in 1817, who argued that international trade plays a significant role in improving economic growth. The authors stated that countries gain from international trade through a specialisation related to their comparative advantages (Hill, 2009). However, these theories have been questioned as they were unable to provide clear explanations as to what causes differences in relative advantages (Morgan and Katsikeas, 1997). In reaction to flaws in the comparative advantage theory, Heckscher and Ohlin developed a model in 1933 based on factor endowments, describing the extent to which a nation is endowed with resources including capital, labour and land. Heckscher-Ohlin theory argued that countries gain from international trade by specialising in goods that require resources which are locally abundant (Hill, 2009).

Nonetheless, this theory has also been questioned. Indeed, Leontief (1953) proved through an empirical study on the US its invalidity in the business world. This gave birth to a new theory known as “The Product Life Cycle” developed by Raymond Vernon. According to Vernon (1966) this theory posits that as the product evolves throughout its cycle of life, the latter becomes associated to international movements. It suggests that a new product would be manufactured and exported from its original country, once this product is standardised and in its maturity stage, its production can be moved to other countries and ultimately become an import. Consequently, advanced countries exports would be focused on new products characterised by a high Research and Development (R&D) content, whereas developing ones would export standardised and mature products.

Recently, economists such as Paul Krugman and Michael Porter proposed what is known as the “New Trade Theory” which supports trade openness and stipulates that nations should specialise in producing and exporting products that would allow them to build a competitive national advantage and economies of scale (Hill, 2013). Porter (1990) determined how and why these national competitive advantages are achieved. Porter argued that the success of nations in gaining competitive advantage depends on the ability of its domestic business environment to innovate. These determinants are factor conditions, demand conditions, related and supporting industries and firms’ strategy, structure and rivalry (also known as the porter diamond). Porter also added two external factors which are government and chance. Cho and Mun (2013) reported that the idea behind this theory is that national prosperity is created rather than endowed. It appears that the aforementioned theories constitute the foundations of the common thoughts considering the positive correlation between exports and economic growth. In this regard, Bhagwati (1988) explained that the reason behind the success of export oriented economies is the efficient resource allocation, the author highlighted the role of such factor in producing efficient outcomes, Bhagwati added that exports bring incentives for local resource allocation closer to international cost effectiveness. In addition, Ram (1985) stated that through exports, countries benefit from economies of scale, increase their capacity utilisation and improve technological change.

### **2.2.2. Export Pessimism: An Alternative Theoretical Approach**

After World War II (especially in the 1950s and 1960s) and following economic failures of a several developing countries, the classical theories gave way to new approaches constituting important elements of the economic evolution. In fact, Sachs et al. (1995) and Srinivasan and Bhagwati (1999) reported that this period was characterized by “export pessimism” and economists such as Keynes and Taylor persistently criticise the

virtues of exporting. As a consequence, Love and Chandra (2004) report that in post-war period most of the developing countries were adopting inner-oriented strategies.

Sachs et al. (1995) and Krueger (1997) reported that common thoughts during that period were that developing economies' comparative advantage was primary commodity production, and consequently exporting would leave them constantly dependant on foreign trade and inhibit economic development. Krueger (1987) added that export earnings were also considered to be very low if not at all. Similarly, Myrdal (1963) stated that an export oriented strategy would have a negative impact on low income countries' development as it only encourages the production of primary commodities which are usually subject to irregular prices and demand. In addition, Rodrik (1999) severely criticised export oriented economies and argued that openness as such could not be considered as a reliable mechanism of generating economic development.

In attempting to explain these criticisms toward export orientation, Afonso (2001) argued that proponents of the "Ricardian" approach failed to identify factors resulting from international trade that could increase economic development on the long term. Similarly, Krueger (1997) stated that when considering what was accepted after World War II regarding exporting, it would not be surprising to see the principle of comparative advantage merely abandoned. Rodrik (2001) went further and stated that prior to the oil shock in 1971, 42 developing countries under import substitution strategies were growing annually at rates above 2.5% per capita, among this group of countries were Latin-American, Middle-Eastern, North-African and Sub-Saharan African nations. Rodrik (2001) added that import substitution strategies fostered growth by protecting domestic markets and allowing them to be more profitable which has consequently encouraged local entrepreneurs to invest. Overall, at that time, it was

strongly argued that inner-oriented strategies were regarded as the tool for economic development (Krueger, 1997).

### **2.2.3. Export Orientation: Counter Evidence from Developing Countries**

In reaction to the post-war export pessimism, Little et al. (1970) conducted a study funded by The Organisation for Economic Cooperation and Development (OECD) illustrating the extent to which import substitution had failed to obtain positive outcomes. The authors studied development policies of countries such as Brazil, India, Mexico, Pakistan, the Philippines and Taiwan. They concluded that import-substitution policy increases costs and lowers international competitiveness of manufacturing industry. It was argued that importing manufacturing inputs extensively can in the long term lead to the phenomenon of negative value-added (Streeten, 1971).

Srinivasan and Bhagwati (1999) reviewed empirical evidence in favour of import substitutions strategies and reported that their cross-country methodology should be rejected due to their weak theoretical foundations, the poor quality of the data used and the inappropriateness of their econometric models. At the same time, more empirical studies (cross-country and case studies) supporting the positive relationship between exports and economic growth have been presented and have weakened the export pessimism arguments (López, 2005). Examples of these studies are listed in the table below (Table 2.1).

**Table 2.1: Empirical Evidence on Export and Economic Growth**

<b>Authors</b>	<b>Countries</b>	<b>Findings</b>
Michaely (1977)	41 developing countries	Exports improve growth
Balassa (1978)	11 developing countries	Exports improve growth
Ram (1985)	73 least developing countries	Exports improve growth
Sachs and Williamson (1985)	Argentina, Mexico and Venezuela	Inner-oriented countries suffered the most from the 1980-1982 debt crisis
Onafowora and Owoye (1998)	12 Sub Saharan countries	Outward-oriented trade regimes enhance economic development
Athukorala and Menon (1999)	Malaysia	Outer-oriented economic policy enhance economic growth
Khalafalla and Webb (2001)	Malaysia	Outward orientation has significantly contributed the economic development
Vohra (2001)	India, Pakistan, the Philippines, Malaysia and Thailand	Exports have a positive and substantial impact on economic growth
Abu-Qarn and Abu-Bader (2004)	Nine Middle-Eastern and North African countries	Only manufactured exports increased growth
Herzer et al. (2006)	Chile	export of primary products has a significant negative impact on economic growth, whereas manufacturing exports were found to have a statistically significant positive impact
Elbeydi et al. (2010)	Libya	A positive relationship between exports and economic growth
Ozturk and Acaravci (2010)	Turkey	A steady annual economic growth since the shift to an outward economic policy
Lee (2011)	71 countries	Economies tend to grow more rapidly when their exports are focused on high-technology products as opposed to countries exporting traditional and low-technology products
Khodayi et al. (2014)	23 developing countries	Export diversification improve economic growth
Muhoro and Otieno (2014)	Kenya	Exports improve growth

### **2.3. Exports and Economic Growth: A Micro-Level Review**

Although the review of the macro-economic literature on exports and economic development has clarified the influence of the latter in increasing countries' economic



growth, it remains important to understand how exports influence growth at the firm level. Nonetheless, prior to this, it would be useful to clarify the mechanism through which firms and particularly SMEs may affect economic growth. Therefore, the following sections define SMEs, examine the mechanism through which they may affect economic growth and review the empirical studies on the impact of exports on firms' performances.

### **2.3.1. Definition of SMEs**

A review of literature reveals that various SMEs' definitions can be found (Eikebrokk and Olsen, 2007), it is commonly recognized that scholars fail to provide one universal definition of SMEs that could be used uniformly (Baba et al., 2006). SMEs have been classified and defined using different criteria including capital assets, labour skills, turnover level, legal status and number of employees (Shams-Ur, 2001).

In 1971 the Bolton Commission has provided one of the earliest definitions for SMEs (Mac an Bhaird, 2010). The committee developed an initial qualitative definition that is regarded by some scholars as "the most influential conceptual definition of small business" (Storey and Greene, 2010: 32). Bolton's definition stated that unlike large businesses which are usually owned by shareholders, managed by professionals, and possess large market power, small firms should be managed by their owners, have a small market share and be legally independent (Storey and Greene, 2010). Nonetheless, this definition was criticized by Curran and Blackburn (2001) who reviewed the Bolton definition and highlighted that some elements can be subjective. SMEs may initially pioneer a new product or service and therefore dominate the market at least temporarily. Moreover, Storey (1994) acknowledged that a firm comprising over 100 employees could not be managed in a personal way by its owner, it would rather require a formal management structure. Soon after providing their qualitative definition, the Bolton

committee recognised its weaknesses and proposed an alternative quantitative definition based on turnover and employees number and where different classifications are provided for different sectors (Curran and Blackburn, 2001).

In general, unlike qualitative approaches, quantitative definitions (based on number of employees and financial turnover) have been very popular among scholars and policy makers (Baba et al., 2006), it is reported that the main reason for such popularity is their simplicity and easy access. Yet these definitions have also been questioned. Indeed, those based on headcount may be misrepresentative due to the increasing number of part-timers, whereas the definitions based on financial turnover may be affected by inaccuracy, inflation, and exchange rate fluctuations in case of international comparison (Curran and Blackburn, 2001; Storey and Greene, 2010)

Despite these critiques, the European Commission (EC) has attempted to provide a universal quantitative definition in order to fulfil the increasing need of conducting comparative studies between EU members. Their definition considers firms with less than 250 employees and an annual turnover of €50 million as SMEs (Storey and Greene, 2010). It is also stated that this definition was aimed at facilitating the implementation of support programmes and measures to enhance the development of SMEs (Mac an Bhaird, 2010). Since then, many scholars argue that this definition remains the most commonly used (Curran and Blackburn, 2001; Abor and Quartey, 2010; Storey and Greene, 2010). However, Mac an Bhaird (2010) acknowledged that although applied in the European context, it is still not widely used by researchers worldwide.

In conclusion, even if the representativeness of the chosen criteria will always be questionable, “number of employees” appears as the most practical option for researching small enterprise and conducting international comparisons, and therefore

will be used during this research. A threshold of 500 employees is selected to illustrate SMEs (additional details and justifications are given in Section 6.8).

### **2.3.2. SMEs and Economic Growth: How Does it Work?**

Particularly in Europe, SMEs' contribution to the national economies of the country is widely acknowledged (McElwee and Warren, 2000). In general, it is argued that SMEs influence economic growth via three main contributions, namely; job creation, source of innovation and regional development (Biggs, 2002; Mac an Bhaird, 2010). The following briefly review theoretical and empirical studies investigating this statement.

The positive role of SMEs in increasing economic growth and development goes back to Schumpeter (1934) where the author argued that SMEs influence growth through introducing new products and production processes, opening new markets and discovering new resources. Wennekers and Thurik (1999) reported that according to Porter's diamond, the innovation and competition enhancement resulting from small firms is considered to be highly influential on growth. Beck et al. (2005) posited that companies' productivity, innovation and employment growth positively influence the economy-wide efficiency. Audretsch et al. (2006) and Hessels and Van Stel (2011) added that small firms contribute in fostering economic growth through knowledge spillovers, increased diversity and improving competition. Agarwal et al. (2007) and Baumol and Strom (2007) explained that SMEs actively participate in knowledge spillovers and thus generate innovation by ensuring that new inventions are transformed into useful innovations.

Empirically, this positive correlation was illustrated by several studies. Audretsch and Keilbach (2008) concluded that German SMEs significantly influenced economic growth through knowledge spillovers. In Sweden, Hart and Hanvey (1995) confirmed

that SMEs were large job creators. Nonetheless, this positive relationship between SMEs and economic growth appears to be applicable only to developed countries. Stel et al. (2005) and Cravo (2010) posited that while studies focusing on SMEs in a developed context revealed a positive relationship between small firms and economic growth, investigations on SMEs in developing context showed contrasted results. As for inducing knowledge spillovers and generating innovation argument, Cravo (2010) indicated that as the latter is dependent on human capital and institutions, it would not be effective in a developing context. SMEs in developing countries are mostly labour-intensive and low-tech and thus would not generate significant knowledge spillovers and innovation (Cravo, 2010).

Nonetheless, Tidd and Trewhella (1997) argued that SMEs could be innovative even in a developing context. They found that this is dependent on the environment where the small firms are evolving. Hadjimanolis (2000) illustrated this statement using a sample of 140 SMEs from Cyprus. The author found that among the main determinant of SMEs' innovation in a developing context included technological information resources, connections and networks with technology providers and the education level of the staff. Biggs et al. (1995) found similar results for Sub-Saharan African large firms. As for job creation, Beck et al. (2005) brought evidence from Africa and particularly in the manufacturing sector, that SMEs were net job creators.

### **2.3.3. The Impact of Exports on the Firms' Growth**

The literature on the influence of exports at the firm level has appeared only recently (García et al., 2012). While the majority of scholars agree with the fact that exporters tend to perform more effectively than non-exporters in various ways, from which productivity, innovation, survival and size (Bernard et al., 1995; Bigsten et al., 2004; Damijan et al., 2010; Foster-McGregor et al., 2013; Love and Ganotakis, 2013; Wagner,

2013; Pattnayak and Thangavelu, 2014), mixed views and evidence have been presented regarding the causality dynamic between exporting and firms' performances. In fact, the debate on whether exporting increases firms' performances (learning-by-exporting hypothesis) or high performances lead to export activities (self-selection hypothesis) has divided the literature. It is believed that outcome from this discussion would support or oppose the implementation of export promotion policy (Silva et al., 2012). The following presents some theoretical foundations underlying such effects and covers the discussion on the learning-by-exporting and self-selection views.

*a) Theoretical foundations*

According to the World Bank (1997) firms involved in export activities generally benefit from international best practices and productivity growth. Blalock & Gertler (2004) stated that one of the arguments supporting the "learning-by-exporting" hypothesis affirms that foreign export intermediaries may provide exporting firms with information on the new design specifications and production practices that could be highly beneficial and inaccessible to non-exporters. Salomon and Shaver (2005) added that these intermediaries may also provide valuable information about foreign consumers' needs and competitors. Clerides et al. (1998) argue that foreign buyers may intervene in suggesting new ways of improvements and providing technical support. Furthermore, Silva et al. (2012) acknowledge that exporters may also benefit from an access to advanced management practices and marketing techniques. Van Biesebroeck (2005) noticed that exporters were acquiring more advanced technologies than non-exporters.

Exporting gives access to larger markets which allows for economies of scale (Van Biesebroeck, 2005; Aw et al., 2008). Being exposed to foreign competition firms are forced to improve both their products and processes in order to survive (Aw and Hwang,

1995; Love and Ganotakis, 2013). Exports can be a source of risk diversification. Through exporting, firms scatter their sales over various markets, which constitute a protection from potential local saturation (Wagner, 2013). Perez-Sanchez et al. (2003) argued that having access to such benefits surely play a significant role in enhancing firms' productivity, product quality and thus survival chances.

Conversely, Delgado et al. (2002) report that one of the main arguments supporting the self-selection hypothesis, is that exports market are characterized by fierce competition and imply high sunk costs (all costs related to acquiring foreign knowledge and product adaption), thus only productive SMEs can survive to such environment. Roberts and Tybout (1997) add that small firms must be well equipped to face international competition and cover sunk costs. Hence, the rationale behind these views is that firms must be already among the most productive to enter export markets.

#### ***b) Empirical evidence: Learning-by-exporting vs. Self-selection Hypothesis***

As mentioned above, most scholars agree that exporters perform more effectively than non-exporters. Nevertheless, mixed approaches have been presented on the causality dynamics between exporting and firms' performances. The following sections highlight some significant empirical studies considering this debate.

Regarding the evidence for Self-selection hypothesis, Bernard and Jensen (1995) was one of the earliest studies attempting to identify the causality direction between exports and firms' performances. They investigated a sample of US firms between 1976 and 1987, and found that before starting exports activities, exporters were growing faster than non-exporters. Thus, they concluded that SMEs become exporters when they perform well. Alternatively, Bernard and Jensen (1999) recognised that exporting considerably increase the probability of firm survival as non-exporters recorded higher

failure rates than exporters (with similar characteristics). The research also suggested that exporting firms tend to have higher employment growth than their counterparts.

Similarly, Clerides et al. (1998) analysed three developing countries namely; Colombia, Mexico and Morocco. Their study covered firms with at least 10 workers and was conducted from 1984 to 1991. The authors found that the causality effect between productivity and exports goes from the former to the latter. They stated that no evidence confirming the learning-by-exporting hypothesis was found in all three countries (with few exceptions from Morocco). Equally, Aw et al. (2000) investigated the applicability of the learning-by-exporting hypothesis in Taiwan and Korea in the years 1981, 1986 and 1991 and found no evidence for it.

In Spain, it has been confirmed that the causality effect was from productivity and innovation to exports, hence supporting the self-selection hypothesis (Delgado et al., 2002; Fariñas and Martín-Marcos, 2007; Cassiman et al., 2010). Alternatively, Delgado et al., (2002) also noticed that productivity growth was greater for young exporters than for young non-exporters. The authors concluded that only productive firms can enter export market and the learning-by-exporting hypothesis is limited to young exporters (less than five years old).

Turning to the evidence for Learning-by-exporting hypothesis, one of the arguments supporting this view is the significant role that foreign buyers may have in providing assistance to exporters. In this regards, empirical evidence has been presented by Rhee et al. (1984) on the positive influence of foreign buyers on Korean firms at early stages of their exporting process. Indeed, they reported that more than 50% of the firms interviewed affirmed that they have benefited from a direct technical support. This support covered new techniques on production process, competing products, quality

design and feedback, and was through frequent visits from technical teams of their foreign buyers.

Later, Kraay (2002) investigated Chinese firms and found that exporters were more productive than non-exporters in terms of labour productivity, total factor productivity and lower unit costs. However, his research did not determine the mechanism through which this efficiency occurred. Equally, Blalock and Gertler (2004) reported significant evidence from Indonesian SMEs supporting the learning-by-doing hypothesis as they noticed that the learning effect led to an increase in productivity by 2% to 5% after entering export markets. They argued that this outcome relies on the fact that these Indonesian firms were trading with foreign firms that are more advanced technologically. They also reported that some of the firms stated that they benefited considerably from guidance in cost reduction and production expansion. In addition, Salomon and Shaver (2005) recorded an increase in innovation performance of Spanish SMEs due to the access of valuable foreign knowledge through exporting (approximately 2 years after exporting). The authors conclude that exporting may benefit SMEs in developing countries more than in developed ones. Estevez-Pérez et al. (2008) posited that exporting SMEs have much higher survival rates than non-exporting ones; this confirmed the hypothesis of surviving-by-exporting. They suggested that these findings imply that export promotions are highly recommended.

In Africa, Bigsten et al. (2004) reported minimal evidence supporting the self-selection hypothesis in Cameroon, Kenya, Ghana and Zimbabwe. Their study was later supported by Van Biesebroeck (2005) who investigated nine low income Sub-Saharan African countries (Burundi, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Tanzania, Zambia, and Zimbabwe) and clearly supported the learning-by exporting hypothesis. The author argued that exporters' performances in sub-Saharan Africa increased after



entering international markets where it was observed that, for exporters, higher productivity rates were recorded. Still in Africa, Foster-McGregor et al. (2013) found using data from 19 sub-Saharan countries that exporters perform more effectively than non-exporters and that experienced exporters achieve higher performance than new exporters. In Mozambique, Cruz et al. (2014) reported clear evidence of the learning-by-exporting hypothesis. In Turkey, Yasar and Rejesus (2005) investigated the productivity dynamics of exporters both at the entry and the exit from international markets. Upon entry of exporters to foreign markets, they noticed that the latter were more productive than their counterparts in the first two years. Moreover, they highlighted that the productivity of exporters that exit foreign markets is lower than continuous exporters up to two years after exit. They explained this positive effect by the fact that exporters were exposed to a more developed technology and competition than their counterparts. In India, Pattanayak and Thangavelu (2014) also confirmed that upon entering export markets, manufacturing firms significantly increased their productivity.

Damijan et al. (2010) established from Slovenian small firms that the learning-by-exporting effect was noticeable in the long term. The authors argue that such an effect occurs through process innovation rather than product innovation. In Spain, García et al. (2012) confirmed that exporters do increase their labour productivity through an access to knowledge spillovers in international markets. As for the UK, Love and Ganotakis (2013) explored High-tech SMEs, they found that exporting firms are more efficient in gaining foreign knowledge than non-exporters and this was due to the scale effect.

Another view has also emerged, where both self-selection and learning-by-exporting effects are the consequence of the management's previous and conscious decision to start exporting activities (Alvarez and López, 2005; Hallward-Driemeier et al., 2002).

Alvarez and López (2005) used the expression “conscious self-selection” and acknowledged that when firms intend to enter international markets, they act accordingly by anticipating investments that would enable them to face international challenges.

Alternatively, Girma et al. (2004) investigated a large sample of UK firms (8992 companies) over the period 1988 to 1999. Their sample involved firms that have similar characteristics which would make their comparison more reliable as any detected effect can be attributed to exporting. They found that exporting has improved firms’ productivity particularly during the first two years after the first shipment abroad. In addition, they also confirmed the self-selection hypothesis noticing that exporters were already more productive than non-exporters before entering international markets.

Similarly, Golovko and Valentini (2011) examined a sample of Spanish manufacturing firms between 1990 and 1999. They found that both exports and innovation are complementary. Indeed, they argued that by exporting SMEs gain access to foreign knowledge and improve its learning and thus enhance innovation performances, similarly, by achieving high innovation performances, firms are able to enter export markets. Hence, Golovko and Valentini revealed that both self-selection and learning-by-exporting hypothesis are applicable and even complementary. Moreover, they confirmed that exports positively influence SMEs’ growth through increasing its employment and turnover growth (when not applying the one price law), diversifying their revenue and gaining access to novel information and technological knowledge. In the services sector, Love and Mansury (2009) investigated American firms using cross-sectional data, they found that the self-selection effect appears to be evident; however, they also noticed that firms increase their productivity soon after starting exports activities.

## 2.4. Summary

This chapter has reviewed the literature on the role of exports in improving development. First, the development concept has been explored; in this regard it has been found that two main approaches coexist, namely the income-based approach and the human-based approach. While the former relies on income aggregates to define and measure development (Seers, 1972, Fukuda-Parr, 2003, Cypher and Dietz, 2004, Ludden, 2005), the latter is based on the human development with all its dimensions (Baster, 1972, Myrdal, 1974, Anand and Ravallion, 1993). Nevertheless, Drèze and Sen (1989), Anand and Ravallion (1993), Anand and Sen (2000) and Ranis et al. (2000) acknowledged that the use of economic growth to illustrate development would still hold as this ultimately leads to human development.

Second, the chapter examined the impact of exports on economic growth. It has been established that manufactured exports play a more effective role in improving economic growth than primary products exports (Abu-Qarn and Abu-Bader, 2004; Herzer et al., 2006; Lee, 2011). Thereafter, the chapter analysed the mechanism whereby exports increase growth at the firm level. It has been concluded that exports improves firm's innovation, productivity and employment growth through the learning effect from being exposed to larger markets, international competition and foreign knowledge (Kraay, 2002; Bigsten et al., 2004; Blalock and Gertler: 2004; Damijan et al., 2010). Moreover, preliminary studies showed that the decision to export may increase firm's performances prior to entering foreign markets through the "conscious self-selection" effect (Hallward-Driemeier et al., 2002; Alvarez and López, 2005). Yet it has been recognised that more empirical studies are needed to confirm this effect.

Based on the key findings of this chapter regarding the critical role exporting can have in enhancing growth and development, and on the low export performance of

developing countries (Ibeh, 2004; Dennis, 2006; UNCTAD, 2014), it would be strongly recommended that governments in developing countries should intervene in order to encourage their SMEs to embark on export activities and assist them to be competitive. Having said this, governments in developed countries should also ensure that their firms do engage in international activities. Manufacturing exports plays a crucial role in improving economic development and can act as a safeguard in times of global recessions. It is believed that such programmes would assist these firms enhancing and acquiring relevant resources to succeed in international markets. In this respect, the next chapter attempts to identify these critical resources required by firms to enter and survive in export markets.

## **CHAPTER THREE: CRITICAL RESOURCES INFLUENCING EXPORT INITIATION AND PERFORMANCE**

This chapter considers the literature on the critical resources affecting the firms' export behaviour. Investigating these resources helps understanding the internal and external forces enabling firms to embark on export markets and sustain their international activities. This review is relevant to the present study as it allows the researcher to understand the mechanism (indirect effects) whereby the government export assistance act in order to increase the firms' engagement in export activities and sustain their performances. In this sense, it was acknowledged that the GEPPs' indirect effect takes place through the firms' resources. The following text first discusses the theoretical foundations underpinning this approach and second identifies the critical resources affecting the firms' export initiation, performance and regularity. However, due to the lack of empirical studies investigating the determinants of export regularity, these will not be included in a separate section; the determinants of export regularity will be integrated in the determinants of export performance section.

### **3.1. Theoretical Foundations: A Resources-Based View Approach**

Reviewing the literature on export behaviour has revealed that several studies were based on the stage theory; the RBV and the contingency approach to explain the internal and external determinants of export performance. Internal factors were mainly justified by the RBV theory, which stipulates that firms possess internal factors that can be transformed into competitive advantage and may positively increase a firm's performance, whereas the external determinants were supported by the contingency approach which indicates that environmental factors affect the firms' strategy and performance (Sousa et al., 2008; Nemkova et al., 2012). The stage theory was also

sometimes used to explain a gradual internationalisation of the firm based on a process of incremental knowledge whereby a firm reduces uncertainty (Majocchi, 2005).

Nonetheless, the application of the stage theory on the internationalisation process of SMEs has been questioned. The inapplicability of such a theory on the new emerging entrepreneurially firms which start globally from their conception (born global) was often raised (Etemad and Wright, 2003). As for the contingency theory, due to its focus on environmental factors, it is recognised that such a theory cannot be applied alone when investigating export performance predictors (Nemkova et al., 2012). In general, it is acknowledged that except the RBV, other theories attempting to explain the firms' export behaviour do not consider the aspirations of entrepreneurs and the crucial role of the resource needs of SMEs (Westhead et al., 2001).

It is recognised that SMEs are typically affected by a lack of resources when internationalising (Brouthers et al., 2014; Villar et al., 2014). Hence, this research draws on the RBV, which addresses the central issue of how firms can achieve and sustain superior performances through acquiring and exploiting unique resources (Dhanaraj and Beamish, 2003). It is thought that this principle is particularly relevant for export behaviour as it presents a strong theoretical basis on which export models can be developed and tested (Dhanaraj and Beamish, 2003; Beleska-Spasova et al., 2012; Freeman and Styles, 2014). Such a resource based approach in international markets has already been confirmed by Morgan et al. (2004). The authors found in their empirical study that resources and capabilities are the main antecedents of developing a successful export strategy and achieving high performances. Similarly, Wolff and Pett (2000) acknowledged that the firms' international competitiveness depends on the quality of their resources. Beleska-Spasova et al. (2012) posited that both management and organisational resources predict export performance. Moreover, Bloodgood et al. (1996)

claimed that the firm's ability to enter export markets depends on its tangible resources. From the above discussion, it can be noticed that the RBV has already been successfully tested in the export contexts by previous studies. Thus, this theory appears to be particularly relevant for this research. The following section goes into greater depth.

### **3.1.1. The Resource Based View: A Brief Overview**

The root of the RBV goes back to 1959 when Edith Penrose was among the very first business researchers highlighting the important role that resources play in enhancing the competitive position of the firm (Newbert, 2007). Later, the firm was conceptualised as a set of resources indicating that: "The firm is viewed as a collection of particular resources, that is, resources worth more to the firm than their market value because of specialised experience within the firm" (Rubin, 1973: 936).

Based on these views, Wernerfelt (1984) was the first scholar who attempted to formalise the RBV and recognised that the firm may increase its profits by procuring resources that would be important in enhancing the product development. However, it was argued that this first attempt did not capture much attention owing to its abstract nature (Newbert, 2007). Later, Prahalad and Hamel (1990) developed the RBV and included the use of the firm's core competence such as inimitable skills, technologies and knowledge as a crucial element in creating competitive products. Concurrently, Barney (1991) published a paper that was considered as the first real conceptualisation of the RBV. The author mentioned the concept of sustained competitive advantage and posited that valuable, rare, inimitable and non-substitutable resources enable the firm gain a sustained competitive advantage.

Nonetheless, Barney's paper has also been criticised. In fact, Newbert (2007) reported that critics (by Barney, 2001) were mainly on the point that the latter was based on the

assumption that once the firm acquires the relevant resources, the effective exploitation would automatically follow. In reaction to this criticism, Mahoney and Pandian (1992) argued that resources alone are not sufficient to achieve a competitive advantage, it is rather the firm's competence to effectively allocate and use them that count. In this respect, Newbert (2007) argued that firms seeking competitive advantages should have the ability to fully exploit its resources (not just acquire them).

The RBV refers to two main concepts: the firm's resources and capabilities and the competitive advantage. According to Barney (2001), firm resources refer to the set of tangible and intangible assets and capabilities controlled by the firm and which allow the latter to develop and implement a strategy in order to improve its performance. It includes the assets, capabilities and knowledge. Barney (2001) classified the firm resources into three categories, namely; physical organisational and human capitals. By physical capital the author meant the firm's technology, equipment, location and raw materials, while by organisational capital Barney referred to firm's formal and informal planning, coordination systems and relationships, and defined human capital as training, experience and employees' relationships. Turning to the competitive advantage, Barney (2001) stated that a firm can be considered as having a competitive advantage when the latter implements unique strategy that is not reproduced by its competitors. This can be sustained when the company is able to keep its advantage even after efforts of duplication are made by competitors and not longevity.

### **3.1.2. The RBV and External Resources: The Extended RBV**

This research attempts to apply the RBV to explain the role of external resources in enhancing the firms' export initiation and performance. Although the RBV has traditionally emphasised the internal assets of the firm rather than its external ones,



several scholars recently started stressing the role of external resources such as the firm's networks in enhancing the SMEs' competitive advantages and therefore attempted to extend the RBV (Griffith and Harvey, 2001; Lavie, 2006; Westhead et al., 2007; Kembro et al., 2014). In this respect, Dyer and Singh (1998) argued that the key firm's assets may be lodged beyond its frontiers. In this sense, it was argued that "Scholars must once again openly acknowledge and accept the resource-environment connection (not separation) that is elemental to strategy" (Priem and Butler, 2001: 64).

Similarly, Lavie (2006) had extended the RBV and incorporated the concept of network resources among interconnected firms. First, the author demonstrated that the conditions of both the heterogeneity and the imperfect mobility of the resources were still valid in networked environment. Second, the author argued that the network resources may considerably affect the SMEs' competitive advantage. Hence, a model combining the firm's internal resources and network resources was developed. Lavie acknowledged that such a combination between internal and external assets can result in either a greater or lower competitive advantage than the firm's internal resources only. Further, Westhead et al. (2007: 1020) declared that "rather than focusing solely on the role of internal resources on a firm's ability to enter foreign markets, there may be benefits associated with viewing the firm as a part of a network". Equally, Dyer and Singh (1998) suggested that the RBV focus on the firm's internal resources can limit the explanation of the competitive advantages models. The authors argued that while internal assets are still crucial for the firm to be competitive, relational resources developed through collaboration efforts (such as knowledge sharing and complementary assets endowments) can also play an important role. Such a view may appear to go in contrast with the rationale of the RBV which stipulates that a firm should rather protect its resources from spillovers and imitations. Nevertheless, Dyer and Singh (1998) highlighted that when the expected outcome from the relational view (cooperation)

exceeds the one from the individual view, it will lead to an effective strategy and in turn to the enhancement of competitive advantage.

Alternatively, Griffith and Harvey (2001: 598) have integrated the RBV with the Market-Based View (MBV) into a single theoretical model of a “global dynamic capabilities”. The authors stated that “Global dynamic capabilities is predicated on the development of power through the strategic allocation and alignment of path dependant internal (i.e., resource-based view) and external (i.e. market-based view) assets”. The authors extended the RBV by combining the latter with the MBV. Based on empirical evidence, they argue that the combination of both internal and external assets provide to SMEs a significant power basis to developing successful strategies that would enable the firm to gain international competitive advantages. According to the MBV, external resources result from the firm’s relationships and networks with other actors in the environment, such a view is complementary to the RBV as it offers the firm valuable, imperfectly imitable, rare and difficult to duplicate external resources. These include intellectual resources (market knowledge) and relational (networks).

Overall, it is recognised that the integration of both internal and external resources allows firms to increase their export performance (Freeman and Styles, 2014). The extended RBV has recently become recognised and was mentioned in several recent research articles (Boehe, 2013; Hinterhuber, 2013; Kembro et al., 2014; Spring and Araujo, 2014). Therefore, based on this discussion, the inclusion of the relational resources in the proposed research can be supported and justified by the “Extended RBV”.

### **3.1.3. Resource Conceptualisation**

In this thesis, the conceptualisation of the export-related firm’s resources is based on Barney’s (2001) definition, which includes: export-related tangible and intangible assets;

capabilities management characteristics; information and knowledge. To illustrate these resources, they can be divided into management and organisational resources, a classification adopted by several prior studies (Simpson and Kujawa, 1974; Schlegelmilch and Ross, 1987; Ibeh, 2003; Obben and Magagula, 2003; Theingi and Purchase, 2011; Beleska-Spasova et al., 2012). Such taxonomy would be particularly useful in a SME context as it allows the researchers to make a distinction between resource factors related to the decision maker and resource factors related to the organisation itself. In addition, resources available outside the firms can also determine export behaviour (Lavie, 2006) and may be an important antecedent of firms' export performance and regularity. Several scholars have extended the RBV outside the firms' boundaries to cover external assets (Dyer and Singh, 1998; Priem and Butler, 2001; Beleska-Spasova et al., 2012).

Identifying the resource-factors to be included in each of the aforementioned groups of resources is based on a thorough review of the export performance literature. The researcher extracted the resource factors most commonly considered as important determinant of export intention, performance and regularity. The use of such a grouping technique is conducted in response to Zou and Stan's (1998) and Sousa et al.'s (2008) calls. Through their literature reviews, the authors argued that the export literature lacked consistency in defining the factors affecting export performance and too many specific factors lacking parsimony are being included. This issue was also raised in a recent study by Beleska-Spasova et al. (2012), the authors claimed that empirical studies in the export literature tend to include either a single factor or a group of factors selected on the basis of the focus of the topic yet no comprehensive set of resources was reported. Czinkota and Ronkainen (2011) acknowledged that such a fragmentation limits the practical implications of these studies. More details about the resources'

conceptualisation could be found in Appendix A. The next table (Table 3.1) illustrates the resource-factors included under each set.

**Table 3.2: The Resource Sets and their Components**

<b>Resource sets</b>	<b>Resource factors</b>
Organisational Resources	Firms' technology, innovation and marketing capabilities
Management Resources	The decision makers' export knowledge, entrepreneurial orientation, international orientation, export commitment* and export perception
Relational Resources	Firms' relationships with local businesses and foreign businesses*

\* Variables included as predictors of export performance only.

Having discussed the theoretical approach underpinning this study's conceptual model, the next two sections reviews the resource factors affecting the firms' export behaviour and tested in previous empirical studies.

### **3.2. Determinants of Export Initiation**

It is acknowledged that all firms, exporters and non-exporters are exposed to the same types of export stimuli (Simpson and Kujawa, 1974). These stimuli can range from potential for extra profit; sales and growth; management interest; risk diversification; economies of scale; saturation and/or decline in domestic markets and favourable foreign policy. However, they do not respond to those motives in the same way. In fact, non-exporting firms can be exposed to several motives yet would still be not involved in export activities. This implies that the export motives are not a sufficient condition for the SMEs to internationalise (Simpson and Kujawa, 1974; Palliwoda, 1991; 2013), only when associated to management, organisational and environmental factors that they become effective (Palliwoda, 1991; 2013). In fact, it was argued that factors related to the decision maker, the firm and the external environment play a crucial role in

affecting the decision to export. Based on the extended RBV, the following examines the critical capabilities and resources related to the aforementioned factors influencing firms in their initial decision to export and review the most relevant empirical studies. It also attempts to highlight any differences emerging between developed and developing contexts. It is worth noting that most reviewed studies used different measures to assess the export decision, from which export propensity and export perception.

### **3.2.1. Management Resources**

Reid (1981) reported that the recognition and the influence of an export stimulus are closely related to the management's knowledge, attitudes and motivation toward internationalisation. Reid claims that resources and capabilities including educational level, foreign nationality, fluency in foreign languages, and foreign travel do play a significant role in motivating the decision maker to start exporting. In this sense, the manager's traits considerably affect the firms' participation in export activities (Katsikeas and Piercy, 1993). Miesenbock (1988: 42) posited that the decision maker is "The one to decide starting, ending and increasing international activities". It is therefore the reason why studies focus on the management resources to understand the export behaviour. In this regard, several past studies tested the important role for the decision maker (Sousa et al., 2008; Palliwoda, 1991; 2013). The following pages review the studies investigating the management factors. These are organised under each resource factor.

#### ***a) Foreign Knowledge***

In both developing and developed countries, the lack of information and knowledge about exporting and export markets was found to be among the most significant factors stopping resource-constrained firms from embarking on export activities (Leonidou,

1995; Moini, 1997; Da Silva and da Rocha, 2001; Fillis, 2002; Suarez-Ortega, 2003; Shaw and Darroch, 2004; Altintas et al., 2007; Rutihinda, 2008; Pinho and Martins, 2010; Shih and Wickramaesekera, 2011; Al-Hyari et al., 2012).

As a result, knowledge about exporting and foreign markets is thought to be among the factors influencing firms' export decision. Pinho and Martins (2010) investigated Portuguese exporting and non-exporting SMEs, and reported that the lack of foreign knowledge explains the impediments that firms face when developing and implementing an effective export marketing strategy. It was also acknowledged that the lack of knowledge increases the uncertainties characterising the turbulent export markets. Morgan and Katsikeas (1997) explained that accurate, reliable and updated information is essential to assist the SMEs' decision-making processes in export markets. Particularly for non-exporters, the authors stressed that such firms need foreign knowledge to avoid relying on instinctive perceptions of export markets.

In their exploratory study conducted on UK exporters, Nemkova et al. (2012) reported that knowledge and skills about exporting and export markets make the export decision less risky and possible. The study revealed that export knowledge gives the decision makers more flexibility. Having such knowledge would allow the decision maker to have a quicker understanding of export problems and react more effectively. In developing countries, and in their study of Jordanian exporting and non-exporting SMEs, Al-Hyari et al. (2012) indicated that SMEs perceiving the lack of foreign markets' information among the most significant barriers are more likely to associate high level of uncertainties with export activities. Similar results were found in Turkey (Uner et al., 2013). However, in a recent cross-country study by Denicolai et al (2014), it was revealed that knowledge intensity increases firms' international performance only

up to a certain point. The authors suggested that the benefits of knowledge intensity would weaken by the time.

***b) International orientation***

Various interpretations have been found in the literature concerning the factor “international orientation” (Reid, 1981); different meanings have been given to it including, foreign education, past foreign experience, foreign travel and foreign birth (Ibeh, 2003). In this review, international orientation will include the manager’s foreign travels, ability to speak foreign languages and international experience (including foreign education). Overall, in an assessment of the international marketing literature, Palliwoda (1991; 2013) acknowledged that the managers’ international market orientation and his/her ability to speak foreign languages are important determinants of firms’ export decision.

Likewise, Miesenbock (1988) and Ruzzier et al. (2007) argued that the manager’s foreign travels significantly affect firms’ export decision. Wiedersheim-Paul et al. (1978), Dichtl et al. (1990), Trimeche (2003) and Nemkova et al. (2012) acknowledged that successful past experiences in international markets which may also result in new potential markets positively influence the export decision. Equally, Reuber and Eileen (1997) posited that internationally experienced management teams are more likely to benefit from more strategic partners and are quicker in obtaining foreign sales. Sala and Yalcin (2014) found in a study on Danish firms that managers’ export experience was among the predictors of firms’ export decision. In addition, Filatotchev et al. (2009) reported that the possession of foreign contacts, the presence of returnee entrepreneurs from abroad and the international knowledge transfer also influenced the decision to export.

Evidence from developing countries such as Nigeria also revealed that having a past foreign business experience or foreign contacts (friends, family, business partners...) positively influenced decision makers to go abroad (Ibeh, 2003). Similar results were reported by two studies on Taiwanese and Iranian firms in terms of export interest (Shih and Wickramaesekera, 2011; Hosseini et al., 2014) respectively. Nevertheless, Zafarullah and Young (1997) found that for Pakistan, although all exporting firms had foreign contacts, the owners had a considerable experience in foreign travels. In addition, Business related foreign trips also appeared to be a significant factor affecting the firms' export propensity (Obben and Magugla, 2003).

With respect to foreign languages abilities, Zafarullah et al. (1997), Obben and Magugla (2003), Shih and Wickramaesekera (2011), Densil (2011), Nemkova et al. (2012), Serra et al. (2012) and Hosseini et al. (2014) determined a significant relationship between this factor and export propensity or export decision. Furthermore, Lautanen (2000) found that for SMEs, the languages abilities are the most influential factor affecting the decision to export. Densil (2011) explained that the ability to speak foreign languages reduces the psychic distance to export markets which in turn positively influences the decision to export. Nemkova et al. (2012) found that the lack of such skills lead to miscommunication and misunderstandings.

### ***c) Entrepreneurial orientation***

In a cross-country study using the global entrepreneurship index, Minniti (2013) found evidence supporting the positive link between entrepreneurship-oriented human capital and the decision to export. In a study on Spanish manufacturing firms, risk-taking attitudes and proactiveness which are two of the entrepreneurial orientation features were found to be important predictor of the firm's export initiation (Acedo and Galan, 2011). Similarly, Ruzzier et al. (2007) found that managers' with less risk perception



are more willing to export. Findings from Taiwan have also reported that among the main constraints stopping the export decision is the risk perception; the same study found that proactiveness was an important feature that Taiwanese managers had and which positively influenced the probability of the firm being an exporter (Shih and Wickramaesekera, 2011).

#### *d) Export perceptions*

Simpson and Kujawa (1974) and Ruzzier et al. (2007) acknowledged that profit perception positively influences the decision to export. Likewise, Shih and Wickramaesekera (2011) found that exports' benefit perception are considered among the enhancing factors of the firms' export decision and would increase the probability of being exporters.

### **3.2.2. Organisational Resources**

Most of the empirical studies investigating the factors affecting firms' export initiation considered the firm's size, experience, technology, innovation and business planning as the principal resource factors affecting companies' decision to enter export markets. Ibeh (2003) reported that empirical studies on export behaviour have underestimated the importance of the firms' competencies. In this sense, firms' marketing capabilities are also included among the determinants of the export decision. With respect to the firms' size and experience, these were considered as indicators of the company's resources and capabilities and not resources per se. Hence, because of their importance in the firms' decision to export, these will be included as control variables in this research and thus are included in the present review. The following sub-sections summarise and contrast the main findings emerging from the literature on the organisational resource factors.

### *a) Firm size*

Dhanaraj and Beamish (2003) explained that in accordance with the RBV, firm size is considered as an indicator of organisational resources such as management and financial ones, and the extent to which these resources are available will push or retain the firm to look for international markets. Such a relationship has been extensively investigated in the export literature. This is mainly due to the fact that small firms generally perceive their smallness as a barrier to enter export markets. It is acknowledged that empirical evidence tends to be mixed and controversial regarding this relationship (Miesenbock, 1988; Calof, 1994; Ibeh, 2003; Serra et al, 2012). According to Miesenbock (1988), the reason for such mixed results is that different indicators have been used to measure the firm size; the studies reviewed used either the number of employees, sales or a combination of both.

Theoretically, the positive relationship between the firm size and export activities is based on several foundations. First, the internationalisation literature emphasises that going international requires appropriate resources and thus larger firms would be better suited to export than smaller ones (Wolff and Pett, 2000). Second, risks related to internationalisation are generally more effectively handled by large firms (Calof, 1994) as these tend to benefit from economies of scale (Hirsch and Adar, 1974).

Several empirical studies found that the larger the firm, the greater the propensity to export (Garnier, 1982; Reid, 1982; Calof, 1994; Nassimbeni, 2001; Yang et al., 2004; Densil, 2009; Filatoshev et al., 2009; Adeoti, 2012; Serra et al., 2012; Hosseini et al., 2014). However, further studies argued that there were no association between the firms' size and the export propensity (Abdel-Malek, 1978; Bonaccorsi, 1992; Katsikeas and Piercy, 1993; Reuber and Eileen, 1997; Obben and Magugla, 2003; Ibeh, 2003; Andersson et al., 2004; Kalafsky 2004). Bonaccorsi (1992) argued that the decision to

export is rather linked to general competitive factors such as the quality of the product and marketing strategies. Furthermore, Katsikeas and Piercy (1993: 39) reported that firm size is not related to the export motivators. However, the authors argued that “it may be reasonable to assume that larger firms have size-related advantages, which enable them to more effectively develop and maintain export activities”. Kumar and Siddharthan (1994) found that the relationship between firm size and export activities was negative. The author reported that very large firms were less willing to export than other firms.

Overall, as firms’ size is not considered as a resource per se and is rather seen as an indication of resources. The current study considers this factor as a control variable and not among the resources factors predicting firms’ export decision (initiation).

#### ***b) Firms’ experience***

Wiedersheim-Paul et al. (1978: 55) and Cavusgil and Naor (1987) found that the history of the firm plays an important role in motivating the latter to export. The authors revealed that as a part of the firm history, the extra-regional expansion “domestic internationalisation” is regarded as a valuable source of experience which will positively influence the export decision of the firm. Likewise, Srinivasan and Archana (2011) brought evidence from India that firms’ age increases export propensity. In addition, Burpitt and Rondinelli (1998) and Özler et al. (2009) found that firms with previous international experience are more likely to appreciate the value of export in learning. The authors added that the more recent the past experience, the higher the probability of the firm to enter export markets again. However, Katsikeas and Piercy (1993) reported that while the literature tend to acknowledge that past export experience positively influence export performances, results from their study did not show differences in the perception of export stimuli between experienced and non-

experienced exporters. Similarly to the size factor, in this study the age of firm is seen as an indicator of resources rather than a resources-factor as such. Hence, this factor is used as a control variable.

### *c) Technology and innovation*

Most of the studies reviewed used the R&D activities to illustrate the level of technology in the firm. Several scholars found a significant and positive association between the technology intensity and the propensity to export (Reid, 1982; Nassimbeni, 2001; Dhanaraj and Beamish, 2003; Ibeh, 2003; Van Beveren and Vandenbussche, 2010; Serra et al., 2012). Yang et al. (2004) studied a sample of Taiwanese SMEs and concluded that innovative activities (R&D variables) positively influence the SMEs' probability to export (export propensity). Similarly, Van Beveren and Vandenbussche (2010) suggested that both product and process innovation increase firms' propensity to start exporting.

Nassimbeni (2001) and Roper and Love (2002) found that product innovation was significantly associated to export behaviour whereas process innovation was not. Nassimbeni (2001) explained such a difference by the fact that process innovation is an external (easily copied) and a typical characteristic of small firms regardless of international activities and thus cannot be regarded as a strong competitive advantage, while product innovation is an internal and significant competitive advantage which can make a difference internationally.

However, further studies did not perceive a significant relationship between technology and export propensity (Filatotshev et al., 2009; Adeoti, 2012). In investigating Nigerian SMEs, Adeoti (2012) found mixed results regarding the relationship between technology and export potential. Although all the studied factors showed positive results with regard to export potential, five out of nine were not statistically significant. These

were technology collaboration with foreign firms, e-business facilities, equipment and machinery and age of firm. The remaining factors found to be significant included innovation related to skills (such staff training) and quality management.

***d) Marketing capabilities***

Researchers have been using different dimensions to refer to marketing capabilities. In fact, Zou et al. (2003) included firm's new product development, distribution, communication and pricing capabilities, whereas Morgan et al. (2012) incorporated planning informational activities as architectural capabilities and pricing, product development, delivery and after sales services as specialised capabilities. In addition, Krasnikov and Jayachandran (2008) encompassed marketing planning, relationship building, advertising intensity, pricing and distribution and customer service, Kaleka (2002) included informational, customer and supplier relationship building and product development, and Vorhies and Morgan (2005) identified pricing, product development, channel management, marketing communication, selling, market informational management, marketing planning and implementation capabilities. Nonetheless, several factors were commonly considered as marketing capabilities. These were: planning, informational, pricing, communication (advertising) and new product development. Hence, in this study, the marketing capabilities will include the aforementioned capabilities. New product development is not discussed in here as it is covered under innovation. The following reviews the findings on the link between marketing capabilities and export initiation. Worth noting, while the export literature has extensively investigated the role of firms' marketing resources and capabilities in increasing firms' export performance; limited attention was given to the importance of such resources in enhancing firms' export initiation.

In terms of informational capabilities, Reid (1984) found in a study on US small firms that information acquisition has a crucial and considerable impact on new export market entry. As for pricing capabilities, in a study on UK manufacturing firms, Tzokas et al. (2000) found that firms focusing on strategic export pricing are more stimulated to enter export markets. Turning to the advertising capabilities, Serra et al. (2012) investigated the determinants of export propensity in Portugal and the UK, the authors suggested that among the high priorities that managers should focus on, was commitment to advertising and promotion. Regarding export planning, Wiedersheim-Paul (1978) revealed that firms targeting long term growth are more likely to export. Similarly, Burpitt and Rondinelli (1998) found that firms seeking long term learning are more likely to perceive export as a valuable opportunity to achieve its target. Nemkova et al. (2012) found that export planning (along with export improvisation) is an important factor in the export decision making process. Similar findings were reported by Serra et al. (2012).

### **3.2.3. Relational Resources**

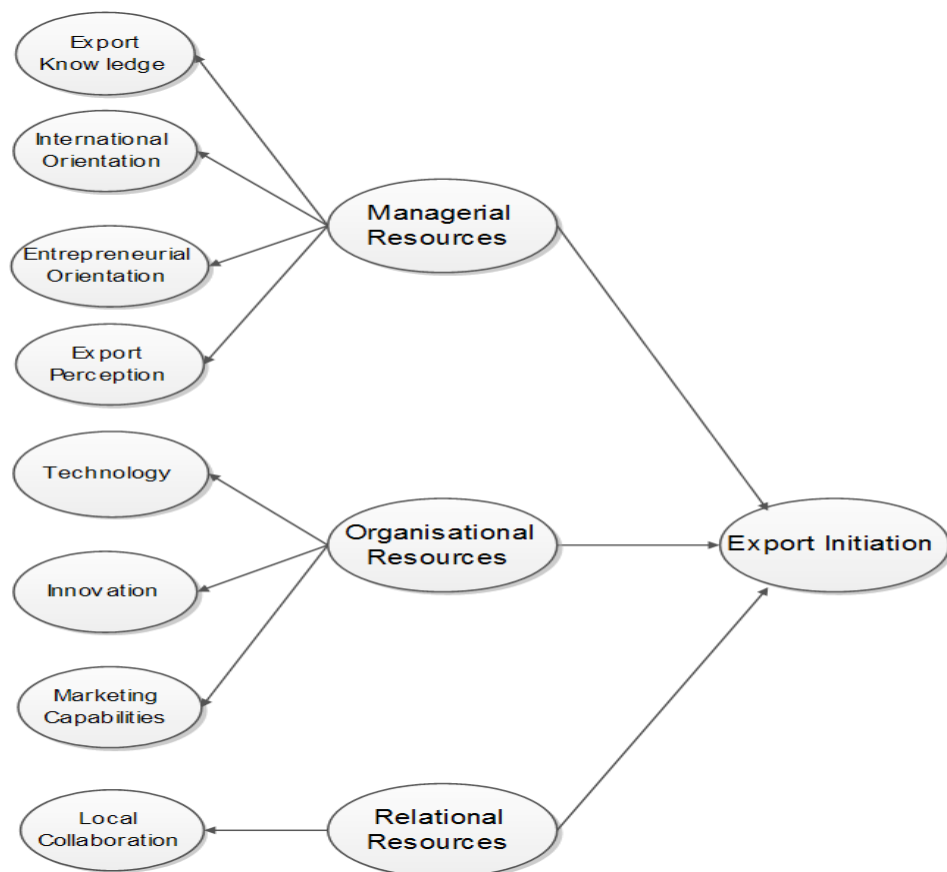
As stated previously, external resources can play a crucial role in enhancing the firms' export behaviour. In this study the following focuses on the network (relational) resources which are considered as part of environment resources (Lavie, 2006). In this respect, it is posited that resources can be considerably developed between firms (Welch et al., 1998). Boehe (2013) reported that the main benefit firms can have from networks is information gains. In this respect, it is acknowledged that although inter-firms' influence on capability development was addressed; the link with export is less established (Boehe, 2013). Similarly, Karlsson et al. (2014) argued that the firms' export decision is likely to be influenced by other firms' export activities. However, the authors also highlighted a lack of empirical evidence regarding this issue.

Business networks and collaborative activities are known to be precursors for business performance in general. For instance, McElwee and Annibal (2009) found that cooperation and networking skills were important for UK farming enterprises to develop and improve their performance. Similarly, in the exporting context, Wiedersheim-Paul et al. (1978: 56) stressed the importance of the environmental factor in the decision to export. The authors stated that firms within an enterprise environment would benefit from valuable exchange of information (known as “contagion transmission”) which is likely to positively influence the decision maker’s attitude toward exporting. Moreover, Bonaccorsi (1992) argued that research on the decision to export considered small firms as stand-alone actors. However, the author found that the decision to export is significantly influenced by other similar firms’ strategies. In fact, it was argued that Italian small manufacturing firms are generally concentrated in specialised areas named “industrial district” typically with a high density of one or few sectors. Therefore, a high degree of cooperation and information flow exchange (through word of mouth) occurs within the district. The author concluded that small firms often make the decision to enter international markets on the basis of collective experiences shared among the group they belong to.

Similarly, Yi and Wang (2012) revealed that the proximity with exporting firms (cooperation) has a significant impact on the export decision and also reduces the costs to enter foreign markets. Furthermore, Roper and Love (2002) added that the location (being in a highly innovative region) of the SMEs is likely to affect their export propensity if these SMEs innovate. Thus the authors argued that geographical clusters would be very beneficial for innovative firms. Furthermore, Nassimbeni (2001) confirmed the importance of commercial intermediaries’ networks and cooperation in determining the probability to export. Cavusgil and Naor (1987) acknowledged that exporting firms tend to have extensive national domestic networks. Elis and Pecotish

(2001) found that four out of five interviewed firms acknowledged that local networks considerably influenced their decision to start export activities. In a recent study on Brazilian SMEs, Boehe (2013) reported that membership in industry associations does affect firms' export propensity by increasing their local reachability. The author argued that export behaviour predictors are often located outside the firm. Gashi et al. (2014) also found that in transition countries, networking through business associations do influence firms' export behaviour. Finally, in a qualitative study, Nemkova et al. (2012) found that business networks enhanced UK firms' export decision. Overall, this discussion can be conceptualised in the following framework (Figure 3.1).

**Figure 3.1: Critical resources affecting export initiation**



From Figure 3.1, non-exporters' intention to enter international markets is affected by three types of resource sets. First, the resources related to the Owner/Manager and which comprise export knowledge, international and entrepreneurial orientations and



export perception. Second, the resources related to the organisation and which include technology, innovation and marketing capabilities, and last, relational resources which emerge from relationships with local businesses.

### **3.3. Determinants of Export Performance**

An extensive number of empirical studies have been conducted in order to identify the factors determining firms' export performance. Nonetheless, findings on this issue remain inconsistent and even controversial (Zou and Stan, 1998). Gertner et al. (2007) claimed that such a lack of consensus is due to contextual and methodological causes, such as the use of dissimilar measures to assess export performance (Zou and Stan, 1998). For these reasons, the following first reviews different indicators used to assess export performance and then identify the resource factors considered to be important in influencing the performance of firms in export markets and attempts to highlight potential differences between developed and developing contexts.

#### **3.3.1. Measuring Export Performance**

As mentioned above, the literature on the determinants of export performance has revealed mixed and controversial findings. It is believed that the major cause for this lack of consensus is the absence of a universal measure for assessing export performance (Zou and Stan., 1998; Westhead et al., 2001; Sousa, 2004; Gertner et al., 2007). It is acknowledged that scholars failed to agree on a common set of measures to evaluate this (Stoian et al., 2011). It was argued that “researchers continue to use unique names to label their export performance measures, resulting in dozens of such names” (Zou and Stan, 1998: 341).

It was also acknowledged that such a disagreement impedes the possibility to compare and contrast the findings presented by the empirical reviews. Cavusgil and Zou (2004) highlighted that there was no common definition for export performance in the literature, which may constitute the reason for the non-uniformity of export performance measures. To summarise the different measures used to assess export performance, a table recapitulating and classifying most of the indicators identified in the empirical literature (three literature reviews) is proposed (Table 3.3).

**Table 3.3: Export Performance Measurement Classifications**

Author(s)	Classification		
	Financial	Non-financial	Composite
Zou and Stan (1998)  Reviewing 52 studies published between 1987 and 1997.	<u>Sales</u> : export sales and export intensity <u>Profit</u> : export profitability and export profit/total profit or domestic market profit ratios.	<u>Success</u> : manager's belief of export contribution to the profitability and reputation. <u>Satisfaction</u> : the manager's overall satisfaction of export performance. <u>Goal achievement</u> : the manager's assessment of performance compared to objectives.	Measures that are based on overall scores of a variety of performance measures.
Katsikeas et al. (2000)  Reviewing 103 studies published on export performance assessment.	<u>Sales-related</u> : Volume, intensity or export sales. <u>Profit-related</u> : export profitability and growth <u>Market share-related</u> : export market share and growth.	<u>Market-related</u> : number of export countries/markets. <u>Product-related</u> : number of new products exported, the proportion of product groups exported and the contribution of export to product development <u>Other</u> : contribution of export to economies of scale, company reputation, the number of export transactions and the projection of	Export manager's degree of satisfaction with overall export performance.  The degree of which objective measures were fulfilled.

		export involvement.	
Sousa (2004)	<b>Objective</b>	<b>Subjective</b>	<b>General</b>
Reviewing 43 studies on the export performance measurement published between 1998 and 2004.	<u>Sales-related:</u> export intensity, export intensity growth, export sales growth, export sales volume and export sales efficiency. <u>Profit-related:</u> export profit margin and export profit margin growth. <u>Market-related measures:</u> export market share, export market share growth and market diversification.	The perception by managers of the objective measures.	<u>General:</u> Manager's degree of satisfaction with overall export performance/compared with competitors, export success, meeting expectations, how competitors rate the firm's performance and strategic export performance. <u>Others:</u> contribution of exporting to the firm growth and quality of firm's management, quality of distributors relationships/compared to competitors, customer satisfactions/compared to competitors.

From Table 3.3, it can be stated that all three authors classified the export performance measures (using different terminologies) into three categories, namely: quantitative, qualitative and mixed measures. From the review of the empirical literature it has become apparent that the use of export performance measures has evolved over time. Initially, most studies were mainly using quantitative measures such as sales-related, market-related and profitability-related measures. Among this group, it was clearly noticed that export intensity (i.e. the share of sales exported to foreign markets) was the most popular indicator (Cavusgil and Zou, 1994). However, the latter has been systematically criticised. In fact, it was reported that this measure does not reflect the

competitive dimension of export performance (Katsikeas et al., 2000) and can be misleading (Sousa, 2004).

Consequently, studies began using qualitative measures. These were based on the management's perception of the firm's performance in export markets (Zou and Stan, 1998). It is argued that such measures are generally used when managers or decision makers are reluctant to provide financial information about the firm's performance, or when fluctuations in exchange rates and differences in financial reporting between the host and origin countries occur. It was stated that measures accessing the management's satisfaction are the most effective in a sense that it also takes into account the manager's perception of strategic elements of success which are sometimes unique to the firm and depend on its objectives (Sousa, 2004). Nonetheless, these were still questioned as they were regarded as too subjective. Therefore, studies started using a combination of both quantitative and qualitative measures in order to provide more reliable measures (Katsikeas et al., 2000; Sousa, 2004).

As an example, Zou et al. (1998) developed an export performance measure termed "EXPERF", this indicator combined three dimensions namely, financial, strategic and satisfaction. Katsikeas et al. (2000) acknowledged that the use of numerous measures allows the researcher to capture different facets of the firms' export performance. Sousa (2004) added that scholars claim that both objective and subjective measures are complementary and integrating them would provide more accurate findings. Hence, in the present study, the EXPERF measure is used to assess firms' export performance.

Ultimately, it is important to highlight that very few authors used the export regularity as a proxy for export performance. It is recognised that while great attention has been dedicated to export entry, less consideration was devoted to export survival (Fu and Wu, 2014). Deng et al. (2014) have clearly acknowledged that the narrow focus on export

intensity has overlooked the important survival aspect. This is surprising given that regular exporters are proven to be more productive and innovative than sporadic exporters (Alvarez, 2007). In addition, the importance of some resources for export performance does not necessarily imply a similar effect on regularity. In this sense, Deng et al. (2014) called for more research on export survival. To fill this gap, the present study included the export regularity dimension as a proxy of export performance.

Having discussed the different measures used by past studies to illustrate export performance, the next sections review the literature investigating the resource factors predicting firms' export performance and regularity. The empirical literature has suggested that firm resources can have both direct and indirect influences on firm's export performances (Wilkinson and Brouters, 2006). While several studies revealed that resources and capabilities impact the firm's international competitive advantage by affecting its marketing strategy (Cavusgil and Zou, 1994; Morgan et al., 2004), other authors posited a direct impact of these resources and capabilities on export performances (Yang et al. 1992; Bloodgood et al. 1996; Westhead et al., 2001). However, due to the scope of this research and based on the premise of the extended RBV, the following focuses on the direct relationship between the resources-related factors and the export performance and regularity.

### **3.3.2. Management Resources**

As mentioned in section 3.2.1, the decision maker in SMEs businesses play central role in their internationalisation. Louter et al. (1991: 20) stated "Only by giving priority to exporting, working hard, a great deal of traveling and developing language skills will exporting turn out to be attractive and profitable". In this review, it was found that the management resources were often cited as determinants of export performance. These covered the manager's foreign knowledge (export knowledge), international and

entrepreneurial orientations as well as profit perception of export activities. The main findings emerging from the literature are summarised below.

***a) Foreign Knowledge***

Similar to non-exporters when willing to enter markets, continuing exporters also consider the lack of export knowledge amongst the main obstacles (Fillis, 2002 ; Suarez-Ortega, 2003; Shaw and Darroch, 2004; Altintas et al., 2007; Rutihinda, 2008; Pinho and Martins, 2010; Al-Hyari et al., 2012). However, despite a strong theoretical background supporting the importance of export knowledge in increasing performance, it is acknowledged that such a relationship was only briefly investigated (Toften, 2005). Seringhaus (1987) explained that export knowledge influences firms' performance both directly and indirectly. Such influence generally takes place by allowing business managers to better understand the foreign environment. In France, Descotes and Walliser (2013) found that both the acquisition and assimilation of knowledge increased export sales directly and indirectly.

Recent evidence was brought from Greece, where a positive and significant link was found between knowledge base and firms' export performance (Arvanitis et al., 2014). Similarly, through a qualitative study, Nalcaci and Yagci (2014) found that informational resources and managers' foreign market knowledge were among the determinants of the export performance of 14 Turkish manufacturing firms.

***b) International Orientation***

As mentioned previously (in Section 3.2.1), in this study international orientation refers to the decision maker's international experience, foreign travels, contacts abroad and language abilities. Although Sousa et al. (2008) claimed that the impact the manager's international experience on the SMEs' export performance were mixed, the present

review highlighted that the empirical findings tended to generally agree that the manager's international experience enhances export performance (Schelegelmilch and Ross, 1987; Das, 1994; Leonidou et al., 1998; Wolff and Pett, 2000 Papadopoulos and Martin, 2010; Stoian et al., 2011; Ganotakis and Love, 2012). Leonidou (1998) reported that internationally experienced managers are often exposed to foreign markets information and contacts which enhance their performance and management abilities. In a study on Spanish firms, Papadopoulos and Martin (2010) confirmed that previous international experience leads to a higher commitment which in turns positively affects the export performance of the firm.

Turning to language abilities, it was agreed that the latter have a positive influence on SMEs' export performance (Schelegelmilch and Ross, 1987; Leonidou, 1998; Stoian et al., 2011). Leonidou et al. (1998) explained that once in international markets, mastering foreign languages allows managers to establish useful contacts and considerably improves communication.

### *c) Entrepreneurial Orientation*

Balabanis and Katsikea (2003) explored the relationship between the firm's entrepreneurial orientation (which refers the firm's propensity to take risks, innovation activities and proactiveness) and the export performance on UK firms. The authors concluded that a direct association exists between the two aforementioned variables regardless of any organisational (size, structure and age) or environmental factors (dynamism, hostility and diversity of export markets). A positive effect of the firm's entrepreneurial attitudes on export performance was apparent. Similarly, Mostafa et al. (2006) found a significant association with export sales growth only, while no association was perceived with other export performances. Thus, it was concluded that entrepreneurial orientation improves SMEs' export financial performance. In a study on

UK and US firms, Brouthers et al. (2014) confirmed that firms with managers characterised with higher entrepreneurial orientation tend to achieve higher international performance. In a recent study on Italian and Spanish firms, Fernandez-Mesa and Alegre (2015) found that the manager's entrepreneurial orientation affect the firms' export intensity indirectly through increasing its innovation and organisational learning. Similar results were reported on German SMEs (Swoboda and Olejnik, 2014). Moreover, from developing countries, Ibeh (2004) brought evidence from Nigerian SMEs that firms managed by individuals with high entrepreneurial orientation achieve higher export performances. Similarly, in Ghana, Boso et al. (2012) found that export entrepreneurial orientation significantly increases export product innovation success.

#### ***d) Export Perceptions and commitment***

It was acknowledged that favourable perceptions and attitudes toward exporting (Johnston and Czinkota, 1982b; Louter et al., 1991; Naidu and Prasad, 1994; Zou and Stan, 1998), export commitment (Louter et al., 1991; Naidu and Prasad, 1994; Lukas et al., 2007; Sousa et al., 2008; Papadopoulos and Martin, 2010; Stoian et al., 2011) and a global mind-set (Miocevic and Karanovic, 2007) considerably impact the SME's export performance. In this respect, management commitment refers to interest and appropriate resource allocation to export activities (Leonidou et al. 1998). Sousa et al., (2008) claimed that commitment at the top management level is regarded as highly important for export performance.

Johnston and Czinkota (1982b) stressed the importance of favourable management attitudes toward export. In their study of three US manufacturing industries, the authors acknowledged that all industries investigated had favourable attitudes toward exporting. Management's attitudes and perceptions have been often regarded as an influent factor on the firms' export performance. It is reported that high management commitment



allows the firm to take full advantage of export opportunities with effective international marketing strategies and thus improves its performance. In addition, the positive perception of export activities by the top manager (regarding profits and growth) appeared to be a good predictor of significant export sales, profits and growth, whereas negative perceptions frequently led to the contrary (Gomez-Mejia, 1988; Koh, 1991; Zou and Stan, 1998). Ultimately, Naidu and Prasad (1994) found that export commitment is also positively related to export regularity. The authors indicate that when managers devote high priority to export activities, the firm is more likely to be a regular exporter.

### **3.3.2. Organisational Resources**

Empirical studies investigating the factors affecting firms' export performance considered the firm's size, experience, technology, innovation and marketing capabilities as the principal resource related factors affecting companies' decision to enter export markets. As mentioned in section 3.2.2., the firms' size and experience were considered as indicators of the company's resources and capabilities and hence will be treated as control variables. The following sub-sections summarise and contrast the main findings emerging from the literature.

#### ***a) Firm size***

Considered as the most investigated variable influencing export performances; firm size is regarded as an indicator of the human and financial resources available in the firm (Dhanaraj and Beamish, 2003). Larger firms with greater resources would exhibit more competitive patterns and thus would have a higher intensity of export (Wolff and Pett, 2000). Zou and Stan (1998) acknowledged that the literature has given controversial findings regarding the impact of such a variable on the firms' export performances. In

this regard, it was claimed that the impact of firm size depends on the measure used to assess the size (Naidu and Prasad, 1994) or the size thresholds (Sousa et al., 2008).

A number of scholars provided evidence on the non-significant association effect of firm size on export performance (Cooper and Kleinschmidt, 1985; Louter et al., 1991; Bonaccorsi, 1992, Kumar and Siddharthan, 1994; Wolff and Pett, 2000). In this regard, Louter et al. (1991) found in a Dutch study on firms' export performance that although medium sized exporters were approaching export in a more organised way (using more distribution channels and adapting marketing mix) than small firms (measured by number of employees), no differences were noticed between the two groups in terms of export intensity, profitability and importance ranking. Similarly, Wolff and Pett (2000) examined the influence of firm size using the variable "competitive pattern". The authors concluded that export intensity and competitive pattern were related to the quality of resources rather than its quantity, and thus did not support the firm size effect.

Moreover, studies from developing countries reported a negative association between export intensity and firm size. Kumar and Siddharatan (1994) found that large Indian firms (net sales) were less willing to export than other firms. Ultimately, Verwaal and Bas (2002) reported no direct relationship between those two variables for Dutch firms.

Conversely, Hirsh and Adar (1974) concluded that firms with high growth rates are more likely to succeed in export markets. Similarly, Guan and Ma (2003) argued that smaller firms prefer to avoid international markets due to their high sunk costs. Lal (2004) found that larger turnover means greater resources to invest in new technologies and thus a higher rate of export intensity. In addition, Alvarez (2007) revealed that the firm size plays a significant role in determining the type of exporting (whether permanent, or sporadic).

Noteworthy, Pla-Barber and Alegre (2007) explained that the relationship between firm size (employees and sales) and export intensity depends on the nature of the industry where the firm operates. In their study on a science-based industry (biotechnology) they concluded that firm size was positively related to export performance in industries driven by production efficiency, in science-based industries, resources are globalised and are not related to the size of firms. Ultimately, Naidu and Prasad (1994) posited that while the number of employees had no significant impact on export performance, the total sales positively influenced the export performance. The authors also found that firm size did not impact the export regularity.

***b) Firm's experience***

The firm's business experience in both domestic and international markets has appeared to be one of the factors determining export performances. Sousa et al. (2008) stated that export activities are characterised by many uncertainties resulting from a lack of knowledge regarding international markets. These uncertainties can be considerably reduced through previous experience acquired from international operations.

Naidu and Prasad (1994) revealed that the firm's previous export experience is positively related to the export performance and export regularity. However, they also highlighted that the length of export experience is negatively correlated with export performance. The authors stated that the longer the firm exported, the more it realises that domestic markets are more profitable than export markets and thus reduces its engagement. Moreover, in their Italian study, Majocchi et al. (2005) found that business experience has a strong and positive effect on SMEs' export performance. The authors explained that such experience is usually built through knowledge accumulation from the business arena which reduces export market uncertainties and increased performance (in accordance with the stage model theory). Similarly, Stoian et al. (2011)

argued that increasing export performance would require a level of experiential knowledge both locally and internationally which can be gained through experience (also compatible with the stage model theory). Alvarez (2007) claimed that previous export experience was among the most important factors influencing the type of exporting (permanent or sporadic).

However, Zou and Stan (1998: 350) highlighted in their literature review that most studies (between 1987 and 1997) concluded that younger firms tend to be more successful in exporting than their counterparts; yet, the authors also stated that “the conclusion should be drawn with caution as only six studies looked at this factor”. Equally, although Louter et al. (1991) acknowledged that the firms’ international experience may positively influence the export performance since exporting can be regarded as a learning process, their empirical evidence revealed that the number of years of exporting only had a slight influence on performances. Yet the authors admitted that foreign personal contacts, market knowledge and effective use of distribution channel/partner were frequently mentioned by successful exporters.

### *c) Technology and innovation*

It appears that scholars studied the technology and innovation effect using different variables from which R&D intensity and expenditures. Cooper and Kleinschmidt (1985) stated that R&D expenditures have a significant positive effect on export intensity rather than on export growth. Equally, Singh (2009) and Díez-Vial and Fernández-Olmos (2013) reported a positive correlation between the R&D expenditures and the export sales in India and Spain respectively. In the US, Zahra et al. (1998) concluded that R&D expenditure was positively and significantly related to export performances of high-technology firms. Similar findings were also found earlier by Gomez-Mejia (1988) who revealed a positive relationship between R&D intensity and export performance.

As for R&D intensity, Kumar and Siddharthan (1994) for India, Gourlay and Seaton (2003) for UK and Maurel (2009) for France stressed that the latter positively contributed to the SMEs' export performance.

In addition, Sterlacchini (1999) focused in his study on the relationship between innovation and export performance on non-R&D intensive Italian small firms. The author found that non-R&D innovation inputs (spending related to innovation) are considerably and positively associated with export performance. Therefore, it is suggested that firms that do not have R&D activities must constantly improve both their product and process innovations by allocating sufficient financial and human resources. Similar findings were brought from China by Guan and Ma (2003).

Moreover, when studying the information technology (IT) capabilities, Zhang et al. (2008) demonstrated empirically that the latter is regarded as a form of organisation capability and thus in accordance with the RBV theory, it constitutes a competitive advantage and enhances the export performance. Furthermore, Lal (2004) indicated that among the most important determinants of SMEs' export performances were the intensity of e-business adoption. In particular, Lal (2004) mentioned that SMEs using Portals (interactive websites with a search tool bar, large product profiles and high degree of user friendliness) were performing more effectively than SMEs using offline e-business (using emails only) or online e-business (basic websites).

Nonetheless, Knight (2001) revealed a negative impact of technology acquisition on international performance. The author acknowledged that developing product and process innovations through R&D activities is important for the success in export markets. However, the author argued that although this link between these two variables (R&D and export performance) can be negative in the short term due to the cost engendered by such activities, in the long term it allows the SMEs to fulfil foreign

needs more effectively and thus increase their international performance. Zhaou and Zou (2002) brought similar findings from China, the authors explained this negative influence by the fact that Chinese exporters compete mainly on the basis of low prices (owing to low labour cost), thus increasing R&D activities would increase the prices and negatively impact the firm's competitive advantage. Equally, Man (2010) observed an insignificant relationship between product and process innovations and export performance for Malaysian SMEs. Similarly, evidence from a cross country study looking at two countries (Bosnia and Herzegovina and Ghana) found that firms' innovativeness significantly affect the export performance (Boso et al., 2013).

Alvarez (2007) investigated the factors leading to export regularity in Chile. The author found that technological innovation and labour skills were found to be insignificant in determining whether a firm would export permanently or not. It was mentioned that the negative findings regarding technological innovation was due to the fact that it would not constitute a competitive advantage for developing countries. Similarly, Deng et al. (2014) looked at the effect of innovation on Chinese firms' export survival, the authors found a positive effect only when exporters are highly profitable.

#### *d) Firm's marketing capabilities*

As mentioned in section 3.2.2, marketing capabilities include planning, informational, pricing, communication (advertising) and new product development. The following reviews the empirical literature on the influence of these resources and capabilities on the export performance.

In their research on Chinese exporters, Zou et al. (2003) found that export marketing capabilities significantly and positively influence the SMEs' financial performances in export markets. In particular, these capabilities provide the firm with positional, low-cost and branding advantages over their competitors. Equally and based on a study on

UK firms, Kaleka (2002) acknowledged that informational capabilities as well as customer and supplier relationship building capabilities enhance the firm's competitive advantage. Moreover, Vorhies and Morgan (2005) found that all the investigated dimensions were positively correlated with the firm's performance in general. Based on their findings from UK firms, Morgan et al. (2012) highlighted that architectural marketing capabilities directly enhance the firm's export performance while specialised marketing capabilities improved export market performance. The authors argued that the firms' marketing capabilities have a strong and positive influence on the overall performances of the firm. In Spain, Díez-Vial and Fernández-Olmos (2013) reported a significant relationship between marketing promotion and export performance of food manufacturers.

In their meta-analysis, Leonidou et al. (2002) posited that pricing was found to be significant on all but the export profitability performance measures. Recently, Obadia and Stottinger (2014) revealed that export pricing capabilities enhanced the importers' role performance which in turn would increase the exporters' performance. Equally, in their study on UK exporters, Styles and Ambler (1994) concluded that promotion plays an important role in determining the performance of the export activities. In Saudi Arabia, Al-Aali et al. (2013) found that promotion capabilities significantly increased firms' export performance. Leonidou et al. (2002) revealed that advertising also contributed to the export performance in most of the studies reviewed.

Conversely, Louter et al. (1991) and Styles and Ambler (1994) acknowledged that applying lower prices than the foreign competitors was not considered to be among the important determinants of the export performance. However, these controversial results might be due to the use of different export performance measures. For example, including the profitability indicator to assess the export performance may explain

Louter et al. (1991)'s findings about pricing strategies. Ultimately, Export planning was often identified as a significant factor determining the performance of export activities. The few empirical studies proving the contrary are explained by the fact that export planning can be a costly process that specific firms may not be able to manage (Zou and Stan, 1998). Knight (2001) revealed that planning and export performance are positively associated, the author explained that preparation encourages the firm to conduct market research, allocate the necessary resources and adapt their products to foreign needs.

### **3.3.3. Relational Resources**

Westhead et al. (2007) highlighted that researchers should look at the firm as a part of a network which can be a source of tangible and intangible external assets. The authors stressed that such external resources can positively affect the firms' internationalisation. In this set of resources, relationships with both local businesses and foreign businesses are considered.

#### ***a) Relationships with local businesses***

A crucial determinant of the export performance is the firm's relationships and networks with other businesses and organisations in the domestic market. Bonaccorsi (1992) revealed that SMEs generally are a part of system of firms where it can easily have access to external resources and hence access to foreign markets knowledge. By cooperating with other companies, firms can benefit from an access to expertise, resources and knowledge which can also be further developed independently. It is indeed recognised that resources can be considerably developed between firms (Welch et al., 1998). In this sense, Freeman et al. (2012) posited that the formal industry networks and cooperative activities are considered to be important for the development



of export related resources and capabilities. It was also highlighted that information sharing between firms enhances the firms' international competitiveness.

Similarly, the spillovers effect was found to be a significant determinant of export performance. Alvarez (2007) suggested that the concentration of exporting firms and multinationals has a significant and positive influence on the probability of firms to become permanent exporters. The author highlighted that only minimal empirical evidence for this variable has been presented. Furthermore, in India, Singh (2009) concluded that the network benefit from participation in business group affiliations improves the export sales. Indeed, the author acknowledged that the lack of reliable institutions supporting businesses in emerging markets is often offset by the creation of business groups which act as a source of competitive advantage. Evidence from China revealed that both business and institutional networks are important for export performance (He and Wei, 2013). The authors explained that such networks act as resource complement for the firm's internal resources and capabilities. It also reduces uncertainties and ambiguities in export markets. Zucchella and Siano (2014) studied the export performance of Italian textile and clothing firms. The authors found that partnerships with suppliers significantly increased export performance through the spillovers of innovation and R&D capabilities.

#### ***b) Relationships with foreign partners***

Especially in recent studies, the effect of the cooperation and relationships between the exporters and their intermediaries and clients (importers) has been often highlighted as positive and significant determinant of the export performance (Ling-Yee, 2004; Lages et al., 2005; Ural, 2009; Theingi and Purchase, 2011). In this respect, Ling-Yee (2004) linked social capital (defined as the resources arising from the network of relationships possessed by individuals or social units), and export intensity. The author acknowledged

that the social capital plays an important role in creating foreign knowledge which in turn increases export intensity. Ling-Yee suggested that social relationships should be nurtured so that experiential knowledge about foreign markets including its threats and opportunities could be understood by the firms.

Moreover, Ural (2009) conducted an extensive study on the impact of relationships quality between exporters and their importers (foreign clients), the relationship quality was divided into four dimensions, namely information sharing, communication quality, long-term relationship and the firm's satisfaction with relationships. The author found that three of the aforementioned dimensions had a significant and positive impact on all financial, strategic and satisfaction export performance of Turkish firms (information sharing, long-term relationship and satisfaction with relationships). In this regard, Ural (2009) argued that exporters who openly exchange their confidential and strategic information with their importers improve their export performance. It is stated that information exchange allows the exporter to reduce uncertainties related to foreign markets and may also constitute a competitive advantage. Similarly, long-term associations will certainly implicate close cooperation and both goal and risk sharing which can also constitute a competitive advantage. As for the non-significant results of the communication quality, the author suggested that this may be due to the physical and cultural distances between the two partners and routine aspect of their relationships. Similarly, Lages et al. (2005) brought strong evidence from British exporters that the relationship quality between exporters is strongly correlated with high export performances.

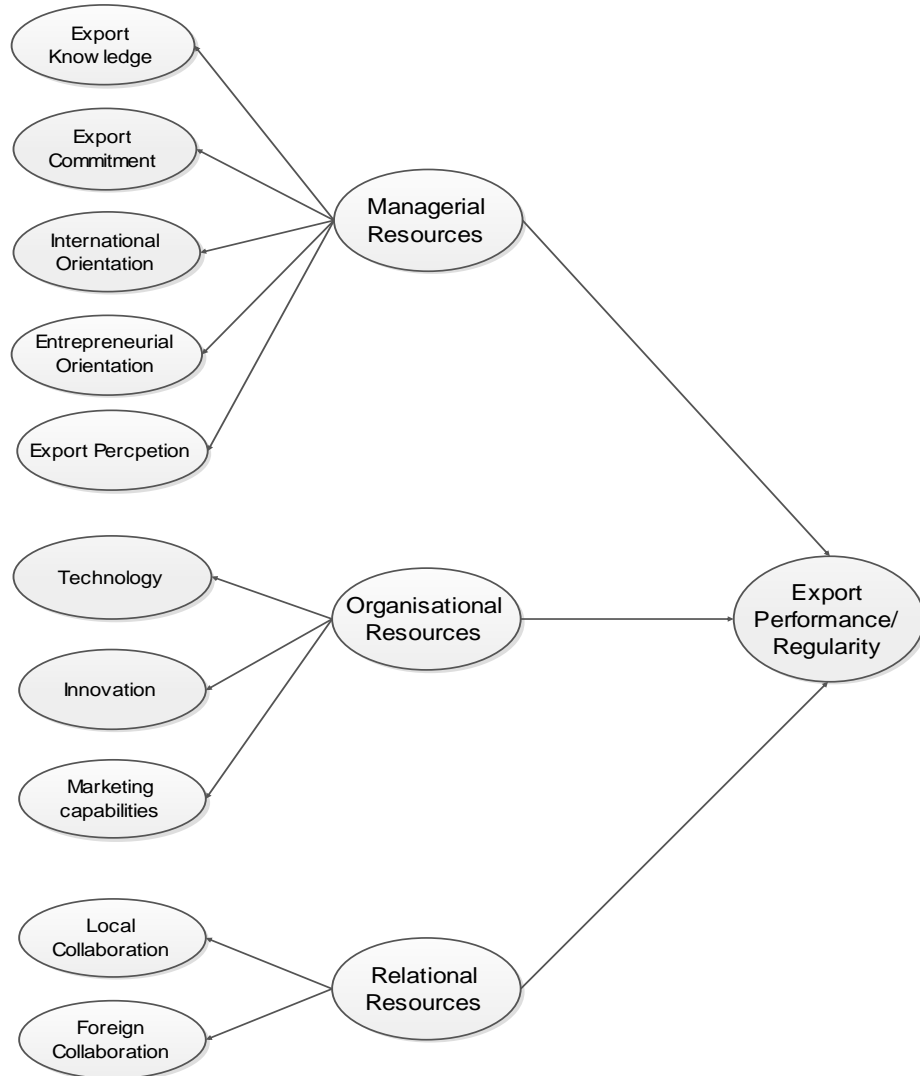
In addition, Theingi and Purchase (2011) revealed that the main determinant of the SMEs' strategic performance was intermediary resources rather than internal ones. It was found that SMEs using distributors (intermediaries that are responsible of the on-

going sales and do take risks) achieved higher strategic performance than SMEs using export agents (intermediaries that are paid on a commission basis and do not take risks). It is indicated that SMEs generally have close relationships and high cooperation with their distributors and thus may benefit from their foreign knowledge and experience. Thus, the authors also suggested that selecting an intermediary with high resources will significantly impact the SME's international performance. In a cross-country study, Boso et al. (2013) found that networking capabilities moderate the relationship between innovativeness and export performance.

Recently, studying Malaysian manufacturing firms, Ismail et al. (2014) concluded that the relationship quality with importers significantly increase the exporters' competitive advantages in terms of cost, product and service. In their qualitative study on Turkish exporters, Nalcaci and Yagci (2014) found that relationships with business partners was a useful source of information and innovation and hence constituted an important predictor of export performance.

Worth noting, among all these studies supporting the positive effect of exporters' relationships with importers, one study conducted by Matanda et al. (2014) brought evidence from Sub-Saharan African exporting small firms showing that such relationships had a negative effect on firms' flexibility, which in turn was considered as an important determinants of firms' export performance. Such situation can occur in developing countries where small exporters deal with one single large buyer to whom these firms have to comply with its specifications hence leaving no room for innovativeness or flexibility. To sum up, the following conceptual framework reflects the present discussion (Figure 3.2)

**Figure 3.2: Critical Resources Affecting Export Performance**



As it can be noticed, exporters' performance in international markets was found to be affected by three types of resource sets. First, management resources which include the Owner/Manager's export knowledge, international and entrepreneurial orientations, export commitment and export perception. Second, organisational resources and these comprise technology, innovation and marketing capabilities, and third, relational resources which cover collaboration and relationships with local and foreign businesses (importers and foreign buyers).

### **3.4. Summary**

This chapter considered the critical resources influencing the firms' export initiation, performance and regularity. Based on the extended RBV, it was advanced that acquiring and exploiting the set of resources relevant to export activities and related to the management, the organisation and the environment (networks and relations) constitute the foundations to achieve and sustain superior export performances. Minimal differences were identified and explicitly highlighted between developed and developing countries. This was confirmed by Kiss et al. (2012), who argued that resource-related factors affecting firms' internationalisation in developing countries are similar to those found in developed countries.

Noteworthy, reviewing this literature has revealed areas of ambiguity. In effect, it is believed that the manager's entrepreneurial orientation and the firm's marketing capabilities and their impact on export initiation should be further investigated. Furthermore, it was noticed that only few studies looked at the export behaviour in developing countries from a non-exporter perspective. Thus, one would suggest investigating factors affecting export initiation in developing countries from a non-exporter view.

With respect to measuring export performance, it was noted that researchers used different measures. However, very few studies used the export regularity as an export performance measure. In the present review, only two studies (Naidu and Prasad, 1994; Alvarez, 2007) used the export regularity as export performance. It is believed that the latter should be incorporated as an export measure. It is acknowledged that the export literature has neglected the survival dimension in evaluating export performance (Deng et al., 2014; Fu and Wu, 2014). In fact, it is widely agreed that exporters have higher performances than non-exporters in terms of productivity; innovation and employment

growth (See Section 1.3.3). Equally, Alvarez (2007) found that regular exporters achieve higher performances than non-exporters in all the aforementioned dimensions. This supports the idea that export regularity should be more often assessed as a measure for the export performance and particularly in developing countries where it was mentioned that from a micro-economic view, development is achieved through increasing regular exporters. Having identified the critical resources affecting the firms' export behaviour, the next chapter examines the role of government intervention in enhancing these resources through the export promotion programmes.

## **CHAPTER FOUR: GOVERNMENT EXPORT PROMOTION PROGRAMMES**

Supporting exports has become the main tool to increase economic growth (Kanda et al., 2013). Governments of both developed and developing countries are increasingly realising the importance of the export promotion programmes. However, the academic literature dedicated to GEPPs and their impact on the SMEs' export performance remains relatively limited (Freixanet, 2012) and inconclusive (Kanda et al., 2013; Banno et al., 2014). Several authors have claimed that further in depth research investigating the relationship between GEPPs and export performance is necessary (Wilkinson and Brouthers, 2000; Gencturk and Kotabe, 2001; Francis and Collins-Dodd, 2004; Leonidou et al., 2011; Kanda et al., 2013; Ayob and Freixanet, 2014; Banno et al., 2014).

This chapter reviews the relevant literature and empirical evidence on export assistance and identifies areas of further research. The chapter first provides an overview on GEPPs' definitions, types, goals and features in both developed and developing countries. Second, it presents the empirical studies evaluating the GEPPs in various countries, and third it investigates the empirical evidence on the impact of GEPPs on SMEs' export performance.

### **4.1 Government Export Promotion Programmes: Overview and Prior Research**

In this section, definitions, types, forms and goals of the government export promotion programmes are presented. Thereafter, a review of the export promotion literature is conducted and the research gaps identified.

#### **4.1.1. Definitions of GEPPs**

Several terminologies are used to refer to GEPPs from which; export promotion, trade promotion, export assistance and export development programmes. Thus, this review uses these concepts interchangeably. In general, export assistance programmes are dedicated to SMEs as they are more vulnerable than their large counterparts (McNiven, 1991; Diamantopoulos et al., 1993). In defining the export assistance, the Trade and Investment Division (TID) of the United Nations stated that trade promotion policy of a country includes programmes and measures that promote and develop trade with other countries (UN, 2002). Seringhaus and Rosson (1991: 5) provided a more detailed definition and stated that export promotion programmes involve “the creation of awareness of exporting as a growth and market expansion option; the reduction or removal of barriers to exporting; and the creation of promotion incentives and various forms of assistance to potential and actual exporters”. Furthermore, Leonidou et al. (2011: 4) defined the GEPPs as “the government measures that help indigenous firms perform their export activities more effectively”.

Overall, by integrating the former definitions, it can be concluded that government export assistance programmes comprise all the government efforts toward initiating and helping firms to be successful in international markets. This definition is considered to be relevant for the present research.

#### **4.1.2. Types of GEPPs**

Several authors divided GEPPs differently based on various criteria. For example, Diamantopoulos et al. (1993) split the GEPPs into direct and indirect services. The authors referred to the direct GEPPs as the services and measures designed to increase the SMEs’ export performances and classified them according to their goals i.e.



assistance related to (1) information provision such as seminars, market research, export information and newsletters (2) export motivation through seminars, speeches and case studies and (3) operational support including trainings, marketing assistance, financial support, trade missions and foreign buyer contacts and visits. As for the indirect GEPPs, the authors referred to the assistance related to the SMEs' different areas including productivity, R&D, planning and fiscal procedures. Equally, Naidu et al. (1997) classified export assistance under four main groups. These included (1) information and advice (2) production planning (3) marketing support and (4) finance guarantees.

Other authors classified the GEPPs according to the nature of knowledge they offer; they identified informational and experiential knowledge. The first refers to events related to "how-to" export assistance via workshops and seminars and the second to the activities related to contacts with foreign clients, trade missions and trade shows (Singer, 1990; Kotabe and Czinkota, 1992). In addition, Naidu et al., (1997) acknowledged that GEPPs can be public and private. The programmes can be provided by governmental or private institutions. In general, private institutions complement their public counterparts. However, due to the scope of the present research, this review only covers governmental export assistance programmes and focuses on direct services supporting export activities.

#### **4.1.3. GEPPs' Goals**

The main purpose of the government export assistance is to act as an external source of knowledge and experience for their users in the purpose of increasing their international performance (Gencturk and Kotabe, 2001). According to the stage model developed by Johanson and Vahlne (1977), two types of knowledge are necessary for the firms' international expansion. These are objective market knowledge which can be obtained via market research and experiential market knowledge which can be learned through

foreign operations and direct contact with export markets. In this respect, the role of export promotion is to facilitate the firms' acquisition of both forms of knowledge. However, it was found that GEPPs providing experiential knowledge were considered more useful than GEPPs offering objective market knowledge (Singer and Czinkota, 1994).

Export promotion programmes assist the firm in three stages. First, GEPPs intend to motivate SMEs to embark on export activities through raising the awareness of the benefits and opportunities of exporting as well as the awareness of the existence of such services to facilitate their internationalisation. Second, the GEPPs identify the SMEs' needs in terms of export activities in order to offer them accurate and relevant information. Third, the GEPPs would then provide assistance to these firms for selling products in export markets through market research, trade fairs and missions (Diamantopoulos et al., 1993). The authors argued that such an approach requires different kinds of GEPPs at the different stages.

Moreover, McNiven (1991) stated that the purpose of GEPPs is to reduce the psychological and financial costs that firms face when going abroad. Seringhaus and Rosson (1991) argued that governments develop export assistance programmes in order to encourage firms to initiate and expand export activities by helping companies in unveiling uncertainties related to export markets and supporting their lack of knowledge. Seringhaus and Botschen (1991) indicated that the GEPPs objectives included raising awareness of export prospects, offering export expertise and know-how, assisting export planning and providing organisational help and cost sharing opportunities.

#### 4.1.4. Forms of GEPPs

Export assistance programmes ranges from financing support for trade missions and fairs to foreign offices. The following are the most popular forms of GEPPs.

- a) ***Seminars, workshops and conferences:*** these are usually co-sponsored by private companies and government organisations. They mainly focus on introducing and explaining basic knowledge on how to export as well as investigating issues in specific markets (Leonidou et al., 2011).
- b) ***Trade Fairs/shows:*** during these fairs exporters (or potential exporters) are either represented by government officials or attend themselves with a financial support from their government. Trade shows usually occurs abroad and at a specific fixed location. It consists of a number of booths displayed in a hall where firms have the opportunity to present their products or services for a period of time ranging between two days to two weeks. Such an opportunity would enable firms to gain potential customers and contracts (Wilkinson and Brouthers, 2000).
- c) ***Trade Missions:*** through trade missions, local managers can have the opportunity to meet potential foreign buyers in their own countries (McNiven, 1991). Although similar to trade shows, trade mission usually involves a number of meetings between exporters/importers organised by product specialists or government officials. Trade missions are limited in terms of export targets and are more designed to develop long term collaborations with potential foreign buyers (Wilkinson and Brouthers, 2006). It consists of on-site tutorials allowing the participants to gain information about the export process (Seringhaus, 1987). It is believed that trade missions provide non-exporters and new exporters with

guidance about foreign business practices, potential foreign buyers, necessary resources to export and the export process (Serinhaus and Rosson, 1998).

*d) Foreign offices:* It consists of offices located overseas and which their function is to continually provide foreign information to their home states (Wilkinson and Brouthers, 2000).

#### **4.1.5. GEPPs' Features in Developing and Developed Countries**

This section reviews the export promotion programmes in both developed and developing countries and identifies their weaknesses.

##### *a) GEPPs in developed countries*

While in developing countries the government export assistance is considered as a tool of economic development, in developed ones it is viewed as an instrument to strengthen the competitive advantage of SMEs (Serinhaus and Rosson, 1991). In developed countries, export assistance programmes are generally similar yet with few differences. In countries such as Australia, Canada and France, programmes are typically led by governments, whereas in other countries such as the Netherlands and Sweden the government acts as a partner together with private agencies. A third type of export assistance is offered by private agencies, amongst countries adopting this approach are Austria and Germany.

In this regard, a study comparing public (Canada) and private (Austria) export assistance could not provide conclusive findings on the superiority of one upon the other (Serinhaus and Botschen, 1991). However, few conclusions were drawn; it was found that both export assistance programmes suffered from a low usage rate and usefulness perceptions. Noteworthy, it was also noticed that private programmes were more dynamic than public ones and thus may be more effective. As for their weaknesses,

through a study on US export assistance agencies, Cavusgil (1990) identified the following flaws:

1. No clear objectives which considerably affect the GEPPs' effectiveness as it is the objective that drive the assistance efforts.
2. Ambiguity in their target audience.
3. A lack of coordination between export assistance programmes causing redundancy.
4. A lack of credibility from the perspective of businesses.
5. No continuous evaluation of their activities.

***b) GEPPs in developing countries***

Concerning developing countries, most of these nations are now conscious of the economic benefits of an outward orientation and therefore these are introducing policies and programmes aiming at fostering export activities through assisting their firms to become more competitive. Currently, most developing countries have established export promotion organisations in collaboration with world organisations such as the World Bank and the United Nations (UN). Nonetheless, an extensive study conducted by Hogan et al. (1991: 39) on GEPPs revealed that the latter suffered from several flaws which have negatively affected their effectiveness. The authors claimed that export assistance in developing countries suffered from a lack of leadership, inappropriate funding and heavy government presence. Moreover, the authors argued that trade policies at that time were anti-export which impeded the work of the GEPPs. It was stated that “most trade promotion organisations (TPOs) in developing countries have not been successful”

Similarly, several weaknesses that GEPPs suffer from in developing countries were identified. First, a clear lack of explicit objectives was acknowledged in all studies

(Hogan et al., 1991; Seringhaus, 1993). Cavusgil (1990) argued that a lack of clear objectives can considerably affect the GEPPs' effectiveness. Seringhaus (1993) concluded that most of the institutions surveyed did not seem to have formal and explicit goals. The latter is considered important as it determines the institutions responsibility.

In addition, it was noticed that GEPPs were affiliated to government ministries. Seringhaus (1993) found that a substantial percentage of export assistance institutions were associated to a government ministry and therefore this would imply more bureaucracy and constraints. Governments generally find it easier to fit export assistance agencies to ministries for budgeting purposes. However, this considerably affects the institution's autonomy. Hogan et al. (1991) highlighted that ministries of trade were often ineffective, have a limited budget and low influence which negatively affect the GEPPs. Having presented the definitions, types and features of GEPPs, the next section reviews the previous studies investigating the effectiveness of such programmes in enhancing firms' export behaviour.

#### **4.2. Investigating the GEPPs' Effectiveness**

Examining the effectiveness of GEPPs has two main aims, (1) to justify resources allocation and (2) to demonstrate the positive influence of such programmes and thus make them desirable (Seringhaus and Rosson, 1991). Reviewing the literature has revealed that authors approached the evaluation of the influence of GEPPs on SMEs' export performance differently. First, a number of studies attempted to investigate the role of GEPPs in increasing export performance at the national level and using time series data (Pointon, 1978; Wilkinson and Brouthers, 2000; Head and Ries, 2010; Martinus and Carballo, 2008, 2012; Schminke and Biesebroeck, 2013; Banno et al.,

2014). However, this approach was criticised as (1) national trade statistics are not able to make the distinction between the GEPPs' effect and the firms' internal and external factors effects (Francis and Collins-Dodd, 2004), and (2) macroeconomic evaluation can only illustrate the global impact of export promotion programmes at the country level which is not the target of such programmes, these are generally designed to help individual firms (Ayob and Freixanet, 2014). Therefore, additional studies were conducted at the firm level which focused on the effect of GEPPs' use on export performance at the firm level (Gillespie and Riddle, 2004).

At the firm level, several studies have provided inconclusive findings (Gillespie and Riddle, 2004; Kanda et al., 2013; Banno et al., 2014). This is due to the lack of appropriate measures and clear objectives to benchmark with (Seringhaus and Rosson, 1991). In addition, it was noticed that different approaches were used to evaluate the impact of GEPPs on the firms' export performance. The first bulk of studies investigated the export assistance awareness, usage and benefit perceptions to illustrate their effectiveness (Albaum, 1983; Kedia and Chhokar, 1986; Pahud de Mortanges and Van Gent, 1991; Adams et al., 1997; Crick, 1997; Moini, 1998; Ahmed et al., 2002). The rationale behind this logic is that export assistance institutions would generate awareness and usage of their services which in turn increase the firms' export performance (Gillespie and Riddle, 2004). Nonetheless, this approach assumes that the usage of GEPPs will automatically result in a positive outcome, which is not always the case.

Consequently, a second group of studies emerged and focused on the direct impact of GEPPs (collectively or individually) on firms' export performance measures, including intensity, profitability and growth (Diamantopoulos et al., 1990; Rosson and Seringhaus, 1991; Wilkinson and Brouthers, 2000; Gencturk and Kotabe, 2001; Spence and Crick,

2001; Spence, 2003; Francis and Collins-Dodd, 2004; Wilkinson and Brouthers, 2006; Shamsuddoha et al., 2009; Sousa and Bradley, 2009; Freinxanet, 2012; Domusglu et al., 2012; Díez-Vial and Fernández-Olmos, 2014; Cansino et al., 2013; Cadot et al., 2012; Cruz, 2014).

However, several authors have criticised these studies as most of them tend to be narrowly limited on the direct relationship (between GEPPs and performance) and only few have attempted to empirically test the indirect and mediated effects of export assistance on export performance (Lages and Montgomery, 2005; Leonidou et al., 2011). These authors also claimed that studies using direct relationships may have been misleading the thoughts on the GEPPs impact on export performance. In their study, Lages and Montgomery (2005) found conflicting results comparing direct and indirect impacts. In general, models examining indirect effects between variables are more likely to enhance both theoretical and empirical literature of export performance (Gencturk and Kotabe, 2001). Only a few studies have attempted to investigate the indirect and mediating effects of GEPPs.

The following sub-sections explore these works. The first section (Section 4.2.1) examines the findings of the studies using awareness/usage of GEPPs as effectiveness indicators. The second section (Section 4.2.2) investigates the studies looking at the direct impact of GEPPs on firms' export behaviour. Last, the third section (Section 4.2.3) reviews the studies exploring the indirect effects of GEPPs on export behaviour.

#### **4.2.1. Awareness, Usage and Benefit Perception of GEPPs**

The following covers previous studies investigating the management's awareness, usage frequency and usefulness perception of the GEPPs. With respect to the GEPPs' awareness, several studies reviewed in this research have often reported low levels of



GEPPs' awareness. Albaum (1983), Kedia and Chhokar (1986) and Moini (1998) for the US, Pahud de Mortanges and Van Gent, (1991) for the Netherland and Crick for the UK reported that the degree of GEPPs' awareness among firms was relatively low. Kedia and Chhokar (1986) explained that such a low awareness resulted from minimal GEPPs promotion which in turn was caused by the lack of adequate resources and staff in governmental agencies. Moini (1998) suggested that promoting the existence of GEPPs was necessary to increase the involvement of firms in such programmes. Therefore, Crick (1997) argued that an increase of expenditures on GEPPs would not be necessarily appropriate; rather an effective segmentation and communication would allow the GEPPs to be more efficient. Alternatively, in a recent study (reporting the same low awareness rate) conducted in Sweden, Kanda et al (2013) explained that such a low rate could be due to the non-suitable design of these programmes.

Nevertheless, significant variances in awareness were found between firms in different level of export involvement. Overall, it was found that the higher the firms' export involvement, the greater the awareness of GEPPs (Kedia and Chhokar, 1986; Seringhaus, 1987; Pahud de Mortanges and Van Gent, 1991; Naidu and Rao, 1993; Adams et al., 1997; Crick, 1997; Moini, 1998; Ahmed et al., 2002). In this respect, Kedia and Chhokar (1986) and Moini (1998) found that exporters were more aware of GEPPs than non-exporters. Adams et al., (1997) explained such findings arguing that the longer the firm exports the more the latter would make contacts with such assistance services and become more familiar. In a study conducted on Spanish exporters, Freixanet (2012) noticed that traditional programmes such as trade shows and trade missions were known by exporters while new exporters were found to be unaware of programmes designed to them (mainly informational programmes).

As for evidence from developing countries, Ahmed et al. (2002) and Mahajar and Yunus (2006) acknowledged that similar patterns emerged in Malaysia. Ahmed et al. (2002: 842) stated that “governments still have much work to do in getting the message out”. The study also noticed that large and experienced firms were more aware of GEPPs than SMEs and new exporters.

Regarding the use of GEPPs, several authors reported a low level of usage among firms (Seringhaus and Botschen, 1991; Crick, 1997; Gencturk and Kotabe, 2001). Gencturk and Kotabe (2001) explained the low usage level of GEPPs by the lack of perceived benefits associated with such programmes, and thus it was suggested that export assistance agencies should provide evidence on the benefits of GEPPs in order to increase their usage. Conversely, Diamantopoulos et al. (1991) found that 83% of the surveyed exporters have used the GEPPs which represent a relatively high usage rate. Among the services most used were the provision of initial contacts and advice on overseas laws and regulations.

In addition, differences were also noticed between firms in various levels of export involvement. The empirical evidence revealed that the higher the level of international involvement, the more likely the firm would use the GEPPs (Naidu and Rao, 1993; Adams et al., 1997; Moini, 1998; Gencturk and Kotabe, 2001; Francis and Collins-Dodd, 2004; Freixanet, 2012) Adams et al. (1997) explained these findings arguing that experienced exporters have more contacts with export assistance institutions and thus they tend to use them more often. In addition, Moini (1998) used the ratio of ‘users’ to ‘awareness’ to evaluate the GEPPs effectiveness. The author observed that this ratio was higher among regular exporters and lower among non-exporters. Freixanet (2012) argued that new exporters which in theory need the GEPPs the most were the least

aware. Hence, Crick (1997) suggested that export assistance programmes should be tailored according to the firms' level of export involvement.

As for the forms and number of export assistance institutions used, McAuley (1993) reported that the export experience also plays its role. It was revealed that exporters tend to mostly use the source of information that involve high interactions with individuals and organisations such as personal contacts, overseas agents and trade fairs. These sources of information are regarded to be highly useful. Conversely, the commercial and public libraries were scarcely utilised and were considered as not of great use. In this respect, the authors affirmed that the latter are cost-effective and can contain valuable information that exporters should explore. Moreover, it was argued that experienced exporters tend to use fewer information sources than new exporters. This can be explained by the fact that experienced exporters have the time to screen and spot the most relevant sources to use contrarily to their new counterparts.

Furthermore, McAuley (1993) and Freixanet (2012) found that traditional programmes such as trade shows and trade missions were highly used by exporters. Freixanet declared that Spanish exporters understood and trusted these programmes. Conversely, findings showed that information programmes such as seminars and newsletters were considerably less used among exporters. The author explained these findings stating that exporters are usually already established in export markets and have their own sources of information.

Furthermore, in studying the effect of firm size on the GEPPs use, Pahud de Mortanges and Van Gent (1991) found that the larger firms appeared to be the ones that used GEPPs the most, yet this can be explained by the fact that they are the main exporters. However, McAuley (1993) revealed a non-significant effect on GEPPs' usage. Similarly, Adams et al. (1997) found that larger firms tend to have higher awareness

and use of selected GEPPs than smaller ones. The authors justified such findings by the fact that large firms may have personnel exclusively dedicated to export activities and who can seek export assistance more frequently. As for evidence from developing countries, Ahmed et al. (2002) posited that in Malaysia, large firms were more likely to seek export assistance services than SMEs. Equally, the authors also found that older firms were more likely to consult GEPPs than young firms. Latterly, Mahajar and Yunus (2006) found that Malaysian GEPPs were moderately used by SMEs (compared with larger counterparts).

Turning to the GEPPs' benefit perception, several authors found that this differs according to the firms' level of export involvement (Serinhaus, 1987; Kotabe and Czinkota, 1992; Naidu and Rao, 1993; Crick, 1997; Moini, 1998). However, findings were mixed. Serinhaus (1987) found that non-exporters had a higher usefulness perception of the information marketing assistance than exporters. The authors pointed out that such findings may reflect the lesser need of informational assistance by exporters. Similarly, Moini (1998) revealed that partially interested and growing exporters perceived more advantages from GEPPs than non-exporters and regular exporters. In another study, Kotabe and Czinkota (1992) reported that the perceived usefulness of export assistance attains its peak at the second stage of export involvement (out of five stages) and then decreases gradually until the fifth stage. This was indicated to be normal as experienced exporters develop their own capabilities. Eventually, Crick (1997) observed that UK SMEs that are in their early export stage tend to perceive GEPPs as more difficult to acquire than the more experienced SMEs. Noteworthy, Francis and Collins-Dodd (2004) argued that exporters that draw the majority of their sales from exporting found GEPPs less useful than active exporters. Lastly, evidence from Malaysia reported that GEPPs' usefulness perception was relatively low among SMEs (Mahajar and Yunus, 2006).

As seen above, it can be clearly seen that the awareness, use and benefit perception depends considerably on the firms' export development. It is acknowledged that firms have different needs at the various stages of export involvements (Naidu and Rao, 1993; Crick, 1995; Jensen and Hollis, 1998). Overall, the more experienced the firm is in international business, the less its GEPPs usage. Worth noting, Moini (1998) reported that at the non-exporting stage financial incentives were not important for SMEs, it was rather informational assistance that was required. Nonetheless, these studies assumed that the GEPPs' usage would automatically enhance the firms' export performance and thus are of limited utility (Lages and Montgomery, 2005) as they are not able to demonstrate the actual impact of GEPPs on export performance (Gillespie and Riddle, 2004). In this respect, GEPPs' awareness and use offer a useful evaluation of the effectiveness of the programmes' communication, yet fail to fully illustrate their contribution to export performance (Freixanet, 2012; Kanda et al., 2013).

#### **4.2.2. The Direct Effect of GEPPs on Firms' Export Performance**

The second group of studies tend to focus more on the effect of GEPPs on firms' export performance to evaluate the effectiveness of export assistance rather than examining their awareness, usage and perceived usefulness. This was conducted in two different ways, while some studies investigated the impact of GEPPs as a whole (collective impact), other studies investigated the effectiveness of each type separately (individual impact).

##### ***a) Collective impact***

Although an earlier study by Diamantopoulos et al. (1990: 207) contrasting users and non-users of GEPPs has revealed no differences in terms of export demographics and characteristics, the authors argued "...it would be unwise to state conclusively that users

and non-users of export promotion in this industry cannot be differentiated in terms of the export characteristics". In this sense, the authors explained that the differences depend on the type of export assistance used, which in turn are affected by the export development stage.

Several studies illustrated that the influence of GEPPs is greater when exporters are in their early stage (Gencturk and Kotabe, 2001; Francis and Collins-Dodd, 2004; Freixanet, 2012). It was acknowledged that experienced exporters are generally able to develop their own resources and thus the impact of GEPPs would not be significant (Freixanet, 2012). In their study on US firms, Gencturk and Kotabe (2001) highlighted that the GEPPs' effect depends on the export measure used. It was found the export assistance programmes do not increase the firm's export sales and profitability, instead, the impact was perceived on export performance related to competitive benefits.

In Canada, Francis and Collins-Dodd (2004) have studied the impact of GEPPs on the SMEs' export objectives, strategies and marketing competencies. The authors found that GEPPs positively influence the firms in achieving their export objectives and assist them in employing export expansion strategies. In this respect, the study showed that a greater use of GEPPs resulted in increasing export market knowledge and product market goals. Furthermore, it was observed that the impact of GEPPs was noticeable on export objectives rather than financial export measures (intensity and sales), the study revealed no association between GEPPs and export intensity, sales and growth. As for SMEs in their pre-export stage, the study illustrated that GEPPs' influenced their export performance in terms of export knowledge. Moreover, for both sporadic and regular exporters, GEPPs appeared to have a great influence on their competencies (marketing, distribution, developing foreign contacts and information acquisition). In fact, these types of exporters are in process of expanding their export activities but may lack

competencies. Alternatively, with respect to exporters that drive most of their sales from exports (majority exporters), no differences were observed in terms of export objectives and expansion strategies between users and non-users of GEPPs, the authors explained that such firms are able to obtain their resources independently. However, these firms have benefited from GEPPs' in expanding their export activities into different countries.

In Portugal, Sousa and Bradley (2009) found a positive direct association between SMEs' export performance, in terms of market share, overall satisfaction and the competitors' perception, and the export assistance programmes. In Spain, Freixanet (2012) revealed that the positive relationship between assistance programmes and export performance is perceived in diversification and intermediate outcomes rather than in economic measures. In addition, using a bivariate correlation, it was found that exporters in their earlier stages were the one benefitting the most from GEPPs (the highest impact measures), the results revealed that no impact was observed on economic measures yet a significant association was seen between a greater use of trade shows and trade missions and the firms' export area coverage, marketing competencies, contacts and export planning. In this respect, the author argued that these firms are in need of a large support to develop their export activities and become competitive. Moreover, the use of informational export assistance programmes has positively impacted the SMEs' ability to obtain foreign market knowledge on international practises and foreign networks. Concerning the GEPPs' designed to support firms to start exporting; clear impact was only observed on firms at their early stage of exporting. Equally, the use of GEPPs' has also affected the regular exporters' non-economic measures only. With regard to experienced exporters, the effect of GEPPs on their performance was to a lesser extent as the latter have developed their own resources. Nonetheless, these firms did benefit from a market diversification and profitability. Freixanet indicated that such firms use GEPPs to enter new markets.

Still in Spain, Díez-Vial and Fernández-Olmos (2014) found that linkages with export assistance organisations helped the firms to become exporters; the authors explained that once they become exporters, these firms will rely on their own resources to be successful. Cansino et al. (2013) also found a positive relationship between GEPPs' participation and the exports/sales ratio. Equally, a macro-economic study on the effect of Spanish GEPPs on trade performance has revealed that export promotion programmes enhance the country's foreign trade through increasing the numbers of products and firm transactions (Gil et al., 2008). Ultimately, in Belgium and through an econometrics analysis including both exporters and non-exporters, Schminke and Biesebroeck (2013) found that export promotion agencies increased export propensity of small and inexperienced firms especially toward destinations that are difficult to access.

As for evidence from developing countries, Durmuşoğlu et al. (2012) investigated the impact of GEPPs on Turkish SMEs. The authors found that users of GEPPs achieve greater export performance than non-users in terms of (1) financial goal achievement (2) stakeholder goal achievement (3) strategic goal achievement (4) organisational goal achievement. As for the impact on financial goal achievement, the authors explained that such a positive result was due to the use of multi-item measures of the financial dimension. Moreover, the authors also explained the impact on stakeholders' objectives by the fact that GEPPs would improve the relationships with their local official bodies. The study also demonstrated that the GEPPs increases the managers' exposure to new and sophisticated management practices which would enable them to develop new skills and knowledge which will impact the SMEs' strategic goals achievement. It was indicated that the use of GEPPs would enhance the individual and organisational competencies by providing foreign market knowledge (organisational learning) which in turn may become a source of competitive advantage and new product development



and increase firms' commitment to exporting. In Malaysia, Mahajar and Yunus (2006) indicated that using GEPPs has increased the SMEs' export sales, export coverage, production, foreign customers, profitability and networks.

In Tunisia, Cadot et al. (2012) confirmed the long term impact of export promotion on export destinations and products. However, such a long term effect was restricted to three years as after this period, users and non-users of GEPPs had a similar export growth. Recently, a study conducted in an emerging country (Brazil) has brought evidence on the impact of government export assistance on firms' export propensity. The study found that the use of such assistance increases the firms' propensity to export (Cruz, 2014).

Moreover, several national level studies have been undertaken. Martincus and Carballo (2008) conducted a macro-economic study on the impact of GEPPs in Peru and Costa Rica between 2001 and 2005, and found clear and strong evidence that export assistance activities have effectively enhanced the firms' export performances. Equally, Hayakawa et al. (2014) reported a positive effect of export assistance on trade performance in both Japan and Korea, while Banno et al. (2014) found positive macro-level evidence on the impact of public financial support on firms' performance in Italy. Nonetheless, researchers claimed that studies investigating the impact of GEPPs on economic measures are unlikely to reveal any relationship. It was argued that in respect of financial export measures, other factors than GEPPs can increase them (Francis and Collins-Dodd, 2004).

### ***b) Individual impact***

Several studies have reviewed the impact of GEPPs on export performance through investigating the effect of specific types of export services such as trade missions and trade shows (Rosson and Seringhaus, 1991; Wilkinson and Brouthers, 2000; Spence and Crick, 2001; Spence, 2003; Wilkinson and Brouthers, 2006; Freixanet, 2012).

Rosson and Seringhaus (1991) investigated trade shows' impact on SMEs' export performance in the US. The authors found that the average number of firms participating to trade fairs was relatively low. In addition, it was noticed that around 60% of the participants could not recover the participation costs. As for the actual impact on export performance, Rosson and Seringhaus observed different impacts on SMEs at different stages of export involvement. The group of continuing exporters was the one that benefited the most from trade fairs in terms of export sales. This had led the authors to conclude that targeting this group would make the fairs more profitable. Similarly, first-time exporters appeared to gain reasonable export sales and valuable learning experience from fairs' participations. Conversely, expanding exporters showed ambiguous sales changes and minimal learning from their participation. Thus, it was concluded that trade fairs may not be appropriate to this type of exporter.

Similarly, in their macro level study on US exports, Wilkinson and Brouthers (2000) found that while trade shows were significantly and positively related to direct high-tech export growth, activities providing objective market information were not. In this respect, the authors concluded that trade shows have an effective impact on export growth. Latterly, Wilkinson and Brouthers (2006) explained that trade shows facilitate the access to agents and distributors and thus increase the export performance satisfaction. Recently, through a macroeconomics study, evidence from China

illustrated that the participation to international trade fairs did increase Chinese foreign trade (Li and Shrestha, 2013).

Spence (2003) investigated trade missions' impact on SMEs' export performance in the UK and found that export sales in the three periods following the mission (6, 12 and 24 months) were positively influenced by the firms' presence in the foreign market, the follow-ups between exporters and importers, the regular contacts and additional visits. Maintaining the effective relationships between the exporters and importers contributed in building trust and commitment which drove additional sales. Moreover, in the long-term, the participants had the time to internalise their learning experience from the trade missions which in turn enhanced the firms' competences which again stresses the long-term effect of GEPPs.

Spence and Crick (2001) found that new and experienced UK exporters' participation in trade missions exhibited different behaviours. In general, new exporters used such missions to establish an initial market presence and networks as well as to acquire a general understating on foreign business practices. Alternatively, experienced exporters utilised the missions to expand their activities and networks in the country and strengthen their presence. Overall, it was indicated that the trade missions enabled the participants to gain an experiential knowledge which in turn helped those firms in adapting their export marketing strategies.

However, Wilkinson and Brouthers (2006) found that trade missions were negatively associated to high-tech export growth. The authors acknowledged that despite the negative association found in their study, trade missions are widely used in practise. Similarly, using a country-level analysis to investigate the relationship between trade missions and Canadian foreign trade, Head and Ries (2010) did not support the positive role of trade missions in increasing trade. Their results reported non-significant

relationships between these two variables, hence casting doubts over the efficiency of government export assistance. In a macro-level study, Alvarez (2004) investigated the impact of trade shows, missions and export committees on the SMEs' export regularity in Chile. The author concluded that while trade shows and missions did not increase the probability of being a permanent exporter, export committees significantly and positively influenced the export regularity. However, it is important to note that in Chile most of the export assistance activities are export committees and thus this may have affected such results.

#### **4.2.3. The Indirect Effect of GEPPs on Export Behaviour**

As mentioned in section 4.2, investigating the GEPPs' effectiveness on firms' export behaviour using bivariate studies (direct approach) is considered to be irrelevant and misleading (Lages and Montgomery, 2005; Leonidou et al., 2011). It is acknowledged that export models looking at the indirect effects would provide a more comprehensive picture of export behaviour (Gencturk and Kotabe, 2001). As a result, in the mid-2000s, several studies exploring the indirect effects of GEPPs emerged. However, compared to the studies looking at the direct impact, the number of studies adopting an indirect approach is relatively limited. The following text reviews these works.

In Portugal, Lages and Montgomery (2005) investigated the effect of the government export assistance on firms' export performance through the mediating role of pricing strategies. The authors found that while the direct link revealed a positive relationship between export assistance and performance, the indirect approach suggested the opposite. In fact, it was concluded that the use of GEPPs has a negative performance payoff. The authors explained such results by the fact that firms using export promotion programmes tend to increase the adaption level of their pricing strategy, which would in turn decline their performance in export markets. In Spain, Calderon et al. (2005)

looked at the indirect effect of these programmes on export performance via the improvement of quality of management, skills, contacts experience and competitiveness. The authors reported a positive impact and concluded that the indirect effects were stronger than the direct effects. Later, Shamsuddoha et al. (2009) conducted a study on the indirect impact of GEPPs on firms' export performance in Bangladesh. The authors hypothesised that this indirect effect would take place through the managers' perception of export markets, their international marketing knowledge and their export commitment. Their results suggested that the use of such programmes assist firms in overcoming managers' reluctance toward exporting. Such a use was also seen as a source of both objective and experiential knowledge for these managers, which would make them more efficient when dealing in export markets.

Furthermore, using data collected from UK manufacturing exporters, Leonidou et al. (2011) explored the GEPPs' indirect effects through the intervening roles of firms' resources and capabilities. Under resources and capabilities, the authors included a set of factors internal to the firms and related to both the organisation and the management. Their findings confirmed that the use GEPPs enhances firms' resources and capabilities, which would in turn improve their export marketing strategy and eventually increase their export performance. However, no formal mediation tests were reported. Recently in Iran, Jalali (2012) investigated the GEPPs' indirect effect on export performance through export strategy, knowledge and commitment. The author confirmed a significant indirect effect on export performance. The strongest indirect link was through export strategy, followed by export knowledge and commitment.

Based on this review, it is clear that there is an imbalance in the export promotion literature between studies adopting the direct approach and studies advocating the indirect method. Amongst the reasons could be the challenging task to capture the

mediating factors involved in this relationship. In this respect, the current study attempts to reduce such an imbalance and explore the indirect links of GEPPs on firms' export behaviour. The following section (Section 4.2.4) provides further details on how this thesis intends to fulfil this research gap.

#### **4.2.4. The Research Gaps**

Having reviewed the different approaches adopted by prior studies to test the effectiveness of GEPPs in enhancing firms' export behaviour, it appears that scholars in the export promotion literature tend to advocate the "indirect effects" approach as the most updated and relevant approach to evaluate the GEPPs' effectiveness. This was applied by a several scholars (Calderon et al., 2005; Lages and Montgomery, 2005; Shamsuddoha et al., 2009; Leonidou et al., 2011; Jalali, 2012). Nevertheless, it is believed that despite the aforementioned studies, the indirect and mediating effects of GEPPs are still not fully answered. The following points highlight the limitations of these studies and identify the research gaps requiring further investigation.

First, most of these studies (except Leonidou et al.'s, 2011) included one or two variables (depending on the focus of the paper) as mediating the link between GEPPs and export performance. Such a practise is common in the empirical export literature. In fact, two published literature reviews conducted by Zou and Stan (1998) and Sousa et al. (2008) highlighted a lack of comprehensiveness in the export models and the authors called for more inclusive models with higher parsimony. Similarly, Beleska-Spasova et al. (2012) reported over 700 variables that were cited as determinants of export performance, thus making the export literature fragmented. Therefore, it is believed that a more comprehensive approach is necessary to provide an enhanced insight illustrating the determinants of export behaviour and reflecting the mechanism whereby the GEPPs act.

Second, most of these studies appeared to focus on internal factors only to illustrate the mediating factors, hence neglecting the external factors such as the firms' relational resources. In this sense, Leonidou et al. (2011) acknowledged that more studies should investigate the mediating effects of GEPPs including the environmental factors and their role in export activities. Particularly, it would be useful to empirically investigate the role of GEPPs in enhancing the firms' cooperation and networking with other businesses as highlighted by Welch et al. (1998).

Third, as mentioned in the section 4.1, one of the main GEPPs' goals is to motivate SMEs to embark on export activities (Diamantopoulos et al., 1993; Ayob and Freixanet, 2014). However, it was noticed that studies have neglected this when evaluating the effectiveness of export assistance. Indeed, it is recognised that the role of GEPPs in promoting new exporters is largely ignored (Cruz, 2014). Particularly, the few studies looking at the export assistance impact on export initiation stressed the motivational function of GEPPs and may have neglected the resources enhancement role that GEPPs may provide. This aspect is believed to be important, as based on the self-selection effect (See Section 1.3.3). Entering export markets requires a certain level of competitiveness, and this may explain the firms' low participation rate to international markets. In this regard, claims were made upon the inefficient role of GEPPs in enhancing non-exporters' behaviour compared to established exporters. Therefore, one may argue that additional studies examining the impact of GEPPs on export initiation of non-exporters would provide further understanding in this area.

Fourth, it is also clear that studies neglected the role of GEPPs on export regularity. In their review of international entrepreneurship studies, Keupp and Gassmann (2009) called for the use of more "longitudinal nature" dependent variables as they were very scarcely used. In addition, Cadot et al. (2014), Deng et al. (2014) and Fu and Wu (2014)

clearly recognised that the export literature has neglected the export survival aspect of export performance. This is thought to be particularly relevant for a developing context as regular exporters play a greater role in increasing economic development than sporadic ones (Alvarez, 2007). Identifying the determinants of export survival would enhance the overall effect of export on economic growth in developing countries (Cadot et al., 2013). Exporting sporadically would not meet the governments' target to boost national exports. Therefore, more studies including this measure should be undertaken.

Fifth, compared to developed countries, a limited amount of empirical studies - on export behaviour in general and export promotion in particular - have been conducted in the developing world. It was claimed that: "Although there is a room for additional research and program improvement in the first world, a greater need exists to understand developing country experiences - what is currently being done and how this might be improved. There are fairly obvious reasons for the present imbalance in research effort and knowledge, but a greater emphasis on the Third World is in order. Programmes are clearly in operation on the continent of Africa, but what is known about them?" (Rosson and Seringhaus (1991: 321). In fact, several authors still call for comparative studies between developed and developing contexts (Lages and Montgomery, 2005; Leonidou et al., 2011; Jalali, 2012). Hence, more evidence from developing countries would bring further insights from this part of the world.

Finally, from a methodological perspective, not all the aforementioned studies have formerly tested the mediation effect of the resource-factors in the link between GEPPs and export behaviour. Thus, applying robust statistical analysis to test the expected indirect effect of promotion programmes would confirm and endorse it. In addition, specifically with respect to the GEPPs' mechanism in enhancing export performance,



past studies lacked a thorough analysis and strong theoretical basis (Leonidou et al., 2011). Therefore, an enhanced theoretical base should be used to justify such effects.

### **4.3. Summary**

This chapter has first reviewed the literature on GEPPs and their effects on firms' export performance. It was found that the literature on export assistance was somehow fragmented and lacking a strong theoretical basis (Leonidou et al., 2011). The role of export assistance in firms' export activities was investigated using various approaches. These approaches have evolved over time (with few exceptions). Studies conducted in the 1980s and 1990s have generally investigated the effectiveness of GEPPs through evaluating their awareness, use and usefulness perception (Kedia and Chhokar, 1986; Pahud de Mortanges and Van Gent, 1991; Crick, 1997; Moini, 1998). These studies have provided conclusive findings on the low rates of awareness, usage and benefit perceptions that GEPPs suffered from in both developed and developing contexts, yet these studies assumed that the GEPPs' usage would automatically enhance the firms' export performance and thus were of limited utility (Lages and Montgomery, 2005) as they are not able to demonstrate the actual impact of GEPPs on export performance (Gillespie and Riddle, 2004).

Latterly, several further studies appeared in the 2000s. These studies have attempted to examine the direct impact of GEPPs' use (individually or collectively) on firms' export performance using a bivariate approach (Gencturk and Kotabe, 2001; Spence, 2003; Francis and Collins-Dodd, 2004; Wilkinson and Brouters, 2006; Sousa and Bradley, 2009; Cadot et al., 2012; Freixanet, 2012; Cansino et al., 2013; Cruz, 2014; Díez-Vial and Fernández-Olmos, 2014). On the whole, these studies confirm that GEPPs positively enhance the firms' export performance. Nonetheless, several authors have

criticised these works as most of them tend to be narrowly limited to the direct relationship and only a few have attempted to investigate the indirect and mediated effects of export assistance (Lages and Montgomery, 2005; Leonidou et al., 2011). As a result, and in reaction to these criticisms, few studies attempted to investigate the indirect effects of such an assistance (Calderon et al., 2005; Lages and Montgomery, 2005; Shamsuddoha et al., 2009, Leonidou et al., 2011; Jalali, 2012).

However, despite these studies, the indirect effects of GEPPs are still not fully covered. As acknowledged in Section 4.2.4, among the main shortcomings of the current export promotion literature were the lack of strong theoretical basis, a limited focus on internal factors, a lack of comprehensiveness when considering the determinants of export behaviour as mediating variables, a restricted focus on export performance, a lack of robust mediation tests and a limited geographical scope (sole emphasis on developing countries only). Therefore, it is the purpose of this study to address the aforementioned limitations and bring more insight about the mechanism whereby the GEPPs affect firms' export behaviour. The study collects data from two different countries (the UK and Algeria). In this sense, the following chapter provides an overview and justification regarding the two countries.

## **CHAPTER FIVE: RESEARCH CONTEXT**

Having discussed the research models developed in this study, this chapter presents the two countries where these models are tested. It first explores key economic figures related to (1) the role of SMEs and exports in the economy of these two nations (namely the UK and Algeria), and (2) the export promotion bodies acting in each country as well as the programmes they offer to support businesses. It is believed that such a review would allow the study to highlight the need for GEPPs in the investigated contexts and how these work.

The data for this review are extracted from reliable sources including the United Nations Conference of Trade and Development (UNCTAD), the UK Department of Business Innovation and Skills (BIS), the Confederation of Business Industries (CBI), the UK Organisation of National Statistics (ONS), the UK Federation of Small Businesses (FSB), the House of Commons and the House of Lords reports for the UK, and Algex, the ministry of Trade and the Algerian Chamber of Commerce for Algeria.

### **5.1 The United Kingdom (UK)**

This section explores the first country investigated in this research, namely the UK. It includes England, Ireland, Northern, Scotland and Wales. In 2012, the population was 63.2 million. In terms of labour force, the UK is ranked 20<sup>th</sup> in the world, with 31.9 million workers, from which 1.4% of the labour force are employed in agriculture, 18.2% in industries and 80.4% in the service sector (Economy Watch, 2013).

The UK is the third largest economy of the European area after Germany and France. It is considered as the financial centre of Europe. Banking, insurance and business services are key drivers in the UK economic growth. As for the manufacturing sector,

its contribution has been recently decreasing yet still represents around 10% of economic output. The agricultural sector is however well developed and secures 60% of the country's food needs. Although the UK had large resources of coal, natural gas and oil, the country is a net energy importer since 2005 (Rhodes, 2014).

As mentioned above, the share of the manufacturing industry in the UK Gross Value Added (GVA) has been continuously decreasing from 30% in early 1970s to 10% in 2012. It employs around 2.5 million people (Rhodes, 2014). These industries include food, beverage and tobacco products, textiles and textile products, wood and wood products, pulp, paper and paper products, publishing and printing, petroleum products and nuclear fuel, chemicals, chemical products and man-made fibres, rubber and plastic products, other non-metallic mineral products, basic metals and fabricated metal products, Other machinery and equipment, Electrical and optical equipment, Transport equipment and Other manufacturing (BIS, 2010). In 2011, the UK accounted for approximately 3% of the world manufacturing output, coming seventh in the world ranking. Nonetheless, in terms of manufacturing output as a share of national economic output, the UK ranked 108<sup>th</sup> with 11% (Rhodes, 2014b).

After a steady economic expansion outperforming most of the European countries since 1992, the UK was severely hit in 2008 by the financial crisis leading to a deep economic recession. Such a severe hit was the direct consequence of the country's heavy reliance on the financial sector. In reaction, the Labour Government at that time implemented a number of austerity measures to recover the economy and stabilise those financial markets (CIA, 2014).

### **5.1.1 SMEs and the UK economy**

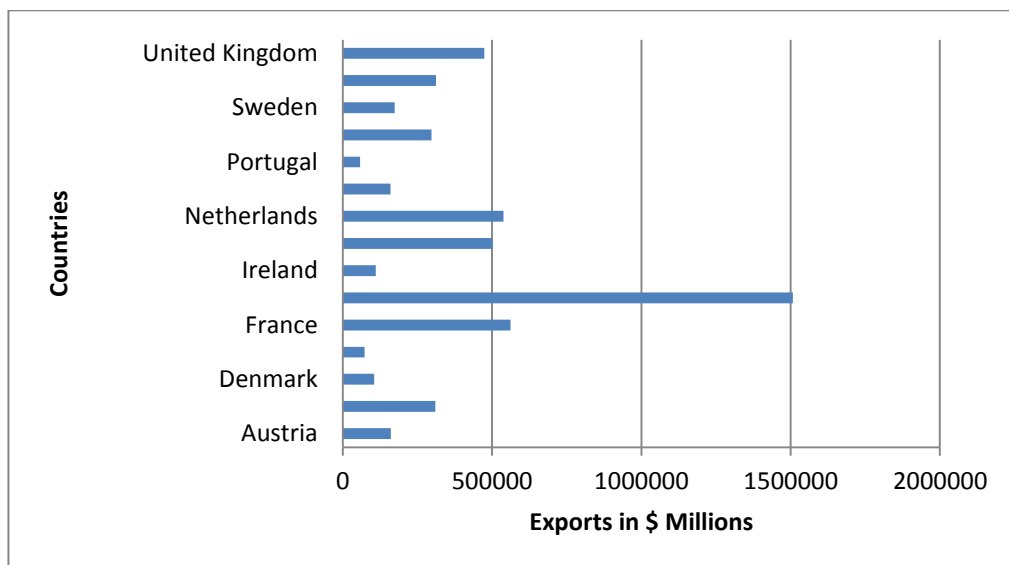
SMEs play a crucial role in the UK economy and offer a rich source of innovation and entrepreneurship (House of Lords, 2013). According to the BIS (2013), there were an estimated 4.9 million businesses in the UK at the start of 2013, of these businesses, 99.8% were SMEs. These SMEs employed 14.4 million people representing 59.3% of the private sector employment and had a combined annual turnover of £1,600 billion representing 48.1% of private sector turnover. Particularly for SMEs, their contribution to the UK output is almost as important as the large business' contribution (BIS, 2014). As for their spread over the UK territory, London comes first with 841,000 private sector business; followed by the South East with 791,000 and the East of England.

### **5.1.2 UK SMEs' Export Performance**

In terms of export performance, it was declared that the UK had recorded lower performances than the EU average; while in the UK one in five SMEs export, the rest of Europe has an average of one exporter in every four SMEs (Lord Heseltine, 2012). From Figure 5.1, it can be seen that in 2012 the UK was ranked fifth in terms of export volumes (expressed in US Dollars at current prices and current exchange rates in millions). The BIS (2011) stated that in comparison with the EU average, the UK had an inferior share of exporting SMEs, and a lower share of SMEs' revenues coming from exports. In particular, BIS explained that a small proportion of SMEs population account for most of the export sales. For example, around 50% of exporters with less than 50 employees export less than 7% of their output. Furthermore, between 1998 and 2008, the UK's trade flow increased at a slower rate than the world trade. The share of the UK's world exports decreased from around five percent in 1998 to four percent in 2008 (before the recession). In 2011, a survey conducted by the British Chamber of

Commerce (BCC) revealed that 58% admitted that they started their export activities only because they were approached by foreign customers (reactive rather than proactive behaviour) (BCC, 2013). Lord Heseltine (2012: 122) commented “What is worrying is that many SMEs appear to have an accidental approach to exporting, rather than a strategic plan”

**Figure 5.1: The World Exports Share of Major EU Countries**



Source: UNCTAD (2014)

Overall, it is recognised that the UK has repeatedly recorded a trade deficit over the past 15 years and its export performance has been disappointing (Confederation of British Industry, 2013). Over the last few decades the export performances of most developed countries have decreased, conversely, countries such as Germany has increased their exports in the world share. This was however not the case of the UK; its share of world export in 2011 was halved in comparison with 1980. Particularly, the manufacturing sectors were responsible for this poor performance in comparison with the service sectors. It is important to highlight that the country was the second largest exporter of services in 2011 (while the 10<sup>th</sup> largest export of goods) (Confederation of British Industry, 2013).

According to the BIS (2012), the number of exporting SMEs decreased from 24% (before the Financial Crisis) to 19% in 2011. Similarly, in their survey, the Federation of Small Business found that the proportion of exporters (of both goods and services) in the UK was only around 23%. In those 23%, 60% were exporting manufacturing goods while 40% exported services (Patel and Robson, 2009). The FSB stated that the role of the manufacturing sector in the improvement of the export activity is highly important. A survey sponsored by the Santander Bank found that 59% of the surveyed SMEs neither exported nor had any plans to do so (Dods, 2013). As for the exports destination, based on the Confederation of British Industry's (2013) survey, about 36% of UK exports go to the rest of world, followed by 16.2% to the US, 13.3% to other EU countries, 8.9% to Germany, 6.9% to the Netherlands, 6.5% to France, 5.6% to Ireland, 3.2% to Italy and 3.1% to Spain.

From the key figures presented above, it can be concluded that in the UK a market failure is taking place in terms of SMEs' exports. As a result, there is a strong rationale for the government to intervene in order to resolve this. Currently in the UK, the Government offers services both internally and externally in order to resolve such a failure (BIS, 2012). It is reported that promoting exports through SMEs is central to the UK Government's strategy for economic recovery. It is acknowledged that the UK's persistent trade deficit and its export-led recovery strategy would be significantly and positively affected by a rise in SMEs' exports (House of Lords, 2013). In 2011, the Prime Minister David Cameron stressed the importance of SMEs' exports and stated that growing the number of exporting SMEs by 100,000 has the potential to generate £30 billion to the UK economy. Thus, if the UK were to increase the number of firms that export from one in five to one in four, it could resolve the trade deficit." (GOV.UK, 2011)

### **5.1.3 UK Export Promotion Programmes**

A variety of services exist to support exporters and non-exporters, these can be financial and non-financial. However, since the emphasis of the current research is on non-financial programmes, the present section only focuses on those services. In the UK, It is acknowledged that the support available for SMEs to start exporting or enhance their international performance is extensive. The BIS and the UK Foreign and Commonwealth Office (FCO) are the main governmental departments in charge of export assistance programmes. These are considered as the parent departments for the UK trade and Investment (UKTI), the principal government export promotion organisation. This organisation also collaborates with other public bodies from which the BCC and the FSB. In addition, several other public trade organisations exist such as the Confederation of Business Industries (CBI) and the Institute of Directors (IoD), and the sectorial organisations such as the Society of Motor Manufacturers and Traders (SMMT), Gambica Association Ltd (representing around 200 members in the technology industries) and the Scotch Whisky Association (House of Lords, 2013).

Nonetheless, the number of firms using such public sources is limited. For instance, in the years 2012/2013, only 41% of SMEs' managers sought external bodies for advice and information on business issues. Of these 41%, 40% used private agencies while 14% used public organisations. Such low figures are persistent since 2008. Furthermore, during the same year, it was recorded that only 55% of the users were medium sized firms (BIS, 2013). Lord Heseltine (2012) argued that the UK's public organisations have a moderate effect on the business population because of their low levels of memberships. This was also confirmed by the House of Lords' (2013) report stating that the contributions of both FSB and BCC are relatively insignificant compared with the UKTI. In 2012, the FSB's and BCC's members represented less than 5% each of the



overall SMEs population (House of Lords, 2013). Table 5.1 illustrates the membership percentages of the aforementioned trade organisations. The following sections examine the role of these bodies.

**Table 5.1: Percentages of Public Trade Organisations memberships of the whole SMEs population**

<b>Government Bodies</b>	<b>Membership percentage</b>
British Chambers of Commerce	2.1%
CBI	5%
Federation of Small Businesses	4.1%
Institute of Directors	0.9%

Prepared on the basis of Lord Heseltine (2012)

*a) The UK Trade and Investment (UKTI)*

As previously mentioned, the UKTI is the main Government body supporting businesses willing to export goods and services. The UKTI employs 2,400 staff from which 1300 are based abroad. It has a budget of £316 million. However, it was found that this organisation lacks awareness of small firms. In their survey, the FSB found that 53% of respondents stated that the UKTI needs more effective promotion among small businesses (Patel and Robson, 2009).

The UKTI supports firms of all sizes. Yet, their main target is the SMEs; it was acknowledged that 89% of the businesses using such promotion programmes are SMEs. The organisation acts in two different ways, assisting new exporters in entering foreign markets and experienced exporters in developing and expanding to additional markets (BIS, 2011; House of Lords, 2013). In addition, the UKTI offers businesses market intelligence, advice on regulations, sales leads and financial support to attend trade shows. A survey conducted in 2008 showed that 75% of respondents said they were satisfied (or very satisfied) with the UKTI's services (House of Commons, 2010). According to their 2013's performance assessment, the organisation has supported

31,880 businesses in 2013/2012, from which 49% have increased their performance. The total overseas sales generated is claimed to be £50.9 billion (UKTI, 2013).

Among the most popular programmes that the UKTI deliver are the Overseas Market Introduction Service (OMIS), the Passport to Export Scheme (PES), the Export Marketing Research Scheme (EMRS), The Gateway to Global Growth and the Tradeshow Access Programme (TAP). Table 5.2 summarises the main tasks of each programme

**Table 5.2: The UKTI Programmes**

<b>Programmes</b>	<b>Tasks</b>
OMIS	The provision of advice and information on foreign markets, suitable entry modes, possible foreign business partners.
PES	The provision of capability assessments, support during foreign visits, mentoring, action plans and trainings for first-time exporters.
EMRS	The provision of information collection about foreign markets.
Gateway to Global Growth	The provision of support in increasing overseas sales through action plans, international networks, language and culture trainings and mentoring, it is designed for exporters with less than 10 years' experience only.
TAP	The provision of grants support for SMEs to participate at trade shows

Source: Prepared from UKTI (2009) and the House of Lords (2013)

Despite the good performances achieved by the UKTI, the latter is still criticised for its role played in assisting businesses willing to export for the first time to successfully enter export markets. Patel and Robson (2009) stated that more improvement is needed in the UKTI's programmes for first time exporters; a better promotion is especially required for such schemes. The federation found in their survey that the awareness of UKTI was relatively low among their members (only 21% were aware of the UKTI programmes, from which 37% exporters and 16% non-exporters). In this regard, the survey conducted by the House of Lords (2013) reported that Mr Davenport of the FSB criticised the fact that the UKTI expects businesses to come towards them rather than them going to businesses. This may explain the lack of awareness reported above.

Moreover, a report conducted for Barclays Business Banking in 2013 revealed that the Government export promotion agencies are at the bottom list of the information sources that SMEs tend to seek, it comes after accountant, customers and suppliers, banks, family and friends (Reform, 2013).

In addition, the UKTI's support for non-exporters and new exporters (compared with exporters) was further questioned by the House of Lords' report. The Managing Director of the UKTI was asked about the future development of his organisation, he replied that "a shift in resources away from providing written information" (because of the accessibility of information on the web) - that service, he suggested, could either be outsourced or companies would be told to do the research for themselves - and a shift towards putting "more expertise and resource into contacts and legal and regulatory barriers" (House of Lords, 2013: 27). In reaction, the House of Lords' report commented that "Mr Simon's reply worried us. It appears that, in the near future, the focus of the services provided by UKTI may shift away from domestic provision (of education and information for companies in the UK) towards overseas provision (that is, assisting those companies which are exporting or ready to export to deal with difficulties they may face in the importing country). Given our serious concern that the most difficult challenge in encouraging SMEs to export is how to extend the reach of UKTI to those with export potential (but are either unaware or too cautious to export), we question whether this proposed shift of resources will most effectively encourage an increase in SME exports and assist an export-led recovery" (House of Lords, 2013: 27).

Moreover, the UKTI's services are also criticised for their charging policy, it is recommended that, at a time when firms already face increased sunk costs and limited capitals, access to the UKTI services should at least be free of charge temporarily (House of Commons, 2010). In fact, The UKTI services were described as very costly

for SMEs (House of Lords, 2013). Finally, specifically for the TAP programme, it was argued that the budget dedicated for trade shows participation is lower than in the UK's competitors, additionally; it is acknowledged that the lengthy procedures to access such funding discourage many firms from applying to the TAP (House of Commons, 2010).

From the above discussion, it can be seen that several concerns are raised regarding the role of the export promotion programmes in encouraging non-exporters to begin exporting. Hence, justifying the approach of the current study in looking at the impact of GEPPs on the non-exporters' export intention.

***b) The British Chambers of Commerce (BCC)***

The BCC describes itself as “the national voice of local businesses” (BCC, 2014a: 1). The BCC accounts for 53 accredited chambers employing five million people (BCC, 2014b). It provides export trainings in the form of six nationally accredited export training courses, as well as a series of additional training on specific export issues. In addition, the chambers offer foreign market intelligence through in-depth country guides. Recently, the BCC introduced two new schemes helping existing exporters expand their international activities specifically by assisting them in dealing with international shipping costs, export exchange rate challenges and export documentation (BCC, 2013). Furthermore, the BCC also provides export feasibility assessment, trade events (shows and missions), training on mode of international payments and international contacts. It is reported that a third of BCC members are active exporters (House of Lords, 2013). The membership of the BCC is voluntary. The following table summarises the main programmes delivered by the BCC to assist firms in exporting (Table 5.3).

The BCC works very closely with the UKTI in terms of export promotion, specifically, both organisations collaborate in developing and maintaining export support networks (BCC, 2013). In terms of charging policy, the chambers also charge for their services and hence - like the UKTI - could be criticised for increasing the firms' sunk costs. As mentioned previously, the main criticism of the BCC is their low memberships. The 104,000 members throughout the whole UK are considerably lower when compared with Paris' 400,000 members and Milan's and Munich's 300,000 members. In addition, the BCC has also been criticised for its lack consistency in their support programmes and services (Lord Heseltine, 2012).

**Table 5.3: The BCC's Programmes**

<b>Programmes</b>	<b>Tasks</b>
Export Readiness Assessment	The assessment of the firms' infrastructure and products and services in terms of suitability to international markets. Such a programme can also help firms to be ready for exports.
Overseas Market Intelligence	The provision of bespoke market intelligence reports on foreign countries' competitors, audience, and distribution channels. These can be designed to the firms' needs.
Export Market Seminars	The organisation of export seminars where information and advice about exporting are presented. Networking opportunities are also available in such seminars.
Export Training	The delivery of trainings on Introduction to Exporting, payment methods and export documentation.
Events and Missions	The organisation of international trade events, trade shows and trade missions.

Source: BCC (2014b).

***c) The Federation of Small Businesses (FSB)***

The FSB accounts around 200,000 members which represent less than 5% of all UK SMEs. The FSB describes itself as a campaigning pressure group aiming at the promotion and protection of the interests of the owners of SMEs (Federation of Small Businesses, 2014). The following table illustrates the business support provided by the FSB (Table 5.4).

**Table 5.4: The FSB's Programmes**

<b>Programmes</b>	<b>Tasks</b>
Business Facts sheet	Providing business reports
Networking events	Organising seminars and events for networking opportunities
Mentoring	Connecting firms with business mentors

Source: Federation of Small Businesses (2014).

*d) The Confederation of Business Industries and the Institute of Directors*

The CBI sees itself as a lobbying organisation supporting employers both at the national and international levels. It numbers approximately 240000 members across the UK. The confederation runs lobbying campaigns intending to keep business interests at the heart of UK policy. In addition, in an effort to provide UK businesses with relevant information and networking opportunities the CBI provides business with market intelligence and business reports, it also organises a number of conferences, events and meetings both within and outside the UK (Confederation of British Industry, 2013). Therefore, it can be concluded that despite their informational and networking roles in increasing exports, it seems that both the FSB and CBI are considered more as lobbying organisations than export promotion bodies. Turning to the IoD, it accounts approximately 34,500 members from which 73% are SMEs. It is reported that about 50% of those members are active exporters. The IoD has 48 branches across the UK and aims at supporting entrepreneurial activities and professional business practice. The roles of the IoD includes the provision of studies, and research useful to firms and the organisation of business events (Institute of Directors, 2014).

**5.2 Algeria**

Algeria is a country located in North Africa. In terms of land area; it is the largest country on the Mediterranean Sea and the African continent as well as the eleventh-

largest in the world. More than 80% of its territory is covered by the Sahara desert. The backbone of the Algerian economy is incontestably the energy sector (oil and gas); it represents over 95% of export earnings (Global Insight, 2014). Algeria is considered the world's fourth-largest exporter of natural gas and the tenth largest oil exporter (Business Source Complete, 2010).

The Algerian economy is heavily reliant on the oil sector, this represents about a third of the country's GDP and 98% of its total exports (KPMG, 2013). The Algerian economy is experiencing a relatively slow growth. As a result, it is urged that the Algerian economy should reduce its dependence on the oil sector to guarantee a faster growth (World Bank, 2014). The Algerian economic growth has increased from 2.4% in 2011 to 2.5% 2012, the oil and gas resources have generated 70% of the total budget receipt, hence, the country has considerable possibilities to increase its economic growth. The national strategy is focusing on diversifying the economy starting with the non-oil sectors (African Economic Outlook, 2013).

The public sector is the dominating sector whilst the private sector remains relatively limited. As for the banking sector, the latter is considered as underdeveloped and hence the economy is a cash-based economy. In terms of financial market development, Algeria is ranked 142 out of 144 countries (KPMG, 2013). As for the agricultural sector, it represents only 8.3% of the country's GDP (40 to 45% of the Algeria's food has to be imported). The manufacturing industry accounts for 55.2% of the GDP whilst the service represents 36.5% of the GDP (KPMG, 2013). It can be clearly seen that the economic growth of the country is closely dependent on oil production; if this drops, the growth will systematically slow down (KPMG, 2013). The current drop in oil prices in the world market (as of January 2015), accompanied with the austerity measures announced by the Algerian Government reflects this dependence.

### **5.2.1 SMEs and the Algerian Economy**

In 2013, SMEs in Algeria accounted for approximately 750,000 SMEs from which 90% were firms with less than 10 employees. It is claimed that the country lacks medium and large enterprises which hinder its further industrial development. It is reported that the lack in manufacturing SMEs is due to the number of obstacles that these companies are facing, these include the absence of manufacturing infrastructures, financing problems and the complexity of the procedures and regulations. (MDIPI, 2013)

In 2013, the SMEs in Algeria employed approximately 1.9 million people (MDIP, 2013). In the private sector, 1% of the SMEs were in the Agricultural sector, whereas, 5% in the oil sector, 33% in the construction sector, 16% in the manufacturing sector and 49% in the services (MDIP, 2013). Algeria has 48 cities, 12 cities accounts for 53% of the total number of SMEs. Algiers the capital has the largest number of SMEs, followed by Tizi-Ouzou, Oran, Bejaia and Setif. Overall, SMEs accounts of 52% of the total value in the Algerian economy

### **5.2.2 Algerian Export Performance**

Algeria's exports are amid the least diversified in the world, even when comparing it to similar other oil-rich countries. The economic long-term welfare will rely on the Government's ability to improve the business climate to allow new enterprises to emerge and develop which would allow a larger diversification (IMF, 2011).

Algerian non-oil exports are marginal and accounts for 3.91% of the country's total exports which equals \$1.4 billion (MDIP, 2013). Most of the exports go to the EU with 67.33% (Spain, Italy and UK respectively), these are followed by the US (7.24%) and Turkey (5.19%). 2.96% of the total exports are semi-manufactured products (oil related),



followed by 0.7% of food products, 0.17% of raw products and 0.08% of manufacturing equipment (MDIP, 2013)

Exports of manufacturing products have experienced a decline from 3.2% to 1.82% between 2012 and 2013 (Ministere du Commerce, 2013). The Algerian trade balance remains highly dependent on oil exports (Ministere du commerce, 2013). However, although marginal, the Algerian non-oil exports have been continuously increasing since 2009 from \$1.06 billion to \$2.16 billion in 2013 (ALGEX, 2014).

### **5.2.3 Algerian Export Promotion Programmes**

It is acknowledged that promoting non-oil exports is at the centre of the Government's focus (Takarli, 2008). The Algerian Minister of Commerce Mr. Benbada has affirmed that the government has been taking a wide range of measures to favour the non-oil exports since the 1990s. The minister declared that in 2012, around DZD 600 millions were spent in helping the Algerian exporters (Ennaharonline, 2013). However, it is acknowledged that all those efforts did not have a significant impact. It is reported that most non-exporters are not sufficiently motivated to shift their focus from local markets to foreign ones. Among the reasons are the lack of cooperation and coordination between the various bodies in charge of export promotion, a lack of cohesion between the different programmes proposed and the absence of Algerian representatives (foreign offices) in foreign countries and eventually a lack of financial resources and more importantly qualified personnel (Nancy et al., 2009).

The following are the main governmental organisations acting as export assistance agencies.

***a) Algeria Export (ALGEX)***

Created in 2004, ALGEX is affiliated to the Ministry of Commerce and is responsible for guiding in place the ministry's policy related to the export promotion (Takarli, 2008). It is seen as the main organisation in terms of export promotion in Algeria (Nancy et al., 2009). ALGEX is developing a wide range of programmes aiming at assisting Algerian exporters in their foreign activities. Their objectives are:

- Assist firms in the foreign markets
- Provide information regarding exporting and foreign opportunities
- Identify potential buyers in the export markets
- Assist companies in the participation to trade shows and mission

On a regular basis, ALGEX provides reports and organises seminars and conferences on different issues related to exporting. The agency also organises networking events involving various stakeholders. Nonetheless, despite all the efforts put in by ALGEX, its impact remains limited. It is acknowledged that the lack of financial resources as well as qualified HR is the impediments hampering the activities of ALGEX (Nancy et al., 2009).

***b) The Export Promotion Fund***

It was created in 1996 and its main tasks are to (1) assist exporters in covering transportation costs by up to 25%, (2) undertake foreign market research and reports to guide exporters (3) help exporters in promotional tools, (4) organise export trainings and (5) sponsor SMEs to participate in trade shows in foreign countries by covering up to 65% of the expenses. The Algerian Ministry of Commerce through this fund organises several participations to trade fairs each year and the firms' selection is done through the local Chambers of Commerce (Takarli, 2008). Nevertheless, the fund has

not been effective due to the discouraging bulk of administrative requirements and the bureaucracy that firms have to go through to benefit from it.

***c) Caisse d'Assurance des Exportations (CAGEX)***

Created in 1996, CAGEX is an insurance organisation which guarantee to the exporter to get paid whenever the buyer fail to do so. This organisation also provides access to information on export markets. This organisation works in partnership with five banks and five insurance companies (CAGEX, 2015).

***d) Salon des Expositions (SAFEX)***

SAFEX is a public organisation that is mainly in charge of (1) organising fairs and missions for the Algerian firms, (2) assisting firms in taking part in international fairs and missions and (3) providing potential exporters with information about foreign markets' practices, regulations and potential clients (SAFEX, 2015).

***e) OPTIMEXPORT***

OPTIMEXPORT is a programme launched in collaboration between the Algerian Ministry of Commerce, the Algerian Chamber of Commerce, ALGEX and the French Development Agency. This programme comes under the framework of the association trade agreement between Algeria and the EU. It is dedicated to Algerian SMEs that are already exporting and wishing to expand their export activities and increase their performance (Djazairiss, 2008). The main tasks of this programme are to (1) provide Algerian firms with information on foreign markets, (2) offer export training and (3) assist firms in their international transactions.

### 5.3 Summary

This chapter has presented a brief overview about the economies, SMEs and national export performances of the two selected countries (UK and Algeria). With regard to the UK, it was noticed that the country is heavily relying on the financial services sector and as a result its economy became vulnerable for any economic shock or recession that can hit the world. This was reflected in the recent 2008 recession when the UK economy was severely affected. Consequently, the UK Government is urged to support the manufacturing industries in order to decrease the country over reliance on the financial sector. Such a recovery can in fact be conducted through increasing manufacturing exports which have been declining in recent years. Particularly, the Government should focus on SMEs' exports given the fact that small business contributes to the economy as much as large firms do. Those small firms are often in need of the government intervention to enter and survive in international markets. In this regards, the House of commons concluded that "If the country is to be successful in exporting out of recession there must be a culture in government that supports trade promotion" (House of Commons, 2010: 8).

This chapter has also examined the export promotion programmes available for UK SMEs, it was found that along with other public trade organisations, such as the BCC, FSB, CBI and DoI, the UKTI was considered as the main body supporting businesses in their export activities, it was however argued that this organisation tend to have a greater focus on experienced exporters than on non-exporters or new exporters. In this sense, it should be stressed that the role of such public organisation could be crucial for initiating businesses to exporting and hence, it is suggested that such a role should be explored and emphasised further.

Turning to Algeria, it was noticed that the country is heavily relying on the oil sector and as a result its economy became vulnerable for any oil shock or recession that can take place. Consequently, the Algerian Government is urged to support the non-oil industries in order to decrease the countries over reliance on the oil sector. Such a recovery can in fact be conducted through increasing manufacturing exports which currently represent a marginal part of the country's total exports. The chapter has also examined the export promotion programmes available for Algerian SMEs; it was found that all the export promotion public agencies are affiliated to the Ministry of Commerce. Among these, ALGEX seems to play an important role. However, most of these bodies appear to have an ineffective role in encouraging non-exporters to start exporting and current exporters to continue exporting. Among the reasons cited were the absence of coordination, the lack of financial and qualified human resources and high bureaucracy.

From both examinations, it is clear that both economies are in need of a boost in export performances and particularly manufacturing exports. It is also apparent that both Governments are keen to play an important role in helping SMEs starting exporting and being successful. In this sense, despite some shortcomings, export promotion bodies in both countries are offering a wide range of programmes to assist businesses that are already exporting to increase their export performance. Hence these two countries represent a fertile ground to study the GEPPs' role in enhancing export behaviour. Noteworthy, for both countries, it is believed that a more focus on non-exporters should take place as the main issue in both countries was a limited number of exporters rather than non-competitive exporters. Having reviewed the literatures on economic development, export behaviour and export promotions through Chapters two, three and four, the following chapter considers the methodology and methods adopted in order to test and answer the proposed hypotheses and research questions.

## **CHAPTER SIX: RESEARCH METHODOLOGY AND METHODS**

This chapter first draws on the previous chapters to build the proposed framework exploring the role of GEPPs in enhancing the firms' export initiation, performance and regularity. Here, the research questions and hypotheses are developed. Second, the chapter explores the philosophical assumptions, the paradigm of inquiry, the research methodology, the research design and the strategy of inquiry adopted in this study. This guides the study when choosing appropriate methods for the investigation. It is argued that the use of specific methods is generally influenced by the philosophical position or paradigm of inquiry that the researcher is adopting in his/her study (Creswell, 2009). Equally, Bryman (2008) acknowledged that choosing to employ a questionnaire is no longer a matter of making a technical decision yet is based on the philosophical assumptions that the researcher is adopting.

Third, the chapter discusses and justifies the methods employed in this study, the data collection procedure, the research ethics and the instruments used to measure the variables included in the research model. Research methods refer to the set of methods and techniques available to the researcher to conduct a research (Kothari, 2004). This can include instruments such as questionnaires and interviews (Bryman, 2012).

### **6.1 Conceptual Framework**

This section draws on the previous chapters to build the proposed framework exploring the indirect impact of GEPPs on firms' export behaviour and illustrating the mechanism whereby these programmes act to enhance the firms' export initiation, performance and regularity on the theoretical basis of the extended RBV. Then, it states the hypotheses and research questions that the study attempts to address.

### **6.1.1 The Research Model**

From the extended resource-based perspective, the findings on the determinant of export initiation and performance are in accordance with the importance of the firm's resources in the export behaviour of the firms. Reviewing the export literature has clearly revealed that the organisational, management and relational resources are considered as key determinants of export initiation and performance of firms (See Sections 3.2 and 3.3). In this respect, it was argued that export assistance aims at improving the firms' organisational and management resources and capabilities (Czinkota, 1994). Furthermore, it was also argued that a substantive part of the role of the government export assistance is dedicated to boost networking activities in foreign markets, referred to in this study as relational resources (Welch et al., 1998).

By linking the extended RBV rationale with the export assistance literature, the above-mentioned resources can be considered as crucial for the firms' internationalisation which would contribute to the development of competitive advantages in export markets. Hence, it can be suggested that GEPPs may affect the firms' export initiation and performance indirectly through enhancing these resources. Wilkinson and Brouthers (2006) posited that SMEs are often resource-constrained and thus in order to succeed in export markets they would need external assistance. Similarly, McElwee and Warren (2000) reported that several studies have acknowledged that SME owners and managers were often weak in important skills related to planning, financial management, human resources and marketing (Storey, 1994).

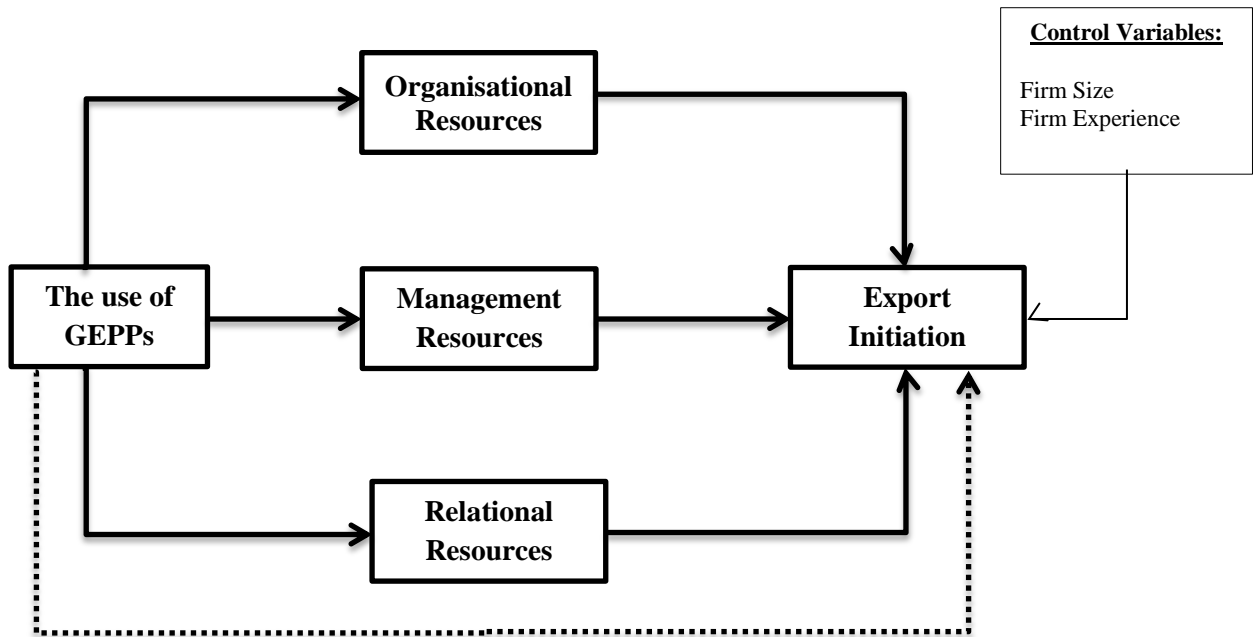
In this sense, export assistance services act as a complement for the SMEs' limitations in internal resources. According to Seringhaus and Rosson (1991), governments develop export assistance programmes in order to encourage firms to initiate and expand export activities by helping companies in unveiling uncertainties related to

export markets and supporting their lack of knowledge. In general, GEPPs' objectives include raising awareness of export prospects, offering export expertise and know-how, assisting export planning and providing organisational help and cost sharing opportunities (Serinhaus and Botschen, 1991). The main purpose of such assistance is to act as an external source of both market and experiential knowledge for their users (Singer and Czinkota, 1994; Gencturk and Kotabe, 2001). Export assistance aims at improving firms' organisational and management resources and capabilities (Czinkota, 1994). It was also stressed that a substantive part of the role of government export assistance is dedicated to boost networking activities in foreign markets (Welch et al., 1998).

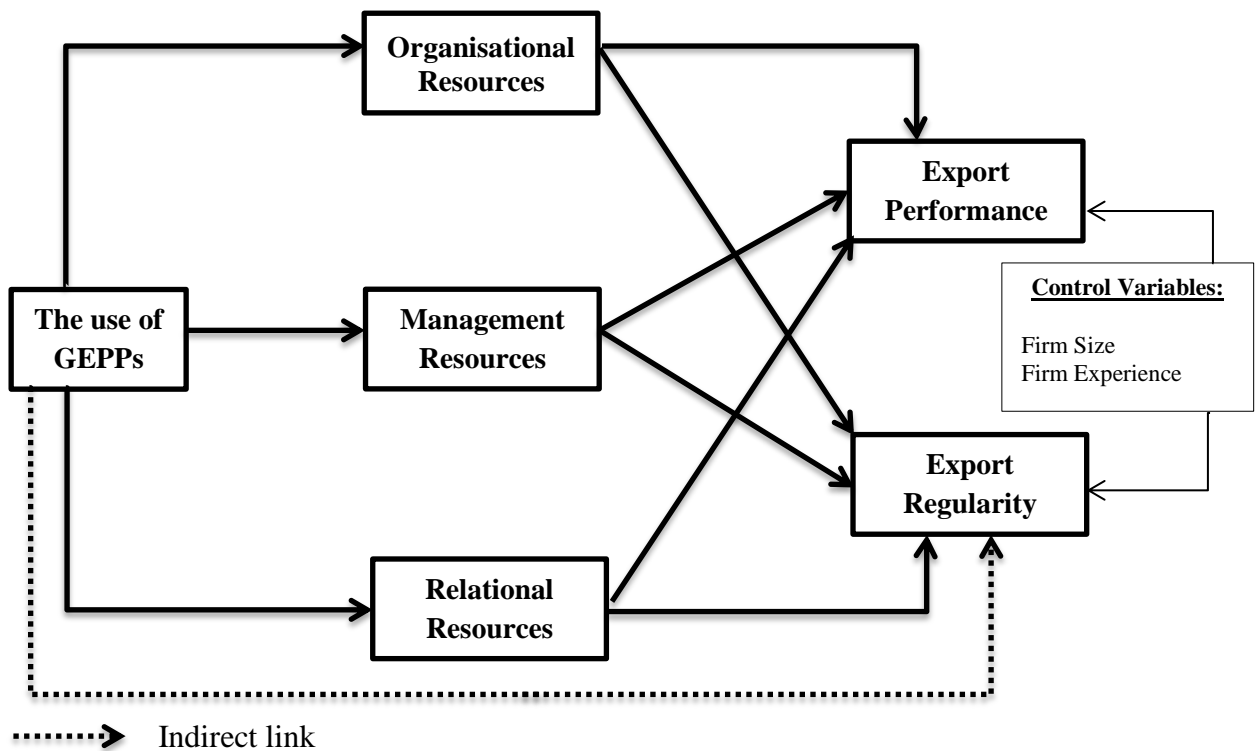
These export assistance programmes act as a complement to SMEs' limitations in internal resources. Therefore, from this perspective, the following theoretical frameworks are proposed in Figures 4.1 and 4.2. Broadly, Figures 4.1 and 4.2 posit that government export assistance programmes affect the firms' export initiation, performance and regularity indirectly through enhancing their organisational, management and relational resources. The models advance that the use of GEPPs encourages the firm to embark on exporting and increases its performances and survival once there, through developing their export-related internal and external resources.



**Figure 6.1: GEPPs and Export Initiation Conceptual Framework**



**Figure 6.2: GEPPs and Export Performance/ Regularity Conceptual Framework**



As mentioned above, these models are based on the extended RBV which stipulates that the firms' internal and external resources and capabilities enable the latter to effectively develop and implement strategies that contribute to the creation of a competitive advantage and the enhancement of the performance (Lavie, 2006). It is acknowledged that the RBV suggests that resources will have a greater influence on performances when firms are highly heterogeneous. This is particularly comforted in exporting activities as firms evolving in the international context tend to be very diverse and thus it can be argued that the RBV rationale would be more reflected in international markets (Leonidou et al., 2011).

As for the sustainability dimension of the competitive advantage, this can be illustrated by the export regularity measure which is included in the exporters' model as an export performance measure. Finally, given the empirical evidence on the importance of firms' size and experience in the internationalisation process, the study will control for these two variables when running the model. This would ensure the variations of the dependent variables are caused by mediating and the independent variables.

The study will provide several potential contributions to the theoretical and empirical literature and addresses the limitations in the export promotion literature highlighted in section 4.2.4. These contributions are summarised in the following text:

1. In addition to the effect on export performance, the model explores the impact of GEPPs on non-exporters' initiation to and exporters' survival (regularity) in international markets, hence addressing the limited focus on export performance.
2. By using the extended RBV, the study provides a robust theoretical basis to explain the role of GEPPs on enhancing firms' export behaviour.

3. Grouping the resource factors under three distinctive main sets delivers a more comprehensive insight regarding the determinants of export behaviour and hence would help addressing the fragmented nature of the export literature.
4. Including the three sets of export related resources concurrently would allow the study to compare the importance of each of them and identify the primacy of one over the other.
5. Formerly testing the mediation effects of the firms' resources in the link between the GEPPs and export behaviour would confirm and endorse the predicted indirect impact of such programmes.
6. By testing the model in two different contexts (UK and Algeria), the study provides evidence on the applicability of such a model in developing and developed contexts and addressing the calls for more research in developing countries.

### **6.1.2 Hypothesis Statement and Research Questions**

Based on the conceptualisation proposed in section 4.3.1, which was developed using the extended RBV to explain the role of GEPPs in affecting the firms' export initiation, performance and regularity, the following research questions are proposed:

- RQ1.** What are the critical resources enhancing non-exporters' initiation to exporting?
- RQ2.** What are the critical resources increasing exporters' performance and regularity in exporting?
- RQ3.** How can GEPPs enhance non-exporters' initiation to exporting?
- RQ4.** How can GEPPs improve exporters' performance and regularity in exporting?
- RQ5.** Are there differences between the UK (a developed country) and Algeria (a developing country) in terms of export assistance and export behaviour?

To answer these questions, a set of hypotheses are proposed in Table 6.1:

**Table 6.1: The Study's Hypotheses**

<b>Model 1: Non-exporters</b>	<b>Model 2: Exporters</b>
<p><b>H1. The firms' resources enhance export initiation</b></p> <ul style="list-style-type: none"> <li>▪ H1a. Organisational resources enhance export initiation</li> <li>▪ H1b. Management resources enhance export initiation</li> <li>▪ H1c. Relational resources enhance export initiation</li> </ul>	<p><b>H1. The firms' resources increase export performance</b></p> <ul style="list-style-type: none"> <li>▪ H1a. Organisational resources increase export performance</li> <li>▪ H1b. Management resources increase export performance</li> <li>▪ H1c. Relational resources increase export performance</li> </ul> <p><b>H2. The firms' resources increase export regularity</b></p> <ul style="list-style-type: none"> <li>▪ H2a. Organisational resources increase export regularity</li> <li>▪ H2b. Management resources increase export regularity</li> <li>▪ H2c. Relational resources increase export regularity</li> </ul>
<p><b>H2. The use of GEPPs increases firms' resources</b></p> <ul style="list-style-type: none"> <li>▪ H2a. The use of GEPPs improves firms' organisational resources</li> <li>▪ H2b. The use of GEPPs improves firms' management resources</li> <li>▪ H2c. The use of GEPPs improves firms' relational resources</li> </ul>	<p><b>H3: The use of GEPPs increases firms' resources</b></p> <ul style="list-style-type: none"> <li>▪ H3a. The use of GEPPs improves firms' organisational resources</li> <li>▪ H3b. The use of GEPPs improves firms' management resources</li> <li>▪ H3c. The use of GEPPs improves firms' relational resources</li> </ul>
<p><b>H3. The use of GEPPs improves the firms' export initiation by enhancing their resources.</b></p>	<p><b>H4. The use of GEPPs improves the firms' export performance and regularity by enhancing their resources.</b></p> <ul style="list-style-type: none"> <li>▪ H4a. The use of GEPPs influences the firms' export performance via enhancing their resources.</li> <li>▪ H4b. The use of GEPPs influences the firms' export regularity via enhancing their resources.</li> </ul>

These hypotheses are tested in both contexts, namely Algeria and the UK. Thereafter, a comparison will be drawn in order to highlight any differences that would emerge. It is acknowledged that testing a model in more than one country would provide a strong indication of its external validity and hence its applicability in various contexts (Sousa et al., 2008).

## **6.2 Philosophical Assumptions**

Exploring the philosophical assumptions when undertaking a research is important and of great benefit to the researcher (Crossan, 2003). Easterby-Smith et al. (1991) recognised that understanding the philosophical assumptions guides the researcher in the process of choosing and applying the relevant research methods. This section illustrates and justifies the research philosophy, the paradigm of inquiry and the research approach adopted in this study.

### **6.2.1 Research Philosophy**

Questions regarding truth, knowledge and reality go back to civilisation when philosophers such as Plato and Aristotle were prominent in distinguishing between rationalism and empiricism (Hjørland, 2005). Empiricism assumes that the reality is based only on experience and observation. It adopts the idea that the claim for knowledge can only be made when the latter is observable and can be tested by experience (Howell, 2013). Empiricism was adopted by western philosophers such as Locke, Berkeley, Hume and Stuart Mill. However, because these empiricists were mutually different, the term “empiricism” was then judged as not representative. Later, in an attempt to combine both empiricism and rationalism, positivism took place and was first considered as a philosophical ideology by the French philosopher August Comte. Today, these two concepts are mistakenly used interchangeably (Hjørland, 2005).

Particularly in the social sciences, a long-standing debate has been opposing the two main philosophical positions which are positivism and phenomenology (Easterby-Smith et al., 1991). A phenomenological philosophy argues that reality is not external to the researcher; it is social constructed and shaped by people and thus subjective (Hussey

and Hussey, 1997; Zikmund et al., 2012). According to this approach, the researcher should focus on constructions and perceptions hold by people from their experiences rather than on facts and measures (Easterby-Smith et al., 1991; Gray, 2009). This philosophy was introduced by Edmond Husserl who posited that people discover realities and develop understanding only through experiences and therefore their knowledge of the world depends on their interpretations (Miller and Brewer, 2003).

In contrast, positivism assumes that reality is external to the researcher and therefore investigating it requires objective methods which are not influenced by sensations, perceptions or intuitions (Easterby-Smith et al., 1991; Hussey and Hussey, 1997). Positivist philosophy originates from Auguste Comte (1853) when the philosopher declared that the reality is external and objective and that knowledge cannot be real unless it can be observable and hence based on real facts. Generally, a positivist philosophical assumption implies that the researcher and the subject are independent and objective. The findings are measurable, generalizable and result from causal effects deduced from hypothesis testing (Easterby-Smith et al., 1991). In other words, for the positivism, the truth is found in the researcher's passive registration of the facts that establish reality (Johnson and Duberley, 2000). Similarly, positivist philosophy posits that knowledge can only be achieved and justified through experience, observation and experiment (Gray, 2009). Hence, by applying such a philosophy on social sciences, it is claimed that the causal theory of human behaviour can result in developing models, regularities and laws that can predict the human behaviour (Rosenberg, 2005).

This study aims at investigating the role of GEPPs in enhancing firms' export behaviour. The author attempts to identify the indirect effects of using government export programmes through the firm's internal and external resources. Moreover, it intends to gather findings from both developing and developed countries. In this respect, it was

identified that a positivist philosophical position would enable the researcher to answer the research questions stated in Section 6.1.1.

More specifically, the literature on export promotions was revealed to be typically limited to SMEs operating in developed countries, which has made comparison between developing and developed contexts problematic. Consequently, the need for more investigations from developing nations has been raised (Ibeh, 2004; Jalali, 2012). As a result, findings from developing countries should be generalizable to enable comparisons. This can only be achieved through a positivistic approach. In fact, such an approach is often able to provide generalizable findings across countries, industries and firms (Eriksson and Kovalainen, 2008).

Second, the high failure rate of the export promotion programmes in developing countries is thought to be partly caused by a lack of the managers' awareness and understanding toward these programmes. Hence, exploring and clarifying the mechanism whereby the promotion programmes operate is believed to enable managers to more effectively understand them, and as a result, benefit more from them. In this regard, the positivist view is more likely to generate management implications compared with an interpretive one (Eriksson and Kovalainen, 2008). In addition and especially in organisational studies, generalisable findings would allow managers to predict and react with their environments (Johnson and Duberley, 2000).

Third, the positivism research philosophy is considered as the main philosophical view of the management and business research studies. In fact, although business researchers do not consider their research as positivist, "a quick scan of the majority of management journals, particularly those from the US, provides clear examples of positivist assumptions" (Johnson and Duberley, 2000: 83). Hence, based on the aforementioned grounds, the positivist approach appears to be the most suitable for the present research.

In this regard, the next section explores the paradigm of inquiry employed by the study within the positivist philosophy.

### **6.2.2 Paradigm of Inquiry**

Although not always explicit, the paradigm of inquiry plays an important role in the research process of any research study. It clarifies aspects of the research inquiry including its ontology, epistemology and methodology (Creswell, 2009). A paradigm is defined as the belief or world-view guiding the researcher in his/her choice of relevant ontological and epistemological views as well as the methods to adopt (Guba and Lincoln, 1994).

Ontological assumption refers to the nature and form of the reality that can be discovered (Eriksson and Kovalainen, 2008). Whereas, the epistemological approach clarifies what could be considered as valid knowledge (Hussey and Hussey, 1997) as well as the link between the researcher and the subject investigated (Guba and Lincoln, 1994). An ontological perception can be either objective or subjective. An objective ontological view regards the world and reality as independent and distinctive from the individuals, while a subjective ontology argues the existence of a link and dependence between the reality and people (Eriksson and Kovalainen, 2008).

Four philosophical paradigms were cited by Guba and Lincoln (1994) as the major paradigms framing the social sciences. These are positivism, post-positivism, critical theory and constructivism. Broadly, positivism and post-positivism are considered as the traditional paradigm of research. Often known as the scientific methods, these approaches tend to be more quantitative than qualitative (Creswell, 2009). As for the critical theory and constructivism paradigms, the latter are considered as more qualitative than quantitative; their approach is based on the participants' views and



interpretations of the investigated situation (Creswell, 2009). In such a view, the focus is more on the relationships between patterns rather than between outcomes and causes (Howell, 2013).

The present research adopts a post-positivist approach. This research paradigm holds a critical realism view and a modified dualist approach where the independence concept is dropped yet the objectivity remains (Guba and Lincoln, 1994). Howell (2013) argued that post-positivism challenged positivism in its claim of positive knowledge. The post-positivist paradigm assumes that outcomes are the consequence of antecedents. Such relationships are generally expressed through hypothesis and research questions (Creswell, 2009). Eriksson and Kovalainen (2008) stated that post-positivism considers that the researcher and the researched cannot be separated. Howell (2013) indicated that the positivist approach explains, predicts and generalises relationships between causes and effects. Johnson and Duberley (2000) reported that neo-positivism (post-positivism) argues that to understand human behaviour and attitudes in a business context, the researcher must consider the people's interpretations and perceptions of reality.

This research's ontological position was critical realism, which posits that the reality can only be understood imperfectly and probabilistically as the human factor impedes its full understanding (Guba and Lincoln, 1994; Howell, 2013). The study considers the impact of export promotion programmes on firms' export behaviour. This reality is seen to be external to the researcher and thus can be observable and objectively measured through the operationalization of the export intention, performance and regularity. However, it is also believed that this reality cannot be totally understood in a positive way as the study recognises the effect of the managers' perceptions, attitudes and views toward their firms' export behaviour. Such an effect comes from the use of Likert scales which are based on managers' perceptions and beliefs, hence justifying the critical

realism ontology. As for the epistemological position, the belief is that the researcher and what is researched are not totally separate as the former had already developed a pre-existing knowledge from the review of literature; however the objectivity of the investigation can still be pursued with the quantitative measurement of the study's variables. The findings of this research are replicable but can still be fallible as a result of a different context. In fact, this assumption justifies the use of two different contexts to approach the role of export promotion programmes.

### **6.3 Research Approach**

With respect to the use of theory, two research approaches exist: deductive and inductive. The former essentially consists of testing a theory through developing and testing hypothesis (Bryman, 2003). The deductive approach involves the use of hypotheses to explain the causal relationships among variables, mostly using quantitative methods (Saunders et al., 2012). It is based on the premise that theory is the first source of knowledge, considered as a linear model process, deduction proceed from theory to empirical investigation (Eriksson and Kovalainen, 2008).

Alternatively, the inductive approach is applicable when building a theory. The researcher begins by collecting data in the purpose of understanding the nature of the investigated phenomenon (Saunders et al., 2012). In this view, business researchers argued that theory results from empirical research and not vice versa. In other words, the researchers start from empirical evidence to develop theoretical findings (Eriksson and Kovalainen, 2008). Overall, It is argued that the inductive approach investigates why a phenomenon is happening whereas the deductive approach tends to explain what is happening (Saunders et al., 2012). In social sciences, it is agreed that the deductive

approach is by far the most popular way to develop the theoretical knowledge base (Eriksson and Kovalainen, 2008).

As mentioned in section 6.1, the study considered the impact of export promotions on the firm's internal and external resources. Following the RBV, this is argued to be the mechanism whereby export promotions increase the firms' export performances. In fact, the study tests the applicability of the extended RBV with regard to both internal and external resources of the firm. Therefore, the present research adopted a deductive approach. Based on the extended RBV theory, the study attempts to test the effect of GEPPs in enhancing the firms' resources in order to be competitive in international markets. The rationale behind this approach is to bring to the export promotion literature some theoretical foundations, in this respect it was argued that the export literature was lacking from a strong theoretical basis (Leonidou et al., 2011). Similarly, in their review of international entrepreneurship studies, Keupp and Gassmann (2009) found that almost 50% of the reviewed studies did not have a clear theoretical foundation or framework. The authors added that among the studies using theories, rare derived a clear implication for the theory used.

#### **6.4 Research Methodology**

Methodology can be defined as the strategy and procedure standing behind the selection process of the relevant methods of research (Crotty, 1998). Many methodologies can be implemented using a combination of different research methods. The present research employed a survey methodology. Collis and Hussey (2009) defined survey as a positivistic methodology that investigates a sample of subjects extracted from a population. Such a methodology allows the researcher to draw implications from the sample studies and generalise them for the targeted population (Gray, 2009).

In accordance with the post-positivist approach adopted in this study, survey methodology considers an objective, free of bias and impersonal set of methods (Kumar, 2008). Surveys attempt to investigate causes and effects occurring between dependant and independent variables under controlled conditions (Gray, 2009). In this respect, the study investigated the effect of the use of GEPPs on the firm's internal and external resources which in turn affects the firm's export behaviour.

## **6.5 Research Design**

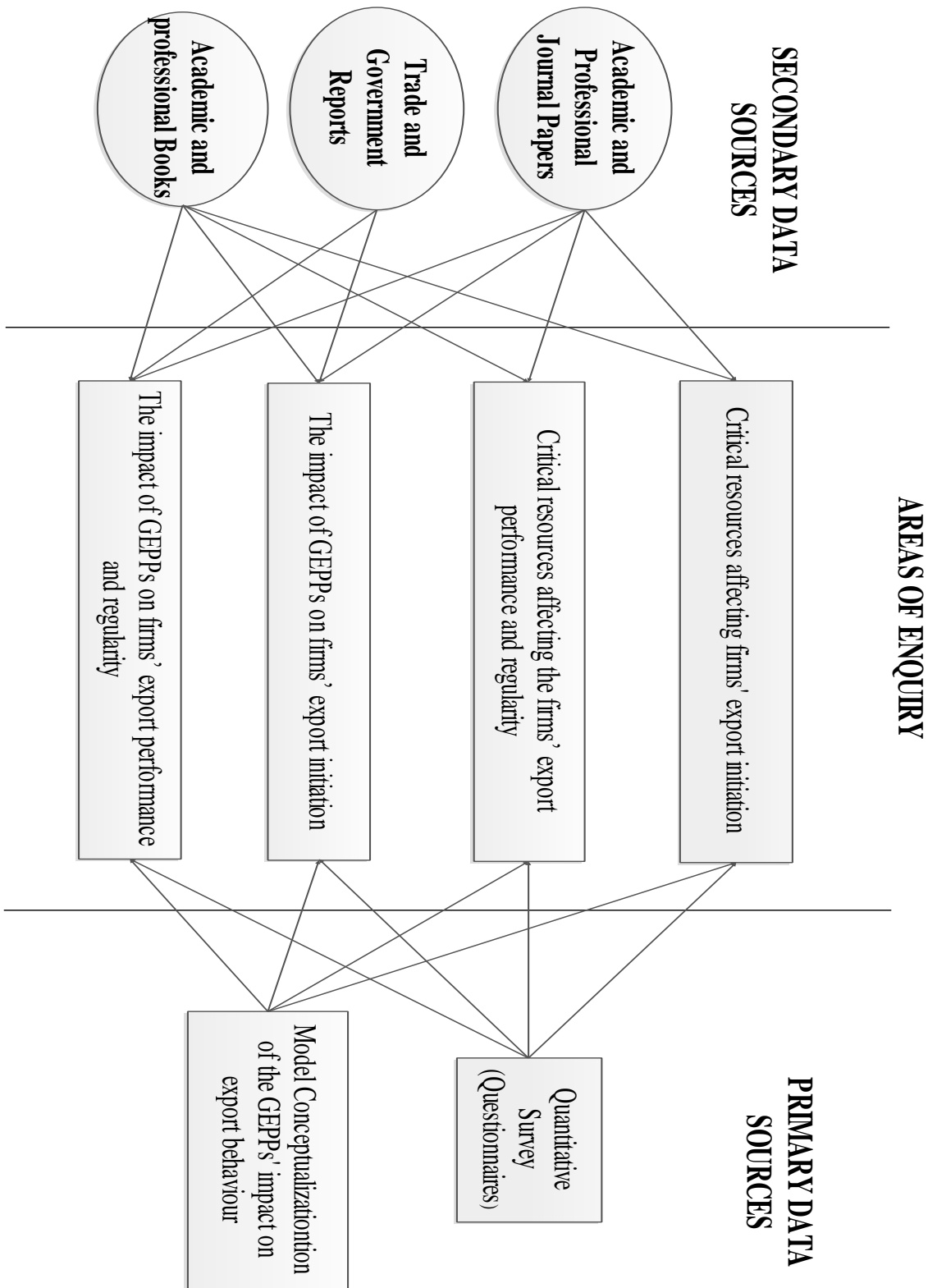
Creswell (2009) has cited three research designs namely; qualitative, quantitative, and mixed methods. Nonetheless, the author argued that the aforementioned approaches are complementary rather than contradictory as what is known as a qualitative study often means a study that is focusing more on the qualitative approach than on the quantitative one and vice versa. The review of the export promotion literature has revealed that most empirical studies in both developed and developing countries used a quantitative approach through mail surveys including postal and online ones (such as: Seringhaus and Botschen, 1991; Diamantopoulos et al., 1993; Naidu and Rao, 1993; Adams et al., 1997; Francis and Collins-Dodd, 2004; Sousa and Bradley, 2009; Shamsuddoha et al., 2009; Leonidou et al., 2011). Similarly, in their review of international entrepreneurship studies, Keupp and Gassmann (2009) noticed that quantitative methods were the most commonly used. Later, another review by Kiss et al. (2012) confirmed the popularity of such methods within the international entrepreneurship empirical literature.

The present study adopted a quantitative method research design; its use was based on the post-positivist paradigm. Broadly, this approach was employed to test the theoretical model developed in the research. This is in line with the post-positivism premise which allows the researcher to stand back, observe and measure the studied phenomenon yet

by still taking into account the individual's perceptions and attitudes (through perception-based likert questions). In this respect, the post-positivist approach maintains the premise of theory verification which in this case is the extended RBV. It is reported that the post-positivist paradigm favours the quantitative approach (Clark, 1998; Giddings and Grant, 2006). Kiss et al. (2012) explained that quantitative studies are generally used to examine the impact of internationalisation antecedents on internationalisation behaviours and to compare them between countries, which is partly the aim of this research. Similarly, using a quantitative research design is the most suitable approach that would provide generalizable findings across the two countries and hence the two contexts (Eriksson and Kovalainen, 2008).

This study mainly uses primary sources of data to address its objectives. Secondary data sources such as trade and government reports are also used to address the research objectives (e.g. House of Lords, House of Commons and BIS reports). Figure 6.3 presents a conceptualisation of the sources used to inform the study in the form of a knowledge map. The diagram illustrates the key areas of enquiry and the knowledge sources used to address these enquiries

Figure 6.3: Knowledge Map Areas on Enquiry Sources Information



Source: Based on Jones (2008)

## 6.6 The Use of Survey Method

According to Collis and Hussey (2009), several methods exist for collecting survey data in a positivist study; these are postal questionnaires, internet questionnaires, telephone interviews and face-to-face interviews. In this study, the survey data was collected through postal and internet questionnaires. These questionnaires were analysed through the Partial Least Squares Structural Equation Modelling (PLS-SEM) technique to support or reject the relationships hypothesised in the study. Hult et al. (2009) and Hair et al. (2011) acknowledged that the use of PLS-SEM has been considerably increasing in marketing and business research and particularly in studies investigating cause-effects interactions between constructs and variables. The authors reported that in the top 20 marketing journals, more than 100 published studies were conducted using the PLS-SEM. Hair et al. (2011) explained that the PLS-SEM offers the researcher a considerable flexibility in terms of model specifications and is adequate for both theory building and testing. It was also reported that the use of SEM is particularly relevant to models including mediating variables (Hohenthal, 2006).

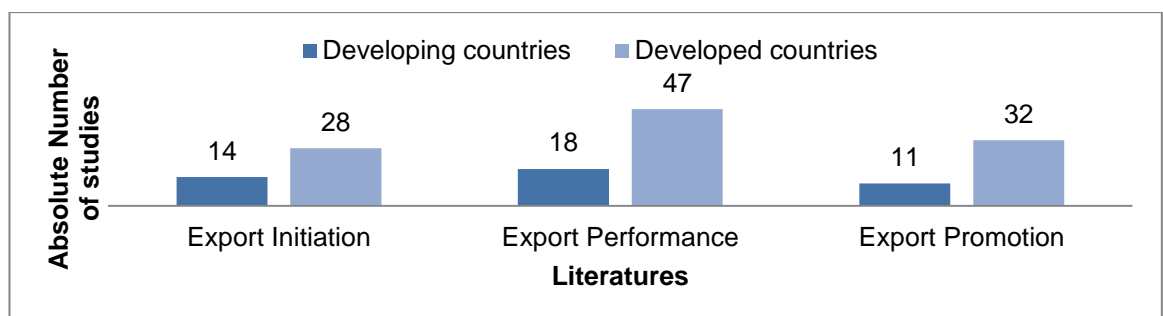
The questionnaire survey explores the effects of GEPPs on firm's export behaviour through internal and external resources. This allowed the researcher to first distinguish the critical resources relevant to exporting at both initiation and performance levels and hence answering the first and second research questions of the study. Further, it revealed the mediating effect of the GEPPs on the SMEs' export initiation and performance through the internal and external resources identified by the first two questions. This answered the last three research questions of the study. It is believed that the use of questionnaires for the aforementioned purposes is particularly relevant. The data obtained using this instrument is useful to explain the relationships between the investigated variables which fit with the main aim of this phase (Saunders et al.,

2012). According to Bryman (2012), structured and self-administered questionnaires allow the researcher to obtain comparable and standardised responses so that the differences in these responses could be attributed to meaningful variations rather than to differences in the way of asking the questions (also relevant to the post-positivist approach). In addition, the large majority of the previous empirical studies on export promotion were conducted through mailed or telephone questionnaires, hence confirming the suitability of such a method to the export promotion literature (Seringhaus and Botschen, 1991; Diamantopoulos et al., 1993; Naidu and Rao, 1993; Adams et al., 1997; Francis and Collins-Dodd, 2004; Sousa and Bradley, 2009; Shamsuddoha et al., 2009; Leonidou et al., 2011). Nevertheless, Bryman (2012) also acknowledged that among the downsides of this type of data collection remains the low response rate. This issue will be addressed in Section 6.8.

### 6.7 Geographical Coverage

Reviewing the export literature has revealed a lack of empirical evidence from developing countries compared with their developed counterparts. Figure 6.4 illustrates the geographical distribution of the present review of literature (Sections 3.2, 3.3 and 4.2). The figure shows the distribution of studies covering export initiation, export performance and export promotion.

**Figure 6.4: Geographical Distribution**



Source: Compiled by the author on the basis of the present review



From figure 6.4 it can be seen that studies were principally focused on advanced countries whereas a limited number investigated the developing nations. For example, while 47 studies on export performance were conducted in developed countries, only 18 were focused on developing nations. Despite a slight increase in developing countries' research in the recent years, more studies on these countries is still required in order to generate generalizable findings on firms evolving in such a context. In particular, it was observed that none of the studies reviewed were undertaken in the Middle-Eastern and North-African (MENA) regions (Sousa et al., 2008). More importantly, the lack of empirical evidence from developing countries identified in the export literature has made comparisons between these countries and their developed counterparts problematic. In this respect, the literature review showed that the majority of the studies were mainly conducted on single countries (Ahmed et al., 2002; Alvarez, 2004; Mahajar and Yunus, 2006; Shamsuddoha et al., 2009; Martincus and Carballo, 2012), with few exceptions covering two countries or more (Haluk Köksal and Kettaneh, 2011).

Moreover, Seringhaus and Rosson (1991) highlighted the limited geographical span that the export promotion literature suffers from and urged the academic community to conduct more works on developing countries. In this respect, Leonidou et al. (2011) have stressed the need of conducting comparative studies between developed and developing nations in terms of export promotion and firms' export performance. Freixanet (2012: 1078) argued "Including sample companies from two different countries could enhance this generalization".

Therefore, this research collected data from developed and developing countries in order to provide more evidence from the firms evolving in a developing context and enable the comparison between these firms' and their counterparts operating in developed countries. The two countries selected were the UK and Algeria. Briefly, as

mentioned in section 5.1.2, the UK has traditionally enjoyed a leading role in world manufacturing export alongside the US and other European countries. However, recently its share of world exports has decreased owing to the emergence of new competitors such as China and India (Leonidou et al., 2011). Similarly, it was acknowledged that UK firms are underperforming internationally in comparison with their counterparts in other countries such as Germany, Italy, Japan and the US (Wheeler and Ibeh, 2008). For these reasons, it is believed that the UK constitutes a relevant case study to examine the role of GEPPs in encouraging SMEs to export (Leonidou et al., 2011). In this regard, Leonidou et al. (2011: 10) claimed “the United Kingdom is fertile ground for investigating the role of national export-promotion assistance in strengthening the efforts of indigenous firms to sell their products abroad”.

Turning to Algeria, it was argued that promoting manufacturing non-oil exports was particularly crucial for such a developing country. Increasing non-oil exports in Algeria would considerably enhance its economy and decrease the heavy dependence on oil resources (KPMG, 2013). In fact, to achieve an export-oriented industrialisation, Algeria is putting considerable efforts into the development of export promotion instruments in order to increase and improve their export competitiveness. Nonetheless, such assistance appeared to be still not very effective as the non-oil exports are still marginal in comparison with oil-exports (Nancy et al., 2009).

## **6.8 Survey Population and Firms Selection**

The previous empirical studies on export promotion reviewed in this research have used samples ranging from 51 to 1,242 (See Appendix B). While a number of studies focused on SMEs only (Albaum, 1983; Crick, 1995; Spence and Crick, 2001; Lages and Montgomery, 2005; Freixanet, 2011), others included large enterprises (Kotabe and

Czinkota, 1992; Singer and Czinkota, 1994; Gencturk and Kotabe, 2001; Ahmed et al., 2002). In this thesis, the focus was on SMEs. The size limit selected was firms with less than 500 employees, a threshold followed by several previous export studies to separate SMEs from their large counterparts (Brooks and Rosson, 1982; Calof and Viviers, 1995; Morgan and Katsikeas, 1997b; Prefontaine and Bourgault, 2002; Moini, 1997; Wolff and Pett, 2000; Julian, 2003; Dhanaraj and Beamish, 2003; Wilkinson and Brouthers, 2006; Rutihinda, 2008). In their review of international entrepreneurship studies, Keupp and Gassmann (2009) identified that such a threshold was also used to address international entrepreneurship issues. Latterly, Kiss et al. (2012) confirmed in their review on international entrepreneurship empirical literature in emerging countries that most studies used sample of firms with less than 500 employees. One explanation for such trend is that exporters are generally small to medium firms rather than micro firms. Moreover, the focus of the present study is the GEPPs' users rather than the SMEs' per se. For example in the UK, not all GEPPs' users were SMEs; a survey reported that 11% of the users were firms with more than 250 employees (House of Lords, 2013). In this sense, the 250 employee threshold would have excluded a considerable number of GEPPs' users, hence justifying its non-use in this research.

In addition, the firms selected were from different sectors, this will allow the findings to be compared between both countries and with previous studies (such as Shamsuddoha et al., 2009 and Leonidou et al., 2011). Hence, it would answer the call for investigating the effect of GEPP in different sectors made by Freixanet (2012). The interest on SMEs only is based on the following rationale.

1. The significant majority of world export sales (approximately 80%) are generated by large firms and thus conducting research into ways of encouraging and assisting SMEs to export is required (Crick and Chaudhry,

2000). In this respect, Sousa and Bradley (2009) acknowledged that although SMEs significantly contribute to economic development of most countries, this demonstrates a limited interest in exporting compared with their large counterparts.

2. SMEs are more likely to require governmental assistance when going abroad than larger enterprises. In fact, it is well documented that SMEs are more in need of assistance in order to be competitive internationally due to their limited resources and capabilities (Durmuşoğlu et al., 2012). Therefore, SMEs are the principal targets of export promotion organisations (Wilkinson and Brouthers, 2006).

As for their international activities, the research focused on both exporting and non-exporting firms. This allows the study to identify the role of GEPPs in the export initiation, performance and regularity. In this respect, Leonidou (1995a) acknowledged that evidence from a non-exporter perspective were limited in the export literature.

As previously mentioned, the study was conducted in two selected countries; namely Algeria and UK. The firms' data source selection depends on several factors from which cost, accuracy and geographical coverage. In Algeria and based on previous empirical studies, the research targeted a population sample of 1500 exporting and non-exporting firms. However, this sample included more non-exporters than exporters. It is acknowledged that the number of exporting SMEs' in Algeria is very low. According to Algerian minister of commerce Mr. Benbada, the number of exporting SMEs (non-oil exports) in the whole country does not exceed 500 (L'expression, 2006). The database used to identify Algerian SMEs was provided by the Algerian Chamber of Commerce and ALGEX. These include all the non-oil exporters and non-exporters operating in Algeria. Turning to the UK, the research targeted a balanced population of 1500

exporting and non-exporting SMEs using the Key Note database through an access provided by Plymouth University. In addition to being user-friendly, this database provides the names of the general manager or owner for each company, hence allowing the researcher to address the questionnaires directly to the decision maker. However, the postal addresses provided are at times inconsistent and the email addresses not provided. Moreover, it is restricted to the UK market only, consequently, researchers conducting cross-countries studies have to use multiple databases (Pattinson, 2015)

## **6.9 Data Collection Protocol**

Understanding the characteristics of the different data collection methods allows the researcher to overcome problems such as non-response and common method biases (McDonald and Adam, 2003). The following considers the methods of data collection suitable to the present research and describes the procedures followed by the researcher for both questionnaires and personal interviews. However, it is important to mention that the data collection was preceded by a pilot study. This is detailed in section 6.15.

The present survey employed self-completion techniques including mailed and online questionnaires. Such a combination has been used in past studies such as Leonidou et al. (2011) and Jones et al. (2014). The use of telephone survey was considered but dropped due to the length of the questionnaire and the disadvantages of this delivery methods from which the risk of the interviewer bias (Cooper and Schindler, 2003), less credibility (Rea and Parker, 2012) and the risk that the respondent may terminate the conversation at any time (Jobber, 2001). The following discusses the online and postal surveys adopted by the researcher.

### **6.9.1 Online questionnaire: a first step**

In Algeria, the use of online questionnaire was considered to be particularly relevant. It is important to acknowledge that the researcher is based in the UK and thus posting a large number of questionnaires to Algeria can be costly and time consuming. Nevertheless, to avoid any bias that would arise from the methods of data collection, the researcher has also used online questionnaires when collecting data from the UK.

Internet surveys are claimed to have an economic advantage and a higher response speed compared with mailed ones (McDonald and Adam, 2003; Van Selm and Jankowsky, 2006; Rea and Parker, 2012). McDonald and Adam (2003) explained that the return of postal questionnaires both in terms of collation and data entry engenders substantial costs to the researcher and these can be avoided with online surveys. In this respect, it is stated that particularly for populations that have easy access to internet, the cost, the ease and speed of delivering and collecting responses, the simplicity of data cleaning and analysis give to the internet a significant advantage as a method for delivering surveys (Sills and Song, 2002). As for data quality and missing items, McDonald and Adams (2003) found that no statistical differences were noticed between postal and email surveys. Moreover, Rea and Parker (2012) added that online surveys are usually easy to follow up using reminder emails. Nonetheless, it is also recognised that such surveys uncover several issues such as the risk of losing sight of the respondents' characteristics and the lack of internet access in some SMEs (Mann and Stewart, 2000).

Two main methods of distributing online questionnaires exist (Rea and Parker, 2012). The survey can be either sent to the respondents via email (attached or included in the body) or via a hyperlink to a web based survey (Hewson et al., 2003). With respect to the first option, Van Selm and Jankowsky (2006) acknowledged that although it is a

relatively simple task of answering and returning the questionnaire, it can create issues related to the inconsistency of the responses' structure. Turning to the second option, Van Selm and Jankowsky (2006) recognised that the difficulties of the email surveys can be resolved by the web based questionnaires. Pitkow and Recker (1995) stressed that web based surveys have several advantages from which: obtaining structured responses, benefitting from an electronic data transfer and collation, an easy point-and-click response system, the possibility of including visual design presentations for the questions and time flexibility for respondents. However, such a method can pose some issues related to confidentiality. Hence, Van Selm and Jankowsky (2006) proposed that confidentiality can be assured to the respondents by informing them that their email addresses would not be associated with their survey responses and the survey data would only be treated at the aggregate level.

In the present research, the second option was used. The researcher has opted for an internet tool to distribute the surveys. Emails were sent including the hyperlink for the questionnaire. The body of the email acted as a covering letter, the researcher ensured that the letter clearly explains the purpose, the motivations and implications of the study (Bryman, 2003) and included a target return date of two weeks (Rea and Parker, 2012) (See Appendix C). It has also assured the respondents of full anonymity and confidentiality (Bryman, 2003; Saunders et al., 2012). Later, after three weeks<sup>1</sup>, a follow-up email was sent to the SMEs that did not reply (from the online sample). After five weeks, another reminder email was sent to the non-respondents with a new covering letter stressing the importance and implications of the research (Rea and Parker, 2012).

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<sup>1</sup> Although Rea and Parker (2012) has proposed a two weeks reminders, the researcher preferred to allow three weeks for the respondent as the data collection was taking place in a busy period of the year (November-December)

### 6.9.2 Postal questionnaire: a second step

Two months after launching the online questionnaire, the researcher decided to boost the responses by using postal questionnaires. In this regard, when comparing postal and online questionnaires, McDonald and Adam (2003) revealed that the response level in the online survey was less than the response rate in the postal survey.

In the UK, the researcher has benefited from a PhD Scholarship awarded by Plymouth Business School. The questionnaires were designed in the form of a booklet to ensure a professional appearance and avoid any resemblance with advertising brochures (Rea and Parker, 2012). The booklet included a clear cover letter with a University of Plymouth letterhead explaining the purpose and the importance of the study (Bryman, 2003) as well as an explicit sign stating “strictly confidential”. The package contained a pre-paid return envelope along with full instructions for returning the completed questionnaires (Bryman, 2003; Rea and Parker, 2012; Saunders et al., 2012). The visual appearance of the questionnaires is important in enhancing the response rate (See Appendix C). In this sense, the researcher ensured that the questions are appropriately spaced and the inclusion of any graphics or figures is carefully considered (Rea and Parker, 2012).

The booklet questionnaire was sent by second-class postage in an envelope addressed to the owner of the SME (using the names provided by the database) (Jones et al., 2014). A target date for the questionnaire return of three weeks from the reception of the questionnaire was included<sup>2</sup>. However, unlike in the first step, no follow up was conducted for the postal database due to cost constraints.

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<sup>2</sup> Although Rea and Parker (2012) recommended a target date of two weeks, the researcher added one week extra to allow time for postage. The 2<sup>nd</sup> class postage chosen by the researcher would take longer than the 1<sup>st</sup> class suggested by the authors.



In addition, the researcher has managed to circulate the questionnaire through the Plymouth Chamber of Commerce and Industry (during the international trade club monthly events), the Plymouth Manufacturers' Group (the questionnaire was circulated through their newsletter of the 27th January 2014 - Edition #51 – (See Appendix D) and the Scottish Borders Exporters Association. Furthermore, the Plymouth Chamber gave permission to the researcher to use the Chamber's logo in the questionnaire. This has provided a practical aspect to the survey which has encouraged the respondents to participate in the research. Section 6.16 reports the response rates from both methods.

As for Algeria, given the fact that the postal system there is ineffective and costly, the researcher preferred to administrate the questionnaires face to face to the managers either by going to the company or in fairs and exhibitions. It is suggested that face-to-face interviewing methods appears to be the most suitable way of collecting primary data when operating in such a context (Fairoz et al., 2010). The questionnaire had a similar design as the UK's instrument and was translated in French by a professional translator. The fairs visited during the data collection period are listed below:

- The 22nd edition of the Algerian Production Fair from 18/12/2013 to 23/12/2013.
- The 14th edition of the Agriculture/Agribusiness Fair from 15/05/2014 to 18/05/2014.
- Algiers International Fair from 27/05/2014 to 01/06/2014.

## **6.10 Survey Constraints**

Conducting this research was impacted by several constraints, which are discussed next.

### **6.10.1 Time**

Although the author was a full time PhD researcher and could afford to dedicate sufficient time to the survey, undertaking a study in two different countries was a time consuming challenge. Therefore, the researcher ensured the completion of the literature review and methodology chapters within the first year of the study in order to dedicate the whole second year for the data collection process. At an early stage in the PhD, the researcher made personal contacts with personnel working at the Algerian Chamber of Commerce that would assist him in getting an enhanced response rate within a reasonable time frame. More importantly, the researcher developed a rigorous timetable to follow when conducting the research; this is believed to have saved considerable time.

### **6.10.2 Cost**

The cost is an important factor that a researcher must consider when undertaking a survey. The cost is often cited among the disadvantages of the postal survey and personal interviews (Rea and Parker, 2012). The majority of the costs engendered by the survey in the UK were supported by a funding awarded by Plymouth Business School. However, in the case of Algeria, all the expenses were supported by the researcher. The costs included the questionnaire translation, transportation within the country and a travel ticket from London to Algiers.

## 6.11 The Survey's Design

In accordance with the positivistic approach of this study, the majority of the questions were close-ended with a proposed set of possible answers (Collis and Hussey, 2009). Such a question makes the data collection comparable and considerably facilitates the coding, tabulation and interpretation of data (Bryman and Bell, 2011; Collis and Hussey, 2009; Zikmund et al., 2010). The responses were measured on a Likert scale, the latter consists of a scaling procedure enabling the respondents to express their views and opinions on a scale ranging from low and negative answers to high and positive ones (Madu, 2003). It is considered to be the most favoured measuring tool used by researchers (McNabb, 2013; Monette, 2013). The use of such scaling system allows the researcher to assess the strength of the responses. In addition, it was argued that studies using Likert scale had greater reliability than studies using the categorical system (Yes or No) (Madu, 2003). Collis and Hussey (2009) and Monette (2013) indicated that this type of scale allows the researcher to use powerful statistical tools (such as the SEM) as these are of an ordinal level. Last but not least, Likert scales are relatively easy for the respondent to answer and simple to construct for the researcher (Ghuman, 2010). The Likert system can use five, seven or ten-points scales. However, it was argued that the use of more than five points provide only a marginal advantage in terms of reliability (Madu, 2003). In this matter, Dawes (2008: 75) conducted a study where 5-point, 7-point and 10-points were compared. The author concluded that “none of the three formats is less desirable from the viewpoint of obtaining data that will be used for regression analysis”. Therefore, for simplicity and consistency purposes, five-point scale was used throughout the whole questionnaire. The questionnaire was divided into three main sections and each section included sub sections (See Table 6.2).

As government export assistance is offered to both exporters and non-exporters (Diamantopoulos et al., 1993), section one of the questionnaire was dedicated to all firms (exporters and non-exporters). It contained questions on the use of GEPPs; these questions allowed the researcher to measure the independent variable of the study which is the use of GEPPs.

**Table 6.2: The Questionnaire Structure**

<b>Sections</b>	<b>Sub-sections</b>	<b>Category of respondents</b>	<b>Variable(s) to be measured</b>	<b>Type of questions</b>
1	A	All respondents	Independent variable	Close-ended with 5-point Likert
2	B, C, D and E.	Exporters	Mediating and dependant variables	Close-ended with 5-point Likert
3	F, G, H and I	Non-Exporters	Mediating and dependant variables	Close-ended with 5-point Likert
4	J	All respondents	/	Close-ended with multiple options

Section two was dedicated to exporters only; it was divided into four sub-sections namely B, C, D, and E. These sub-sections included questions on the management, organisational and relational resources of the firm relevant to their export activities. These questions allowed the researcher to measure the mediating variables and the dependant variable of the second model developed in section 6.1. All the questions in this section were close-ended with five-point Likert scales.

Section three was dedicated to non-exporters only, it was divided to four sub-sections namely F, G, H, and I. These sub-sections included questions on the management, organisational and relational resources of the firm in relation their export intention. As mentioned in section 3.2, all three sets of assets influence non-exporters' intention to

enter export markets. These questions allowed the researcher to measure the mediating variables and the dependant variable of the first model developed in section 6.1. All the questions in this section were close-ended with five-point Likert scales.

Section four was dedicated to both exporters and non-exporters. It included only one section (J) and requested general information about the firm and the respondent demographics. Most of the questions were close-ended with multiple options to choose from. These demographics questions allow the research to report and discuss the characteristics of the firms involved in the study.

With respect to the length of the questionnaire, it included 10 questions for each category of respondent over approximately five pages. According to Zikmund et al., (2012), the length of a mail questionnaire should not exceed six pages, if it does; an incentive would be then required to encourage the respondent to return the questionnaire. In this matter, incentives were proposed to the respondents from which a detailed report on the final findings of the study which could be of a great benefit for the SMEs' managers as it can act as guide for them on how to take the most from GEPPs and how these can benefit their firms. In addition, a charity incentive was also added (for online questionnaire only); the respondents were advised that a donation was to be given to the charity of their choice with every response received (50p for the UK and 50DZD for Algeria). The final version of the questionnaire and the cover letter are available in Appendix C.

## **6.12 Translating the Questionnaire**

Translating a questionnaire into another language can sometimes be problematic. In fact, some concepts in one language can have different meaning in another language (Saunders et al., 2012). In this respect, it is extremely important to ensure that the

questions have the same meaning to all respondents in both countries. Therefore, to ensure the questionnaire is translated in an appropriate way, researchers conducting international research often have their questionnaires back translated. Back translation is defined as the process of translating one questionnaire from one language to another and then translates it back to the initial language by two different translators (Zikmund et al., 2010).

In the present research the questionnaire had to be translated from English into French (the most commonly spoken language in Algeria). The researcher has followed the back translating process. In fact, the questionnaire was first sent to a translator in Algeria to translate the English version into a French version, and then when this was completed, the new French version was given to a native speaker translator in the UK to translate it back to English. Once these steps were completed, the researcher who is a fluent speaker in English and native speaker in French compared the two versions and amended accordingly.

### **6.13 Research Ethics**

When conducting a research study several important ethical considerations arise and it is vital to the researcher to take these concerns into account. These considerations protect both the researcher and its subjects (Myers, 2013). Research ethics delineate what is and is not permissible to do when undertaking research (Kalof et al., 2008). Research ethics are defined as the consideration of moral ethics and values in every stage of a research study (McNabb, 2013). Similarly, Saunders et al. (2012) defined the research ethics as the adoption of an appropriate behaviour in relation to the rights of the individuals or groups being studied or affected by the study. McNabb (2013) has identified four issues related to research ethics that should be followed in all stages of

the research, from gathering the data to reporting the findings. These were truthfulness, thoroughness, objectivity and relevance. By truthfulness it is meant that researchers must not lie, deceive or use fraud. Thoroughness implies that researchers should be thorough in the research process and do not use shortcuts.

Objectivity implies that researchers should not be biased and this is particularly important for positivistic studies, and relevance suggests the conducted research should be purposeful and relevant to the literature. Accordingly, the researcher has made every effort to preserve these ideals. In fact, the researcher has spent around nine months conducting a thorough and extensive reading of journal articles and books related to exporting and export promotions. This has allowed the researcher to identify gaps in the literature and therefore develop purposeful research questions.

In addition, when publishing and communicating the research findings, additional ethical principles were considered. McNabb (2013) and Kalof et al. (2008) acknowledged that the researcher had to protect the right of the participants by protecting their privacy, ensuring their anonymity and respecting their confidentiality. In this respect, to protect privacy and ensure anonymity, the researcher guaranteed that the participants' identity could not be deciphered in the published findings. Moreover, when describing the sample of the study, the researcher focuses on the participants' characteristics rather than their identity (McNabb, 2013). To respect confidentiality, the researcher removed all identifying information about the participants from research records and reports. All these ethical considerations were detailed in the email invitations and the covering letter to reassure the participants.

Furthermore, Kalof et al. (2008) and Myers (2013) have added another ethical principle called "informer consent", this means that the participants should undertake the survey voluntarily and the researcher should clearly explain what they are being asked to do,

the purpose of the study and the risks and benefits of participation. Hence in this study, the participation was voluntary, and the purpose, risks and benefits of the survey participation were clearly highlighted in the email invitations and questionnaires and for both phases of the investigation. Ultimately, the researcher acknowledged the limitations and restrictions of the study to enable the readers to know how much credibility the study should be provided (McNabb, 2013). Overall, Saunders et al. (2012) claimed that the premise behind all these ethical consideration is the avoidance of harm. This was carefully taken into account in the present study by providing a clear, explicit and precise covering letter highlighting all the aforementioned ethical aspects (See Appendix C). The ethical approval application is attached in Appendix E.

#### **6.14 Measurement Variables**

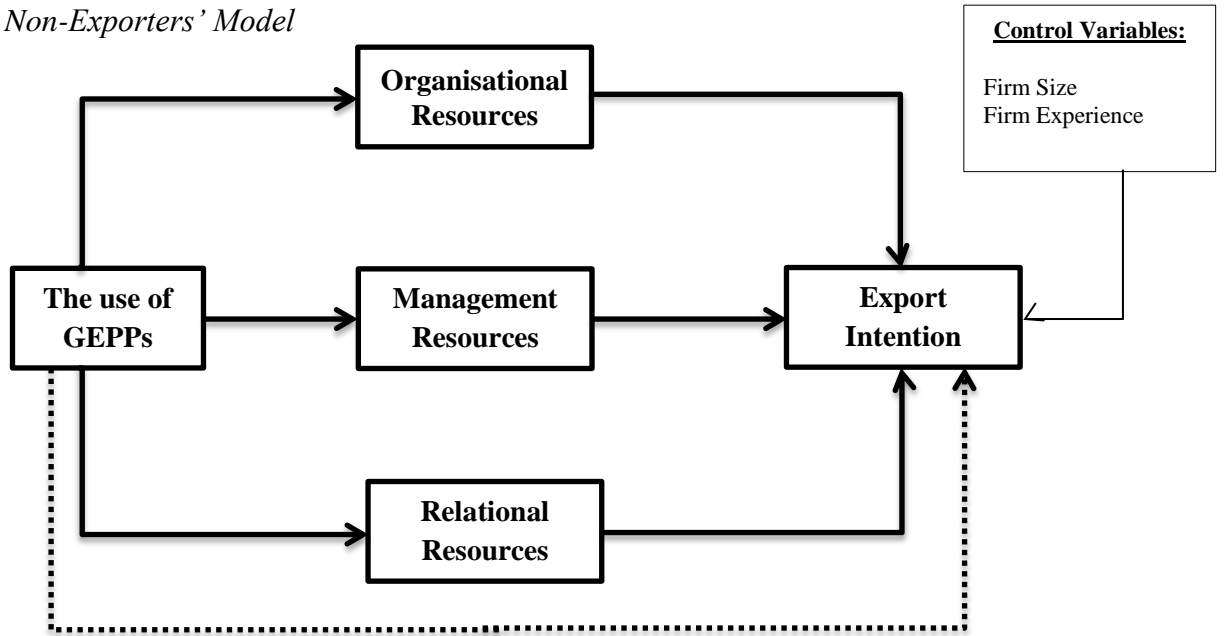
Having clarified the research methods used in this study, this section considers the instruments chosen to measure the variables investigated in the present research. All these measurements have already been tested in a same context and published in highly ranked journals.

The aim of this research is to analyse the indirect impact of GEPPs on the firms' export behaviour. This implies that the use of GEPPs would cause changes in the firms' export behaviour through enhancing its resources. Hence, the independent variable for this research is the use of GEPPs as it is the variable causing changes, and the dependant variables are the export initiation, performance and regularity as these are the variables affected by the use of GEPPs. With respect to the firms' resources, the latter are the variables through which the effect is explained and thus these are the mediating variables (Saunders et al., 2012). Figure 6.5 recalls the theoretical model proposed in this study (a combination of the two proposed models in section 6.1).



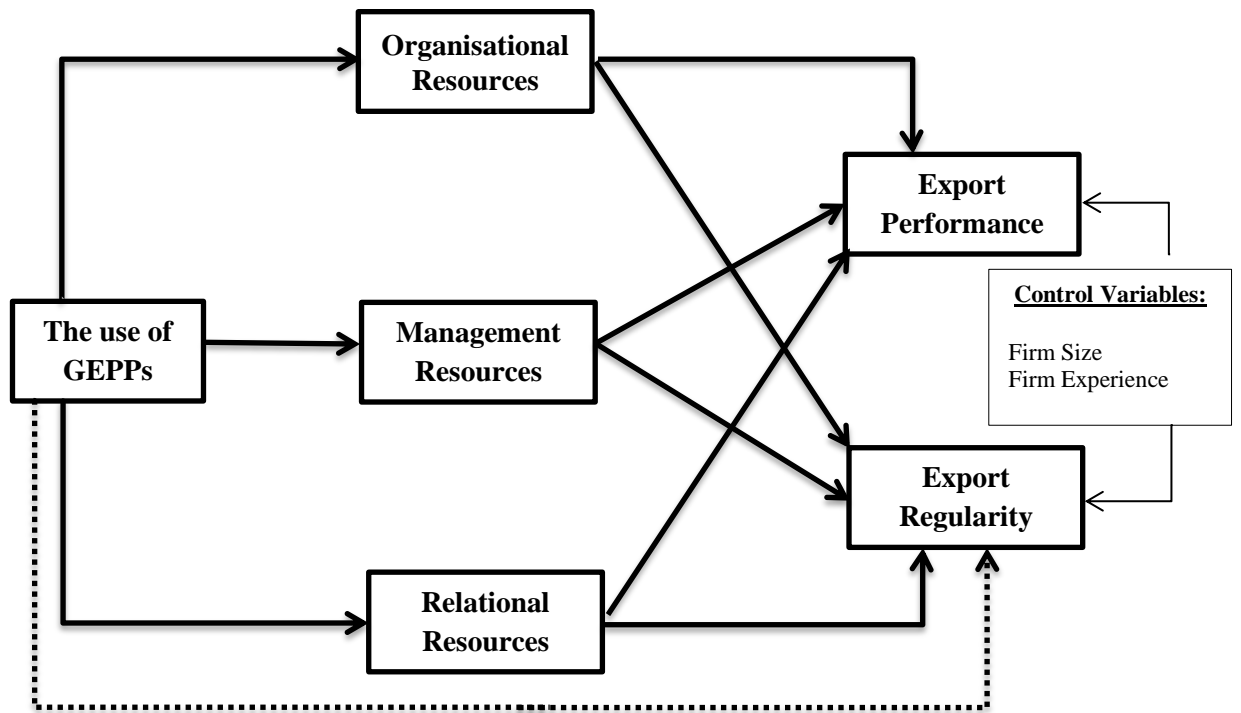
**Figure 6.5: Theoretical Models**

*Non-Exporters' Model*



.....> Indirect Link

*Exporters' Model*



.....> Indirect link

The following discusses the items selected to measure the aforementioned variables.

### 6.14.1 The Independent Variable

As highlighted and justified above and from Figure 6.5, the use of GEPPs is the independent variable. The measurement of this variable was set by combining a set of items used in previous studies in order to cover all types of non-financial export promotion programmes (Gencturk and Kotabe, 2001; Ahmed et al., 2002; Brouthers and Wilkinson, 2006; Leonidou et al., 2011). Afterwards, these items were checked against the services and programmes offered by the BCC and the United Kingdom Trade and Investment (UKTI) for the UK and ALGEX and the Algerian Chamber of Commerce for Algeria to ensure their suitability. To allow for comparison, the same items were used across the two countries.

The respondents were asked to identify their utilisation level of the GEPPs in the last three years on a five-point Likert type scale ranging from “not at all” to “very frequently” (See Table 6.3). It is believed that the proposed combination of items covers most of the export assistance programmes offered by governments in most countries. As for the time horizon, because of the long term nature of the GEPPs impact highlighted in the literature (Spence, 2003), the “last three years” was selected. Such a time horizon was previously employed in studies on export promotion programmes (Spence, 2003; Leonidou et al., 2011). According to Leonidou et al., (2011), three-year time span is sufficient to see the effects of GEPPs.

**Table 6.3: Items for “The Use of GEPPs” Variable**

Items	Sources
How-to-export information, workshops and seminars	Gencturk and Kotabe (2001); Ahmed et al. (2002); Wilkinson and Brouthers (2006); Leonidou et al. (2011).
Individual export counselling or staff assistance	
Trade shows sponsored by the government	
Trade missions sponsored by the government	
Programmes which identify foreign agents and distributors	
Support by trade offices abroad	
Training programmes specialised in exporting	
Foreign Language support	

### **6.14.2 The Dependant Variables**

As highlighted above and from figure 6.3, it can be seen that changes in export initiation and performances are caused indirectly by the use of GEPPs and directly by the firms' resources; hence, export initiation, export performance and regularity are the three dependant variables (Saunders et al., 2012).

Reviewing the literature has revealed that export initiation is generally measured through the export propensity measure (Obben and Magagula, 2003; Densil, 2011; Serra et al., 2012). The premise behind this instrument is that factors which are significantly higher in exporters than in non-exporters would constitute indicators of the elements needed to motivate non-exporters to begin exporting (Atuahene-Gima, 1995). Nonetheless, Calof (1994) has pointed out the importance of export attitudes in explaining the propensity to export. It is argued that the pre-export activities leading to the export initiation are generally related to the export intention (Wiedersheim-Paul et al., 1978). Jaffe and Pasternak (1994), Yang et al. (1994) and Morgan and Katsikeas (1997) acknowledged a limited empirical interest devoted to the concept of intention in the investigation of firms' export behaviour.

The premise behind using export intention is that firms exhibiting a strong export intention are the ones most likely to develop a successful export initiation and development strategies (Yang et al., 1992; Jaffe and Pasternak, 1994; Morgan and Katsikeas, 1997; Suarez-Ortega and Alamo-Vera, 2005). The concept of behavioural intention constitutes the central factor of the theory of planned behaviour developed by Ajzen. The general rule advances that the greater is the intention to engage in behaviour, the higher should be its performance (Ajzen, 1991). As a result, this study uses the export intention to illustrate export initiation. Furthermore, investigating the factors enhancing the firms' decision to export would also benefit the firms' performance in

general; the decision to export can increase firms' performances prior to entering foreign markets through the effect known as "conscious self-selection" (Hallward-Driemeier et al., 2002; Alvarez and López, 2005).

The export intention construct employed three items looking at (1) the firms' interest in exporting, (2) the firms' plans to initiate export sales and (3) the firms' plans to allocate additional resources to exporting (See Table 6.4). This scale was based on Yang et al.'s (1992) conceptualisation, whereby the authors posited that when a firm intend to export it would make plans to start selling abroad and allocate necessary resources.

**Table 6.4: Items for Export Intention**

<b>Items</b>	<b>Sources</b>
Our firm has an interest in exporting products	Yang et al. (1992)
Our firm plans to initiate export sales	
Our firm plans to allocate the necessary resources for exporting	

Turning to the second and third dependant variables that are "export performance" and "export regularity", following the discussion presented in the third chapter (section 3.3.1) of the literature review regarding the trends and issues in measuring the firms' export performance, the present study employed a hybrid approach to measure the export performance. In this respect, Katsikeas et al. (2000) acknowledged that the use of numerous measures allows the researcher to capture different facets of the firms' export performance.

The study used the "EXPERF" composite measure developed by Zou et al. (1998). This indicator combines three performance dimensions namely, financial, strategic and satisfaction. Investigating the empirical literature has revealed that such a measure has been used in several past studies to assess the SMEs' export performance (Ural, 2009; Miocevic and Karanovic, 2011). Particularly relevant for the present study, this measure was developed and tested in two different countries (US and Japan), which suggests its

cross-national consistency and thus its applicability in a two-country study such as the present one (Zou et al., 1998). Miocevic and Karanovic (2011) posited that the EXPERF measure has been successfully tested in a cross-cultural context in terms of validity and reliability estimates. Moreover, because the EXPERF is a perception measure, it avoids the typical reticence of respondents to provide financial information (Wilkinson and Brouthers, 2006). A five-point Likert scales ranging from “Strongly disagree” to “Strongly agree” is used to measure this variable. Table 6.4 presents the EXPERF’s items.

In addition, as previously discussed (See Section 4.3), the study included a measure for the export regularity. To operationalise this latter, a combination of three items is used to cover both the frequency and the duration. The respondents are first asked about their firm’s exports frequency and regularity on a five-point Likert scales (Gertner et al., 2008), and second to identify the percentage of time in which their company had exported since beginning its export activity using a Likert scale ranging from 0 to 100% (Da Rocha et al., 1990) (See Table 6.5).

**Table 6.5: Items for the EXPERF Measure and Export Regularity**

<b>Items</b>	<b>Sources</b>
<b>Financial export performance</b>	Zou et al. (1998); Silverman et al. (2004) ; Ibeh and Wheeler, (2005); Ural (2009) ; Miocevic and Karanovic (2011).
This export venture was very profitable	
This export venture has generated a high volume of sales	
This export venture achieved rapid growth	
<b>Strategic export performance</b>	
This export venture has improved our export competitiveness	
This export venture has strengthened our strategic position in the market	
This export venture has significantly increased our market share	
<b>Satisfaction with export venture</b>	
The performance of this export venture has been very satisfactory	
This export venture has been very successful	
This export venture has met our expectations in all respects.	
<b>Export regularity</b>	Gertner et al.

How often does your firm export	(2008)
My firm export frequently	Da Rocha et al.
The percentage of time which my firm had exported since the beginning	(1990).

### 6.14.3 The Mediating Variables

This research explores the indirect impact of the use of GEPPs on the export initiation, performance and regularity. Based on the extended RBV theory, the present research looks at the mediating roles of the organisational, management and relational resources. Hence, these resource constructs constitute the mediating variables.

#### *a) Organisational resources*

The literature indicated that organisational resources can significantly determine the export initiation, performances and regularity. In this study, the following resources are related to the firm's technology, innovation and marketing capabilities.

Several studies investigating the role of technological factor in firms' export behaviour used dichotomous measures such as the R&D expenditures or intensity (R&D spending as proportion of total sales) (McConnel, 1979; Kumar and Siddhartan, 1994; Dhanaraj and Beamish, 2003; Yang et al., 2004; Rodriguez and Rodriguez, 2005). However, due to the use of the SEM during the statistical analysis, this study was required to use multiple items. As for the innovation dimension, studies relied on the extent to which firms are adopting both process and product innovations assessed on a similar scale (Knight, 2001; Pla-Barber and Alegre, 2007; Leonidou et al., 2011). The proposed items are developed from Leonidou et al.'s (2001) study; these are measured on a five-point Likert scale ranging from "strongly disagree" to "strongly agree" (See Table 6.6).

**Table 6.6: Items for Technology and Innovation Measurements**

<b>Items</b>	<b>Sources</b>
<b>Innovation</b>	Leonidou et al. (2011).
My firm is always adopting new methods and ideas in the production process	
My firm is always developing new/innovative products for foreign markets	
My firm is always adopting innovative export marketing techniques and methods	
My firm is always sensing trends and competitors' movements in overseas markets	
<b>Technology</b>	
My firm possesses modern production technology and equipment for exporting	
My firm possesses unique/patented products for foreign markets	
My firm possesses proprietary technical knowledge for exports	
My firm spends considerable amount of money on R&D for exports	

With respect to the marketing capabilities, the literature has revealed that authors used different dimensions to illustrate these capabilities. However, the dimensions that were commonly used included planning, pricing, information gathering, new product development, and advertising. With regard to the new product development, this has already been covered under the organisational resources. As for the remaining dimensions Table 6.7 illustrates the items used to develop the marketing capabilities construct.

As can be seen, all the items used have been employed in previous studies, the respondents were asked to rate their firm's export marketing capabilities compared to their major competitors (in export markets) and with relation to the proposed areas above. The items were measured on a five-point Likert scale ranging from "much worse than competitors" to "much better than competitors" (Morgan et al., 2012). As for the export planning dimension, this variable was developed by Lukas et al. (2007). According to the authors, planning orientation captures the weight that firms place on

the development of planning activities with relation to export markets (for exporters). In particular, it assesses the extent to which firms rely on formal methods to strategically plan their export activities and the extent to which these plans have been followed in the organisation. The scale items used for planning orientation was a five-point rating scale ranging from “strongly disagree” to “strongly agree”.

**Table 6.7: Items for Marketing Capabilities**

<b>Items</b>	<b>Sources</b>
<b>Informational capabilities</b>	
Capturing important market information	Kaleka (2002); Morgan et al. (2006); Leonidou et al. (2011).
Identification of prospective customers	
Acquiring export market related information	
Making contacts in the export market	
Monitoring competitive products in the export market	
<b>Pricing capabilities</b>	
Doing an effective job of pricing the export venture products	Zou et al. (2003); Vorhies and Morgan (2005); Morgan et al. (2009); Morgan et al. (2012).
Using our pricing skills to respond quickly to any customer need changes	
Communicating pricing structure and levels to customers	
Being creative in “bundling” pricing deals	
<b>Marketing communication capabilities</b>	
Developing effective export advertising and promotion programmes	Zou et al. (2003); Morgan et al. (2012)
Advertising and promotion creativity	
Skilfully using marketing communications	
Effectively managing marketing communications programmes overseas	
<b>Planning orientation</b>	
My firm used a formalised method of export planning	Lukas et al. (2007).
My firm used a structured export planning process	
Our plan was widely disseminated throughout the organisation.	
We constantly referred to our export plan to direct our export activities	



**b) Management resources**

Based on the review of export literature undertaken in this study, the resources related to the Owner/Manager found to be crucial for the SMEs' export initiation, performance and regularity were: education and skills, international orientation, entrepreneurial orientation, export commitment and attitudes and perceptions toward exporting.

GEPPs are likely to affect the management's skills and expertise in exporting. Leonidou et al. (2011) stated that government export assistance provides a range of training seminars on export related themes. In this respect, the study assesses the "skills related to export activities". These skills are generally related to foreign markets characteristics and practises, export procedures and transportation practices. Table 6.8 presents the items used for this purpose. The items for exporting skills were developed on the basis of studies conducted by Kaleka (2002), Morgan et al. (2006) and Leonidou et al. (2011). The scale was a five-point Likert ranging from "strongly disagree" to "strongly agree". It is important to note that for all questions related to the management resources, the respondents (from the exporters sample) are asked to only consider the people involved in their export activities.

**Table 6.8: Items for the Skills Related to Export Activities Variable**

<b>Items</b>	<b>Sources</b>
The management in my firm has an extensive knowledge about foreign market demand	Kaleka (2002), Morgan et al. (2006) and Leonidou et al. (2011)
The management in my firm has an extensive knowledge about foreign business practices	Kaleka (2002), Morgan et al. (2006) and Leonidou et al. (2011)
The management in my firm has an extensive knowledge about export regulations and paperwork	Kaleka (2002), Morgan et al. (2006) and Leonidou et al. (2011)
The management in my firm has an extensive knowledge of overseas shipping and transportation practises	Gencturk and Kotabe (2001)

Turning to the managers' international orientation, and as previously mentioned, different interpretations have been given to this variable (Reid, 1981; Ibeh, 2003). In this study, international orientation included the management's foreign travels, ability to speak foreign languages and international experience (Gencturk and Kotabe, 2001). Table 6.9 illustrates the items used to measure this variable.

**Table 6.9: Items for the Management International Orientation**

<b>Items</b>	<b>Sources</b>
The management in my firm has proficiency in foreign languages	Obben and Magagula (2003)
The management in my firm has an extensive professional exporting experience	Gencturk and Kotabe (2001)
The management in my firm has an extensive overseas experience- (lived/worked abroad)	Gencturk and Kotabe (2001)
The management in my firm frequently travelled abroad for business purpose in the last three years	Joynt (1982)

The proposed items were previously used in Joynt's (1982), Calof (1994), and Obben and Magagula's (2003) studies measured on a five-point Likert scale ranging from "strongly disagree" to "strongly agree".

As for the entrepreneurial orientation, although extensively adopted in previous studies, this construct has not been consistently measured (Covin and Wales, 2012). However, it was reported that the most used measurement items were Miller's et al. (1989). Nonetheless, this study relied on a set of measurements developed by Ibeh and Young (2001). Their study was undertaken in Nigeria and has provided significant results. It is believed that these items would be relevant to this study as they have been tested in a developing context and on exporting SMEs. The items measure the management's export-related innovativeness, proactiveness and risk taking (Ibeh and Young, 2001). The managers were asked to rate their firms on a five-point scale ranging from "strongly disagree" to "strongly agree". It is important to highlight that two items related to fairs

and shows' participation have been removed to avoid interference and collinearity issues with the independent variable. Table 6.10 illustrates the proposed items.

**Table 6.10: Items to Measure Entrepreneurial Orientation**

<b>Items</b>	<b>Sources</b>
<b>Innovativeness</b>	Miller et al. (1989); Yeoh and Jeong (1995);
We are always working on new product ideas for exporting	
We are always considering new export markets to enter	Robertson and Chetty (2000);
<b>Proactiveness</b>	
We are actively seeking export market information	Lumpkin and Dess (2001);
We have given serious consideration to exporting	
We should wait until we have satisfied domestic demand	Ibeh and Young (2001);
<b>Risk taking</b>	
Export market is too risky, too problematic to venture into	Hughes and Morgan (2007); Javalgi and Todd (2011).
Exporting risks are of less concern to us than the opportunities	
We can accept short term export losses so as to build market share	

The manager's export commitment was found to be an enhancing factor of the SMEs' export performances (Lukas et al., 2007; Sousa et al., 2008; Papadopoulos and Martin, 2010; Stoian et al., 2011). Management commitment refers to interest and appropriate resource allocation to export activities (Leonidou et al. 1998). In this respect, the items used to assess the management commitment toward exporting were developed by Lages and Montgomery (2004). Although the authors used the concept firm's commitment instead of management commitment, the items have been adapted to the study's purpose. In the reviewed studies, commitment was more related to the manager than to the firm as a whole. As an example, Naidu and Prasad (1994) argued that management export commitment is positively associated to export regularity. Additionally, because the Lages and Montgomery's items were more focused on the resources allocation aspect of commitment, items developed by Cadogan et al. (2006) and treating the export interest aspect were added. All the items were measured on a five-point Likert scale ranging from "strongly disagree" to "strongly agree". Table 6.11 presents the items used.

**Table 6.11: Items for Management Export Commitment**

<b>Items</b>	<b>Sources</b>
There was a substantial planning for this export venture	Lages and Montgomery (2004); Cadogan et al. (2006)
There was a significant amount of HR involved in the exporting activity	
There was a significant degree off management commitment to exporting	
There were more financial resources for exporting than those used for the domestic market	

The review of literature has also revealed that perceptions and attitudes toward exporting affect both the export initiation and export performance of the firm (See Sections 3.2, 3.3). In this study, the respondents were asked about their level of perceptions regarding export sales compared with the domestic ones. This was measured on a five-point Likert scale ranging from “strongly disagree” to “strongly agree”. The items presented in Table 6.12 are the ones employed in this study.

**Table 6.12: Items for Perceptions toward Exporting**

<b>Items</b>	<b>Sources</b>
Exports are more profitable than local revenue	Cavusgil and Naor (1987); Koh (1991); Axinn et al. (1995); Calof (1994); Calof and Vivier (1995)
Exports are only profitable in the long run	
Exports can contribute to the profit objectives of the firm	
Exports can make a contribution to attainment of growth objectives	

***c) Relational Resources***

Cooperation and collaboration with local firms and importers have been found to be relevant for both export initiation and performance (Nassimbeni, 2001; Roper and Love, 2002; Yee, 2004; Lages et al., 2005; Freeman et al., 2012). Moreover, it was also suggested that governments can play an important role in promoting stronger cooperation between SMEs and other firms and organisations (Zeng et al., 2010). In this regard, a measure developed by Lages et al. (2005) is used to measure the degree of relationship quality between the exporting firm and the importer. The authors explained

that the rationale behind measuring the relationship quality is that long-term and high quality relationships will probably evolve in cooperation and collaboration and this would be particularly relevant in export markets. This was confirmed by Pinho and de Sa (2013) through an empirical study where the relationship quality led to commitment and cooperation. Lages et al. (2005) argued that relationship quality involves the amount of information sharing, communication quality, long-term orientation and satisfaction with such relationship between the exporting firm and the importer. This measurement construct has been used by several international business studies from which Ural (2009) who tested it successfully in a developing context that is Turkey. Therefore, it was believed that these measurements are suitable for the present study (See Table 6.13).

**Table 6.13: Items for Relational Resources**

<b>Items</b>	<b>Sources</b>
<b>Amount of information sharing</b>	Lages et al. (2005); Lages and Montgomery, (2005); Ural (2009); Payan et al. (2010).
Our main importers frequently discussed strategic issue with us	
Our main importers openly shared confidential information with us	
Our main importers rarely talked with us about its business strategy (R)	
<b>Communication quality of the relationship</b>	
My firm has continuous interaction with the main importers during implementation of the strategy	
The strategy's objectives and goals are communicated clearly between my firm and our main importers	
Team members from both sides openly communicated while implementing the strategy	
There was extensive formal and informal communication during implementation	
<b>Long-term relationship orientation Satisfaction with export venture</b>	
We believe that over the long run, our relationship with the main importers will be profitable	
Maintaining a long-term relationship with the main importers is important	
We focus on long-term goals in this relationship	
We are willing to make sacrifices to help our main importers from time to time	
<b>Satisfaction with the relationship</b>	
Our association with our main importers has been a highly successful	
Our main importers leaves a lot to be desired from an overall performance standpoint (R)	
Overall, the results of our relationship with the importers were far short of expectations (R)	

As for cooperation with local firms, the same construct was adopted yet modified accordingly. All items used for the aforementioned constructs were measured on a five-point Likert scales ranging from “strongly disagree” to “strongly agree”.

#### **6.14.4 Control Variables**

As mentioned in Sections 3.2 and 3.3, firms’ size and experience were also found as predictors to export behaviour. However, because these are not resources per se but rather gauge of resources, they are used as control variables. The firms’ experience was measured through the number of years the company was in operation while the firms’ size was measured using the number of employees.

#### **6.15 Using PLS-SEM**

This study employs non-linear regression-based Partial Least Squares Structural Equation Modelling (PLS-SEM) utilising WarpPLS 4.0 (Kock, 2013) software. The PLS-SEM technique has become increasingly popular in the international marketing discipline (Henseler et al., 2009). Particularly in studies investigating cause-effects interactions between constructs and variables (Hult et al., 2009; Hair et al., 2011), It is regarded as a suitable technique for both theory building and testing (Hair et al., 2011). Moreover, SEM is seen as rigorous in that it considers measurement errors, as it distinguishes between measurement and structural models. While the former focuses on the relationship between the latent constructs and their indicators (Henseler et al., 2009), the latter is about the latent variables’ links with each other (Jarvis et al., 2003). In this respect, Gefen et al. (2006: 6) acknowledged that “SEM has become the rigneur in validating instruments and testing linkages between constructs”. Two groups of SEMs exist (1) covariance-based techniques illustrated through LISREL, and variance-based

techniques represented mainly through partial least squares (PLS) (Henseler et al., 2009).

PLS is a statistical approach for estimating models with complex multivariable relationships including both observed and latent variables. Recently, this technique has been increasingly popular in several disciplines across Business Studies. PLS-SEM allows for estimation of a causal theoretical set of relationships linking latent and sometimes complex concepts often measured by observable indicators (Vinzi et al., 2010). PLS is being currently used in Strategic Management, Information Systems, E-Business, Organizational Behaviour, Marketing, Consumer Behaviour and International Marketing. Especially in international marketing, it is reported that more than 30 articles (as of 2008) using PLS were published in peer reviewed journals (Henseler et al., 2009).

It is acknowledged that PLS is most appropriate when (1) sample sizes are relatively small, (2) data are not normally distributed and (3) the research focuses on dependent variable's predictors (Birkinshaw et al., 1995). In fact, in terms of sample size, several scholars seem to agree that unlike covariance based techniques, PLS has the ability to provide robust results and achieve higher statistical power when assessing research models with relatively small samples (Lee, 2001; Julien and Ramangalahy, 2003; Nijssen and Douglas, 2008; Henseler et al., 2009; Hair et al., 2014). Reinartz et al. (2009) proved that PLS achieves higher statistical power in comparison with the covariance based technique when the sample size equals 100 observations. Higher statistical power implies that the PLS is more likely to detect the significance of a specific relationship when the latter is indeed significant in the population (Hair et al., 2014). Tenenhaus et al. (2005: 202) went further and asserted that “there can be more variables than observations”.

As for the non-normality requirement, It is well acknowledged that the PLS does not require normally distributed data (Julien and Ramangalahy, 2003; Reinartz et al., 2009; Hair et al., 2012; Schmiedel et al., 2014). In fact, PLS can still provide correct estimations when distributions are highly skewed (Hair et al., 2012). In this respect, Peng and Lai (2012) suggested that when the data distribution assumptions are violated, the researcher should consider using PLS-SEM. Turning to the research focus criteria, Hair et al. (2014) explained that using PLS is particularly useful when the objective of the research is to explain a target construct. Similarly, Henseler et al. (2009) stated that PLS is particularly useful when the aim of the research is of an explanatory nature. Hair et al. (2011: 139) explained that “PLS-SEM is a causal modelling approach aimed at maximizing the explained variance of the dependent latent constructs”. The author added that in business research, concept and theory tests are among the main motivations for using SEM. In addition, it is also widely agreed that PLS has the ability to estimate models with both reflective and formative indicators simultaneously (Lee et al., 2006; Henseler et al., 2009; Peng and Lai, 2012) and that model complexity (high number of constructs and indicators) does not affect the robustness of results (Henseler et al., 2009; Peng and Lai, 2012; Hair et al., 2014).

The present research attempts to explain the variances in firms’ export intention, performance and regularity with regards to the use of export promotion programmes and firms’ resources. Moreover, given the nature of the targeted population (SMEs’ senior managers), the sample included in this investigation was relatively small and the data non-normally distributed. Equally, given the nature of the issue investigated (export behaviour) the study involves a large number of constructs including both reflective and formative variables. For all these reasons and based on the discussion above, it appears that the use of PLS-SEM to estimate the proposed conceptual model is the most appropriate statistical technique to use.



Several SEM-PLS software programmes exist, from which SmartPLS, PLS Graph and WarpPLS. In this study, the researcher used the WarpPLS 4.0. It is a MATLAB based programme which conducts non-linear regression (Brewster, 2011; Kock, 2011). Unlike the Smart and Graph PLS programmes which only run linear regressions, the WarpPLS perform a warping at the path coefficient level using a distinctive robust path analysis technique. In a study comparing linear and non-linear regression programmes, Brewster (2011) acknowledged that non-linear programmes more effectively captures the reality when studying management and business issues. The author explained that very few management phenomena exist in a straight line cause and effect correlation. Hence, using a non-linear regression is more likely to spot relationships that could not be identified applying a linear regression.

### **6.16 Piloting the Survey**

Zikmund et al., (2012) defined the pilot study as a small-scale research that gathers data from a smaller number of respondents with the same characteristics of those that will be investigated in the full study. Such testing is useful to ensure the clarity of the questions and to refine the research instruments (Oppenheim, 2000; Kalof et al., 2008). Testing the questionnaire is useful to establish the validity of the instruments used to measure the variables, testing the validity ensures that the questionnaire can be administered without variability to the experimental group (Creswell, 2009). It was stated that the pilot survey can be seen as a rehearsal of the main questionnaire (Kothari, 2004).

#### **6.16.1 Content Validity**

The first step in pre-testing the questionnaire was to evaluate its content. Initially, the first draft of the questionnaire was checked by eight doctorate research students in Business Management, four academics (including my supervisors) and two expert

managers. This was necessary to ensure that (1) the questions were clear and with no grammatical and spelling mistakes, (2) the questions had the meaning they intended to have, (3) the covering letter was explicit, brief and accurate and (4) the questionnaire was not exhaustive. After a week time, all the comments were received; these were mainly pointing the following issues:

- The questionnaire was found to be lengthy and exhaustive.
- Some questions needed more precisions and some items were thought to be repetitive.
- The covering letter was found to be too long and containing redundant information.

In reaction, the researcher removed several constructs believed to not be directly related to the main research questions such as the use of internet in export activities, the firms' relationships with banks, trust in relationships and cooperation (the last two were removed as the relationship quality construct covers them). In addition, with respect to the question on the marketing capabilities, the commenters (the export managers) questioned the fact that it was not clear whether the scale (better and worse than competitors) referred to the national or international competition and for the questions on local collaboration whether the researcher meant collaboration with the competition or with the supplier. Therefore, these two questions were accordingly adjusted. Last, the covering letter was also reduced and made more accurate.

After addressing all these comments, a revised version of the questionnaire was sent to be completed by a small number of respondents selected among the population. Previous studies in the export promotion literature have pre-tested their questionnaires with export managers. The pre-tests were conducted with a number of managers ranging from 10 to 25. For instance, Freixanet (2012) pretested his questionnaire with 12 SMEs'

managers, Sousa and Bradley (2009) with 15 managers, Francis and Collins-Dodd (2004) with 25 managers, Gencturk and Kotabe (2001) with 20 managers and Leonidou et al. (2011) with 10 managers. Hence, in light of these previous studies, the questionnaire was pretested with 15 participants from each country.

### **6.16.2 Construct Validity and Reliability**

Bryman (2012: 169) defined the reliability as the “consistency of a measure of a concept”, it involves the stability of the measure over time (external reliability) and its internal consistency with other measures in the same questionnaire (internal reliability). Turning to the validity, it addresses the issue of whether the measure accurately reflects the concept that it is claimed to measure (Cooper and Schindler, 2003; Collis and Hussey, 2009). There are a number of statistical techniques which allow the researcher to test both the reliability and validity of the measures used in the study; these will be applied in detail during the measurement model assessment conducted in the analysis chapter. However, at this stage of the research process, the author ensured the validity of the measures and constructs by relying on instruments that have already been used in a same context and published in highly ranked journals. In this respect, Bryman (2003: 53) points that “the increasing use of measures with relatively well-known validity and reliability is a step in the right direction”. Hence, almost all the indicators of the study have been used and tested in past studies published in the *Journal of International Business Studies*, *International Business Review*, *The European Journal of Marketing* and *The Journal of Marketing* among others. Table 6.14 presents the resources used to collect the relevant measurements for this study and their grade based on the *Academic Journal Quality Guide* published by the Association of Business Schools (ABS, 2015). The following identifies the instruments used for each variable.

**Table 6.14: The Sources Used in This Study**

Source	Journal	Grade
Dar Rocha et al. (1993)	International Marketing Review	3
Yang et al. (1994)	Small Business Economics	3
Calof and Viviers (1995)	Journal of Small Business Management	3
Zou et al. (1998)	International Marketing Review	3
Gencturk and Kotabe (2001)	Journal of International Marketing	3
Ibeh and Young (2001)	European Journal of Marketing	3
Ahmed et al. (2002)	Journal of Business Research	3
Kaleka (2002)	Industrial Marketing Management	3
Obben and Magagula (2003)	International Small Business Journal	3
Lages and Montgomery (2004)	European Journal of Marketing	3
Lages et al. (2005)	European Journal of Marketing	3
Morgan et al. (2006)	Industrial Marketing Management	3
Wilkinson and Brouthers (2006)	International Business Review	3
Lukas et al. (2007)	Journal of Business Research	3
Gertner et al. (2007)	Journal of Global Marketing	1*
Ural (2009)	European Journal of Marketing,	3
Leonidou et al. (2011)	Journal of International Marketing	3
Morgan et al. (2012)	Journal of the Academy of Marketing Science	4

\*N.R: extensively cited article

Turning to the construct reliability, at the pilot study stage, the researcher can check whether the items for a specific construct are all measuring the same attribute (the extent of their correlation with each other). The most commonly used measure to assess the reliability is the Cronbach's alpha coefficient. Its values vary on a scale from 0 to 1, with higher values indicating an enhanced reliability. It is acknowledged that 0.7 represents a satisfactory reliability (Pallant, 2007). Field (2009) also confirmed that Cronbach's alpha is the most important coefficient to check the constructs' reliability and reported the same threshold. Moreover, both authors have added that if the Cronbach's alpha is less than 0.7 then the Corrected Item-Total Correlation values shown in the Item-Total Statistics should also be checked and would ideally be more than 0.3. The following tables show each variable used in the study with its Cronbach's

alpha and its Corrected Item-Total Correlation values for the two groups in the two countries.

**Table 6.15: Cronbach's Alpha for the Exporters' and Non-Exporters' Data**

Exporters in the UK and Algeria			
Constructs	Number of Items	Cronbach's alpha	
		UK	Algeria
GEPP_USE	8	.904	.869
INNO	4	.798	.612
TECH	5	.781	.692
PLANN	4	.916	.906
KNOW	4	.731	.798
INT_OR	4	.658	.770
ENT_OR*	8	.880	.642
EX_COMM	4	.848	.627
EX_PERC	4	.452	.666
RQLB	14	.925	.942
RQI	14	.944	.952
INF_CAP	5	.877	.924
PRI_CAP	4	.727	.884
ADV_CAP	4	.914	.957
EXPERF	9	.947	.967
EX_REG	3	.890	.851
Non-Exporters and in the UK and Algeria			
Constructs	Number of Items	Cronbach's alpha	
		UK	Algeria
GEPP_USE	8	.869	.700
INNO	4	.820	.791
TECH	5	.807	.856
PLANN	4	.902	.932
KNOW	4	.910	.903
INT_OR	4	.845	.684
ENT_OR	8	.852	.790
EX_PERC	4	.762	.694
RQLB	14	.932	.896
INF_CAP	5	.830	.957
PRI_CAP	4	.877	.937
ADV_CAP	4	.882	.956
EXP_INT	6	.927	.947

As it could be seen in Table 6.15, results from the construct reliability test for the study's variables illustrate that overall (with few exceptions) there is sufficient correlation among the items measuring each construct. In the UK, EX\_PERC shows a Cronbach's alpha value below 0.70 in the exporters group only, however because all remaining results showed satisfactory values, it was deemed prudent to keep all items in the data collection as the pilot study sample is not large enough to decide on construct measurements. In Algeria, several constructs had a Cronbach's Alpha between .6 and .7, because these were close to the threshold .7, all items under these latent variables were kept. Two exceptions were the ENT\_OR and EX\_PERC, where the ENT\_OR 5 and EX\_PERC 2 (in the exporters' sample) have been removed to improve the construct Cronbach's Alpha. With regard to the EX\_PERC, the Cronbach alpha if item 1 deleted is .741 and hence the researcher decided to watch this item in the final analysis and see if the problem still persists. Such positive results are not surprising given the fact that none of the items used in this study is self-developed and these were all pre-tested in articles published by renowned scholars and published in highly ranked journals.

### **6.17. Sample Size and Non-Response Rate**

In the UK, the data collection has started in November 2013 for online questionnaires, and January 2014 for the postal questionnaires. A combination of email and postal surveys were used to administer the questionnaire. Turning to Algeria, the online data collection started in November 2013, yet the face to face administration (through trade fairs) started late December 2013. The collection in Algeria took longer than in the UK as the researcher was dependent on the dates when trade fairs took place (See Section 6.9). Table 6.16 summarises the number of questionnaires received from both countries.

**Table 6.16: Survey Administration Figures**Online Survey

	<b>Sent Emails</b>	<b>Failed/Bounced Emails</b>	<b>Delivered Emails</b>	<b>Returns</b>	<b>Response Rate (%)</b>
<b>UK</b>	500	30	470	67 (63 Usable)	13.40
<b>Algeria</b>	1000	Approx. 180	820	78 (74 Usable)	9.50

Postal Survey + In Person Administration (IPA) during events

	<b>Sent Mails</b>	<b>Undelivered Mails</b>	<b>Delivered Emails</b>	<b>Returns</b>	<b>Response Rate (%)</b>
<b>UK</b>	1055 (55 IPA)	33	1022	204 (200 Usable)	19.9
<b>Algeria</b>	Approx. 500 (all IPA)	/	500	158	31.6

Overall

	<b>Sent Questionnaires</b>	<b>Delivered Questionnaires</b>	<b>Returns</b>	<b>Response Rate (%)</b>
<b>UK</b>	1555	1492	271 (263 Useable)	18.16
<b>Algeria</b>	1500 Approx.	1320	236 (232 Usable)	17.87

In the UK, the response ratio of this investigation was 271 (263 usable from which 160 were exporters and 103 non-exporters) out of 1492 delivered, which records a response rate of 18.16%. It is important to recognise that despite the fact that the suitability of the questionnaire for both exporters and non-exporters was clearly indicated in the covering letter and inside the questionnaire itself, exporters tended to respond to the questionnaire more than non-exporters. In fact, three firms have replied to the researcher stating that because they were non-exporters they believed that they would not fit into the study's scope. It is thought that such misunderstanding was due to the misleading title of the research which was "Export Promotion". Hence, it would be recommended for future research to pay more attention to the appropriateness of the title.

In Algeria, the response ratio achieved was 236 (232 usable from which 97 were exporters and 135 non-exporters) out of 1320 delivered, which records a response rate of 17.87%. Contrarily to the UK, the number of non-exporters was higher than the number of exporters. This is normal as in the whole country; the number of exporting SMEs does not exceed 500, hence 97 exporters represent the fifth of the whole population which is considered to be highly representative. In addition, it is worth noting that postal and face to face administration had recorded a higher return rate than online administration (McDonald and Adams, 2003).

Although 18.16% and 17.87% response rate may be considered as relatively low, it is still within the 15-20% average return rates in studies involving top managers (Menon et al., 1999; Sousa et al., 2008). In addition, unlike other structural equation model tools, it is widely acknowledged that the PLS-SEM can produce robust results with relatively limited sample sizes (Henseler et al., 2009; Reinartz et al., 2009; Hair et al., 2014a). In their recent Monte Carlo Simulation, Reinartz et al. (2009) found that the PLS-SEM can provide acceptable levels of statistical power with 100 observations. The authors suggested that the researchers in PLS can easily compensate the low sample sizes' effect by increasing the number of indicators and using indicators with high loadings. Similarly, Chin (2010: 662) stated that "...to play it safe, one might recommend 100 or 200 (respondents) to improve accuracy..." A widely cited and applied rule of thumb for the minimum sample size required to run a robust PLS-SEM algorithm is that "the sample size be equal the larger of the following: (1) ten times the number of indicators of the scale with the largest number of formative indicators, or (2) tent times the largest number of structural paths directed at a particular construct in the inner path model" (Henseler et al., 2009: 292), a similar rule was argued by Hair et al. (2011; 2014a) and Peng and Lai (2012). Hair et al. (2014a) also stressed the fact that researchers should take into account the statistical power that the study can achieve when determining the



appropriateness of the sample size. In general, Hair et al. (2014b) acknowledged that the PLS-SEM achieves higher levels of statistical power than other statistical techniques. Despite the fact that Pallant (2007) acknowledged that when the sample size is greater than 100, the statistical power should not be an issue, Hair et al. (2014a) suggested the following table adapted from Cohen (1992) as guidance to determine the appropriate sample size to produce significant results (See Table 6.17).

**Table 6.17: Sample Size Recommendation in PLS-SEM**

<b>Statistical Power of 80%</b>				
<b>Maximum Number of Arrows pointing at a construct</b>	<b>5% Significance level</b>			
	<b>Minimum R square</b>			
	<b>0.10</b>	<b>0.25</b>	<b>0.50</b>	<b>0.75</b>
2	110	52	33	26
3	124	59	38	30
4	137	65	42	33
5	147	70	45	36
6	157	75	48	39
7	166	80	51	41
8	174	84	54	44
9	181	88	57	46
10	189	91	59	48

Source: Adapted from Hair et al. (2014a).

The sample sizes of this study were 271 and 236 (UK and Algeria respectively). The number of observations is above the minimum required when applying the above cited rule of thumb. In fact, when taking into account Cohen's statistical power rule, the maximum number of arrows pointing toward one construct is three (the present case), thus the minimum sample size required to achieve a statistical power of 80% with a significance level at 5% and detect an R square with at least 0.25, would be 59 observations. As for the abovementioned rule proposed by Henseler et al., (2009), Hair et al. (2011; 2014a) and Peng and Lai (2012), the larger of the above cited two options is the ten times the number of indicators of the construct with the largest number of formative indicators which is the variable Organisational Resources (ORG\_RES) with

six items, and hence the minimum sample size would be 60. Additionally, when considering the statistical power based on Table 6.16, the minimum sample size required to achieve a statistical power of 80% with a significance level at 0.05% and detect an R square with at least 0.25, the researcher would need 59 observations. Therefore, it can be concluded that the sample sizes for both countries are sufficient to run a robust PLS-SEM analysis.

### **6.18. Summary**

This chapter has presented the methodological steps followed in this study. These are illustrated in Figure 6.6. The following text summarises the sections discussed in the chapter. First, the chapter proposed the conceptual frameworks to be tested in this study. In this regard, and based on the previous chapters, two research models illustrating the role of GEPPs in enhancing the firms' export initiation, performance and regularity using the extended RBV were suggested. Broadly, the models attempt to explain how GEPPs affect the firms' export initiation, performance and regularity. The study uses data collected from one developed and one developing country (the UK and Algeria). The rationale for testing the hypotheses in two different contexts is to allow for possible comparison and identify possible differences that would arise between those two contexts and hence assess the applicability of the present models in various contexts.

Second, the chapter outlined the philosophical assumptions underpinning the present research. It has been stated that the study employed a post-positivist approach. In fact, the author examined the effect of GEPPs on firms' export behaviour. This impact was seen to be external to the researcher and thus can be observable and objectively measured through the operationalization of the intervening variables. However, it was also believed that this impact cannot be totally understood in a positive way as the

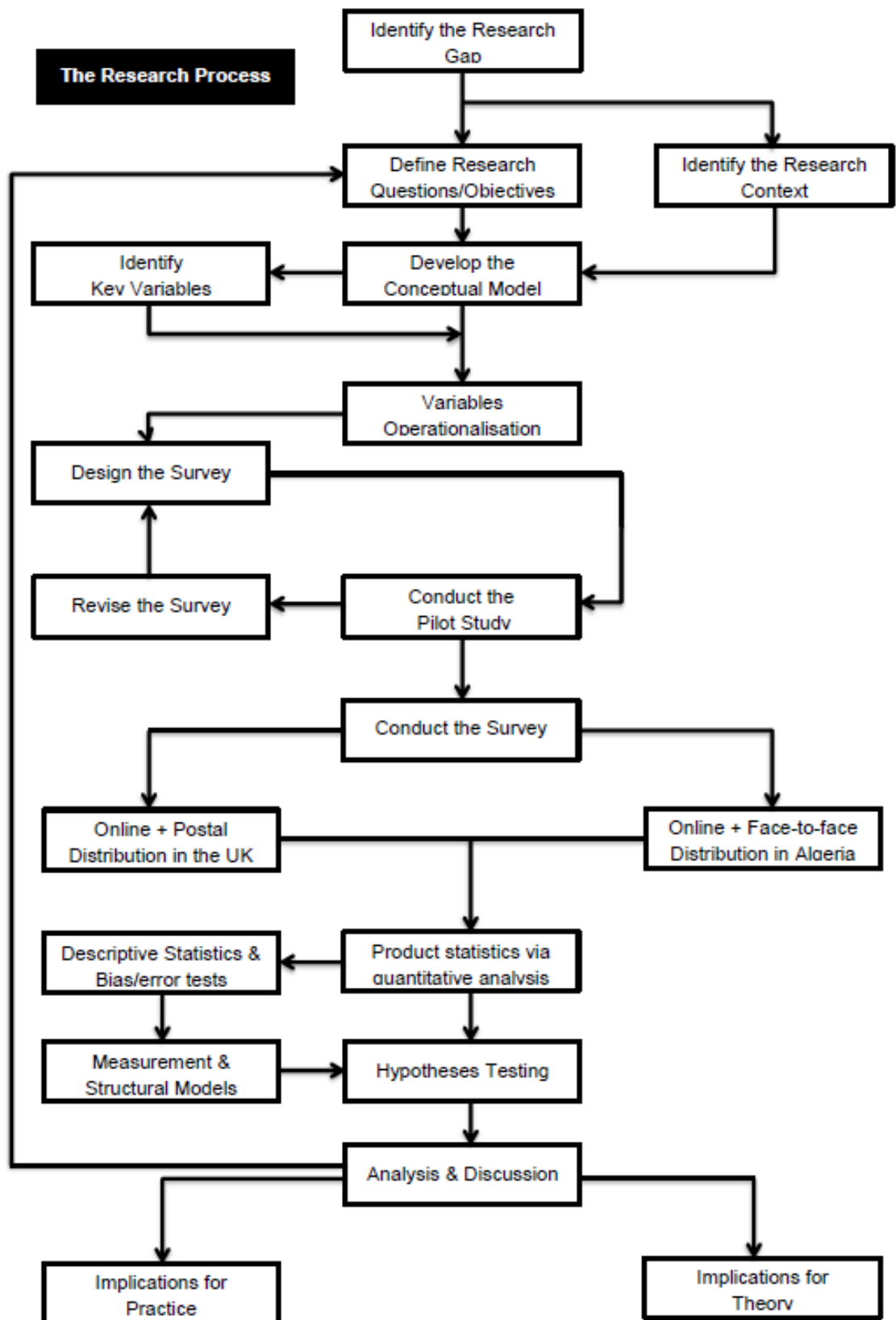
author also recognised the effect of the managers' perceptions, attitudes and views toward exporting.

Concerning the use of theory, the present research adopted an explanatory deductive approach. Using the extended version of the RBV theory, the study tests the effect of GEPPs in enhancing the firms' resources in order to be competitive in international markets. The rationale behind this approach was to bring to the export promotion literature some theoretical foundations. Ultimately, and on the basis of these philosophical perspectives, the study employed a survey methodology.

Third, the chapter presented the research methods and the variables' instruments used in this study. A positivistic survey comprising postal and online questionnaires was used to address the research questions set by the study. These would identify the interactions between the different variables of the study and hence explain the mechanism through which export promotion programmes work. The study was conducted in two selected countries; namely Algeria and UK and targeted a population sample of approximately 1500 exporting and non-exporting firms from each country. In the UK, the questionnaires were distributed using a combination of online and postal questionnaires, whereas in Algeria, the data capture was conducted through a combination of online and face-to-face methods. Lastly, with respect to the item measurements used, these were extracted from past studies published in highly ranked journals which enhance their validity and reliability.

The following two chapters present the results of the quantitative survey conducted for both countries. Since the two groups have different dependent variables and hence distinct models, non-exporters' and exporters' data are analysed separately. Chapter seven analyses the non-exporters' samples whereas chapter eight examines the exporters' sample.

Figure 6.6: The Research Process



## **CHAPTER SEVEN: ANALYSING UK AND ALGERIAN NON-EXPORTERS'**

### **DATA**

This chapter presents the results emerging from the quantitative analysis of the UK and Algerian non-exporters samples. First, the chapter begins with preliminary descriptive statistics of the samples, including respondents' profile, data distributions, missing values and outliers. Second, Using PLS-SEM (WarpPLS-SEM 4.0), both measurement and structural models are presented. While the measurement model reviews how well the variables involved in the study are measured, the structural model assesses the relationships between these variables. The measurement model is based on the assessment of the reliabilities and validities of the first and second order constructs, whereas the structural model examines the Path coefficients, P values, R squares and effect sizes in order to support or reject the relationship hypothesised in Chapter 4. Eventually, findings from the two countries are compared and a conclusion summarising the main results of the investigations is presented. The results obtained in this chapter are based on the data collected from manufacturing non-exporters in the two selected countries, namely: the UK and Algeria. The sample size of UK non-exporters was 103 and Algerian non-exporters was 135.

#### **7.1. Descriptive Statistics**

Prior to proceeding to the analysis itself, it is necessary to first undertake a descriptive analysis (descriptive statistics) of the data samples. According to Zikmund et al. (2010), a descriptive analysis allows the researcher to describe the basic characteristics of the investigated sample. In this sub-section, sample characteristics, non-response bias, data distributions, missing values and outliers are assessed.

### 7.1.1. Sample Characteristics'

This section reports the size, age, sector and ownership for each country. Table 7.1 presents these characteristics simultaneously to provide an overall insight while the following sub-sections reviews these separately in more details.

**Table 7.1: Descriptive Statistics for Non-Exporters**

	UK Non-exporters		Algerian Non-exporters	
	Number of Employees (Size)			
	Count	Percentage	Count	Percentage
<b>Less than 10</b>	24	23.3	30	22.2
<b>10 – 50</b>	20	19.4	56	41.5
<b>51 – 250</b>	33	32.0	32	23.7
<b>251 – 500</b>	26	25.2	17	12.6
<b>Over 500</b>	0	0.0	0	0.0
Firms' Age				
<b>Less than 2 Years</b>	11	10.7	15	11.1
<b>2 - 10 Years</b>	15	14.6	37	27.4
<b>11 - 25 Years</b>	21	20.4	57	42.2
<b>26 -50 Years</b>	25	24.3	21	15.6
<b>Over 50 Years</b>	31	30.1	5	3.7
Firms' Ownership				
<b>Sole Proprietorship</b>	42	40.8	43	31.9
<b>Family Ownership</b>	32	31.1	71	52.6
<b>Partnership</b>	29	28.2	13	9.6
GEPPs' Usage				
<b>Non-users</b>		74.8		39.3
<b>Users</b>		25.2		56.3

Overall, some differences can be noted in the samples' characteristics from both countries. While in Algeria the largest group of firms included small ones (with less than 50 employees), in the UK the largest included medium firms (with 50 to 250 employees). Similarly, Algerian firms were less experienced than their UK counterparts. As for the use of GEPPs, it seems that programmes in Algeria are more used than in the UK. In this respect, the following reviews these characteristics with further details.

*a) Firms' size*

Concerning the firm size, the latter was measured using the number of employees, all the firms had employees less than 500, a threshold followed by several previous export studies to separate SMEs from their large counterparts (Brooks and Rosson, 1982; Calof and Viviers, 1995; Morgan and Katsikeas, 1997b; Prefontaine and Bourgault, 2002; Moini, 1997; Wolff and Pett, 2000; Julian, 2003; Dhanaraj and Beamish, 2003; Wilkinson and Brouthers, 2006; Rutihinda, 2008). The following (Table 7.1a) shows the proportion of firms accordingly with their size.

**Table 7.1a: Firms' Size**

<b>UK Non-Exporters</b>		
Number of Employees	Count	Percent
Less than 10	24	23.3
10 – 50	20	19.4
51 – 250	33	32.0
251 – 500	26	25.2
Over 500	0	0.0
<b>Algerian Non-Exporters</b>		
Number of Employees	Count	Percent
Less than 10	30	22.2
10 – 50	56	41.5
51 – 250	32	23.7
251 – 500	17	12.6
Over 500	0	0.0

As it can be seen from Table 7.1a, in the UK, firms with 51-250 employees represented the largest group in the sample with 32%, these were followed by firms employing 251-250 and less than 10 people respectively. Firms with 10-50 employees came last. As for companies with more than 500 employees, the sample did not include any. Turning to Algeria, the highest proportion of firms was the ones employing 10-50 people with 41.5%; these were followed by firms with 51-250 and less than 10 employees. Last, firms employing 251-500 people represented 12.6% of the sample. Similarly to the UK,

no companies with over 500 employees were recorded. This is due to the scope of the study which is restricted to firms with less 500 employees only.

***b) Firms' age***

The firms' age was used to measure the firms' business experience. Table 7.1b shows the breakdown of the firms' experiences. In the UK, the majority of the surveyed firms (30.1%) had more than 50 years of experience, followed by firms with 26 to 50 years and over 11 to 25 years of existence respectively. Companies with 2 to 10 years and less than 2 years of experiences were the least represented. As for Algeria, the largest group included companies with 11 to 25 years' experience (42.2%), followed by firms with 2 to 10 years, 26 to 50 years and less than 2 years. Last, firms with over 50 years of existence only accounted for 3.7%. This is logical as Algeria only became independent in 1962 (53 years ago).

**Table 7.1b: Firms' Age**

<b>UK Non-exporters</b>		
Firms' Age	Count	Percent
Less than 2 Years	11	10.7
2 - 10 Years	15	14.6
11 - 25 Years	21	20.4
26 -50 Years	25	24.3
Over 50 Years	31	30.1
<b>Algerian Non-Exporters</b>		
Firms' Age	Count	Percent
Less than 2 Years	15	11.1
2 - 10 Years	37	27.4
11 - 25 Years	57	42.2
26 -50 Years	21	15.6
Over 50 Years	5	3.7

***c) Firms' sector***

For both countries, the sample included firms from different manufacturing sectors, these included Food, Beverage and Tobacco, Textile and Clothing, Metal Products, Wood and paper products, Furniture and other manufacturing,



*d) Firms' ownership*

Three types of ownership were identified in this study, these were classified as: sole proprietorship, family ownership and partnership. The following table (7.1c) shows the figures for the studied sample

**Table 7.1c: Firms' Ownership in the UK and Algerian Samples**

<b>UK Non-Exporters</b>		
Ownership	Count	Percent
Sole Proprietorship	42	40.8
Family Ownership	32	31.1
Partnership	29	28.2
<b>Algerian Non-Exporters</b>		
Ownership	Count	Percent
Sole Proprietorship	43	31.9
Family Ownership	71	52.6
Partnership	13	9.6

In the UK, the highest number of companies taking part in the survey was of sole proprietors (around 41.5%). This was followed by the family business and firms in partnerships. Whilst in Algeria, family businesses represented the highest category in the sample with 52.6%, followed by sole proprietors and partnerships. This is logical as in developing countries the concept of family is more prevalent than in developed countries and this has its affect upon business practices.

*e) Firms' location*

The next table (7.1d) illustrates the locations of both UK and Algerian respondents. It can be seen that a third of the sample is constituted by SMEs form the South of England (West and East), followed by the Midlands, London and the North of England, Wales and Scotland respectively. As for Algeria, the largest number of respondents was from the capital city Algiers; followed by the West of the country, the South East, the East, the Centre the South West and finally the Sahara with no-responses (the Algerian Sahara has a very limited number of firms due to climate issues).

**Table 7.1d: Firms' Location**

UK			Algeria		
Location	Count	Percent	Location	Count	Percent
Scotland	17	7	Algiers	48	36
North	33	13	West	22	16
Midlands	40	16	South East	20	15
Wales	26	10	Centre	15	11
East	27	11	South west	9	7
London	34	13	east	18	13
South	77	30	Sahara	0	0

*f) Key informant*

For both samples, the respondents were mainly the owner, the general director, the export director or the financial director. However, few cases where the respondent was an employee were recorded; these represented around 13% of the total UK sample and 11% of the Algerian sample. It is important to note that the survey intended to collect information from one respondent only from each firm as Sousa et al. (2008) acknowledged that in the case of SMEs, there is often only one person dealing with export activities.

*g) GEPPs' usage*

The firm's usage of GEPPs was measured on a five point scale ranging from "never" to "very frequently". However, to illustrate the tendency of firms' usage of such programmes, the GEPPs' usage variable was recoded using a binary scale for users and non-users (1 for non-users and 2 for users). Hence, Table 7.1e illustrates the non-exporters' use of export promotion programmes in the UK and Algeria.

**Table 7.1e: Users and Non-users of GEPPs**

<b>UK Non-Exporters</b>	
GEPPs' usage	Percent
Non-users	74.8
Users	25.2
<b>Algerian Non-Exporters</b>	
GEPPs' usage	Percent
Non-users	39.3
Users	56.3

In the UK, as it was expected among non-exporters, non-users of GEPPs' were higher than users. This could be justified by the fact that non-exporters see such programmes as dedicated to exporters and not to firms operating in local markets only. Surprisingly, in Algeria, users of GEPPs among non-exporting firms were higher than non-users. This suggests that Algerian firms are perhaps more resource-constrained than their counterparts in the UK, and hence they tend to seek more external help.

### **7.1.2. Data Distributions**

It is important to assess the properties of the distribution scores in order to identify how many times each score has occurred; this is known as frequency distribution. Ideally, the data should be distributed symmetrically around the centre of all scores, and this is called normal distribution (Field, 2009). Many of the statistical techniques used by researchers assume that distribution of values is "normal" meaning the highest frequencies in the middle and lesser frequencies around the ends (the well-known bell shape curve) (Pallant, 2011). Nonetheless, checking the normality of the data distributions is not necessary when using the PLS-SEM. Unlike other structural equation modelling tools, the PLS-SEM does not make assumptions regarding the normality of the data distributions (Hair et al., 2014). It was reported that "PLS-SEM can provide very robust estimations with data that have extremely non-normal

distribution (skewness and/or kurtosis) (Reinartz et al., 2009; Ringle et al., 2009). Thus, there is no assumption about the normality of the data distribution in this study and hence the normality does not need to be checked.

### **7.1.3. Non-Response Bias**

Among the tools available to gather individuals' perceptions and behaviours, sample surveys have the particularity to generate findings applicable to large populations. However, such a value depends on the extent to which the non-response bias (also known as non-response error) could be reduced (Groves, 2006). Dilman (2011: 11) defined the non-response error as "The result of people who respond to a survey being different from sampled individuals who did not respond, in a way relevant to the study". In this regard, Armstrong and Overton (1977) argued that if in a mail survey respondents differ significantly from non-respondents, one would not be able to generalise the study's results. Hence, it is crucial to test non-response bias in order to ensure the generalizability of the results.

Different methods exist to assess the non-response error (Armstrong and Overton, 1977; Groves, 2006). However, reviewing the export literature has revealed that the most commonly used method is comparing late and early respondents (Lages and Montgomery, 2005; Wilkinson and Brouthers, 2006; Freixanet, 2001; Leonidou et al., 2011; Obadia and Stottinger, 2014). The premise behind such a technique is that individuals responding at a later stage are expected to respond in a similar way to non-respondents. This method is called extrapolation (Armstrong and Overton, 1977).

In the present research, using a t-test technique in the Statistical Package for the Social Sciences (SPSS), the researcher has compared the means of 30 late respondents (representing non-respondents) with 30 early respondents using 15 randomly selected

items (Kaleka, 2012; Ketkar et al., 2012). The t-test is used when there is a need to compare the scores of two groups (late and early respondents in this case) (Pallant, 2007). However, it is important to note that although the t-test assumes the normality of the data distributions; this test can still be used with the present data. In fact, According to Lumley et al. (2002) and Pallant (2007) large samples (30+) would not cause a major problem in terms of non-normality.

The obtained results (attached in Appendix F) illustrated that the significance value for Levene's test is higher than .05 and hence, it can be assumed that both groups share the same variances. In this case, the t-values of the "equal variances test is assumed" are used. In addition, it can be noted that the t-values "Sig. (2-tailed)" are non-significant (p values greater than 0.05) for almost all items assuming that there is no significant difference between the two groups. Therefore, it can be concluded that both samples used in the present study are indeed representative of the whole population.

#### **7.1.4. Missing Data and Outliers**

Missing data happens when a respondent either deliberately or accidentally fails to answer a question (Field, 2009). In the WarpPLS-SEM software, the missing values are automatically replaced by the mean of the other values of that particular factor (Kock, 2013). However, Hair et al. (2014a) suggested that if an observation is missing more than 15% of the values, the researcher should consider the removal of this observation. In fact, replacing the missing values with means will reduce the variability of the data and hence reduces the likelihood to gain meaningful and significant data. Therefore, with the present data for both countries, the researcher has removed all observations with missing values higher than 15%.

As for the outliers, these are respondents who give scores that are very different to the rest of the respondents; these can bias the mean and inflate the standard deviation (Field, 2009). Kock (2013) acknowledged that outliers may significantly affect the shape of the relationship. The author stressed that, in extreme cases, one outlier can change the sign of a linear relationship (from positive to negative or vice versa). Therefore, some suggest the removal of outliers from the data set (Field, 2009; Zikmund et al., 2010; Saunders et al., 2012). However, Kock (2013) argued that the deletion of outliers is often a mistake as these can reveal the true nature of the relationship; the authors added that these should be removed only if they are due to measurement error. According to this author, using the WarpPLS-SEM software allows the researcher to deal with outliers effectively without removing them from the data set. In fact, the author explained that the software may run the analysis by ranking the data and hence the value distances that typify the outliers are substantially reduced without decreasing the sample size.

As for the resampling algorithms, the researcher has chosen to use the new “stable” algorithm provided by the software. It is acknowledged that like the “Jackknifing” method, this new algorithm tends to deal effectively with small samples by generating low standard errors and medium to high effect sizes which as a result would increase the statistical power. Additionally, using the stable algorithm provides p values that approximate the most stable p value given by the software’s other resampling methods (Jackknifing, bootstrapping and blindfolding). The stable algorithm could be seen as a combination of the traditional resampling methods cited above (Kock, 2013).

#### **7.1.5. Common Method Bias**

To avoid common method bias, the questionnaire included several negatively worded statements. In addition, a post-hoc test for common method bias was conducted using

Harman's one-factor. All the items were entered into principal component factor analysis. In this test, bias would be existent if the single factor emerging from the factor analysis accounts for more than 50% of the variances in the model. With respect to the exporters' models, the first factor accounted for 32.99% of the variances in the UK sample and 16.74% in the Algerian sample, whereas in the non-exporters' samples, the first factor accounted for 32.91% in the UK and 25.52% in the Algerian sample. These variances are less than the critical 50% (See Appendix G). Therefore, combined with the reverse method applied in the questionnaire design phase, the Harman's test provides support for the absence of common methods bias (Mattila and Enz, 2002; Lings et al., 2014).

Having presented the samples' characteristics, checked for outliers, missing values and measurement errors, the next section tests the research model proposed in Section 4.3. Through the PLS-SEM analysis, the hypotheses of this research will be supported or rejected.

## **7.2. The PLS-SEM Analysis**

In structural equation modelling it is important to distinguish between measurement model (also known as outer model) and structural model (known as inner model). While the former is about the relationship between the latent constructs and their indicators (Henseler et al., 2009), the latter relates the latent constructs to each other (Jarvis et al., 2003). Hulland (1999) stated that a PLS model is generally analysed and interpreted in a sequence of two phases, (1) the assessment of the measurement model and (2) the assessment of the structural model. The premise behind such a distinction is the necessity to establish proper specification for the measurement model in order to obtain a meaningful analysis (Jarvis et al., 2003).

Measurement models are assessed through the reliabilities of individual indicators and latent constructs as well as the measures' convergent and discriminant validities (Hair et al., 2011). In an extensive methodological review of marketing research articles, Hair et al. (2012: 424) reported that “the proportion of studies that do not report reliability and validity measures is disconcerting”. The authors added that the lack of reliability and validity assessments will lead the structural model to be substantially biased and hence unreliable. Prior to proceeding to the measurement models, Table 7.2 illustrates the first order variables included in the non-exporters' model and their assigned codes.

**Table 7.2: Variables Included in the 1st Order Non-Exporters' Model**

<b>Variables</b>	<b>Codes</b>
<b>The Independent Variable: The use of GEPPs</b>	
The Use of Government Export promotion Programmes	GEPP_USE
<b>The Dependent Variable : Export Intention</b>	
Export Intention	EX_INT
<b>The Mediating Variable 1: Organisational Resources</b>	
Innovation	INNO
Technology	TECH
Planning Activities	PLANN
Informational Capabilities	INF_CAP
Pricing Capabilities	PRI_CAP
Advertising Capabilities	ADV_CAP
<b>The Mediating Variable 2: Management Resources</b>	
Export Knowledge	KNOW
International Orientation	INT_OR
Entrepreneurial Orientation	ENT_OR
Export Perceptions	EX_PERC
<b>The Mediating variable 3: Relational Resources</b>	
Relationship Quality with Local Businesses	RQLB

### 7.2.1. Determining the Nature of the Constructs

An important step before starting the estimations of the measurement model is to determine the nature of the constructs used in the research. First, latent variables can be either reflective or formative (Mackenzie et al., 2011; Hair et al., 2012). By definition, reflective indicators of a given latent variable are assumed to be equal and internally



consistent, therefore interchangeable and removing one item would not affect the measurement. In such indicators, the direction of causality goes from the construct (latent variable) to the indicators (items) (Jarvis et al., 2003). These observed indicators are assumed to reflect variations in the latent variable; these variations are expected to be seen through the indicators (Henseler et al., 2009). According to Diamantopoulos (1999), reflective measures are the most commonly used indicators in business and marketing research including export studies. Conversely, formative indicators are assumed to be causing the latent variable and are usually uncorrelated with each other, hence cannot be interchangeable and dropping one of the dimensions can have substantive effect on the construct's measurement (Jarvis et al., 2003). It is acknowledged that the PLS-SEM is suited to equally analyse both reflective and formative measurement models.

Second, a latent variable could be first order or second order. Second order latent variables (also known as higher order) are used when running the structural model. In this research, these higher order constructs are used for the mediating variables. Second order constructs are variables that “contain two layers of components” (Hair et al., 2014a: 39). The authors explained that a second order construct can be represented by a number of first order variables capturing different facets of the construct. As an example, a second order variable is used for “management resources”, this is represented by four first order variables capturing various facets from which the export knowledge, export perception, entrepreneurial orientation and international orientation. Hair et al. (2014a) argued that the use of second order variables enhances the theoretical parsimony of the study and decreases the model's complexity. According to Chin (1998), the decision to use second order variables should be based on the conceptual model. In addition, Ruiz et al. (2008) stressed that the choice of second order models depends on whether the researcher focuses on the first order variables separately or the second order constructs.

In the present case, the researcher is looking to investigate the impact of GEPPs' use on the organisational, management and relational resources (second order variables) rather than on the multiple dimensions of these types of resources (first order variables).

Moreover, in an extensive literature review conducted by Zou and Stan (1998), the authors claimed that the export literature lack consistency in determining the factors affecting the export performance and hence they called for an approach based on grouping these variables on the basis of clear conceptualisation. Similarly, Sousa et al. (2008) acknowledged that such an approach aims at avoiding the danger of having too many specific factors lacking parsimony. This issue was also raised in a recent study by Beleska-Spasova et al. (2012), the authors claimed that empirical studies in the export literature tend to include either a single factor or a group of factor selected on the bases of the focus of the topic yet no comprehensive set of resources was reported. Hence, against these calls, the present research uses higher order constructs. The relationship between the first and the second order variables can be reflective and formative. The former is chosen if the first order variables correlate with each other and can be explained by the second order variable, whereas the latter is selected if the first order variables form the second order construct (Hair et al., 2014a).

In this study, the researcher used second order constructs to represent firms' resources and export performance, and first order variables to represent the use of GEPPs and firms' export intention and regularity (See Table 7.3). All first order variables are considered as reflective indicators. This is because the indicators in these cases reflect the variations of their constructs and are regarded to be highly correlated with each other's (Henseler, 2009). However, at the second order level, all constructs are considered as formative, hence having a higher-order model type B (reflective-formative) (Becker et al., 2012).

In fact, second order variables could be either represented (reflective) or formed (formative) by first order variables. Becker et al (2012) explained that the relationship between the higher order construct and its first order indicators is not about causality but instead is about the nature of the second order construct. This means that if the second order variable is manifested by several specific dimensions (through unobserved latent variables) that can be distinguished from each other, yet highly correlated, then the relationship between second and first order variables is reflective, whereas, if these first-order constructs do not share a common cause but instead form a general concept that fully mediates the influence on other endogenous variables (Chin, 1998b), then the second order construct should be formative (Becker et al., 2012).

**Table 7.3: First and Second Order Mediating Variables**

<b>Second Order variables</b>	<b>First Order Components</b>
ORG_RES	INNO, TECH, PLANN, INF_CAP, PRI_CAP, ADV_CAP
MNG_RES	KNOW, INT_OR, ENT_OR, EX_PERC
REL_RES	RQLB
EXPERF	EXPERF_F, EXPERF_R, EXPERF_S

In the present research, the second order variables are the firms' export performance, the organisational resources, the management resources and the relational resources. The lower order of these higher order constructs are believed to compose a general concept while at the individual level these are not related to each other. For example, technological, innovation and marketing resources are different but they together form a general concept which is "organisational resources", similar reasoning could be applied to the remaining higher order constructs, thus justifying the use of reflective-formative higher-order variables.

## 7.2.2. Measurement Model of the Reflective First Order Constructs

Checking reflective constructs requires the assessment of individual indicators' and latent constructs' reliabilities, as well as the measures of convergent and discriminant validities (Hair et al., 2014a).

### *a) Individual item reliability*

According to Hulland (1999), the individual item reliability of reflective indicators is evaluated through the examination of the indicators' loadings. It is advanced that as a rule of thumb, researchers should only retain indicators with loadings with 0.70 or higher. This would imply that the indicator shares more variance with its construct than error variance. However, it is also accepted that in the empirical literature, it is very common to come across loadings with less than 0.70. Therefore, the rule of thumb has been decreased to 0.50 (Hulland, 1999). Kock (2011) also reported a threshold of 0.50. Hair et al. (2014a) added that p values for all items' loadings should be significant (less than 0.05). Hulland (1999) explains that a low loading could be the consequence of a poorly worded or an irrelevant indicator and an inappropriate transfer of an indicator from one context to another. The indicators' loadings and their p values are attached in Appendix H. After deleting the items with loadings below 0.7, almost<sup>3</sup> all the combined loadings of the retained indicators became greater than the thresholds 0.7, hence confirming that the indicators used in the two samples present a satisfactory individual reliability. The dropped indicators were: INNO1,2; TECH1,2; PLANN 1; KNOW1; INT\_OR2; INF\_CAP4, 5; RQLB 2,12; ENT\_OR1 in the UK non-exporter's sample, and GEPP\_DISTs; GEPP\_LANG; GEPP\_OFFICE; INNO1; TECH2; EX\_PERC1; ENT\_OR 1,5,6,7,8 in the Algerian non-exporters' sample. The removed indicators

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<sup>3</sup> Few items with a loading less but close to 0.7 were kept

belong to reflective constructs and hence deleting them would not affect the measurement of the variable.

***b) Constructs' reliability***

Construct reliability is regarded as an estimate of a construct's internal consistency (Hair et al., 2011). The reliability illustrates whether the indicators used to measure the latent variables are understood in a similar way by different respondents. Assessing reliability can be done using two measures, namely: composite reliability and Cronbach's alpha coefficients (Ruiz et al., 2008; Ketkar et al., 2012; Kock, 2011, 2013). A satisfactory construct's composite reliability should be between 0.60 and 0.70 in exploratory research and 0.70 and 0.90 in explanatory research. For the Cronbach's alpha criterion, Mackenzie et al. (2011) argued that values higher than 0.70 represents a satisfactory reliability. Tables 7.4a and 7.4b shows the composite reliability and Cronbach's alpha measures for all the constructs used in this research.

**Table 7.4a: Composite and Cronbach's Alpha Reliabilities for UK**

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
<b>GEPP_USE</b>	0.959	0.951
<b>INNO</b>	0.937	0.866
<b>TECH</b>	0.921	0.871
<b>PLANN</b>	0.967	0.948
<b>KNOW</b>	0.966	0.946
<b>INT_OR</b>	0.923	0.875
<b>EX_PERC</b>	0.952	0.932
<b>INF_CAP</b>	0.945	0.912
<b>PRI_CAP</b>	0.939	0.913
<b>ADV_CAP</b>	0.950	0.930
<b>RQLB</b>	0.971	0.968
<b>EX_INT</b>	0.977	0.965
<b>ENT_OR</b>	0.944	0.930

**Table 7.4b: Composite and Cronbach's Alpha Reliabilities for Algeria**

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
<b>GEPP_USE</b>	0.845	0.769
<b>INNO</b>	0.881	0.797
<b>TECH</b>	0.851	0.765
<b>INF_CAP</b>	0.930	0.906
<b>KNOW</b>	0.917	0.879
<b>INT_OR</b>	0.846	0.756
<b>EX_PERC</b>	0.915	0.859
<b>RQLB</b>	0.952	0.946
<b>EX_INT</b>	0.931	0.889
<b>PRI_CAP</b>	0.932	0.903
<b>PLANN</b>	0.941	0.916
<b>ADV_CAP</b>	0.971	0.960
<b>ENT_OR</b>	0.957	0.933

As it could be seen from both tables (7.4a and 7.4b), both composite reliability and Cronbach's alpha coefficients are well above the 0.7 suggested threshold for reflective latent variables. Thus, it can be concluded that the reflective measurement instruments employed in this study have a satisfactory reliability.

*c) Constructs' validity*

Assessing the construct validity of the reflective indicators requires the examination of two types of validities; namely convergent and discriminant validity (Hair et al., 2011). Assessing the construct validity allows the researcher to ensure that the set of indicators indeed measure the latent construct they intend to measure (Henseler et al., 2009). Hair et al. (2010) stated that validity illustrates how well the latent variable is represented by its indicators.

Convergent validity examines the extent to which two indicators under the same construct are correlated (Hair et al., 2010; Hair et al., 2014a). It can be checked by looking at the variance of each indicator in relation to the latent construct. This can be obtained through the Average Variance Extracted by the latent construct (AVE). The criterion used to identify a good convergent validity is an AVE of greater than 0.50 as it

suggests that the latent construct can explain more than 50% of the its indicator's variance (Henseler et al., 2009; Hair et al., 2011; Mackenzie et al., 2011; Peng and Lai, 2012; Schmiedel et al., 2014). Table 7.5a and 7.5b illustrate the AVE for all constructs used in this study. As it can be seen, AVE for all reflective variables is above the 0.5 threshold, meaning that the measurement constructs have a satisfactory convergent validity.

**Table 7.5a: The Latent Variables' AVEs for UK Non-Exporters Sample**

**Table 7.5b The latent variables' AVEs for Algerian Non-exporters Sample**

	<b>AVE</b>		<b>AVE</b>
<b>GEPP_USE</b>	0.747	<b>GEPP_USE</b>	0.523
<b>INNO</b>	0.882	<b>INNO</b>	0.711
<b>TECH</b>	0.795	<b>TECH</b>	0.591
<b>PLANN</b>	0.906	<b>INF_CAP</b>	0.727
<b>KNOW</b>	0.904	<b>KNOW</b>	0.735
<b>INT_OR</b>	0.800	<b>INT_OR</b>	0.580
<b>EX_PERC</b>	0.832	<b>EX_PERC</b>	0.784
<b>INF_CAP</b>	0.851	<b>RQLB</b>	0.587
<b>PRI_CAP</b>	0.793	<b>EX_INT</b>	0.882
<b>ADV_CAP</b>	0.827	<b>PRI_CAP</b>	0.776
<b>RQLB</b>	0.739	<b>PLANN</b>	0.798
<b>EX_INT</b>	0.934	<b>ADV_CAP</b>	0.892
<b>ENT_OR</b>	0.707	<b>ENT_OR</b>	0.818

Complementary to the convergent validity (Hulland, 1999), the discriminant validity, assesses the extent to which two conceptually similar constructs have distinct indicators (Hair et al., 2014a). Hulland (1999) explained that it represents the degree to which indicators of a given variable are different from another construct's indicators. Establishing good discriminant validity means that the latent variable is unique and measures a phenomenon not captured by other variables (Hair et al., 2014a). Its assessment is generally based on two criteria. First, the Fornell-Larcker criterion stipulating that a latent variable shares more variance with its indicators than with other indicators (Hulland, 1999; Hanseler et al., 2009; Kock, 2011). In this case, the square root of AVE of the latent construct should be higher than other constructs along the

diagonal (Hulland, 1999; Ketkar et al., 2012; Peng and Lai, 2012). Second, the indicator's loading with its latent constructs should be higher than the remaining cross loadings (loading with other latent variables) (Hair et al., 2011; Hair et al., 2014a; Schmiedel et al., 2014). It can be argued that while the Fornell-Larcker criterion assesses the discriminant validity at the latent variable level, the cross loading criterion examines this at the indicator level (Hanseler et al., 2009).

Tables 7.6a and 7.6b show the squares root of AVEs. As it can be seen in tables 7.6a and 7.6b, for each latent variable, the squares root of AVE is greater than any of the other correlations involving that construct. In addition, all the indicators' loadings with their latent variables are higher than the cross loadings (loadings with other constructs). Hence, it can be concluded that the latent variables have satisfactory discriminant validity.



**Table 7.6a: Squares Root of AVEs for the UK Non-Exporters**

	GEPP_USE	INNO	TECH	PLANN	KNOW	INT_OR	EX_PERC	INF_CAP	PRI_CAP	ADV_CAP	RQLB	EX_INT	ENT_OR
GEPP_USE	(0.864)	0.159	0.162	0.183	0.410	0.404	0.354	0.180	0.163	0.152	0.334	0.395	0.511
INNO	0.159	(0.939)	0.732	0.750	0.429	0.470	0.409	0.467	0.433	0.493	0.373	0.211	0.451
TECH	0.162	0.732	(0.892)	0.704	0.449	0.484	0.441	0.427	0.422	0.477	0.373	0.268	0.410
PLANN	0.183	0.750	0.704	(0.952)	0.429	0.456	0.492	0.479	0.417	0.417	0.370	0.326	0.473
KNOW	0.410	0.429	0.449	0.429	(0.951)	0.807	0.541	0.296	0.258	0.328	0.626	0.548	0.754
INT_OR	0.404	0.470	0.484	0.456	0.807	(0.895)	0.507	0.256	0.231	0.332	0.618	0.560	0.732
EX_PERC	0.354	0.409	0.441	0.492	0.541	0.507	(0.912)	0.361	0.357	0.266	0.425	0.600	0.658
INF_CAP	0.180	0.467	0.427	0.479	0.296	0.256	0.361	(0.922)	0.775	0.721	0.366	0.299	0.300
PRI_CAP	0.163	0.433	0.422	0.417	0.258	0.231	0.357	0.775	(0.890)	0.646	0.389	0.297	0.273
ADV_CAP	0.152	0.493	0.477	0.417	0.328	0.332	0.266	0.721	0.646	(0.909)	0.448	0.216	0.228
RQLB	0.334	0.373	0.373	0.370	0.626	0.618	0.425	0.366	0.389	0.448	(0.860)	0.409	0.577
EX_INT	0.395	0.211	0.268	0.326	0.548	0.560	0.600	0.299	0.297	0.216	0.409	(0.966)	0.626
ENT_OR	0.511	0.451	0.410	0.473	0.754	0.732	0.658	0.300	0.273	0.228	0.577	0.626	(0.841)

**Table 7.6b: Squares Root of AVEs for the Algerian Non-Exporters**

	GEPP_USE	INNO	TECH	INF_CAP	KNOW	INT_OR	EX_PERC	RQLB	EX_INT	PRI_CAP	PLANN	ADV_CAP	ENT_OR
GEPP_USE	(0.723)	0.163	0.142	0.246	0.267	0.091	0.082	0.226	0.181	0.141	0.098	0.212	0.207
INNO	0.163	(0.843)	0.569	0.264	0.139	0.225	0.238	0.182	0.273	0.221	0.485	0.263	0.348
TECH	0.142	0.569	(0.769)	0.273	0.373	0.437	0.229	0.223	0.245	0.360	0.534	0.350	0.460
INF_CAP	0.246	0.264	0.273	(0.852)	0.393	0.351	0.087	0.417	0.209	0.712	0.186	0.719	0.342
KNOW	0.267	0.139	0.373	0.393	(0.857)	0.668	0.152	0.416	0.257	0.255	0.299	0.277	0.551
INT_OR	0.091	0.225	0.437	0.351	0.668	(0.762)	0.185	0.359	0.287	0.279	0.401	0.280	0.588
EX_PERC	0.082	0.238	0.229	0.087	0.152	0.185	(0.886)	0.152	0.471	0.191	0.125	0.054	0.332
RQLB	0.226	0.182	0.223	0.417	0.416	0.359	0.152	(0.766)	0.244	0.315	0.180	0.367	0.285
EX_INT	0.181	0.273	0.245	0.209	0.257	0.287	0.471	0.244	(0.939)	0.240	0.220	0.168	0.560
PRI_CAP	0.141	0.221	0.360	0.712	0.255	0.279	0.191	0.315	0.240	(0.881)	0.245	0.697	0.311
PLANN	0.098	0.485	0.534	0.186	0.299	0.401	0.125	0.180	0.220	0.245	(0.893)	0.216	0.251
ADV_CAP	0.212	0.263	0.350	0.719	0.277	0.280	0.054	0.367	0.168	0.697	0.216	(0.944)	0.270
ENT_OR	0.207	0.348	0.460	0.342	0.551	0.588	0.332	0.285	0.560	0.311	0.251	0.270	(0.904)

*d) Collinearity test*

Besides the Validity and Reliability tests, Kock and Lynn (2012) suggested to conduct a full collinearity test. According to Hair et al. (2014a), collinearity emerges when two or multiple indicators (multicollinearity) are highly correlated (redundancy among constructs). In PLS-SEM, Kock and Lynn (2012) recommends using the full variance inflation factor (VIF) for each predictor construct to assess the full collinearity. The authors also argued that a full collinearity test can also be used to assess the common method bias. Hair et al. (2012) reported that the rule of thumb is a full VIF less than 5. Tables 7.7a and 7.7b illustrate the full collinearity (Full VIFs). As it can be seen, all VIFs are below the thresholds 5. Hence, it can be concluded that there is no collinearity between the constructs and no common method bias.

**Table 7.7a: Full VIFs for the UK Non-Exporters**

**Table 7.7b: Full VIFs for the Algerian Non-Exporters**

	<b>FULL VIF</b>		<b>FULL VIF</b>
<b>GEPP_USE</b>	1.396	<b>GEPP_USE</b>	1.175
<b>INNO</b>	3.188	<b>INNO</b>	1.847
<b>TECH</b>	2.682	<b>TECH</b>	2.119
<b>PLANN</b>	2.899	<b>INF_CAP</b>	3.034
<b>KNOW</b>	3.640	<b>KNOW</b>	2.340
<b>INT_OR</b>	3.730	<b>INT_OR</b>	2.358
<b>EX_PERC</b>	2.204	<b>EX_PERC</b>	1.278
<b>INF_CAP</b>	3.431	<b>RQLB</b>	1.394
<b>PRI_CAP</b>	2.787	<b>EX_INT</b>	1.772
<b>ADV_CAP</b>	2.683	<b>PRI_CAP</b>	2.678
<b>RQLB</b>	2.058	<b>PLANN</b>	1.677
<b>EX_INT</b>	2.156	<b>ADV_CAP</b>	2.621
<b>ENT_OR</b>	3.901	<b>ENT_OR</b>	2.558

**7.2.3. Measurement Model of the Formative Second Order Constructs**

As mentioned in 7.2, second order constructs used in this study are formative variables (Type II). It is recognised that the statistical measurement model assessments for reflective indicators cannot be applied to formative indicators (Peng and Lai, 2012).

Hair et al. (2011: 146) stated that “the concepts of internal consistency reliability and convergent validity are not meaningful when formative indicators are involved”. Formative indicators are not necessarily correlated with each other, it is rather their composite that form the latent construct (Kock, 2013). Mackenzie et al. (2011) stressed that reliability measures such as composite reliability and Cronbach’s alpha are inappropriate for formative indicators. However, Hair et al. (2011) have argued that with PLS-SEM, the measurement model’s quality involving formative indicators can still be assessed.

In assessing the quality of the formative measurement model, the researcher should examine whether each indicator truly contributes to forming the latent variable it intend to form (Hair et al., 2011). Petter et al. (2007) claimed that ensuring content validity for formative indicators means that the composite measures chosen by the researcher capture the full domain of the construct. Hair et al. (2011) have suggested examining this contribution through the indicator’s weight. According to Cenfetelli and Brasselieer (2009), if both indicator’s weight and loading are non-significant, it would mean that the indicator does not contribute to forming the construct it intends to do and thus could be considered for elimination. Other researchers including Schmiedel et al. (2014) have only looked at the indicator’s weight. Similarly, Kock (2011) explained that researchers may rely on p values associated to the indicators’ weights to assess the validity of the formative constructs.

However, Hair et al. (2011) have warned that if the conceptual foundations strongly support the inclusion of a non-significant indicator in the formative scale, the researcher should keep this item. Henseler et al. (2009) explained that one reason of such a contradictory scenario could be a high level of multicollinearity of the indicator (redundancy of the indicator’s information). In this case, the Variance Inflation Factor

(VIF) should be checked (Schmiedel et al., 2014). There are two views regarding the appropriate level of VIFs (this is not to be mixed with the full VIF), while some views recommended that VIFs should be lower than five (Hair et al., 2012), others suggested a more relaxed threshold of 10 (Kaleka, 2012; Kock, 2013). The following tables (tables 7.8a, 7.8b, 7.9a and 7.9b) present the indicator's loadings, weights and VIFs for the second order formative variables. As it can be noticed, all p values and VIFs are less than the threshold. As it could be seen from the tables, all second orders' indicators loadings and weights were significant and with a VIF not exceeding the critical value of 3.3. Hence, suggesting a good validity.

**Table 7.8a: 2<sup>nd</sup> Order Indicators' Loadings in the UK Non-Exporters**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>P Value</b>
<b>Iv_INNO</b>	(0.815)	0.604	<0.001
<b>Iv_TECH</b>	(0.789)	0.578	<0.001
<b>Iv_PLANN</b>	(0.791)	0.515	<0.001
<b>Iv_INF_CAP</b>	(0.812)	-0.579	<0.001
<b>Iv_PRI_CAP</b>	(0.772)	-0.663	<0.001
<b>Iv_ADV_CAP</b>	(0.786)	-0.476	<0.001
<b>Iv_KNOW</b>	-0.074	(0.902)	<0.001
<b>Iv_INT_OR</b>	-0.052	(0.886)	<0.001
<b>Iv_EX_PERC</b>	0.196	(0.764)	<0.001
<b>Iv_ENT_OR</b>	-0.040	(0.911)	<0.001

**Table 7.8b: 2<sup>nd</sup> Order Indicators' Loadings in the Algerian Non-Exporters**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>P Value</b>
<b>Iv_INNO</b>	(0.615)	0.015	<0.001
<b>Iv_TECH</b>	(0.696)	0.373	<0.001
<b>Iv_INF_CAP</b>	(0.776)	-0.101	<0.001
<b>Iv_PRI_CAP</b>	(0.794)	-0.206	<0.001
<b>PLANN</b>	(0.574)	0.334	<0.001
<b>Iv_ADV_CAP</b>	(0.797)	-0.273	<0.001
<b>Iv_KNOW</b>	-0.051	(0.835)	<0.001
<b>Iv_INT_OR</b>	0.053	(0.857)	<0.001
<b>Iv_ENT_OR</b>	0.018	(0.839)	<0.001
<b>Iv_EX_PERC</b>	-0.041	(0.428)	<0.001

**Table 7.9a: 2<sup>nd</sup> Order Constructs' Indicator Weights and VIF for the UK**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>P value</b>	<b>VIF</b>	<b>Effect Size</b>
<b>INNO</b>	(0.215)	0.000	0.003	2.944	0.175
<b>TECH</b>	(0.208)	0.000	0.003	2.543	0.165
<b>PLANN</b>	(0.209)	0.000	0.003	2.732	0.165
<b>INF_CAP</b>	(0.214)	0.000	0.003	3.330	0.174
<b>PRI_CAP</b>	(0.204)	0.000	0.004	2.645	0.157
<b>ADV_CAP</b>	(0.208)	0.000	0.003	2.367	0.163
<b>KNOW</b>	0.000	(0.300)	<0.001	3.452	0.270
<b>INT_OR</b>	0.000	(0.294)	<0.001	3.187	0.260
<b>EX_PERC</b>	0.000	(0.254)	<0.001	1.778	0.194
<b>ENT_OR</b>	0.000	(0.302)	<0.001	3.182	0.275

**Table 7.9b: 2<sup>nd</sup> Order Constructs' Indicator Weights and VIF for Algeria**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>P value</b>	<b>VIF</b>	<b>Effect Size</b>
<b>INNO</b>	(0.201)	0.000	0.002	1.636	0.124
<b>TECH</b>	(0.228)	0.000	<0.001	1.846	0.158
<b>INF_CAP</b>	(0.253)	0.000	<0.001	2.586	0.197
<b>PRI_CAP</b>	(0.259)	0.000	<0.001	2.484	0.206
<b>PLANN</b>	(0.188)	0.000	0.003	1.510	0.108
<b>ADV_CAP</b>	(0.260)	0.000	<0.001	2.480	0.207
<b>KNOW</b>	0.000	(0.360)	<0.001	1.945	0.300
<b>INT_OR</b>	0.000	(0.370)	<0.001	2.066	0.317
<b>ENT_OR</b>	0.000	(0.362)	<0.001	1.783	0.304
<b>EX_PERC</b>	0.000	(0.185)	0.004	1.126	0.079

*e) Collinearity test*

As mentioned above for the first order variables, in PLS-SEM, Kock and Lynn (2012) recommends using the full variance inflation factor (VIF) for each predictor construct to assess the full collinearity. Tables 7.10a and 8.10b show the full collinearity (Full VIFs).

**Table 7.10a: Full VIFs of the 2<sup>nd</sup> Order Constructs for UK Non-Exporters**

	<b>GEPP_USE</b>	<b>EX_INT</b>	<b>REL_RES</b>	<b>ORG_RES</b>	<b>MNG_RES</b>
<b>FULL VIFs</b>	1.333	1.872	1.842	1.477	3.087

**Table 7.10b: Full VIFs of the 2<sup>nd</sup> Order Constructs for Algerian Non-exporters**

	<b>GEPP_USE</b>	<b>EX_INT</b>	<b>REL_RES</b>	<b>ORG_RES</b>	<b>MNG_RES</b>
<b>FULL VIFs</b>	1.093	1.346	1.516	1.518	1.789

Based on the reliability, validity and collinearity tests conducted for both the first and second order variables. It can be argued that the measurement model presents satisfactory values and hence, the researcher can safely proceed to the analysis of the structural model.

#### **7.2.4. The Structural Model Results**

Having assessed the measurement model and ensured the reliability and validities of all constructs applied in this study (first and second order), the next step is to analyse the structural model in order to assess the relationships between the investigated variables. Hanseler et al. (2009) acknowledged that a reliable and valid measurement model is the basis of an accurate estimate of the structural model. It is argued that the main steps to assess the structural model are first to evaluate the significance and relevance of the structural relationships, second to assess the values of  $R^2$ , third to evaluate the effect size  $f^2$  and finally to review the  $Q^2$  (Hair et al., 2014b). Therefore, following the aforementioned steps, the present section assesses the structural model.

##### ***a) Model fit indices***

Assessing the model fit in the PLS-SEM is illustrated through three indices, from which: average path coefficient (APC), average R-squared (ARS) and average variance inflation factor (AVIF). Kock (2011) suggested that for a satisfactory model fit indices, both p values of APC and ARS should be significant (less than 0.05) and an AVIF lower than 5.

As for the overall goodness-of-fit measures (GoF), a number of authors have argued that this may not be relevant in PLS-SEM (Chin, 1998; Hulland, 1999; Hair et al., 2013). In fact, Chin (1998) explained that such a measure only considers reflective constructs and hence when using the PLS-SEM which allows both formative and reflective

indicators, the goodness measure become irrelevant. Hair et al. (2014a: 185) stated “Since the GoF is also not applicable to formatively measurement models...researchers are advised to not use this measure”. The next tables (Table 7.11a and 7.11b) present the model fit indices for the present model. It can be clearly seen that the quality indices do all comply with the criteria of a fit model.

**Table 7.11a: Model Fit Indices for UK Non-Exporters**

<b>Indices</b>	<b>Results</b>	<b>Criterion</b>
Average path coefficient (APC)	0.239 P<0.001	P value less than 0.05
Average R-squared (ARS)	0.215 P<0.001	P value less than 0.05
Average adjusted R-squared (AARS)	0.201 P<0.001	P value less than 0.05
Average block VIF (AVIF)	1.451	acceptable if $\leq 5$ , ideally $\leq 3.3$
Average full collinearity VIF (AFVIF)	1.888	acceptable if $\leq 5$ , ideally $\leq 3.3$

**Table 7.11b: Model Fit Indices for Algerian Non-Exporters**

<b>Indices</b>	<b>Results</b>	<b>Criterion</b>
Average path coefficient (APC)	0.193 P<0.001	P value less than 0.05
Average R-squared (ARS)	0.126, P=0.008	P value less than 0.05
Average adjusted R-squared (AARS)	0.113, P=0.012	P value less than 0.05
Average block VIF (AVIF)	1.384	acceptable if $\leq 5$ , ideally $\leq 3.3$
Average full collinearity VIF (AFVIF)	1.888	acceptable if $\leq 5$ , ideally $\leq 3.3$

***b) The path analysis (structural relationships)***

The results of the data analysis of both samples are presented in Figure 7.1. The arrows and adjacent values illustrate the effects between the variables and their  $\beta$  coefficients, including their p values.  $R^2$  values show the explained variance of endogenous latent variables in the structural model (Hair et al., 2014); these are displayed under the endogenous variables.

The structural model relationships shown in Figure 7.1 represent the hypothesized relationships proposed in section 4.3. These are represented by the path coefficients ( $\beta$ ).

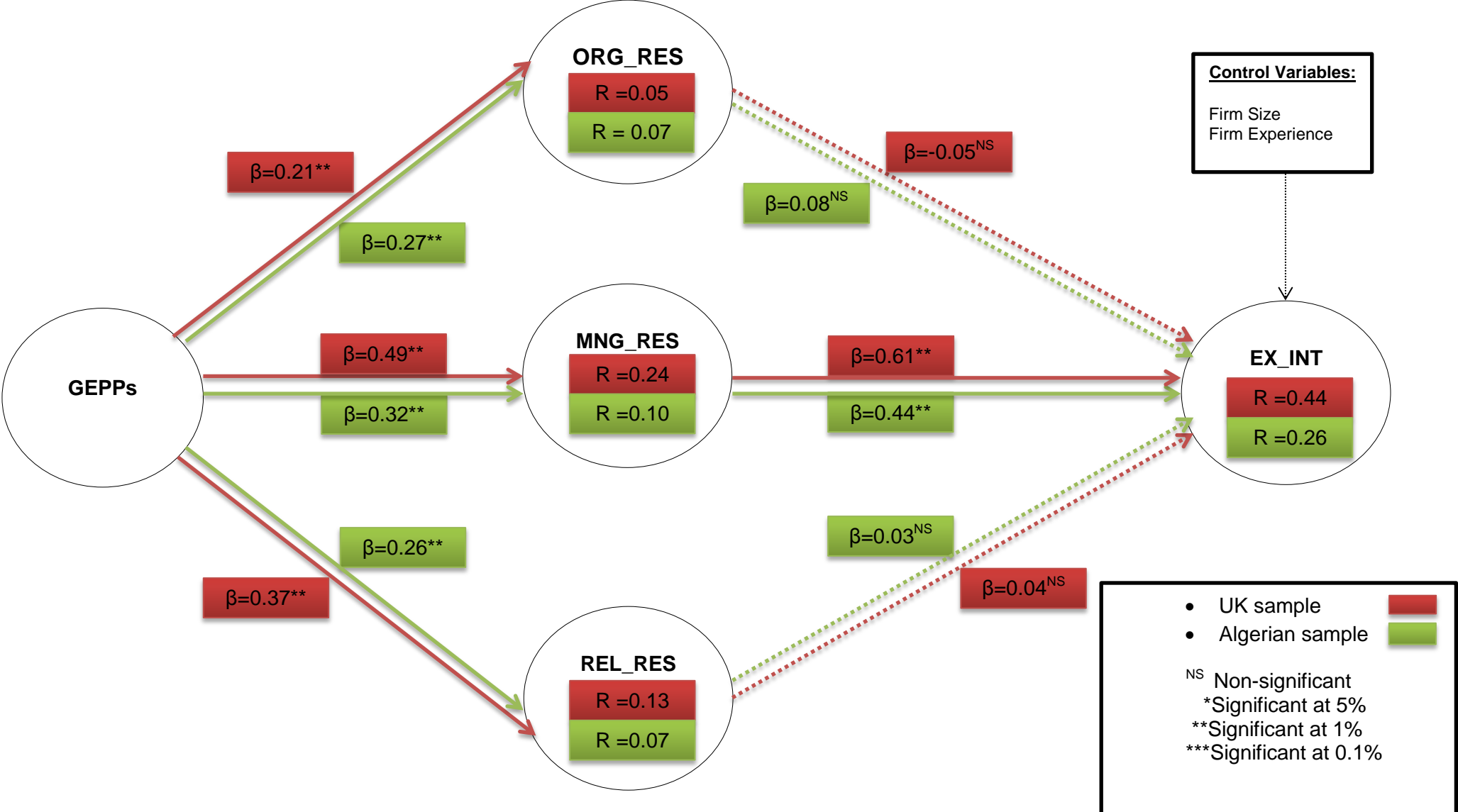
The  $\beta$  coefficients have standardised values ranging from -1 to +1, values close to +1 represents strong positive relationships whereas values close to -1 represents the contrary (Hair et al., 2014).

With respect to the UK non-exporters' sample, Figure 7.1 illustrates that the export assistance programmes had the strongest impact on the management resources ( $\beta=0.49$ ,  $p<0.1$ ), followed by the effect on relational resources ( $\beta=0.37$ ,  $p<0.1$ ) and the effect on organisational resources ( $\beta=0.21$ ,  $p<0.1$ ). As for the influence of those resources on export intention, the management resources were the only set having a strong and significant effect on the firms' export intention ( $\beta=0.61$ ,  $p<0.1$ ). In fact, both organisational and relational resources had statistically non-significant effects ( $\beta=-0.05$  and  $0.04$ ,  $p=0.27$  and  $p=0.32$  respectively).

Turning to the Algerian non-exporters sample, Figure 7.1 shows that the use of export promotion programmes had approximately a similar effect (positive and statistically significant) on all types of resources ( $\beta=0.27$ ,  $0.32$  and  $0.26$ ,  $p<0.1$  respectively). As for the effect of these resources on the firms' intention to export, similar to the UK sample, only management were found to have a positive and statistically significant influence on the export intention ( $\beta=0.44$ ,  $p<0.1$  respectively). The influence of both organisational and relational resources had a non-significant impact on the export intention ( $p=0.14$ ,  $0.35$ ).



Figure 7.1: Non-exporters' Model



Henseler et al. (2009) and Hair et al. (2012) stated that the evaluation of the R<sup>2</sup> coefficient (also known as the coefficient of determination) of the endogenous latent variables is an essential step in assessing the structural model. In using PLS-SEM, Hulland (1999) and Peng and Lai (2012) stressed the importance of reporting all R<sup>2</sup> values. Nonetheless, despite its obvious importance, Martinez-Lopez et al. (2013) found in their analysis of 191 papers published in the four leading marketing journals between 1995 and 2007, that only 35% have reported the R<sup>2</sup> values. Hair et al. (2014a: 93) defined the R<sup>2</sup> as the “amount of explained variance of endogenous latent variables in the structural model”. The authors explained that the greater is the R<sup>2</sup> values, the better the latent variable is explained by the constructs pointing at it via the structural model path model.

Regarding the acceptable level of R<sup>2</sup> values, this seems to differ from one discipline to another and from one author to another. According to Hair et al. (2011), while 0.20 is considered as high in consumer behaviour, 0.75 is seen to be high in success driver studies. However, the authors have set 0.75, 0.50 and 0.25 can be considered as high, moderate and weak. Moreover, Chin (1998) and Henseler et al. (2009) suggested that values of 0.67, 0.33 and 0.19 could be seen as high, moderate and weak. Tables 7.12a and 7.12b summarise all the coefficient values.

**Table 7.12a: Path Coefficients, P Values and R Squares for UK Non-Exporters**

<b>Relationships</b>	<b>Path Coefficient</b>	<b>P Value</b>	<b>R<sup>2</sup></b>	<b>Description</b>
GEPP_USE → ORG_RES	0.21	<0.01	0.05	Positive, significant and weak
GEPP_USE → MNG_RES	0.49	<0.01	0.24	Positive, significant and weak
GEPP_USE → REL_RES	0.37	<0.01	0.13	Positive, significant and weak
ORG_RES → EX_INT	-0.05	0.27	0.44	Non-significant
MNG_RES → EX_INT	0.61	<0.01	0.44	Positive, significant and moderate
REL_RES → EX_INT	0.04	0.32	0.44	Non-significant

**Table 7.12b: Path Coefficients, P Values and R Squares for Algerian Non-Exporters'**

<b>Relationships</b>	<b>Path Coefficient</b>	<b>P Value</b>	<b>R<sup>2</sup></b>	<b>Description</b>
GEPP_USE → ORG_RES	0.27	<0.01	0.07	Positive, significant and weak
GEPP_USE → MNG_RES	0.32	<0.01	0.10	Positive, significant and weak
GEPP_USE → REL_RES	0.26	<0.01	0.07	Positive, significant and weak
ORG_RES → EX_INT	0.08	0.14	0.26	Non-significant
MNG_RES → EX_INT	0.44	<0.01	0.26	Positive, significant and moderate
REL_RES → EX_INT	0.03	0.31	0.26	Non-significant

In the UK sample and from Table 7.12a, the interpretation of the R<sup>2</sup> values of the endogenous variables is as follows, the prediction of the organisational, management and relational resources was statistically meaningful yet weak (R<sup>2</sup>= 0.05, 0.24 and 0.13). However, the prediction of export intention was close to be moderate (R<sup>2</sup>= 0.44). Overall, these relationships can be considered as statistically meaningful.

As for the Algerian sample and from Table 7.12b, the prediction of the organisational, management and relational resources was statistically meaningful yet weak (R<sup>2</sup>= 0.07, 0.10 and 0.07). Similarly, the prediction of export intention was close to be moderate (R<sup>2</sup>= 0.26). Overall, these relationships can be considered as statistically meaningful. Finally, it is important to highlight that when controlling for firms' size and experience in both samples, the correlations remain almost similar which confirms the results of this study.

Henseler et al. (2009) suggested that the effect size should also be examined in order to show the extent to which a predictor variable weighs at the structural level. The effect size ( $f^2$ ) is defined "as the increase in R<sup>2</sup> relative to the proportion of variance that remains unexplained in the endogenous latent variable" (Peng and Lai, 2012: 473). According to Cohen (1988 cited in Peng and Lai, 2012 and Hair et al., 2014a), values of

0.02, 0.15 and 0.35 are considered to be weak, medium and large respectively. Tables 7.13a and 8.13b report the values for the effect sizes.

**Table 7.13a: The Effect Sizes for UK Non-Exporters**

<b>Correlations</b>	<b>Effect Size</b>	<b>Description</b>
GEPP_USE → ORG_RES	0.04	Weak
GEPP_USE → MNG_RES	0.24	Medium
GEPP_USE → REL_RES	0.13	Medium
ORG_RES → EX_INT	0.01	Weak
MNG_RES → EX_INT	0.41	Large
REL_RES → EX_INT	0.01	Weak

**Table 7.13b: The Effect Sizes for Algerian Non-Exporters**

<b>Correlations</b>	<b>Effect Size</b>	<b>Description</b>
GEPP_USE → ORG_RES	0.07	Weak
GEPP_USE → MNG_RES	0.07	Weak
GEPP_USE → REL_RES	0.09	Weak
ORG_RES → EX_INT	0.02	Weak
MNG_RES → EX_INT	0.24	Large
REL_RES → EX_INT	0.009	Weak

Based on Table 7.13a, it can be said that in the case of UK non-exporters, effect size of the use of GEPP on the firms' organisational resources was weak on the management and medium on the relational resources. In turn, organisational and relational resources had no effect on the export intention whereas the management resources had a large effect. As for Algerian non-exporters, it can be stated from table 7.13b that the effect of the GEPPs' use was weak on all three types of resources. Furthermore, while both organisational and relational resources had no effect on export intention, the management resources had large effect on the firms' intention to export.

Chin (1998), Henseler et al. (2009) and Hair et al. (2012, 2014a) stressed the importance of reporting the Stone-Geisser's  $Q^2$  measure. According to Hair et al. (2014a), it assesses the model's predictive relevance. Tenenhaus et al. (2005) stated that

$Q^2$  is a cross-validated  $R^2$  between the indicators of an endogenous construct and all the indicators associated with the constructs predicting the dependent variables. Henseler et al. (2009) and Astrachan et al. (2014) suggested a  $Q^2$  greater than 0 meaning that the model has good predictive relevance. In addition, Hair et al. (2014) argued that values of 0.02, 0.15 and 0.35 shows a weak, moderate and strong degree of predictive relevance. The next tables (Tables 7.14a and 7.14b) illustrate the  $Q^2$  values of the dependant (endogenous) variables for each sample. As it could be seen, in the UK, all the  $Q^2$  values are greater than 0. Moreover, while the export intention and management resources constructs had a strong predictive relevance the organisational resources and relational ones had respectively a moderate and weak predictive relevance. Concerning Algeria, while the organisational resources constructs had a weak predictive relevance, the management resources had a moderate one and both the export intention and relational resources had a strong predictive relevance.

**Table 7.14a:  $Q^2$  for UK Non-Exporters**

	<b>GEPP</b>	<b>EX_INT</b>	<b>REL_RES</b>	<b>ORG_RES</b>	<b>MNG_RES</b>
Q Squared		0.487	0.132	0.048	0.247

**Table 7.14b:  $Q^2$  for Algerian Non-Exporters**

	<b>GEPP</b>	<b>EX_INT</b>	<b>REL_RES</b>	<b>ORG_RES</b>	<b>MNG_RES</b>
Q Squared		0.284	0.363	0.072	0.100

### **7.3. Direct and Indirect Effects (Mediation Test)**

A mediating variable is defined as a variable that explains the correlation between an independent variable (exogenous) and a dependent variable (endogenous) (Frazier et al., 2004). Hair et al. (2014a) explains that a mediator provides information about an established and significant direct relationship. Thus, a mediator illustrates the mechanism through which a direct relationship takes place (Frazier et al., 2004).

Mediation can be partial or full (complete). When the relationships between the dependent and independent variables is significant (as a direct correlation) and become insignificant upon the inclusion of the mediating variable (the indirect effect should remain significant), the mediation here is considered to be full. However, when the direct relationship remains significant upon the inclusion of the mediating variable, the mediation would be partial (Kock, 2013). According to Kock (2013) and Hair et al. (2014a), assessing a mediating effect should be conducted based on the following steps,

(1) The determination of the direct relationship between the exogenous and endogenous variables without including the mediating factor, if this is significant, the researcher can continue to the second step.

(2) The inclusion of the mediating variable in the relationship, if the indirect effect is significant and the direct effect remain significant too, one can conclude that a partial mediation has taken place. Nonetheless, if the indirect effect is significant and the direct effect become non-significant, then the researcher can conclude a full mediation. Last, if the indirect effect is non-significant, then one can conclude that there is no mediation effect.

In addition, to assess how much of the direct effect does the indirect link absorb (via the mediators), the Variance Accounted For (VAF) can be calculated using the formulas below (Hair et al., 2014a). According to the authors, a VAF higher than 80% indicates a full mediation, while a VAF between 20% and 80% would mean a partial mediation and a VAF less than 20% shows that there is no mediation.

$$VAF = \frac{(Pim * Pmd)}{(Pim * Pmd + Pid)}$$

Where:

*Pim*: the path between the independent and mediator

*Pmd*: the path between the mediator and the dependent variable

*Pid*: the path between the independent and the dependent variables

In the present study, the resources and capabilities are hypothesised to be mediating the relationship between the use of GEPP and firms' intention to export. Tables 7.15a and 7.15b illustrate the different steps applied on this study to detect a mediating effect.

**Table 7.15a: Mediating Effect for UK Non-Exporters**

	Relationship	Path Coefficient	P value	Nature
<b>Step One</b>				
<b>Direct</b> (without the mediating variables)	<b>GEPP_USE</b> → <b>EX_INT</b>	0.46	<0.01	Significant
<b>Step Two</b>				
<b>Direct</b>	<b>GEPP_USE</b> → <b>EX_INT</b>	0.19	<0.01	Significant
<b>Indirect</b> (through management firms' resources)	<b>GEPP_USE</b> → <b>EX_INT</b>	0.25	<0.001	Significant

**Table 7.15b: Mediating Effect for Algerian Non-Exporters**

	<b>Relationship</b>	<b>Path Coefficient</b>	<b>P value</b>	<b>Nature</b>
<b>Step One</b>				
<b>Direct</b> (without the mediating variables)	<b>GEPP_USE</b> → <b>EX_INT</b>	0.25	<0.01	Significant
<b>Step Two</b>				
<b>Direct</b>	<b>GEPP_USE</b> → <b>EX_INT</b>	0.14	0.02	Significant
<b>Indirect</b> (through management firms' resources)	<b>GEPP_USE</b> → <b>EX_INT</b>	0.15	0.01	Significant

As for the VAFs calculations these were as follow:

$$\begin{aligned} \text{➤ VAF (UK)} &= \frac{(0.49*0.57)}{(0.46*0.50+0.19)} = 0.71 * 100 = 71\% \\ \text{➤ VAF (ALG)} &= \frac{(0.32*0.42)}{(0.32*0.42+0.14)} = 0.49 * 100 = 49\% \end{aligned}$$

Based on Table 7.15a, it can be concluded that in the case of UK non-exporters, a partial mediation effect has taken place. In fact, 71% of the effect of GEPPs on the firms' intention to export is explained through the management resources. Similarly, with respect to the Algerian non-exporters, it can also be argued that a partial mediation effect has taken place meaning that 49% of the effect of GEPPs on the export intention is mediated through the management resources (See Table 7.15b).

#### **7.4. Further Analysis**

The further analysis includes the examination of the second order indicators' weights (their effect size) in order to assess the effect of each sub-dimension within the higher order construct. According to Kock (2013), the effect sizes of the latent variables'



indicators weights represents the individual contributions of these indicators to the  $R^2$  coefficients of the corresponding latent variable. Similarly to the effect sizes for paths, these could be small, medium and large (0.02, 0.15, and 0.35 respectively).

In this research, using these effect sizes would allow the researcher to identify the importance of each resource factor within the three resource sets. In addition, according to Hair et al. (2014), by looking at the construct's indicator weights, the importance and influence of each sub factor can be assessed and hence this should be used to enhance management implications. Given that in the present sample (non-exporters), and for both countries, management resources were the only set of resources found to have a significant mediating effect in the link between the use of export promotion programmes and export intention, only these resource factors are examined. Table 7.16 illustrates the indicators' weights and effect sizes of the resource-factors under each second order constructs.

**Table 7.16: The Resource Factors Ranking**

<b>UK sample</b>			
<b>Resource-factor</b>	<b>Indicator's weight</b>	<b>Effect size</b>	<b>Rank</b>
Manager's Entrepreneurial Orientation	0.302	0.275	<b>1</b>
Manager's Foreign Knowledge	0.300	0.270	<b>2</b>
Manager's International orientation	0.294	0.260	<b>3</b>
Manager's Export Perception	0.254	0.194	<b>4</b>
<b>Algerian Sample</b>			
<b>Resource-factor</b>	<b>Indicator's weight</b>	<b>Effect size</b>	<b>Rank</b>
Manager's International orientation	0.370	0.317	<b>1</b>
Manager's Entrepreneurial Orientation	0.362	0.304	<b>2</b>
Manager's Foreign Knowledge	0.360	0.300	<b>3</b>
Manager's Export Perception	0.185	0.07	<b>4</b>

From table 7.16, in the UK, the manager's foreign knowledge, international orientation and entrepreneurial orientation had almost a similar effect in the management resources construct. These accounted for large effects with effect sizes of 0.27, 0.26 and 0.27 respectively. As for the manager's export perception, this had the least effect with a

medium effect size ( $f^2 = 0.19$ ). Turning to Algeria, similar results were found. While foreign knowledge, international and entrepreneurial orientations had a large effect ( $f^2 = 0.30, 0.31$  and  $0.30$ ), export perception had a weak effect ( $f^2 = 0.07$ ). This means that for both countries, and for the non-exporters samples, the decision maker's knowledge, international orientation and entrepreneurial orientation are the most significant factors in management resources, whereas the export perception had the weakest effect.

### **7.5. Country Comparison**

The comparison of the results obtained from UK and Algerian non-exporters' samples is conducted at both measurement and structural models. Kock (2014) argued that differences in the path coefficients between the compared models could be artificially caused by measurement differences. The author explained that common bias due to questionnaire translation can cause such differences which often happen when comparing two groups from two distinct countries with language and cultural differences. In fact, even though common method bias has already been assessed in this study, it was only checked individually for each group and hence can go unnoticed and bias the comparison when multi-groups are involved. To avoid such scenario, equivalence of measurement models needs to be checked and established before comparing the structural models. In this case, p values should be greater than the significance threshold.

Comparing two groups in two different countries is conducted in a similar way at both measurement and structural models. First, a pooled standard error is calculated for each path coefficient pairs (at the structural models) and weight pairs (at the measurement models) using the following equations:

If the standard errors are similar in both compared models (Pooled method):

$$S_{12} = \left( \sqrt{\frac{(N_1-1)^2}{(N_1+N_2-2)} \cdot S_1^2 + \frac{(N_2-1)^2}{(N_1+N_2-2)} \cdot S_2^2} \right) \cdot \left( \sqrt{\frac{1}{N_1} + \frac{1}{N_2}} \right)$$

Where:

$N_1$  is the sample size for the first model,  $N_2$  is the sample size for the second model,  $S_1$  is the standard error for the path coefficient in the first model, and  $S_2$  is the standard error for the path coefficient in the second model.

If the standard errors are different in both compared models (Satterthwaite method):

$$S_{12} = \sqrt{S_1^2 + S_2^2}$$

Second, the critical ratio  $T$  is calculated using the following formula:

$$T_{12} = (\beta_1 - \beta_2) / S_{12} .$$

The obtained  $T$  ratio then used to identify the  $p$  value associated with it. This  $p$  value reveals whether there is any difference between the path coefficients (Keil et al., 2000, Kock, 2014).

In the present study, the Satterwaite method is used to calculate the pooled standard errors. This is owing to the fact that the standard errors in the UK and Algerian samples were found to be different (0.075, 0.069 respectively). However, Kock (2014) recognises that although such a method is not widely used as it yields slightly higher values for the pooled standard errors, the differences are generally minor. Table 7.17 shows the weights' comparison of the constructs included in the final model

**Table 7.17: Weight Comparison**

<b>Indicators</b>	<b>UK</b>	<b>Indicators</b>	<b>ALG</b>	<b>P Value</b>
GEPP_INF	(0.148)	GEPP_INF	(0.287)	0.08
GEPP_INDV	(0.151)	GEPP_INDV	(0.314)	0.06
GEPP_SHOW	(0.120)	GEPP_SHOW	(0.262)	0.08
GEPP_MISS	(0.147)	GEPP_MISS	(0.275)	0.10
GEPP_DISTs	(0.148)	GEPP_DISTs	NA	NA
GEPP_OFFICE	(0.149)	GEPP_OFFICE	NA	NA
GEPP_TRAIN	(0.142)	GEPP_TRAIN	(0.240)	0.16
GEPP_LANG	(0.149)	GEPP_LANG	NA	NA
RQLB1	(0.088)	RQLB1	(0.091)	0.48
RQLB2	NA	RQLB2	(0.088)	NA
RQLB3	(0.094)	RQLB3	(0.088)	0.47
RQLB4	(0.101)	RQLB4	(0.098)	0.48
RQLB5	(0.096)	RQLB5	(0.097)	0.49
RQLB6	(0.103)	RQLB6	(0.092)	0.45
RQLB7	(0.102)	RQLB7	(0.092)	0.46
RQLB8	(0.099)	RQLB8	(0.094)	0.48
RQLB9	(0.097)	RQLB9	(0.094)	0.48
RQLB10	(0.100)	RQLB10	(0.092)	0.46
RQLB11	(0.096)	RQLB11	(0.089)	0.47
RQLB12	NA	RQLB12	(0.103)	NA
RQLB13	(0.094)	RQLB13	(0.090)	0.48
RQLB14	(0.092)	RQLB14	(0.095)	0.48
EX_INT1	(0.342)	EX_INT1	(0.358)	0.43
EX_INT2	(0.346)	EX_INT2	(0.354)	0.46
EX_INT3	(0.346)	EX_INT3	(0.354)	0.46
lv_INNO	(0.215)	lv_INNO	(0.201)	0.44
lv_TECH	(0.208)	lv_TECH	(0.228)	0.42
lv_INF_CAP	(0.214)	lv_INF_CAP	(0.253)	0.35
lv_PRI_CAP	(0.204)	lv_PRI_CAP	(0.259)	0.29
lv_PLANN	(0.209)	PLANN	(0.188)	0.41
lv_ADV_CAP	(0.208)	lv_ADV_CAP	(0.260)	0.30
lv_KNOW	(0.300)	lv_KNOW	(0.360)	0.27
lv_INT_OR	(0.294)	lv_INT_OR	(0.370)	0.22
lv_ENT_OR	(0.302)	lv_ENT_OR	(0.362)	0.27
lv_EX_PERC	(0.254)	lv_EX_PERC	(0.185)	0.24

NA: Not applicable due to dropped item

As can be seen from Table 7.17, all the p values were statistically non-significant meaning that there was invariance between the measurement models applied in the two countries. This confirms that the measures used in the survey were equal in both countries. Hence, the comparison of the path coefficients can be conducted. Table 7.18 illustrates the path comparison and their p values.

**Table 7.18: Path Comparison**

<b>Relationships</b>	<b>UK</b>	<b>ALG</b>	<b>P Value</b>
GEPP_USE → ORG_RES	0.21	0.27	0.27 <sup>NS</sup>
GEPP_USE → MNG_RES	0.49	0.32	0.04 <sup>**</sup>
GEPP_USE → REL_RES	0.37	0.26	0.14 <sup>NS</sup>
ORG_RES → EX_INT	-0.05	0.08	0.10 <sup>NS</sup>
MNG_RES → EX_INT	0.61	0.44	0.04 <sup>**</sup>
REL_RES → EX_INT	0.04	0.03	0.46 <sup>NS</sup>
GEPP_USE → EX_INT	0.25	0.15	0.16 <sup>NS</sup>

\*\*\*Significant at 1%; \*\*Significant at 5%; \*Significant at 10%; <sup>NS</sup>Non-significant

As it could be seen from table 7.18, the paths recording a statistically significant difference between the two investigated countries were the relationship between the GEPPs' use and management resources, and the effect of management resources on the firms' intention to export. It can therefore be argued that the effect in the UK was significantly greater than the effect in Algeria. This leads to the conclusion that export assistance programmes in the UK had greater impact on the firms' management resources which in turn improved firms' intention to export at a higher extent than it did in Algeria.

## **7.6. Summary of the Results and Hypotheses Testing**

From the analysis above, the following hypotheses can be supported or rejected, the next table (Table 7.19) recalls and test the hypotheses set in Section 4.3. The analysis of non-exporters in the UK and Algeria has brought similar results. First, it was revealed that only management resources had a positive and significant effect on export intention, while both organisational and relational had no effect, hence accepting H1b and rejecting H1a and H1c. Second, it was found that the use of GEPPs significantly increases the firms' organisational, management and relational resources, thus accepting

H2a, H2b and H2c. It was recorded that the strongest effect was on the management resources, followed by the organisational and then the relational resources. Third, regarding the indirect effect of GEPPs' on firms' export intention, it was found 71% and 49% of the effect of GEPPs on export intention in the UK and Algeria respectively were explained via the management resources (accepting H3). However, the difference between those two percentages was found to be statistically non-significant meaning that the partial mediation of the management resources in the relationship between export assistance and intention is similar in both countries. The next chapter analyses data collected from the exporters' samples in both countries.

**Table 7.19: Hypothesis Testing For Non-Exporters Samples**

<b>HYPOTHESIS</b>	<b>UK</b>	<b>ALGERIA</b>
<b>H1. The firms' resources enhance export initiation</b>		
H1a. Organisational resources enhance export initiation	<b>No support</b>	<b>No support</b>
H1b. Management resources enhance export initiation	<b>Yes</b>	<b>Yes</b>
H1c. Relational resources enhance export initiation	<b>No support</b>	<b>No support</b>
<b>H2. The use of GEPPs increases firms' resources</b>		
H2a. The use of GEPPs improves firms' organisational resources	<b>Yes</b>	<b>Yes</b>
H2b. The use of GEPPs improves firms' management resources	<b>Yes</b>	<b>Yes</b>
H2c. The use of GEPPs improves firms' relational resources	<b>Yes</b>	<b>Yes</b>
<b>H3. The use of GEPPs improves the firms' export initiation by enhancing their resources.</b>	<b>Yes</b> (only through management resources)	<b>Yes</b> (only through management resources)

## **CHAPTER EIGHT: ANALYSING UK AND ALGERIAN EXPORTERS' DATA**

This chapter presents and examines the results emerging from the quantitative analysis of the UK and Algerian exporters' samples. First, the chapter begins with preliminary descriptive statistics, including respondents' profile, data distributions, missing values and outliers. Second, Using PLS-SEM, both measurement and structural models are presented. Ultimately, findings from the two countries are compared and a conclusion summarising the main results of the investigations is presented.

The results obtained in this chapter are based on the data collected from manufacturing exporters in the UK and Algeria. The samples included 160 UK exporters and 97 Algerian exporters.

### **8.1. Descriptive Statistics**

The following discusses the sample characteristics, non-response bias, data distributions, missing values and outliers.

#### **8.1.1. Sample Characteristics'**

Firms' size, age, sector, ownership and export experience for each country are presented in the following sub-sections. Similarly to seventh chapter, the section first starts with an overall table (Table 8.1) summarising the samples' characteristics across both countries.

**Table 8.1: Descriptive Statistics for Exporters**

	UK Exporters		Algerian Exporters	
<b>Number of Employees (Size)</b>				
	Count	Percentage	Count	Percentage
<b>Less than 10</b>	11	6.9	11	11.3
<b>10 – 50</b>	25	15.6	19	19.6
<b>51 – 250</b>	93	58.1	42	43.3
<b>251 – 500</b>	30	18.8	25	25.8
<b>Over 500</b>	0	0.0	0	0.0
<b>Firms' Age</b>				
<b>Less than 2 Years</b>	0	0.0	5	5.2
<b>2 - 10 Years</b>	22	13.8	18	18.6
<b>11 - 25 Years</b>	33	20.6	46	47.4
<b>26 -50 Years</b>	64	40.0	16	16.5
<b>Over 50 Years</b>	40	25.0	10	10.3
<b>Firms' Export Experience</b>				
<b>Less than 2 Years</b>	8	5.0	3	3.1
<b>2 – 5 Years</b>	24	15.0	22	22.7
<b>6 – 10 Years</b>	26	16.3	43	44.3
<b>11 – 20 Years</b>	43	26.9	11	11.3
<b>Over 20 Years</b>	58	36.3	5	5.2
<b>Firms' Ownership</b>				
<b>Sole Proprietorship</b>	32	20.0	18	18.6
<b>Family Ownership</b>	77	48.1	46	47.4
<b>Partnership</b>	50	31.3	11	11.3
<b>GEPPs' Usage</b>				
<b>Non-users</b>		24.4		19.6
<b>Users</b>		75.6		71.1

Overall, it seems that in this sample Algerian and UK exporters share fairly similar characteristics in terms of size, age, ownership and GEPPs' usage. The following sub-sections develop this with more details.

*a) Firms' size*

Table 8.1a shows the proportion of firms accordingly with their size. As it can be seen from Table 8.1a, in the UK, firms with 51-250 employees represented more than half of the sample with 58.1%, these were followed by firms employing 251-250 and 10-50 employees with 18.8% and 15.6% respectively. Firms with less than 10 employees came last with 6.9%. As for companies with more than 500 employees, the sample did



not include any as the research used the 500 employee threshold more effectively capture the GEPPs' users.

Turning to Algeria, the highest proportion of firms was the ones employing 51-250 people with about 43.3%, these were followed by firms with 251-500 and 10-50 employees accounting for 25.8% and 19.6% of the sample. Last, firms employing less than 10 people represented 11.3% of the sample. Similarly to the UK, no companies with over 500 employees were recorded. As it could be seen, for both countries the majority of firms were medium sizes, such type of firms are usually more involved in exporting than smaller firms.

**Table 8.1a: Firms' Size**

<b>UK Exporters</b>		
Number of Employees	Count	Percent
Less than 10	11	6.9
10 – 50	25	15.6
51 – 250	93	58.1
251 – 500	30	18.8
Over 500	0	0.0
<b>Algerian Exporters</b>		
Number of Employees	Count	Percent
Less than 10	11	11.3
10 – 50	19	19.6
51 – 250	42	43.3
251 – 500	25	25.8
Over 500	0	0.0

***b) Firms' age***

Table 8.1b shows the breakdown of the firms' experiences. As it can be noticed, in the UK, the majority of the surveyed firms (40%) have between 26 and 50 years of experience, followed by firms with over 50 years and 11 to 25 years of existence respectively (around 25% and 20.6%). Last, 13.8% were companies with 2 to 10 years of experience. The sample did not include any firms with less than two years experience. Recording no exporting firms with less than two years' experience is considered to be

normal as the common time for firms to begin exporting is generally three years and onward and SMEs starting exporting within the first three years are considered as export precocious (Zucchella et al., 2007). Similarly, Chetty and Campbell-Hunt (2004) classified firms that exported within the first two years of their existence under “born Global”.

As for Algeria, the largest group included companies with 11 to 25 years’ experience (47.4%), followed by firms with 2 to 10 years (18.6%), 26 to 50 years (16.5%) and firms with over 50 years (10.3%). Finally, firms with less than 2 years accounted for 5.2% of the sample. Unlike the UK, the Algerian sample included a small fraction of Born Global firms (5.2%), According to Chetty and Campbell-Hunt (2004), firms evolving in small markets (such as Algeria) tend to internationalise from inception in order to cover the lack of sales.

**Table 8.1b: Firms’ Experience**

<b>UK Exporters</b>		
Firms’ Age	Count	Percent
Less than 2 Years	0	0.0
2 - 10 Years	22	13.8
11 - 25 Years	33	20.6
26 -50 Years	64	40.0
Over 50 Years	40	25.0
<b>Algerian Exporters</b>		
Firms’ Age	Count	Percent
Less than 2 Years	5	5.2
2 - 10 Years	18	18.6
11 - 25 Years	46	47.4
26 -50 Years	16	16.5
Over 50 Years	10	10.3

**c) Firms’ export experience**

The firm exporting experience was measured by the number of years the firm has been exporting. Table 8.1.c illustrates the export experience of the sample included in this

study. In the UK, the largest group were exporters with over 20 years' experience (36.3%), followed by firms with 11 to 20 years and six to 10 years' experience. The last groups include companies with two to five years and less than two years' experience. As for Algeria, most companies had an export experience between six to 10 years (44.3%), followed by exporters with two to five years' experience, and then firms with 11 to 20 years' experience in exporting, over 20 years and finally firms with less than three years' experience.

**Table 8.1c: Firms' Export Experience**

<b>UK Exporters</b>		
	Count	Percent
Less than 2 Years	8	5.0%
2 – 5 Years	24	15.0%
6 – 10 Years	26	16.3%
11 – 20 Years	43	26.9%
Over 20 Years	58	36.3%
<b>Algerian Exporters</b>		
	Count	Percent
Less than 2 Years	3	3.1%
2 – 5 Years	22	22.7%
6 – 10 Years	43	44.3%
11 – 20 Years	11	11.3%
Over 20 Years	5	5.2%

***d) Firms' sectors***

For both countries, the sample included firms from different manufacturing sectors, these included Food, Beverage and Tobacco, Textile and Clothing, Metal Products, Wood and Paper Products, Furniture and other manufacturing.

***e) Firms' ownership***

The following table (8.1d) shows the figures regarding the firms' ownership types. These are divided into sole proprietorship, family ownership and partnership. As it can be seen, in the UK, the highest number of companies taking part in the survey was of

family businesses (around 48.1%). This was followed by the partnership category with 31.3% and the sole proprietors with 18.6%. Similarly, in Algeria, family businesses represented the highest category in the sample with 47.4%, followed by sole proprietors with 18.6% and partnerships with 11.3%.

**Table 8.1d: Firms' Ownership**

<b>UK Exporters</b>		
Ownership	Count	Percent
Sole Proprietorship	32	20.0%
Family Ownership	77	48.1%
Partnership	50	31.3%
<b>Algerian Non-Exporters</b>		
Ownership	Count	Percent
Sole Proprietorship	18	18.6%
Family Ownership	46	47.4%
Partnership	11	11.3%

*f) Firms' location*

Firms' location for both samples was reported in Section 7.1.

*g) Key Informant*

Similar to the non-exporters sample, the respondents were mainly the owner, the general director, the export director or the financial director. Few cases where the respondent was an employee were recorded. As reported in the section 8.1, these represented around 13% of the total UK sample and 11% of the Algerian sample.

*h) GEPPs' usage*

Similarly to the exporters' samples, the GEPPs' usage variable was recoded using a binary scale for users and non-users (one for non-users and two for users). Table 8.1e illustrates the exporters' use of export promotion programmes in the UK and Algeria. As it was expected, in both countries, the percentage of GEPPs' users among exporting firms was considerably higher than the percentage of non-users. An initial conclusion

could be drawn from such figures suggesting the important role that GEPPs play in assisting exporters in export markets.

**Table 8.1e: GEPPs Users**

<b>UK Exporters</b>	
<b>GEPPs' usage</b>	<b>Percent</b>
Non-users	24.4%
Users	75.6%
<b>Algerian Exporters</b>	
<b>GEPPs' usage</b>	<b>Percent</b>
Non-users	19.6%
Users	71.1%

### **8.1.2. Data Distributions**

As discussed in 7.1.2., there is no assumption about the normality of the data distribution in this study and hence the normality does not need to be assessed.

### **8.1.3. Non-Response Bias**

As previously mentioned (See Section 7.1.3), the present research used a t-test technique in SPSS to check for non-response bias. The results revealed that there was no significant difference between the early and late respondents (See Appendix F). Therefore, it can be concluded that both samples used in the present study are indeed representative of the whole population.

### **8.1.4. Missing Data and Outliers**

As discussed in section 7.1.4, the researcher has removed all observations with missing values higher than 15% (21 questionnaires). Concerning the outliers, these will be dealt with by the software.

### 8.1.5. Common Method Bias

As mentioned in 8.1.5, common method bias was assessed using Harman’s one-factor. The first factor accounted for 32.91% of the variances in the UK sample and 17.24% in the Algerian sample, which is less than the critical 50% (See Appendix G). Hence, it can be concluded there are no major issues of common methods bias (Mattila and Enz, 2002; Lings et al., 2014)

### 8.2. The PLS-SEM Analysis

Before proceeding to the measurement models, Table 8.2 illustrates the reflective variables included in the exporters’ first order model and their assigned codes.

**Table 8.2: Variables Included in the 1<sup>st</sup> Order Non-Exporters’ Model**

Variables	Codes
<b>The Independent Variable: The Use of GEPPs</b>	
The Use of Government Export promotion Programmes	GEPP_USE
<b>The Dependent Variable: Export Performance</b>	
Financial Export Performance	EXPERF_F
Strategic Export Performance	EXPERF_R
Satisfaction with Export Performance	EXPERF_S
Export Regularity	EX_REG
<b>The Mediating Variable 1: Organisational Resources</b>	
Innovation	INNO
Technology	TECH
Planning Activities	PLANN
Informational Capabilities	INF_CAP
Pricing Capabilities	PRI_CAP
Advertising Capabilities	ADV_CAP
<b>The Mediating Variable 2: Management Resources</b>	
Export Knowledge	KNOW
International Orientation	INT_OR
Entrepreneurial Orientation	ENT_OR
Export Perceptions	EX_PERC
Export Commitment	EX_COMM
<b>The Mediating Variable 3: Relational Resources</b>	
Relationship Quality with Local Businesses	RQLB
Relationship Quality with Foreign buyers (importers)	RQI

### 8.2.1. First and Second Order Variables

Similar to the non-exporters' samples, a second order structural model is used when running the structural model. The next table (Table 8.3) presents the second order variables with their components. As discussed in 7.2.1, the “two-stage approach” is used to assess the measurement quality of the models (Becker et al., 2012).

**Table 8.3: 1<sup>st</sup> and 2<sup>nd</sup> Order Mediating Variables**

<b>Second Order variables</b>	<b>First Order Components</b>
ORG_RES	INNO, TECH, PLANN, INF_CAP, PRI_CAP, ADV_CAP
MNG_RES	KNOW, INT_OR, ENT_OR, EX_PERC, EX_COMM
REL_RES	RQLB, RQI
EXPERF	EXPERF_F, EXPERF_R, EXPERF_S

### 8.2.2. Measurement Model of the Reflective First Order Constructs

As mentioned earlier, checking reflective constructs requires the assessment of individual indicators' and latent constructs' reliabilities in addition to the measures of convergent and discriminant validities (Hair et al., 2011).

#### *a) Individual item reliability*

The individual items' reliability was assessed using the indicators' loadings. After removing the items with loadings below 0.7, almost<sup>4</sup> all the combined loadings of the retained indicators meet the thresholds 0.7 and hence confirming their satisfactory individual reliability. The removed indicators were:

- In the UK exporter's sample: TECH2, PLANN 2,4; KNOW 3,4; INT\_OR 2,3; RQLB 3,13 ,14; RQI 3,13,14, ENT\_OR8 and EX\_PERC1.

<sup>4</sup> Few items with a loading less but close to 0.7 were kept

- In the Algerian exporters' sample: .GEPP\_DISTs; GEPP\_SHOW; GEPP\_OFFICE; INNO4; TECH2; EX\_PERC1,2; ENT\_OR 3,4,5,8; PLANN3; KNOW4, INF\_CAP5; RQLB 1,3,14; RQI 2,3,13,14 and EX\_REG2.

These indicators belong to reflective constructs and hence deleting them would not affect the measurement of the variable.

***b) Constructs' reliability***

Assessing reliability is conducted using two measures, namely: composite reliability and Cronbach's alpha coefficients (Ruiz et al., 2008; Ketkar et al., 2012; Kock, 2011, 2013). Tables 8.4a and 8.4b shows the composite reliability and Cronbach's alpha measures for all the constructs used in this research.

**Table 8.4a: Composite and Cronbach's Alpha Reliabilities for UK Exporters**

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
<b>GEPP_USE</b>	0.946	0.934
<b>INNO</b>	0.890	0.836
<b>TECH</b>	0.882	0.820
<b>PLANN</b>	0.916	0.817
<b>KNOW</b>	0.902	0.782
<b>INT_OR</b>	0.820	0.562
<b>EX_COMM</b>	0.898	0.848
<b>INF_CAP</b>	0.928	0.902
<b>PRI_CAP</b>	0.894	0.840
<b>ADV_CAP</b>	0.943	0.920
<b>EXPERF_F</b>	0.932	0.890
<b>EXPERF_R</b>	0.949	0.919
<b>EXPERF_S</b>	0.907	0.846
<b>EX_REG</b>	0.873	0.781
<b>RQLB</b>	0.971	0.967
<b>RQI</b>	0.946	0.937
<b>ENT_OR</b>	0.914	0.888
<b>EX_PERC</b>	0.889	0.804



**Table 8.4b: Composite and Cronbach's Alpha Reliabilities for Algerian Exporters**

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
<b>GEPP_USE</b>	0.789	0.666
<b>INNO</b>	0.874	0.783
<b>TECH</b>	0.883	0.823
<b>PLANN</b>	0.877	0.784
<b>KNOW</b>	0.892	0.817
<b>INT_OR</b>	0.804	0.673
<b>EX_COMM</b>	0.854	0.771
<b>INF_CAP</b>	0.915	0.875
<b>PRI_CAP</b>	0.898	0.848
<b>ADV_CAP</b>	0.974	0.964
<b>EXPERF_F</b>	0.872	0.778
<b>EXPERF_R</b>	0.955	0.929
<b>EXPERF_S</b>	0.915	0.861
<b>RQLB</b>	0.920	0.901
<b>RQI</b>	0.931	0.917
<b>ENT_OR</b>	0.846	0.754
<b>EX_REG</b>	0.840	0.618
<b>EX_PERC</b>	0.889	0.751

From these tables, both composite reliability and Cronbach's alpha coefficients for almost all constructs were above the 0.7. However, few exceptions are noticed with respect to the Cronbach's Alpha coefficient. In this sense, a more lenient version of this criterion stipulates that only one of the two measures should be higher than 0.70, this criterion is widely used among scholars (Kock, 2011). In this regard, Hair et al. (2014a) acknowledged that the Cronbach's alpha is sensitive to the number of indicators and hence tends to underestimate the internal consistency reliability. As a result, the authors confirmed that the composite reliability would be a more reliable measure than Cronbach's Alpha. On this basis, Tables 8.4a and 8.4b suggest that the reflective measurement instruments employed in this study have a satisfactory reliability.

*c) Constructs' validity*

Assessing the construct validity of the reflective constructs is conducted using the AVE (for convergent validity) and square root of AVEs (for discriminant validity). Table 8.5a and 8.5b illustrate the AVE for all constructs used in this study, whereas Tables 8.6a and 8.6b illustrates the square root of AVEs. As it can be seen, AVE for all reflective variables is above the 0.5 threshold, meaning that the measurement constructs have a satisfactory convergent validity.

**Table 8.5a: The latent variables' AVEs for UK exporters sample**

**Table 8.5b: The latent variables' AVEs for Algerian exporters sample**

	<b>AVE</b>		<b>AVE</b>
<b>GEPP_USE</b>	0.686	<b>GEPP_USE</b>	0.431 <sup>5</sup>
<b>INNO</b>	0.670	<b>INNO</b>	0.699
<b>TECH</b>	0.652	<b>TECH</b>	0.655
<b>PLANN</b>	0.845	<b>PLANN</b>	0.708
<b>KNOW</b>	0.821	<b>KNOW</b>	0.734
<b>INT_OR</b>	0.696	<b>INT_OR</b>	0.508
<b>EX_COMM</b>	0.689	<b>EX_COMM</b>	0.595
<b>INF_CAP</b>	0.721	<b>INF_CAP</b>	0.731
<b>PRI_CAP</b>	0.678	<b>PRI_CAP</b>	0.688
<b>ADV_CAP</b>	0.806	<b>ADV_CAP</b>	0.904
<b>EXPERF_F</b>	0.820	<b>EXPERF_F</b>	0.694
<b>EXPERF_R</b>	0.861	<b>EXPERF_R</b>	0.876
<b>EXPERF_S</b>	0.766	<b>EXPERF_S</b>	0.783
<b>EX_REG</b>	0.696	<b>RQLB</b>	0.564
<b>RQLB</b>	0.752	<b>RQI</b>	0.579
<b>RQI</b>	0.613	<b>ENT_OR</b>	0.582
<b>ENT_OR</b>	0.605	<b>EX_REG</b>	0.724
<b>EX_PERC</b>	0.732	<b>EX_PERC</b>	0.800

The squares root of AVE was greater than any of the other correlations involving that construct. In addition, from Tables 8.6a and 8.6b (see above), the indicators' loadings with their latent variables were higher than the cross loadings (loadings with other constructs). Therefore, it can be stated that the latent variables have satisfactory discriminant validity.

<sup>5</sup> The GEPPs\_USE' AVE was less than the threshold 5, yet still closer and should not significantly affect the construct's validity.

**Table 8.6a: Squares Root of AVEs for UK Exporters**

	GEPP_USE	INNO	TECH	PLANN	KNOW	INT_OR	EX_COMM	INF_CAP	PRI_CAP	ADV_CAP	EXPERF_F	EXPERF_R	EXPERF_S	EX_REG	RQLB	RQI	ENT_OR	EX_PERC
<b>GEPP_USE</b>	(0.828)	0.490	0.443	0.517	0.494	0.448	0.456	0.452	0.311	0.385	0.343	0.354	0.309	0.158	0.437	0.426	0.370	0.309
<b>INNO</b>	0.490	(0.819)	0.705	0.701	0.598	0.623	0.571	0.455	0.347	0.393	0.476	0.481	0.395	0.351	0.263	0.458	0.624	0.299
<b>TECH</b>	0.443	0.705	(0.807)	0.689	0.579	0.584	0.628	0.425	0.363	0.346	0.502	0.530	0.393	0.360	0.276	0.473	0.640	0.476
<b>PLANN</b>	0.517	0.701	0.689	(0.919)	0.708	0.652	0.648	0.556	0.457	0.548	0.522	0.542	0.476	0.252	0.418	0.555	0.641	0.327
<b>KNOW</b>	0.494	0.598	0.579	0.708	(0.906)	0.673	0.599	0.598	0.478	0.520	0.584	0.594	0.505	0.421	0.297	0.579	0.688	0.425
<b>INT_OR</b>	0.448	0.623	0.584	0.652	0.673	(0.834)	0.574	0.488	0.404	0.445	0.434	0.485	0.377	0.455	0.236	0.504	0.654	0.357
<b>EX_COMM</b>	0.456	0.571	0.628	0.648	0.599	0.574	(0.830)	0.449	0.383	0.448	0.630	0.644	0.465	0.375	0.287	0.566	0.648	0.474
<b>INF_CAP</b>	0.452	0.455	0.425	0.556	0.598	0.488	0.449	(0.849)	0.634	0.690	0.485	0.492	0.477	0.264	0.346	0.417	0.460	0.174
<b>PRI_CAP</b>	0.311	0.347	0.363	0.457	0.478	0.404	0.383	0.634	(0.823)	0.573	0.382	0.362	0.405	0.226	0.292	0.402	0.411	0.171
<b>ADV_CAP</b>	0.385	0.393	0.346	0.548	0.520	0.445	0.448	0.690	0.573	(0.898)	0.438	0.421	0.399	0.075	0.326	0.415	0.371	0.144
<b>EXPERF_F</b>	0.343	0.476	0.502	0.522	0.584	0.434	0.630	0.485	0.382	0.438	(0.908)	0.777	0.734	0.449	0.207	0.535	0.603	0.413
<b>EXPERF_R</b>	0.354	0.481	0.530	0.542	0.594	0.485	0.644	0.492	0.362	0.421	0.777	(0.939)	0.685	0.532	0.191	0.522	0.683	0.439
<b>EXPERF_S</b>	0.309	0.395	0.393	0.476	0.505	0.377	0.465	0.477	0.405	0.399	0.734	0.685	(0.894)	0.374	0.202	0.490	0.507	0.394
<b>EX_REG</b>	0.158	0.351	0.360	0.252	0.421	0.455	0.375	0.264	0.226	0.075	0.449	0.532	0.374	(0.834)	-0.076	0.376	0.558	0.444
<b>RQLB</b>	0.437	0.263	0.276	0.418	0.297	0.236	0.287	0.346	0.292	0.326	0.207	0.191	0.202	-0.076	(0.867)	0.273	0.239	0.115
<b>RQI</b>	0.426	0.458	0.473	0.555	0.579	0.504	0.566	0.417	0.402	0.415	0.535	0.522	0.490	0.376	0.273	(0.783)	0.658	0.470
<b>ENT_OR</b>	0.370	0.624	0.640	0.641	0.688	0.654	0.648	0.460	0.411	0.371	0.603	0.683	0.507	0.558	0.239	0.658	(0.778)	0.574
<b>EX_PERC</b>	0.309	0.299	0.476	0.327	0.425	0.357	0.474	0.174	0.171	0.144	0.413	0.439	0.394	0.444	0.115	0.470	0.574	(0.856)

**Table 8.6b: Squares Root of AVEs for Algerian Exporters**

	GEPP_USE	INNO	TECH	PLANN	KNOW	INT_OR	EX_COMM	INF_CAP	PRI_CAP	ADV_CAP	EXPERF_F	EXPERF_R	EXPERF_S	RQLB	RQI	ENT_OR	EX_REG	EX_PERC
GEPP_USE	(0.657)	-0.004	0.180	0.111	0.094	0.149	0.109	0.051	-0.012	0.031	-0.070	0.096	-0.162	0.195	0.087	-0.003	0.055	-0.018
INNO	-0.004	(0.836)	0.661	0.622	0.422	0.478	0.477	0.322	0.343	0.330	0.398	0.317	0.215	0.241	0.180	0.597	0.338	0.155
TECH	0.180	0.661	(0.809)	0.742	0.405	0.464	0.640	0.217	0.325	0.302	0.395	0.461	0.274	0.414	0.384	0.631	0.278	0.368
PLANN	0.111	0.622	0.742	(0.841)	0.488	0.532	0.541	0.225	0.356	0.252	0.305	0.360	0.266	0.315	0.302	0.552	0.390	0.245
KNOW	0.094	0.422	0.405	0.488	(0.857)	0.636	0.439	0.419	0.346	0.278	0.353	0.304	0.319	0.346	0.365	0.475	0.452	0.282
INT_OR	0.149	0.478	0.464	0.532	0.636	(0.712)	0.516	0.313	0.258	0.315	0.484	0.449	0.385	0.267	0.335	0.726	0.473	0.388
EX_COMM	0.109	0.477	0.640	0.541	0.439	0.516	(0.772)	0.179	0.188	0.153	0.308	0.403	0.178	0.227	0.316	0.615	0.239	0.334
INF_CAP	0.051	0.322	0.217	0.225	0.419	0.313	0.179	(0.855)	0.692	0.664	0.354	0.281	0.384	0.313	0.260	0.289	0.218	0.054
PRI_CAP	-0.012	0.343	0.325	0.356	0.346	0.258	0.188	0.692	(0.830)	0.686	0.241	0.333	0.456	0.269	0.269	0.253	0.114	0.166
ADV_CAP	0.031	0.330	0.302	0.252	0.278	0.315	0.153	0.664	0.686	(0.951)	0.275	0.257	0.383	0.293	0.108	0.288	0.123	0.094
EXPERF_F	-0.070	0.398	0.395	0.305	0.353	0.484	0.308	0.354	0.241	0.275	(0.833)	0.766	0.643	0.165	0.270	0.495	0.664	0.274
EXPERF_R	0.096	0.317	0.461	0.360	0.304	0.449	0.403	0.281	0.333	0.257	0.766	(0.936)	0.701	0.130	0.362	0.442	0.606	0.203
EXPERF_S	-0.162	0.215	0.274	0.266	0.319	0.385	0.178	0.384	0.456	0.383	0.643	0.701	(0.885)	0.117	0.208	0.325	0.502	0.249
RQLB	0.195	0.241	0.414	0.315	0.346	0.267	0.227	0.313	0.269	0.293	0.165	0.130	0.117	(0.751)	0.462	0.306	0.124	0.093
RQI	0.087	0.180	0.384	0.302	0.365	0.335	0.316	0.260	0.269	0.108	0.270	0.362	0.208	0.462	(0.761)	0.436	0.318	0.238
ENT_OR	-0.003	0.597	0.631	0.552	0.475	0.726	0.615	0.289	0.253	0.288	0.495	0.442	0.325	0.306	0.436	(0.763)	0.429	0.447
EX_REG	0.055	0.338	0.278	0.390	0.452	0.473	0.239	0.218	0.114	0.123	0.664	0.606	0.502	0.124	0.318	0.429	(0.851)	0.215
EX_PERC	-0.018	0.155	0.368	0.245	0.282	0.388	0.334	0.054	0.166	0.094	0.274	0.203	0.249	0.093	0.238	0.447	0.215	(0.895)

*d) Collinearity test*

Tables 8.7a and 8.7b illustrate the full collinearity (Full VIFs). As it can be seen, with one exception, all VIFs are below the thresholds five suggesting no collinearity issues between the constructs and confirming the absence of common method bias.

**Table 8.7a: Full VIFs for UK Exporters**

**Table 8.7b: Full VIFs for Algerian Exporters**

	<b>FULL VIFs</b>		<b>FULL VIF</b>
<b>GEPP_USE</b>	1.806	<b>GEPP_USE</b>	1.448
<b>INNO</b>	2.828	<b>INNO</b>	2.697
<b>TECH</b>	2.865	<b>TECH</b>	4.838
<b>PLANN</b>	3.729	<b>PLANN</b>	3.194
<b>KNOW</b>	3.095	<b>KNOW</b>	2.304
<b>INT_OR</b>	2.594	<b>INT_OR</b>	3.421
<b>EX_COMM</b>	2.699	<b>EX_COMM</b>	2.268
<b>INF_CAP</b>	2.807	<b>INF_CAP</b>	2.856
<b>PRI_CAP</b>	1.911	<b>PRI_CAP</b>	3.354
<b>ADV_CAP</b>	2.461	<b>ADV_CAP</b>	2.553
<b>EXPERF_F</b>	5.173	<b>EXPERF_F</b>	3.923
<b>EXPERF_R</b>	4.139	<b>EXPERF_R</b>	4.775
<b>EXPERF_S</b>	3.518	<b>EXPERF_S</b>	3.013
<b>EX_REG</b>	2.034	<b>RQLB</b>	1.661
<b>RQLB</b>	1.442	<b>RQI</b>	1.848
<b>RQI</b>	2.146	<b>ENT_OR</b>	3.709
<b>ENT_OR</b>	3.996	<b>EX_REG</b>	2.677
<b>EX_PERC</b>	1.948	<b>EX_PERC</b>	1.599

**8.2.3. Measurement Model of the Formative Second Order Constructs**

As mentioned in 8.2.1, the study used formative second order constructs. These were assessed using indicators' loadings, weights and VIF (Hair et al. (2011)). The following tables (tables 8.8a, 8.8b, 8.9a and 8.9b) show the indicator's loadings, weights and VIFs for the second order formative variables. As it can be noticed, all p values and VIF are less than the threshold.

**Table 8.8a: 2<sup>nd</sup> Order Indicators' Loadings for UK Exporters**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_RES</b>	<b>EXPERF</b>	<b>P value</b>
<b>INNO</b>	(0.776)	0.435	-0.183	-0.121	<0.001
<b>TECH</b>	(0.758)	0.760	-0.142	-0.112	<0.001
<b>PLANN</b>	(0.855)	0.461	0.046	-0.031	<0.001
<b>INF_CAP</b>	(0.805)	-0.678	0.061	0.114	<0.001
<b>PRI_CAP</b>	(0.713)	-0.603	0.189	-0.014	<0.001
<b>ADV_CAP</b>	(0.758)	-0.437	0.035	0.163	<0.001
<b>KNOW</b>	0.328	(0.846)	-0.041	0.005	<0.001
<b>INT_OR</b>	0.372	(0.813)	-0.138	-0.376	<0.001
<b>EX_COMM</b>	-0.027	(0.817)	-0.016	0.255	<0.001
<b>ENT_OR</b>	-0.034	(0.888)	0.141	0.013	<0.001
<b>EX_PERC</b>	-0.780	(0.676)	0.051	0.120	<0.001
<b>RQLB</b>	0.139	-0.393	(0.798)	-0.102	<0.001
<b>RQI</b>	-0.139	0.393	(0.798)	0.102	<0.001
<b>EXPERF_F</b>	-0.013	0.016	0.002	(0.950)	<0.001
<b>EXPERF_R</b>	-0.013	0.184	-0.031	(0.917)	<0.001
<b>EXPERF_S</b>	0.027	-0.201	0.029	(0.916)	<0.001

**Table 8.8b: 2<sup>nd</sup> Order Indicators' Loadings for Algerian Exporters**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_RES</b>	<b>EXPERF</b>	<b>P value</b>
<b>INNO</b>	(0.743)	0.390	-0.131	-0.227	<0.001
<b>TECH</b>	(0.735)	0.589	0.140	0.028	<0.001
<b>PLANN</b>	(0.723)	0.467	0.009	-0.300	<0.001
<b>INF_CAP</b>	(0.704)	-0.510	0.058	0.164	<0.001
<b>PRI_CAP</b>	(0.775)	-0.459	0.045	0.220	<0.001
<b>ADV_CAP</b>	(0.733)	-0.472	-0.120	0.107	<0.001
<b>KNOW</b>	0.283	(0.739)	0.070	-0.254	<0.001
<b>INT_OR</b>	0.061	(0.868)	-0.099	-0.006	<0.001
<b>EX_COMM</b>	-0.110	(0.759)	-0.014	0.085	<0.001
<b>ENT_OR</b>	-0.025	(0.865)	0.093	0.031	<0.001
<b>EX_PERC</b>	-0.263	(0.598)	-0.059	0.170	<0.001
<b>RQLB</b>	0.214	-0.140	(0.855)	-0.123	<0.001
<b>RQI</b>	-0.214	0.140	(0.855)	0.123	<0.001
<b>EXPERF_F</b>	-0.047	0.081	-0.012	(0.897)	<0.001
<b>EXPERF_R</b>	-0.104	0.073	0.048	(0.921)	<0.001
<b>EXPERF_S</b>	0.158	-0.161	-0.039	(0.868)	<0.001

**Table 8.9a: 2<sup>nd</sup> Order Constructs' Indicator Weights and VIF for UK Exporters**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_RES</b>	<b>EXPERF</b>	<b>P value</b>	<b>VIF</b>	<b>Effect Size</b>
<b>INNO</b>	(0.213)	0.000	0.000	0.000	<0.001	2.437	0.165
<b>TECH</b>	(0.208)	0.000	0.000	0.000	<0.001	2.370	0.158
<b>PLANN</b>	(0.235)	0.000	0.000	0.000	<0.001	2.821	0.201
<b>INF_CAP</b>	(0.221)	0.000	0.000	0.000	<0.001	2.442	0.178
<b>PRI_CAP</b>	(0.196)	0.000	0.000	0.000	0.001	1.807	0.140
<b>ADV_CAP</b>	(0.208)	0.000	0.000	0.000	<0.001	2.189	0.158
<b>KNOW</b>	0.000	(0.257)	0.000	0.000	<0.001	2.368	0.218
<b>INT_OR</b>	0.000	(0.247)	0.000	0.000	<0.001	2.170	0.201
<b>EX_COMM</b>	0.000	(0.248)	0.000	0.000	<0.001	1.978	0.203
<b>ENT_OR</b>	0.000	(0.270)	0.000	0.000	<0.001	2.826	0.240
<b>EX_PERC</b>	0.000	(0.206)	0.000	0.000	<0.001	1.543	0.139
<b>RQLB</b>	0.000	0.000	(0.627)	0.000	<0.001	1.080	0.500
<b>RQI</b>	0.000	0.000	(0.627)	0.000	<0.001	1.080	0.500
<b>EXPERF_F</b>	0.000	0.000	0.000	(0.368)	<0.001	4.492	0.350
<b>EXPERF_R</b>	0.000	0.000	0.000	(0.355)	<0.001	3.169	0.325
<b>EXPERF_S</b>	0.000	0.000	0.000	(0.355)	<0.001	3.149	0.325

**Table 8.9b: 2<sup>nd</sup> Order Constructs' Indicator Weights and VIF in the Algerian Sample**

	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_R ES</b>	<b>EXPERF</b>	<b>P value</b>	<b>VIF</b>	<b>Effect Size</b>
<b>INNO</b>	(0.229)	0.000	0.000	0.000	0.002	2.016	0.170
<b>TECH</b>	(0.226)	0.000	0.000	0.000	0.002	2.651	0.166
<b>PLANN</b>	(0.223)	0.000	0.000	0.000	0.003	2.478	0.161
<b>INF_CAP</b>	(0.217)	0.000	0.000	0.000	0.003	2.262	0.153
<b>PRI_CAP</b>	(0.238)	0.000	0.000	0.000	0.002	2.491	0.185
<b>ADV_CAP</b>	(0.226)	0.000	0.000	0.000	0.003	2.235	0.165
<b>KNOW</b>	0.000	(0.248)	0.000	0.000	0.001	1.732	0.183
<b>INT_OR</b>	0.000	(0.291)	0.000	0.000	<0.001	2.761	0.253
<b>EX_COMM</b>	0.000	(0.254)	0.000	0.000	<0.001	1.692	0.193
<b>ENT_OR</b>	0.000	(0.290)	0.000	0.000	<0.001	2.661	0.251
<b>EX_PERC</b>	0.000	(0.201)	0.000	0.000	0.006	1.271	0.120
<b>RQLB</b>	0.000	0.000	(0.585)	0.000	<0.001	1.271	0.500
<b>RQI</b>	0.000	0.000	(0.585)	0.000	<0.001	1.271	0.500
<b>EXPERF_F</b>	0.000	0.000	0.000	(0.373)	<0.001	2.554	0.334
<b>EXPERF_R</b>	0.000	0.000	0.000	(0.382)	<0.001	2.952	0.352
<b>EXPERF_S</b>	0.000	0.000	0.000	(0.361)	<0.001	2.078	0.313

As it could be seen from the tables, all second orders' indicators loadings and weights were significant and with a VIF not exceeding the critical value of 3.3. Hence, suggesting a good validity.

*a) Collinearity test*

For the collinearity test, Tables 8.10a and 8.10b shows the values for the FULL VIFs of each second order construct.

**Table 8.10a: Full VIFs of the 2<sup>nd</sup> Order Constructs for UK Exporters**

	<b>Full VIFs</b>
<b>GEPPs_USE</b>	1.658
<b>ORG_RES</b>	3.237
<b>MNG_RES</b>	4.190
<b>REL_RES</b>	1.975
<b>EXPERF</b>	2.411
<b>EX_REG</b>	1.768
<b>FRM_SIZE</b>	1.388
<b>FRM_EXP</b>	1.390

**Table 8.10b: Full VIFs of the 2<sup>nd</sup> Order Constructs for Algerian Exporters**

	<b>Full VIFs</b>
<b>GEPPs_USE</b>	1.137
<b>ORG_RES</b>	2.046
<b>MNG_RES</b>	2.075
<b>REL_RES</b>	1.382
<b>EXPERF</b>	2.169
<b>EX_REG</b>	1.995
<b>FRM_SIZE</b>	1.290
<b>FRM_EXP</b>	1.391

Based on the reliability, validity and collinearity tests conducted for both the first and second order variables, it can be argued that the measurement model presents satisfactory values and hence, the researcher can safely proceed to the analysis of the structural model.

#### **8.2.4. The Structural Model Results**

After the assessment of the measurement model at both first order and second order levels, the next step is to analyse the structural model and estimate the relationships between the investigated variables.



**a) Model fit indices**

To recall, assessing the model fit in the PLS-SEM is illustrated through three indices, from which: APC, ARS and AVIF. The next tables (Table 8.11a and 8.11b) present the model fit indices for the present model. It can be clearly seen that all the quality indices comply with the criteria of a fit model.

**Table 8.11a: Model Fit Indices for UK Exporters**

<b>Indices</b>	<b>Results</b>	<b>Criterion</b>
Average path coefficient (APC)	0.295 P<0.001	P value less than 0.05
Average R-squared (ARS)	0.412 P<0.001	P value less than 0.05
Average adjusted R-squared (AARS)	0.403 P<0.001	P value less than 0.05
Average block VIF (AVIF)	1.948	acceptable if $\leq 5$ , ideally $\leq 3.3$
Average full collinearity VIF (AFVIF)	2.235	acceptable if $\leq 5$ , ideally $\leq 3.3$

**Table 8.11b: Model Fit Indices for Algerian Exporters**

<b>Indices</b>	<b>Results</b>	<b>Criterion</b>
Average path coefficient (APC)	0.186 P<0.001	P value less than 0.05
Average R-squared (ARS)	0.160, P=0.008	P value less than 0.05
Average adjusted R-squared (AARS)	0.139, P=0.012	P value less than 0.05
Average block VIF (AVIF)	1.467	acceptable if $\leq 5$ , ideally $\leq 3.3$
Average full collinearity VIF (AFVIF)	1.686	acceptable if $\leq 5$ , ideally $\leq 3.3$

**b) The path analysis (structural relationships)**

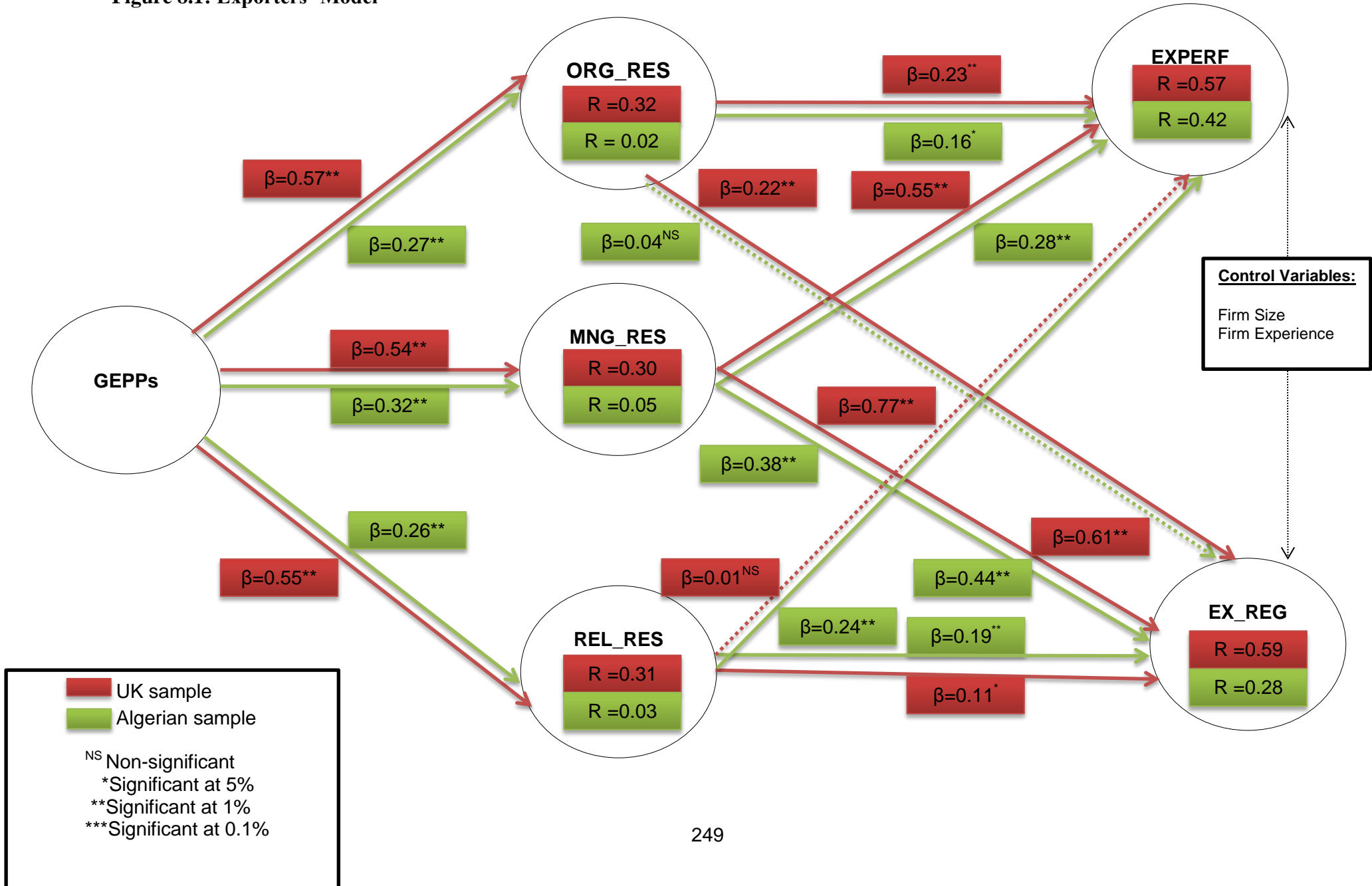
The results of the data analysis of both samples are illustrated in Figure 8.1. The arrows and adjacent values represent the effects between the variables and their  $\beta$  coefficients with their p values.  $R^2$  values present the explained variance of endogenous latent

variables in the structural model (Hair et al., 2014); these are shown under the endogenous variables.

The structural model relationships shown in Figure 8.1 represent the hypothesized relationships proposed in section 4.3. With respect to the UK exporters' sample, Figure 8.1 illustrates that the export assistance programmes had a strong and positive effect on all organisational, management and relational resources, these effects were relatively similar in strength ( $\beta=0.57$ ,  $0.54$  and  $0.55$  respectively and significant  $p<0.01$  for all three paths). As for the impact of these resources on the firms' export performance, it was noticed that the management resources were the set that had the greater effect on performance ( $\beta=0.51$ ,  $p<0.1$ ), followed by the organisational resources with a relatively weaker effect ( $\beta=0.24$ ,  $p<0.1$ ), the relational resources however had a weak and non-significant effect on the export performance ( $\beta=0.03$ ,  $p=0.31$ ). Furthermore, the management resources had once more the strongest effect on export regularity ( $\beta=0.77$ ,  $p<0.1$ ), followed by both the organisational and relational resources with almost a similar weak effect ( $\beta=0.22$  and  $0.11$ ,  $p<0.1$  and  $p=0.04$  respectively).

Turning to the Algerian exporters sample, Figure 8.1 shows that the use of export promotion programmes had approximately a similar effect (positive and statistically significant) on all types of resources ( $\beta=0.27$ ,  $0.32$  and  $0.26$ ,  $p<0.1$  respectively). As for the effect of these resources on the firms' intention to export, similar to the UK sample, only management were found to have a positive and statistically significant influence on the export intention ( $\beta=0.44$ ,  $p<0.1$  respectively). The effect of both organisational and relational resources had an non-significant impact on the export intention ( $p=0.14$ ,  $0.35$ ).

Figure 8.1: Exporters' Model



For the coefficient of determination, Tables 8.12a and 8.12b summarise all the values. In the UK sample and from Table 8.12a, the interpretation of the R<sup>2</sup> values of the endogenous variables is as follows, the prediction of the organisational, management and relational resources was moderate (0.32. 0.30 and 0.31 respectively). In addition, the prediction of export performance and export regularity were close to strong (0.57 and 0.59 respectively). Therefore, these relationships can be considered meaningful.

As for the Algerian sample and from Table 8.12b, the prediction of the organisational, management and relational resources was statistically meaningful yet weak (R<sup>2</sup>= 0.02. 0.05 and 0.03). Similarly, the predictions of export performance and regularity were weak and moderate respectively (R<sup>2</sup>= 0, 28 and 0.42). Overall, although minimal, these relationships can be considered as statistically meaningful. Eventually, it is important to highlight that when controlling for firms' size and experience in both samples, the correlations remain almost similar, hence confirming the results of this study.

**Table 8.12a: Path Coefficients, P Values and R Squares for UK Exporters**

<b>Relationships</b>	<b>Path Coefficient</b>	<b>P Value</b>	<b>R<sup>2</sup></b>	<b>Description</b>
GEPP_USE → ORG_RES	0.57	<0.01	0.32	Positive, sig. and moderate
GEPP_USE → MNG_RES	0.54	<0.01	0.30	Positive, sig. and moderate
GEPP_USE → REL_RES	0.55	<0.01	0.31	Positive, sig. and moderate
ORG_RES → EXPERF	0.23	<0.01	0.57	Positive, sig. and close to strong
ORG_RES → EX_REG	0.22	<0.01	0.59	Positive, sig. and close to strong
MNG_RES → EXPERF	0.55	<0.01	0.57	Positive, sig. and close to strong
MNG_RES → EX_REG	0.77	<0.01	0.59	Positive, sig. and close to strong
REL_RES → EXPERF	0.01	0.42	0.57	Insignificant
REL_RES → EX_REG	0.11	0.04	0.59	Positive, sig. and close to strong

**Table 8.12b: Path Coefficients, P Values and R Squares in the Algerian Exporters' Sample**

<b>Relationships</b>	<b>Path Coefficient</b>	<b>P Value</b>	<b>R<sup>2</sup></b>	<b>Description</b>
GEPP_USE → ORG_RES	0.15	0.03	0.02	Positive, sig. weak
GEPP_USE → MNG_RES	0.22	<0.01	0.05	Positive, sig. and weak
GEPP_USE → REL_RES	0.18	0.01	0.03	Positive, sig. and weak
ORG_RES → EXPERF	0.16	0.02	0.42	Positive, sig. and moderate
ORG_RES → EX_REG	0.04	0.33	0.28	Insignificant
MNG_RES → EXPERF	0.28	<0.01	0.42	Positive, sig. and moderate
MNG_RES → EX_REG	0.38	<0.01	0.28	Positive, sig. and weak
REL_RES → EXPERF	0.24	<0.01	0.42	Insignificant
REL_RES → EX_REG	0.19	<0.01	0.28	Positive, sig. and weak

For the effect size, Tables 8.13a and 8.13b report the values for the effect sizes. Based on Table 8.13a, it can be said that in the case of UK exporters, effect sizes of the use of GEPPs on the firms' three sets of resources were large, while organisational and management resources had medium and large effects and relational resources had weak effects on performance and regularity.

As for Algerian non-exporters, it can be stated from table 8.13b that the effect of the GEPPs' use was weak on all three types of resources, while these resources had weak to medium effects on performance and regularity.

**Table 8.13a: The Effect Sizes for UK Exporters**

<b>Relationships</b>	<b>Effect Size</b>	<b>Description</b>
GEPP_USE → ORG_RES	0.32	Large
GEPP_USE → MNG_RES	0.29	Large
GEPP_USE → REL_RES	0.30	Large
ORG_RES → EXPERF	0.15	Medium
ORG_RES → EX_REG	0.07	Large
MNG_RES → EXPERF	0.36	Medium
MNG_RES → EX_REG	0.43	Large
REL_RES → EXPERF	0.07	Weak
REL_RES → EX_REG	0.02	Weak

**Table 8.13b: Effect Sizes for Algerian Exporters**

<b>Relationships</b>	<b>Effect Size</b>	<b>Description</b>
GEPP_USE → ORG_RES	0.02	Weak
GEPP_USE → MNG_RES	0.04	Weak
GEPP_USE → REL_RES	0.03	Weak
ORG_RES → EXPERF	0.08	Weak to Medium
ORG_RES → EX_REG	0.01	Weak
MNG_RES → EXPERF	0.14	Medium
MNG_RES → EX_REG	0.19	Medium
REL_RES → EXPERF	0.09	Weak to Medium
REL_RES → EX_REG	0.06	Weak

Tables 8.14a and 8.14b illustrate the predictive relevance values of the dependant (endogenous) variables for each sample. As it could be seen, in the UK, all the Q values are greater than 0. Moreover, it can be concluded that all endogenous constructs had a strong predictive relevance. Concerning Algeria, while the export performance and regularity constructs had a strong predictive relevance, the firms' resources had a weak predictive relevance.

**Table 8.14a: Q Squared of the Endogenous Constructs for UK Exporters**

	<b>GEPP</b>	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_RES</b>	<b>EXPERF</b>	<b>EX_REG</b>
Q Squared	n.a	0.321	0.291	0.306	0.541	0.400

**Table 8.14b: Q Squared of the Endogenous Constructs in the Algerian Sample**

	<b>GEPP</b>	<b>ORG_RES</b>	<b>MNG_RES</b>	<b>REL_RES</b>	<b>EXPERF</b>	<b>EX_REG</b>
Q Squared	n.a	0.027	0.049	0.039	0.427	0.337

**8.3. Direct and Indirect Effects (Mediation Test)**

In accordance with Kock’s (2013) and Hair et al.’s (2014a) guidance, the mediation test is applied in two phases as discussed in section 8.1.2.4. Tables 8.15a and 8.15b illustrate these steps

**Table 8.15a: Mediating Effects for UK Exporters**

	<b>Correlation</b>	<b>Path Coefficient</b>	<b>P value</b>	<b>Nature</b>
<b>Step One</b>				
<b>Direct</b> (without the mediating variables)	<b>GEPP_USE</b> → <b>EXPERF</b>	0.43	<0.01	Significant
	<b>GEPP_USE</b> → <b>EX_REG</b>	0.25	<0.01	Significant
<b>Step Two</b>				
<b>Direct</b>	<b>GEPP_USE</b> → <b>EXPERF</b>	-0.05	0.20	Non-significant
	<b>GEPP_USE</b> → <b>EX_REG</b>	-0.03	0.33	Non-significant
<b>Indirect</b> (through firms’ resources)	<b>GEPP_USE</b> → <b>EXPERF</b>	0.41	<0.001	Significant
	<b>GEPP_USE</b> → <b>EX_REG</b>	0.60	<0.001	Significant

**Table 8.15b: Mediating Effects for Algerian Exporters**

	<b>Correlation</b>	<b>Path Coefficient</b>	<b>P value</b>	<b>Nature</b>
<b>Step One</b>				
<b>Direct</b> (without the mediating variables)	<b>GEPP_USE</b> → <b>EXPERF</b>	0.05	0.26	Non-significant
	<b>GEPP_USE</b> → <b>EX_REG</b>	0.18	0.01	Significant
<b>Step Two</b>				
<b>Direct</b>	<b>GEPP_USE</b> → <b>EX_REG</b>	0.13	0.05	Non-significant
<b>Indirect (through firms' resources)</b>	<b>GEPP_USE</b> → <b>EX_REG</b>	0.12	0.06	(No mediation)

As for the VAFs calculations these were as follow:

**UK Exporters:**

The indirect effect of GEPPs on Export performance:

- $VAF (UK) = \frac{(0.57*0.23)}{(0.57*0.23-0.05)} = 1.62 * 100 = 162\%$  (Full Mediation through organisational resources)
- $VAF (UK) = \frac{(0.54*0.51)}{(0.54*0.51-0.05)} = 1.22 * 100 = 122\%$  (Full Mediation through management resources)

The indirect effect of GEPPs on Export regularity:

- $VAF (UK) = \frac{(0.57*0.22)}{(0.57*0.22-0.05)} = 1.33 * 100 = 133\%$  (Full Mediation through organisational resources)
- $VAF (UK) = \frac{(0.54*0.76)}{(0.54*0.76-0.03)} = 1.07 * 100 = 107\%$  (Full Mediation through management resources)
- $VAF (UK) = \frac{(0.55*0.12)}{(0.55*0.12-0.03)} = 2 * 100 = 200\%$  (Full Mediation through relational resources)



Based on Table 8.15a, it can be concluded that in the case of UK exporters, a full mediation effect has taken place in both indirect effects (GEPPs on export performance and GEPPs on export regularity). Precisely, the VAFs of these effects were found to be greater than 100%, thus, the organisational, management and relational resources act as suppressors (they change the sign of the relationship from negative to positive) and fully mediate the effect between the use of GEPPs and Export performance<sup>6</sup> and regularity (Hair et al., 2014). Conversely, with respect to the Algerian exporters, and from Table 8.15b, no mediation was found between the use of GEPPs and both export performance and regularity.

#### **8.4. Further Analysis**

As mentioned in section 7.2., second order indicators' weights are examined in order to allow the researcher to determine of the importance of each resource factor. In this sample (exporters), and for both countries, all three sets of resources were found to be significant on at least one of the two investigated dependent variables (performance and regularity). Therefore, management, organisational and relational resources are all examined in this case. Table 8.16 illustrates both indicator's weights and effect sizes of these resource-factors.

From Table 8.16, in the UK, and in the organisational resources, firms' planning capabilities were the most important resource factors with a medium effect ( $f^2 = 0.20$ ), these were followed by the remaining factors with approximately comparable medium effects with  $f^2$  ranging from 0.14 to 0.17. As for the management resources, the decision makers' entrepreneurial orientation had the strongest effect ( $f^2 = 0.24$ ) followed by international orientation, export commitment and foreign knowledge with comparable effects ( $f^2$  ranging from 0.20 to 0.21) and last came the decision maker's export perception with the smallest

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<sup>6</sup> For export performance, the effect is mediated via organisational and relational resources only

effect ( $f^2 = 0.14$ ). Eventually, relationships with local and foreign buyers had similar effects in the relational resources construct.

Turning to Algeria, in terms of organisational resources, all resources had approximately similar medium effects ( $f^2$  ranging from 0.15 to 0.18). As for management resources, both international and entrepreneurial orientations had the largest effects ( $f^2 = 0.25$  for both). These were followed by foreign knowledge and export commitment ( $f^2 = 0.18$  and  $0.19$  respectively), while export perception had the smallest effect ( $f^2 = 0.12$ ). Finally, and similarly to the UK, relationships with local and foreign buyers had similar effects.

**Table 8.16: Sub-samples Analysis**

<b>UK sample</b>			
<b>Resource-factor</b>	<b>Indicator's weight</b>	<b>Effect size</b>	<b>Rank</b>
<b>Organisational Resources</b>			
Firm's Planning	0.235	0.201	<b>1</b>
Firm's Informational Capabilities	0.221	0.178	<b>2</b>
Firm's Innovation	0.213	0.165	<b>3</b>
Firm's Pricing Capabilities	0.196	0.140	<b>4</b>
Firm's Advertising Capabilities	0.208	0.158	<b>5</b>
Firm's Technology	0.208	0.158	<b>5</b>
<b>Management Resource</b>			
Manager's Entrepreneurial Orientation	0.270	0.240	<b>1</b>
Manager's Foreign Knowledge	0.257	0.218	<b>2</b>
Export commitment	0.248	0.203	<b>3</b>
Manager's International orientation	0.247	0.201	<b>4</b>
Manager's Export Perception	0.206	0.139	<b>5</b>
<b>Algerian Sample</b>			
<b>Organisational Resources</b>			
<b>Resource-factor</b>	<b>Indicator's weight</b>	<b>Effect size</b>	<b>Rank</b>
Firm's Pricing Capabilities	0.238	0.185	<b>1</b>
Firm's Innovation	0.229	0.170	<b>2</b>
Firm's Technology	0.226	0.166	<b>3</b>
Firm's Advertising Capabilities	0.226	0.165	<b>3</b>
Firm's Informational Capabilities	0.217	0.153	<b>5</b>
<b>Management Resources</b>			
Manager's Foreign Knowledge	0.291	0.253	<b>1</b>
Manager's International orientation	0.290	0.251	<b>2</b>

Manager's Entrepreneurial Orientation	0.254	0.193	<b>3</b>
Manager's Export Perception	0.248	0.183	<b>4</b>
Export Commitment	0.201	0.120	<b>5</b>

### 8.5. Country Comparison

As explained in section 8.2.5, the comparison is conducted at both measurement and structural models. Table 8.17 shows the weights' comparison of the constructs included in the final model

**Table 8.17: Weight Comparison**

	<b>UK</b>		<b>ALG</b>	<b>P Values</b>
<b>GEPP_INF</b>	0.148)	<b>GEPP_INF</b>	(0.293)	0.07
<b>GEPP_INDV</b>	(0.150)	<b>GEPP_INDV</b>	(0.343)	0.02
<b>GEPP_SHOW</b>	(0.129)	<b>GEPP_SHOW</b>	NA	
<b>GEPP_MISS</b>	(0.155)	<b>GEPP_MISS</b>	(0.304)	0.07
<b>GEPP_DISTs</b>	(0.159)	<b>GEPP_DISTs</b>	(0.262)	0.15
<b>GEPP_OFFICE</b>	(0.153)	<b>GEPP_OFFICE</b>	NA	
<b>GEPP_TRAIN</b>	(0.159)	<b>GEPP_TRAIN</b>	(0.300)	0.08
<b>GEPP_LANG</b>	(0.153)	<b>GEPP_LANG</b>	NA	
<b>INNO</b>	(0.213)	<b>INNO</b>	(0.229)	0.43
<b>TECH</b>	(0.208)	<b>TECH</b>	(0.226)	0.42
<b>PLANN</b>	(0.235)	<b>PLANN</b>	(0.223)	0.45
<b>INF_CAP</b>	(0.221)	<b>INF_CAP</b>	(0.217)	0.48
<b>PRI_CAP</b>	(0.196)	<b>PRI_CAP</b>	(0.238)	0.33
<b>ADV_CAP</b>	(0.208)	<b>ADV_CAP</b>	(0.226)	0.42
<b>KNOW</b>	(0.257)	<b>KNOW</b>	(0.248)	0.46
<b>INT_OR</b>	(0.247)	<b>INT_OR</b>	(0.291)	0.33
<b>EX_COMM</b>	(0.248)	<b>EX_COMM</b>	(0.254)	0.47
<b>ENT_OR</b>	(0.270)	<b>ENT_OR</b>	(0.290)	0.42
<b>EX_PERC</b>	(0.206)	<b>EX_PERC</b>	(0.201)	0.48
<b>RQLB</b>	(0.627)	<b>RQLB</b>	(0.585)	0.33
<b>RQI</b>	(0.627)	<b>RQI</b>	(0.585)	0.33
<b>EXPERF_F</b>	(0.368)	<b>EXPERF_F</b>	(0.373)	0.48
<b>EXPERF_R</b>	(0.355)	<b>EXPERF_R</b>	(0.382)	0.44
<b>EXPERF_S</b>	(0.355)	<b>EXPERF_S</b>	0.361)	0.49
<b>EX_REG1</b>	(0.392)	<b>EX_REG1</b>	(0.588)	0.02
<b>EX_REG2</b>	(0.413)	<b>EX_REG2</b>	NA	
<b>EX_REG3</b>	(0.394)	<b>EX_REG3</b>	(0.588)	0.02

NA: Not applicable due to dropped item

As it can be seen from Table 8.17, most of the p values were statistically non-significant, meaning that there was no invariance between the measurement models applied in the two countries. This confirms that the measures used in the survey were equal in both countries. Hence the researcher can proceed to the comparison of the path coefficients. Table 8.18 illustrates the path comparison and their p values. As it can be seen from table 8.18, the effect of government export assistance on firms' resources was significantly different in the two investigated countries ( $p < 0.001$ ). It can be seen that the effect of UK export assistance was much stronger than Algerian export assistance.

**Table 8.18: Path Comparison**

<b>Relationships</b>	<b>UK</b>	<b>ALG</b>	<b>P Value</b>
GEPP_USE → ORG_RES	0.57	0.15	0.0000 <sup>***</sup>
GEPP_USE → MNG_RES	0.54	0.22	0.0009 <sup>***</sup>
GEPP_USE → REL_RES	0.55	0.18	0.0002 <sup>***</sup>
ORG_RES → EXPERF	0.24	0.16	0.21 <sup>NS</sup>
ORG_RES → EX_REG	0.22	0.04	0.27 <sup>NS</sup>
MNG_RES → EXPERF	0.51	0.28	0.01 <sup>**</sup>
MNG_RES → EX_REG	0.77	0.38	0.0001 <sup>***</sup>
REL_RES → EXPERF	0.03	0.24	0.02 <sup>**</sup>
REL_RES → EX_REG	0.11	0.19	0.21 <sup>NS</sup>

<sup>\*\*\*</sup>Significant at 1%; <sup>\*\*</sup>Significant at 5%; <sup>\*</sup>Significant at 10%; <sup>NS</sup>Non-significant

With respect to the effect of firms' resources on export performance and regularity, the following was identified:

- The organisational resources were found to be positively and significantly influencing the firms' export performance in both countries and with a similar strength ( $p=0.21$ ), whereas on export regularity, their positive influence was significant only in the UK.
- The management resources were found to be positively and significantly improving firms' export performance and regularity in the two investigated countries. The path comparison revealed a significant difference ( $p < 0.001$ ), suggesting that the effect in the UK was much greater than the effect in Algeria.

- The relational resources were found to be significantly and positively influencing export performance in Algeria only, whereas on export regularity, its effect was positive and statistically significant in both countries and with a similar strength (P=0.21).

## 8.6. Summary of the Results and Hypotheses Testing

From the analysis above, the following hypotheses can be supported or rejected, the next table (Table 8.19) recalls and test the hypotheses set in Section 4.2.3.

**Table 8.19: Hypothesis Testing For Exporters Samples**

<b>HYPOTHESIS</b>	<b>UK</b>	<b>ALGERIA</b>
<b>H1. The firms' resources increase export performance</b>		
H1a. Organisational resources increase export performance	<b>Yes</b>	<b>Yes</b>
H1b. Management resources increase export performance	<b>Yes</b>	<b>Yes</b>
H1c. Relational resources increase export performance	<b>No support</b>	<b>Yes</b>
<b>H2. The firms' resources increase export regularity</b>		
H2a. Organisational resources increase export regularity	<b>Yes</b>	<b>No support</b>
H2b. Management resources increase export regularity	<b>Yes</b>	<b>Yes</b>
H2c. Relational resources increase export regularity	<b>Yes</b>	<b>Yes</b>
<b>H3: The use of GEPPs increases firms' resources</b>		
H3a. The use of GEPPs improves firms' organisational resources	<b>Yes</b>	<b>Yes</b>
H3b. The use of GEPPs improves firms' management resources	<b>Yes</b>	<b>Yes</b>
H3c. The use of GEPPs improves firms' relational resources	<b>Yes</b>	<b>Yes</b>
<b>H4. The use of GEPPs improves the firms' export performance and regularity via enhancing their resources.</b>		
H4a. The use of GEPPs improves the firms' export performance via enhancing their resources.	<b>Yes</b> (through both organisational and management resources)	<b>No support</b>
H4b. The use of GEPPs improves the firms' export regularity via enhancing their resources.	<b>Yes</b> (through all resources)	<b>No support</b>

The analysis of exporters in the UK and Algeria has brought the following results. First, it was revealed that organisational and management resources had a positive and significant effect on firms' performance in export markets, hence supporting H1a and H1b. As for differences between the two countries, while organisational resources had a similar effect in both countries, management resources had a stronger effect in improving firms' performance in the UK than in Algeria. As for relational resources, their impact on export performance was found to be significant only in Algeria and thus rejecting H1c in the UK and supporting it in Algeria. Regarding the effect of firms' resources on export regularity, the analysis showed that management and relational resources had a positive and significant effect on firms' export regularity, hence supporting H2b and H2c. As for differences between the two countries, these assets had a higher effect in improving firms' performance in the UK than in Algeria. Regarding the organisational resources, these were found to be statistically significant in increasing firms' regularity in export activities in the UK only.

Second, it was found that the use of GEPPs significantly increases the firms' organisational, management and relational resources in both countries hence supporting H3a, H3b and H3c. However, such positive effect was statistically different across the two countries. In fact, it was found that UK export assistance was more effective at improving firms' resources than Algerian export assistance. Third, the indirect effect of GEPPs on firms export performance was found to be fully mediated by firms' organisational and management resources in the UK. In fact, the VAF has exceeded 100% confirming that the impact of these export assistance on export performance was fully explained by both organisational and management resources. Similarly, the GEPPs' indirect impact on UK firms' export regularity, it was found that all three sets of resources fully mediate such effect (VAF exceeded 100%). As a result, in the UK, H4a and H4b were both supported. Turning to the indirect effect of GEPPs on export

performance and regularity in Algeria, no mediation has taken place. The next chapter discusses the results obtained in this analysis.

## **CHAPTER NINE: DISCUSSION**

This chapter discusses the results reported in chapters Seven and Eight. Here, the results from both countries (UK and Algeria) and from the two groups (non-exporters and exporters) are jointly discussed and linked to the proposed research questions of this study. However, prior to doing so, the next section will briefly recall the research gaps along with the research model and the research questions.

### **9.1. The Research Gap, Model and Research Questions**

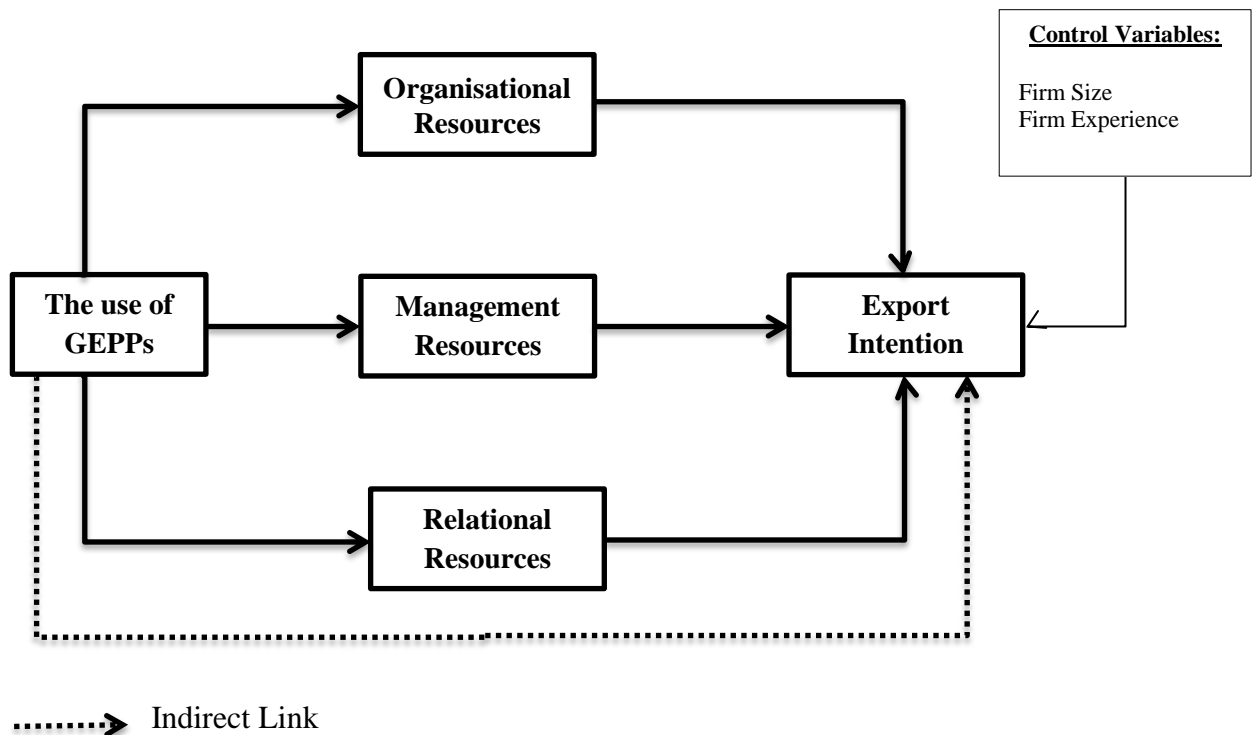
Despite the fact that the effectiveness of the GEPPs has been the attention of several studies (Gencturk and Kotabe, 2001; Spence, 2003; Wilkinson and Brouthers, 2006; Sousa and Bradley, 2009; Freixanet, 2012), criticisms for their narrow - and sometimes misleading - focus on the GEPPs' direct effects are still rising (Lages and Montgomery, 2005; Leonidou et al., 2011). In addition, the review of literature (See Section 4.1.5) revealed that most of these works have neglected the role of such programmes in the export initiation phase. This is surprising given the fact that one of the main goals of the export assistance is to motivate firms to start exporting (Diamantopoulos et al., 1993; Ayob and Freixanet, 2014). Indeed, it appeared that the few studies looking at such role have stressed the motivational function of the GEPPs and overlooked their resources' enhancement effect. Consequently, in the UK for instance, overlooking this role in the literature is believed to have led the export promotion organisations to shift their focus from non-exporters to established exporters, a move considered to be "worrying" by the House of Lords (House of Lords, 2013). Moreover, although regular exporters are more productive and innovative than sporadic exporters (Alvarez, 2007), none of these studies investigated the GEPPs impact on firms' export regularity. Consequently, it is still not clear whether these programmes can increase the firms'

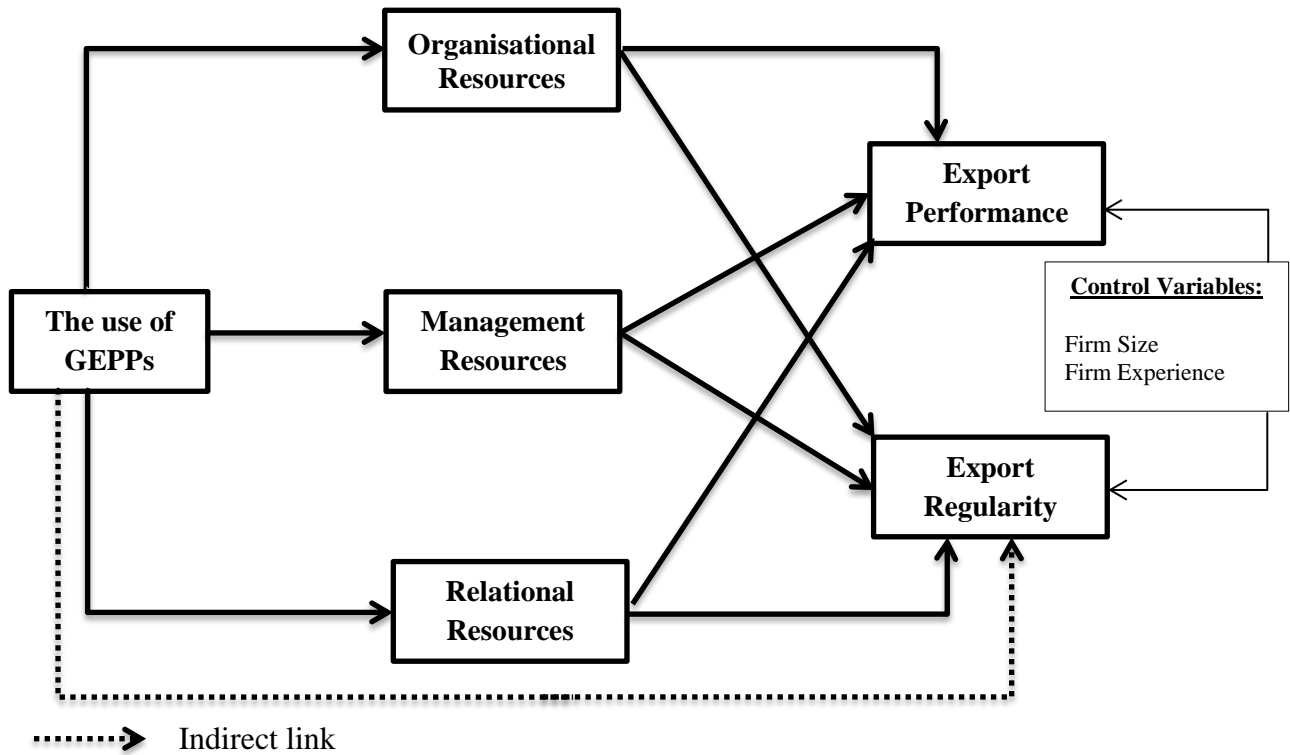


regularity in exporting. It is indeed recognised that the regularity has been overlooked in the literature (Fu and Wu, 2014). Besides, Leonidou et al. (2011) have also made a call for more research comparing the indirect impacts of such programmes between developing and developed contexts.

Therefore, in an attempt to address the abovementioned shortcomings in the empirical literature, the present research has explored the indirect effects of the GEPPs on export initiation, performance and regularity in two different countries, namely; the UK representing the developed context and Algeria representing the developing one. On the premise of the extended RBV (Lavie, 2006; Kembro et al., 2014), the study investigates the effectiveness of GEPPs through their impact on the firms’ export-related internal and external resources. In this respect, the following conceptual frameworks have been proposed in Section 4.3 (Please note that Figure 9.1 shows the proposed framework for non-exporters sample and exporters’ samples.

**Figure 9.1: Conceptual Frameworks for Non-Exporters and Exporters**





Alongside these models, a set of research questions were developed to address the shortcomings identified in the export promotion literature. Since this chapter links the study's findings to the research questions, it would therefore be useful to recall these questions:

**RQ1.** What are the critical resources enhancing non-exporters' initiation to exporting?

**RQ2.** What are the critical resources increasing exporters' performance and regularity in exporting?

**RQ3.** How can GEPPs enhance non-exporters' initiation to exporting?

**RQ4.** How can GEPPs improve exporters' performance and regularity in exporting?

**RQ5.** Are there differences between the UK (a developed country) and Algeria (a developing country) in terms of export assistance and export behaviour?

The subsequent sections are structured as follows. The first section discusses the influence of the firms' resources on export behaviour. This would address the first two research questions (RQ1 and RQ2) and the set of hypotheses identifying the critical export-related resources influencing the non-exporters' initiation to international markets and the exporters' performance and regularity in exporting (H1a,H1b and H1c in the non-exporters' model and H1a,H1b, H1c, H2a, H2b and H2c in the exporters' model).

Second, the link between the government export assistance and the firms' three groups of resources, and the indirect impact of such assistance on firms' export behaviour are discussed in the following section. In so doing, the third and fourth research questions are addressed (RQ3 and RQ4), whereas the hypotheses predicting the effect of GEPPs on firms' resources, and the indirect impact of these programmes on firms' export behaviour are explained (H2a, H2b, H2c and H3 in the non-exporters' model and H3a, H3b, H3c, H4a and H4b in the exporters' model). Finally, the differences emerging between the two selected contexts are individually discussed at each level. As a result, the last research question looking at differences between the two countries is answered throughout the chapter (RQ5). However, these differences are summarised in the last section (Section 9.5) to provide an overall insight about these differences.

## **9.2. Resources Enhancing Non-Exporters' Initiation to Exporting (RQ1)**

Regarding the findings about the impact of the export-related organisational, management and relational resources on export initiation (the non-exporters' model), the results supported H1b only, which predicted that the export-related management resources positively and significantly affect the export intention of non-exporters. Both hypotheses H1a and H1c stating that organisational and relational influenced export intention were rejected. These

results were similar in both Algeria and the UK. However, the multi-group analysis (MGA) conducted in chapter Seven (See Section 7.5) has revealed significant differences in terms of the strength of the relationship between management resources and export intention. In fact, in the UK, the effect was found to be much stronger than the effect in Algeria. These results are discussed below.

The non-significant effect of the organisational and relational resources in the export initiation stage found in the present analysis may not be in line with the empirical literature. In fact, although few studies established a nsimilar non-significant influence of the technological capabilities (particularly R&D spending) on the firms' export decision (Willmore, 1992; Lefebvre et al., 1998; Rodriguez and Rodriguez, 2005), Nassimbeni (2001); Dhanaraj and Beamish (2003), Ibeh (2003) and Serra et al. (2012) revealed a significant and positive relationship between technological and innovative capabilities and export propensity, Burpitt and Rondinelli (1998) reported similar results regarding the correlation between export planning and export likelihood and perception respectively, while Bonaccorsi (1992), Elis and Pecotish (2001), Nassimbeni (2001), Roper and Love (2002) and Yi and Wang (2012) described significant and positive results on the effect of inter-firms cooperation on export propensity. Such differences in the findings can be explained by the following.

First, the outcome regarding the non-significant impact of the technological capabilities can be explained by the fact that R&D spending does not necessarily lead to new product development which may constitute a competitive advantage 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). Equally, as per the non-significant impact of the marketing capabilities, it can be justified by the fact that the benefits of such capabilities could be offset by the cost of their development (Morgan et al., 2012).

Second, such findings could be due to the use of different measures to assess export performance (Lefebvre et al., 1998). The present research relied on export intention to illustrate the export initiation, whereas previous studies used export propensity (Nassimbeni, 2001; Dhanaraj and Beamish, 2003; Ibeh, 2003; Serra et al., 2012), willingness to export (Wiedersheim-Paul, 1978) and export perception (Burpitt and Rondinelli, 1998).

Third, the non-significance of the organisational and relational resources' influence could be explained by the important role that the decision maker plays when the firm intends to start exporting. It is thought that their influence (organisational and relational resources) has been overpowered by the effect of the management resources. In this sense, it is argued that in SMEs, the decision to export is depending more on the manager rather than on the firms' resources (Andersson et al., 2004). A similar situation was previously reported by Beleska-Spasova et al. (2012) where external resources were statistically significant only when considered separately. To confirm this, the study tested the model without the inclusion of the management resources constructs. Both organisational and relational resources variables were statistically significant ( $p < 0.01$ ).

The significant and positive effect of the export-related management resources and capabilities in the export initiation confirms previous studies. It was reported that manager' export knowledge (Nemkova et al., 2012; Uner et al., 2013; Denicolai et al., 2014) foreign travels (Ruzzier et al., 2007), export experience (Trimeche, 2003; Nemkova et al., 2012; Hosseini et al., 2014) ability to speak foreign languages (Lautanen, 2000; Densil, 2011; Nemkova et al., 2012; Serra et al., 2012; Hosseini et al., 2014) and overseas experience (Ibeh, 2003; Obben and Magugla, 2003) significantly and positively affect the export decision and export propensity. Equally, studies looking at the export profit perception also found a positive and significant effect on the decision to export (Ruzzier et al., 2007; Shih and

Wickramaesekera, 2011). Ultimately, firms with entrepreneurial minded managers are more likely to be exporters (Acedo and Galan, 2011; Minniti, 2013).

Using a comprehensive three-way approach to compare the importance of three sets of resources and capabilities, these findings are able to answer the first research question which is about the critical resources enhancing firms' export initiation. They confirm the crucial role that the decision maker plays in the firms' export activities (Lautanen, 2000; Stoian et al., 2011). Resources and capabilities including foreign knowledge, fluency in foreign languages, and foreign travels are the most important resources motivating the decision maker to start exporting regardless of the development context in which the firm operate. The recognition and the influence of an export stimulus are indeed dependent on the management's knowledge, attitudes and motivation toward internationalisation (Reid, 1981). Especially at the initiation level, the importance of the decision maker is fundamental. The cause behind the reluctance to go abroad for many firms stands on the decision makers' unwillingness to go to a foreign market often seen as dangerous and unknown (Garnier, 1982). One reason is that, while in large firms the decision making process tend to be done in group, in SMEs, the decision is rather made individually (Brooks and Rosson, 1991). It is recognised that the manager is considered as the main driver behind initiation, development and success of the firms' export activities (Leonidou et al., 1998). These findings also address Andersson et al.'s (2004) call for more attention on the perceptions and behavioural characteristics at the decision-maker level in the international entrepreneurship literature. The authors posited that future research should focus on factors related to the decision maker's cognitive components rather than factors such as the size and age of the firm.

### **9.3. Resources Increasing Exporters' Performance and Regularity (RQ2).**

Concerning the influence of the export-related organisational, management and relational resources on both export performance and regularity, the results were as follow. While in the UK, only hypotheses predicting a positive effect of organisational and management resources on firms' export performance were supported (H1a and H1b), in Algeria, all three hypotheses predicting a positive effect of the three sets of resources on performance were supported.

Turning to the influence of firms' resources on export regularity, both management and relational resources were important in UK and Algeria (H2a and H2c), whereas organisational resources enhanced regularity in UK only (H2b). Precisely, in both contexts, the strongest effect on both performance and regularity was from the management resources, followed by the organisational and relational resources. The following discusses these findings.

#### **9.3.1. Organisational Resources, Export Performance and Regularity**

The positive and significant effect of the export-related organisational resources on firms' export performance is in accordance with a number of past empirical works. In fact, technology and innovation were found to be affecting the firms' export performance (Francis and Collins-Dodd, 2000; Dhanaraj and Beamish, 2003; Gourlay and Seaton, 2003; Wilkinson and Brouthers, 2006; Zhang et al., 2008; Singh, 2009). Similarly, the firms' marketing capabilities (including export planning) were also found to be significantly and positively influencing export performance (Zou et al., 2003; Vorhies and Morgan, 2005; Theingi and Purchase, 2011; Morgan et al., 2012).

Given the fact that the technological and innovative capabilities are part of the organisations' capabilities, and based on the RBV, they constitute an important competitive advantage and

consequently enhance the export performance (Zhang et al., 2008). Innovative capabilities allow the firm to effectively meet the foreign customers' needs and hence constitute a competitive advantage (Zou et al., 2003). Moreover, R&D capabilities enable the continuous development of new products constituting an important competitive advantage to face the threats related to export markets. It also permits the firm through process innovation to reduce costs and increase quality and productivity (Knight, 2001; Rodriguez and Rodriguez, 2005).

As for planning capabilities, these can increase the financial export performances through allowing the firm to benefit from cost reduction opportunities (Morgan et al., 2012). With formal planning, uncertainty is reduced leading to an enhanced strategy deployment and hence greater export performance (Julian, 2003). Besides, it is recognised that the firms' information-based capabilities are crucial for the often resource-constrained SMEs (Miocevic and Crnjak-Karanovic, 2011). In general, firms that make the effort to collect information about their market environment and customer needs are more effective in predicting and reacting successfully to changes in an often complex and competitive international environment (Sousa et al., 2008). Further, through advertising capabilities, the firm can inform and influence foreign customers about its products and hence generate more sales (Leonidou et al., 2002). Ultimately, with a market-based pricing approach, the exporter is often able to ensure prompt responsiveness to changes in overseas markets, increasing the probability of high performance and success (Leonidou et al., 2002).

Regarding the results of the multi-group analysis, it showed that the effect of organisational resources in the UK and Algeria were statistically not different and hence confirms that the important influence of such types of resources on firms' export performance is relevant in both developed and developing countries.



As for the effect of organisational resources on firms' export regularity, the results showed that while in the UK this was positive and statistically significant, in Algeria, organisational resources did not have a significant impact on firms' regularity in exporting. This is in line with previous findings from developing countries. In fact, looking at factors affecting firms' export regularity in Chile, Alvarez (2004) found that some aspects of innovation did not influence exporters' regularity. According to the author, such unexpected results could be due to the special nature of developing countries' firms. It is acknowledged that manufacturing firms in such a context are generally focused on niche markets which do not require advanced technology and innovative capabilities. This is particularly applicable to Algeria where non-oil products mainly exported by SMEs are agricultural and food related goods which do not need highly advanced technologies (Algex, 2014).

### **9.3.2. Management Resources, Export Performance and Regularity**

The positive and significant correlation between the export-related management resources on both the firms' export performance and regularity in the two selected countries is once more in accordance with most past empirical studies. According to Sousa et al. (2008), the export literature suggests that management's resources may significantly affect the firms' export success. Particularly, Foreign skills and knowledge (Wang and Olsen, 2002; Ling-Yee, 2004; Ganotakis and Love, 2012), international orientation (Wolff and Pett, 2000; Papadopoulos and Martin, 2010; Stoian et al., 2011; Ganotakis and Love, 2012), the ability to speak foreign languages (Schelegelmilch and Ross, 1987; Leonidou, 1998; Stoian et al., 2011), entrepreneurial orientation (Balabanis and Katsikea, 2003; Brouthers et al., 2014; Swoboda and Olejnik, 2014; Fernandez-Mesa and Alegre, 2015), favourable export perception (Johnston and Czincota, 1982b; Walters and Samiee, 1990; Louter et al., 1991; Naidu and Prasad, 1994; Zou and Stan, 1998) and export commitment (Walters and Samiee, 1990;

Louter et al., 1991; Naidu and Prasad, 1994; Lukas et al., 2007; Sousa et al., 2008; Papadopoulos and Martin, 2010; Stoian et al., 2011) were all found to be significantly and positively affecting the firms' export performance. Similarly, previous export experience (Alvarez, 2007) and export commitment (Naidu and Prasad, 1994) were found to be significantly and positively affecting the export regularity (Alvarez, 2007). Ultimately, trained managers in international business were revealed to be positively and significantly affecting the firms' export regularity (Alvarez, 2004).

Export-related knowledge and skills can guide the managers to more effectively understand and hence to cope with the highly demanding foreign business practices leading to greater performance (Stoian et al., 2011). Knowing the export procedures of a specific market would help the manager to more efficiently design their marketing strategy and enhance firm performance (Ling-Yee, 2004). A knowledgeable manager will tend to have realistic expectations about export performance that are often more likely to be met, leading to increase his satisfaction with export performance (Wang and Olsen, 2002). Acquiring foreign market knowledge improves the quality of export decision making and hence export performance (Spence and Crick, 2001). Managers with formal trainings in international business practices tend to have higher awareness about meeting customers' requirements and techniques in exporting (Koh, 1991).

Moreover, a high management export commitment allows the firm to "aggressively" pursue opportunities in foreign markets (Zou and Stan, 1998). Committed managers tend to carefully plan the export activities and assign sufficient resources (Julian, 2003; Sousa et al., 2008). Unlike large firms, the limited resources of small exporters make the export opportunities less compelling, and as a consequence, management commitment to export become crucial for the firm to succeed in foreign markets (Walters and Samiee, 1990). Furthermore, Managers with an international orientation (including international experience) have a deeper understanding

of the export markets and hence are often more effective in identifying international opportunities and avoiding threats (Zou and Stan, 1998; Sousa et al., 2008). Besides, the ability to speak foreign languages considerably facilitates the interaction of the manager with foreign clients (Stoian et al., 2011) and hence increases the sales and performances. In addition, the entrepreneurial oriented manager generally seek foreign opportunities proactively and tend to have a problem-solving behaviour, they are often capable of surpassing the fierce competition and the rapid changing environment that international markets is usually characterised with (Knight, 2001).

As for the multi-group analysis, the results showed that the effects of management resources on both performance and regularity in exporting were significantly stronger in the UK than in Algeria. This is seen as a consequence of the greater efficiency for UK GEPPs' in enhancing firms' management resources than Algerian GEPPs. It also confirms the crucial role of decision makers' knowledge, attitudes, perception and orientations in increasing firms' export behaviour and how this can explain the superiority of UK SMEs' international performance compared with their Algerian counterpart.

### **9.3.3. Relational Resources, Export Performance and Regularity**

The influence of export-related relational resources on the firms' export performance was found to be statistically significant in Algeria only. The non-significant results obtained from UK firms were unexpected. Previous studies established that inter-firms cooperation and relationships are considered as determinants of export performance (Lages et al., 2005; Singh, 2009; Ural, 2009) which confirms the study's findings on Algerian firms yet disagree with findings from UK firms. In addition, the results obtained from Algerian exporters do not support Matanda et al.'s (2014) study which found that relationships with buyers decreases firms' flexibility which may in turn negatively affect their performance. One reason for this

divergence could be the fact that Matanda et al.'s study focused on small firms which are likely to be dependent on a single large buyer (hence the negative effect) whereas the present study focuses on small to medium firms which often have multiple buyers and thus avoiding any negative effect resulting from dependence.

Furthermore, the study also found that these relational resources and capabilities were found to be significantly increasing the firms' export regularity in both countries which is in line with one of the very few studies looking at the export regularity (Alvarez, 2007). In fact, the author established that firms located in regions with high presence of exporters (inter-firm cooperation) were more likely to export permanently (significant and positive correlation).

Going back to the non-significant effect of firms' relational resources on UK firms' performance, these could be explained by the following. First, as mentioned earlier, the present study looks at the effect of all types of resources and capabilities simultaneously; as a result, the significant effect of the relational resources and capabilities on the firms' export performances could have been overwhelmed by the presence of the management and organisational export-related resources which were found to be significant and positive. From a methodological perspective, similar situation was previously reported by Ling-Yee and Ogunmokun (2001) where firms' related factors as a group did overpower relational resources and capabilities in determining export performance. The authors recognized that the internal firm factors explain most of the variances in export performance. Therefore, this could highlight the prevalence of internal factors over the external ones.

Second, the main benefits from the cooperation and relationships among firms stand in the sharing of foreign knowledge and information, yet Ling-Yee (2004) has also found that cooperation arising from inter-firms relationships have negatively affected the creation of foreign knowledge. This can be explained by the fact that the exporter may over-rely on

foreign partners which may result in a passive approach on foreign knowledge acquisition (Inkpen, 1998) which in turn may offset the positive influence of cooperation on export performances.

Third, building on the foreign knowledge approach developed in the second point, it was suggested that the non-significant effect of the firm's foreign knowledge that could be gained from inter-firm relationships on the export intensity may be elucidated by the fact that firms with considerable experience have already accumulated the necessary knowledge that would increase their intensity. It is argued that firms' foreign knowledge does not increase the export intensity indefinitely; its effect would decline once sufficient foreign knowledge is accumulated by the firm (Ling-Yee, 2004). In this sense, most of the firms included in the exporters' sample had more than two years' experience which can confirm this possibility. This could also support the study's findings regarding the significance of the relationships' effect on the export regularity. Indeed, once the foreign knowledge accumulated from inter-firm relationships is no longer affecting the export performance, the latter would probably still affect the regular presence of the firm in export markets.

Fourth, the large majority of studies reviewing the impact of relational resources and capabilities on export performance did not include the factor export regularity and hence this latter may have captured the benefits of inter-firms cooperation. It is argued that among the reasons motivating importers to build strong relationships with exporters is to secure a constant supply (Theingi and Purchase, 2011). As a consequence, this would imply more regularity for the exporters. Similarly, it is also acknowledged that a long term oriented relationship with foreign buyers would lead the firm to benefit from several transactions over time instead of a single one (Lages et al., 2005), and hence confirming the positive influence on firms' regularity in exporting. Moreover, particularly for the internal cooperation, it can lead the firms to benefit from export knowledge spillover which in turn affect their export

status (from sporadic to permanent exporters) (Alverz, 2007). Besides, a lack of cooperation and communication between exporters and their foreign partners may lead to conflicts (Lages et al., 2005) and thus ceasing of export activities. This justifies the significant role played by the relational resources and capabilities in securing the firms' regularity in export markets.

Fifth, compared with Algeria, sources of relational resources such as networking and collaboration attitudes are not as strong. Indeed, in a qualitative study looking at the use of networks, Ghauri et al. (2003) acknowledged that despite the novelty of networks use in the business context, firms in developing countries have always been using such sources to overcome export barriers. The authors explained that these firms used networks to cover sunk costs related to penetrating export markets. In particular, Ghauri et al. (2003) highlighted the potential role of solidarity and cohesion among firms. Furthermore, in accordance with Hofstede's cultural dimension, countries with similar specificities to Algeria scored 38 in the individualism dimension and are seen as collectivist countries, whereas the UK scored 89 and is seen as an individualist country (Hofstede, 2014). Similarly, following Hall's High and Low context orientations, Algeria is considered as a high context while the UK is categorised as a low context. In a high context, individuals prefer dealing with issues and doing business in groups and often emphasise interpersonal relationships (Samovar et al., 2012). Hence, this could also explain the significant role of networks and relational resources in the Algerian context and not in the UK one. It is well acknowledged in the business literature that organisational culture is considerably affected by societal and national culture (Gutterman, 2013).

Turning to the differences in strengths of the resources' influence between Algeria and the UK, the multi-groups analysis showed that the effect of relational resources was naturally stronger in Algeria on export performance yet similar between the two countries in export regularity. This confirms the important role of network in Algeria and suggests that at least in

terms of regularity, UK experienced exporters may have realised by the time the importance of networks and thus used them more to remain successful in international markets (explaining the significant influence of relational resources on UK firms regularity in exporting).

To sum up, these findings answered the second research question which is about the critical resources affecting the exporters' performance and regularity. It could be advanced that in the UK, management and organisational resources are the critical resources affecting performance, while relational resources only play a role in enhancing regularity in exporting. Turning to Algeria, all three sets of resources were found to be predictors to export performance, whereas only management and relational affect regularity in exporting. Adding the regularity dimension as proxy for export performance answered Deng et al.'s (2014) call for more research investigating the export survival, which was so far neglected in the export literature.

#### **9.4. The Mechanisms of GEPPs in Enhancing Export Behaviour (RQ3, RQ4)**

This research has revealed that the use of GEPPs affects the firms' export behaviour through enhancing their resources. The following first discusses the results illustrating the influence of GEPPs on firms' resources, and then illustrate the indirect impact of these programmes on non-exporters' initiation and exporters' performance and regularity in exporting. Hence, H4 in the two models is confirmed, both RQ3 and RQ4 are answered and the mechanism whereby government export assistance act is revealed.

#### **9.4.1. GEPPs and Firms' Resources**

It is argued that the impact of GEPPs on firms' resources has been acknowledged yet not often tested (Francis and Collins-Dodd, 2004). The findings of this investigation from all firms (exporters and non-exporters) and both countries (Algeria and the UK) have supported the research hypotheses predicting that the use of GEPP do positively and significantly affect the three types of the export-related firms' resources (H1 in both models and both countries), thus answering the fourth research question of this study.

Overall, the strongest effect was on the management resources, followed by the organisational and then relational sets of resources. However, in terms of differences emerging between the two countries, the impact of GEPPs on management resources was the only link recording significant differences. In fact, the multi-group analysis illustrated that the effect of GEPPs in the UK management resources was considerably stronger than the effect of GEPPs on Algerian management resources. Worth noting, the GEPPs' effect on organisational and relational resources was not significantly different across the two selected countries.

##### ***a) GEPPs and Organisational Resources***

The positive and significant influence of the GEPPs on the organisational resources is in accordance with several previous studies (Francis and Collins-Dodd, 2004; Wilkinson and Brouthers, 2006; Durmuşoğlu et al., 2012). For example, Francis and Collins-Dodd (2004) found that the use of GEPPs has significantly increased marketing competences (informational, distributional and overall marketing competencies) and export planning for exporters. The use of export assistance increases the efficiency of export planning by providing foreign markets information quickly (Seringhaus, 1987). Similarly, through trade shows, firms can improve their informational capabilities by gathering intelligence on the



targeted market and local competition (Wilkinson and Brouthers, 2006; Durmuşoğlu et al., 2012).

Furthermore, the experiential knowledge acquired during trade mission can assist business managers in adopting the suitable export strategy to apply in the visited market and hence prioritise the use of their limited resources (Spence and Crick, 2001). Finally, it is believed that through the participation to trade shows and missions, managers are often exposed to new technologies either used or exhibited by other participating firms, which may in turn increase their awareness and motivate them to invest in advanced technologies and hence develop their R&D capabilities.

#### ***b) GEPPs and Management Resources***

The positive and significant relationship between the GEPPs' use and management resources contrasts favourably with a number of previous works (Spence, 2003; Shamsuddoha et al., 2009; Leonidou et al., 2011). Generally, when firms embark on international markets, new risks appear, these could include currency changes, foreign regulations, new transportation modes...etc. At the same time, new expenses emerge and decrease the profitability, these may include information acquisition, market research, transportation costs...etc. Such a difficult situation often leads the manager to withdraw from export markets and hence develop a negative perception. In this sense, export assistance programmes can have a crucial role in accompanying the manager in such a difficult phase (Czinkota, 1994). For example, providing information about the potential benefits that could be gained from abroad can help to increase the manager's profit perceptions. Thus, Export promotion programmes are considered as a source of expertise that small firms generally need (Seringhaus et al., 1991).

It is believed that export assistance helps firms' managers to develop positive perceptions toward exporting. Government agencies often offer a variety of initiatives and solutions to

overcome the barriers related to exporting (Shamsuddoha et al., 2009). By providing firms' managers with foreign market knowledge, they adopt a more positive attitude and perception toward international markets and develop more commitment toward export activities (Singer and Czinkota, 1994). Equally, trainings, seminars, trade shows and missions can encourage firms' managers to adopt a positive perception toward exports' profits (Francis and Collins-Dodd, 2004; Leonidou et al., 2011) and increase their commitment toward export markets (Shamsuddoha et al., 2009). Likewise, through the participation to trade missions, managers conduct more business travels, and thus develop their international orientation (Spence, 2003).

### *c) GEPPs and Relational Resources*

The positive and significant impact of the export assistance programmes and the inter-firms cooperation is in line with previous findings (Spence, 2003; Wilkinson and Brouthers, 2006; Leonidou et al., 2011; Durmuşoğlu et al., 2012). The main role of the export assistance programmes in enhancing the firms' relational resources is the provision of services enabling these companies to locate suitable foreign buyers, distributors and agents and develop effective negotiating skills (Wilkinson and Brouthers, 2006; Leonidou et al., 2011). Similarly, Trade missions and shows allow the firm to establish a direct contact with potential foreign buyers, understand their needs and hence optimising the design of suitable products and services (Leonidou et al., 2011).

Moreover, the provision of information about the countries' cultural aspect (in the forms of leaflets, seminars, workshops and foreign offices) by the export assistance agencies can reduce the risks of cultural conflicts with foreign distributors and hence improve the relationship (Durmuşoğlu et al., 2012). Moreover, particularly through the use of trade missions, managers make face to face contacts and follow-ups with potential foreign buyers. Such contacts are likely to result in a long term and beneficial relationship (Spence, 2003).

Similarly, firms can also develop valuable networks with other domestic firms participating to the same mission through social interactions (Yli-Renko et al., 2000).

#### **9.4.2. The Indirect Impact of GEPPs on Export Initiation, Performance and Regularity**

The last aim of this study is to determine the indirect effect of the export assistance programmes on the export initiation, performance and regularity. It is acknowledged that while the majority of studies on the GEPPs' effectiveness focus on the direct impact on firms' performances, models considering the indirect impact of these programmes are more likely to enrich the literature on export promotion (Gencturk and Kotabe, 2001; Lages and Montgomery, 2005). It was acknowledged that such an indirect effect has been argued yet rarely tested (Diamantopoulos et al., 1993; Czinkota, 1996; Francis and Collins-Dodd, 2004).

Based on the extended RBV, it was found that the use of GEPPs affect the firms' export behaviour through enhancing their export-related resources. Using a novel three-way approach in both the UK and Algeria, the use of export assistance was found to affect the export intention of non-exporters through the export-related management resources only (partly supporting H3 in the non-exporters' model). It was found that while in the UK the management resources mediate 71% of the GEPPs' effect on export intention, in Algeria; these resources explained 49% of the GEPPs' effect on firms' intention to export. Francis and Collins-Dodd (2004) explained that the use of GEPPs may affect the firms' involvement in international markets through increasing the managers' export knowledge. It is believed that this study is the first looking at the indirect effect of GEPPs' on non-exporters intention to export.

As for the impact of export assistance on exporters' performance, significant differences were found between the two countries. In the UK, it was found that the effect was through both

management and organisational export-related resources. It was revealed that the use of export assistance affect the export performance only indirectly and regardless of the context where the firm operate (supporting H4a). It was found that the entire effect of GEPPs' on firms' export performance is mediated by organisational and management resources. Thus, promotion programmes cannot enhance export performance directly. This may explain the doubts upon the effectiveness of the GEPPs raised by Diamantopoulos et al., (1993) and Head and Reis (2010). In this regard, these results are in accordance with the few recent studies that have looked at the indirect impact of the GEPPs' use on SMEs' export performance (Shamsuddoha et al., 2009; Leonidou et al., 2011). Furthermore, the few studies looking at the direct impact have recognised the potential indirect effect of the GEPPs on export behaviour. The use of trade missions and trade shows help firms to enter export markets through the provision of market information (Freixanet, 2012). The impact of export promotion programmes would be seen in increased knowledge and capabilities rather than in sales performances (Serinhaus et al., 1991).

However, our results do not coincide with Lages and Montgomery's (2005) study, where they found that the use of export performance had a negative indirect effect on export performance. The authors looked at the impact of export assistance through its effect on pricing strategies. They stated that firms benefiting from export assistance make more efforts in adapting their prices which in turn decrease their export performance. Lages and Montgomery explained such findings by the fact that standardisation strategies are often more beneficial to succeed in export markets.

In general, the use of GEPPs increases the exporters' foreign knowledge, export planning and marketing competencies which in turn affect the achievement of their export objectives (Francis and Collins-Dodd., 2004). Such programmes have a long term effect on the firms' internationalisation through enhancing firms' resources and capabilities rather than the

traditional and narrow direct effect on export performance (Shamsuddoha et al., 2009; Leonidou et al., 2011).

With respect to the impact of GEPPs' use on export regularity, the latter was found to be solely indirect through all organisational, management and relational export-related in the UK (partly supporting H4b). Similarly to the influence on export performance, these results suggest that GEPPs can only increase firms' regularity in exporting through their resources and regardless of the context where the firm evolve. It appears that such findings on the impact of export assistance on export regularity have not been tested by previous studies. Hence, it could be suggested that the positive influence of the export assistance programmes on the management, organisational and relational resources would lead the firm to export permanently.

Conversely, in Algeria, such an indirect effect was not confirmed by the mediation test, both H4a and H4b were rejected in this case. However, it would not be reasonable to state that the GEPPs do not affect firms' export performance in developing countries. It is believed that the non-significant effect of the GEPPs' indirect impact were due to the extremely weak effect that Algerian programmes had on the firms' resources. Hence, such effects were not strong enough to enhance firms' export performance and regularity.

#### **9.5. Export Assistance and Export Behaviour: differences between the UK and Algeria (RQ5)**

In terms of differences identified between the two selected countries, these could be summarised in the following. At the initiation stage of non-exporting firms, management resources were found to be the most important set of resources in both countries. These management resources mediated a considerable effect of the GEPPs on the firms' export intention, i.e. the export promotion programmes affect the non-exporters' intention to export

indirectly through enhancing their management resources, including the decision maker's orientations, knowledge and perceptions toward exporting. This similarity between the results obtained in the UK and Algeria is in line with Kiss et al.'s (2012) statement. In their empirical review of international entrepreneurship studies, the authors affirmed that resource-related factors affecting firms' internationalisation in developing countries were found to be similar to those found in their developed counterparts. However, the MGA analysis has revealed that the effect of the GEPPs' on the management resources in the UK was significantly greater than in Algeria. Consequently, management resources in Algeria had a considerably less effect on the firms' intention than in the UK. Hence, one can conclude that the positive effect of the management resources on the firms' initiation to export markets was due to the influence of the GEPPs which – at the initiation stage - were clearly more efficient in the UK than in Algeria.

Once the firms are in export markets, factors affecting their performance and regularity recorded few differences between the two countries. First, relational resources were found to be important determinants of export performance in Algeria only. Such results were thought to be due to the cultural differences in developing countries where networks and cooperation among exporters is prevalent (Ghauri, 2003). Second, organisational resources were found to be important for regularity in the UK only. Such results are thought to be due to the nature of the exported products from developing countries which are generally low-tech products (Alvarez, 2004). These results may suggest that in developing countries, due to the low-tech nature of their exported product, organisational resources are not as important as the management and relational ones.

As for the effect of GEPPs on export performance and regularity, significant differences were noticed between the two contexts. The indirect effect of such programmes was found to be

strictly indirect through the firms' resources in the UK only, in Algeria; the mediation test did not reveal any indirect links between the GEPPs and the export performance and regularity. One explanation could be that the effect of GEPPs' on Algerian firms' resources was not strong enough to lead to a significant increase in export performance and regularity. This explanation was indeed supported by the MGA. The latter revealed that the effect of UK GEPPs on the firms' three sets of resources were significantly greater than the influence of the Algerian programmes, hence logically suggesting that the UK export promotion organisations were more effective than their Algerian counterparts in all stages of exporting.

## **9.6. Summary**

The findings emerging from the UK and Algerian samples have illustrated the crucial role of the decision maker in the internationalisation of the firms. It was found that the resources related to the firm's manager are the most crucial type of assets in making the company entering international markets through exporting (export intention) regardless of the context where it operates.

However, once the firm start exporting, both organisational and management resources and capabilities become respectively important for achieving high export performance. Relational resources were noticed to be an important predictor of export performance only in the developing context. This was explained by the high inclination toward networks and collaboration that is particularly identified in such contexts. As for the predictors of export regularity, relational and management resources were among the factors found to be important irrespective of the context where firms evolve. This could suggest the importance of networks in assuring regularity of the export activities in the foreign markets rather than the performance per se.

Concerning the role of the GEPPs in the firms' internationalisation, this study has illustrated that the use of such programmes can be highly effective in increasing the management, organisational and relational resources respectively. In turn, these resources were found to be predictors to export intention, performance and regularity. More importantly, the impact of export assistance was revealed to be indirect - rather than direct - in enhancing firms' export behaviour.

The next chapter concludes this study by briefly recalling the findings obtained in this research, addressing the research aim, objectives and questions and highlighting the implications drawn from these results. It will also acknowledge the study's limitations and identify potential areas of further research.



## **CHAPTER TEN: CONCLUSION**

This chapter concludes the thesis. To begin with, it briefly recalls the major findings obtained in this research. These findings are linked to the research objectives set in chapter one. Thereafter, the contributions and research implications are discussed and divided into theoretical and practical implications. Finally, the research limitations and future works are linked together and acknowledged in the last section of this chapter.

### **10.1. Main Conclusions**

Promoting exports through promotion programmes has become a tool for governments to increase and sustain growth. However, the effectiveness of such programmes remains unclear. Although in theory the role of GEPPs is well established, empirical evidence is still inconclusive. Among the reasons, are the limited and narrow approaches adopted in the literature. Hence, the role of GEPPs in enhancing firms' export behaviour requires further empirical research that would justify their use and improve their efficiency. Furthermore, investigating the role of GEPPs in the internationalisation process would also require the examination of the firms' export behaviour. In particular, identifying the resource factors predicting the export behaviour is useful to link the effect of GEPPs to the relevant factors crucial for firms' internationalisation. In this respect, the study has adopted a comprehensive approach simultaneously exploring the effects of both internal and external resources on non-exporters' and exporters internationalisation behaviour.

This study has set six research objectives to be addressed. The first objective was to identify the critical resources influencing the non-exporters' initiation to exporting. In both countries, the obtained results revealed that the management resources including the decision maker's

export knowledge, international and entrepreneurial orientations and export perceptions are the set of resources having the heaviest weight in the firms' initiation phase. It was found that the management resources were the factors affecting the firms' export intention the most, regardless of the context where the company operate. In fact, while the international and entrepreneurial orientations and export knowledge had equally strong effects, the export perception was the factor having the weakest effect in both countries. Such results highlight the crucial role of the decision makers' global mind-set in taking their firms to international markets. Having said this, the role of the two remaining sets of resources, namely organisational and relational resources are not to be neglected. In fact, their role was found to be still important yet the three-way approach adopted in this study has reflected the primacy of the management resources over these two sets.

The second objective of the research was to identify the critical resources influencing the exporters' performance and regularity. A similar three-way approach was also applied to the exporters' samples, yet this time few differences have emerged between the two countries. Regarding the resources affecting the exporters' performance, both organisational and relational resources become important once the firm enters export markets in the UK, while all three sets were significant in Algeria. Such results suggest that when firms enter export markets, management resources per se are not sufficient; rather, the remaining two sets, and particularly the organisational resources also become important. Indeed, in addition to the decision maker's mind set, the firms' innovation, technology, marketing and relational resources and capabilities significantly increase their export performance. As for the critical resources affecting the firms' regularity in exporting, relational resources becomes important in both countries. Hence, the results could suggest that such assets are crucial for increasing the firms' regularity in exporting rather than their performance as such.

The third objective of the research was to examine the effect of GEPPs on firms' resources. The findings have tested and confirmed the significant and positive effect of such types of resources on all three sets and in both countries, thus confirming that the GEPPs could enhance the firms' both internal and external resources yet may not necessarily directly increase the firms' performance.

The fourth objective of the study was to explore the indirect impacts of GEPPs on non-exporters' initiation to international markets. In this regard, the study has confirmed that in both countries, the impact of such programmes is more likely to be indirect than direct. The mediation tests have suggested that a major part of the GEPPs' effect on non-exporters is explained through the firms' resources. For the non-exporters, management resources were the only set of assets intervening in the relationship between GEPPs and export intention. It could therefore be concluded that in the case of non-exporters, the use of GEPPs enhances the managers' orientations, knowledge and perceptions, which would then increase the firms' probability to enter export markets. Such outcome is irrespective of the context where the firm operate.

The fifth objective of the study was to explore indirect impacts of GEPPs on exporters' performance and regularity. Similar to the results obtained from the non-exporters' sample, the role of GEPPs in enhancing exporters' performance and regularity was indirect rather than direct. Confirming the inappropriate approach adopted by most previous studies (direct), the present findings illustrate that the use of GEPPs do not increase the performance and regularity per se, but rather improve the firms' resources which would in turn increase and sustain this performance. Having said this, the mediation test confirmed the indirect effect in the UK only; in Algeria both direct and indirect effects were found to be statistically insignificant. It would however not be reasonable to advance and generalise that GEPPs do not have any effect on firms' exporters' performance and regularity in developing countries.

Instead, such results could be owed to the ineffectiveness of the Algerian GEPPs which were too weak to have a significant indirect impact.

The last objective was to identify differences between the UK and Algeria in the link between GEPPs and export behaviour. Broadly, due to the cultural differences between the two countries, the relational resources were revealed to be important for the export performance of Algerian businesses only. Similarly, due to the low-tech nature of the exported products from developing countries, organisational resources were found to be important for export regularity in a UK context only. More importantly, while the indirect effect of GEPPs on non-exporters' intention to export was established in both countries, the indirect impact on exporter' performance and regularity was established in the UK only. Such a difference was supported by the MGA results where the GEPPs' effects on firms' resources were significantly stronger in the UK than in Algeria. This suggests the lack on indirect influence in Algeria was due to the weak effect of the Algerian programmes.

## **10.2. Contributions and Research Implications**

The findings of this thesis have significance for a number of organisations including the SME community with an export potential or already exporting, the government organisations in charge of designing and delivering export promotion programmes as well as the academic society. The following discusses both theoretical and practical implications of this research.

### **10.2.1. Theoretical Implications**

This research is a two-fold study. It first examines the determinenants of firms' export behaviour and second explores the impact of GEPPs on export performance. As a result, the findings have implications for both the export behaviour and export promotion literatures.

The study contributes to the export behaviour literature in several ways. First, the comprehensive approach adopted in this research where the three types of resources (organisational, management and relational) are analysed simultaneously provides an enhanced picture on the determinants of export behaviour. In fact, the study illustrated that different types of resources affect the firm at different stages of the internationalisation process. Hence, answering Zou and Stan's (1998); Sousa et al.'s (2008) and Beleska-Spasova et al.'s (2012) calls for more comprehensive approaches to address the fragmented nature of the export performance literature. Equally, it answers Czinkota and Ronkainen's (2011) call for conducting more integrative research that would have implications for businesses and practitioners.

Second, investigating the determinants of non-exporters' export intention also brings more evidence on the factors leading to new exporters rather than the sole focus on factors assisting existing exporters dominating the current literature. Focusing on the firms' intention rather than the propensity (which is a simple dummy variable reflecting the status of the firm) and using the three-way method cited above provides a more pertinent understanding about the factors leading SMEs to enter export markets.

Third, similarly to the second implications, this study has looked at the factors affecting the exporters' regularity instead of the performance per se. This inclusion gives useful indications on the appropriate type of resources that could help existing exporters sustain their international performance and survive in foreign markets, a survival dimension thus far overlooked in the export performance literature (Cadot et al., 2014; Deng et al., 2014; Fu and Wu, 2014).

Fourth, by bringing evidence from a developing country (Algeria) and comparing the results with data collected from a developed country (UK); the study shows that in general, the pre-

export behaviour is similar across the two contexts and that when it comes to making new exporters, firms' behaviour does not differ from one context to another. However, once these firms are in export markets, their needs differ in accordance with the context where they evolve.

As for the implications to the export promotion literature, this study is believed to have contributed to this literature in a number of ways. In fact, although extensive, the empirical literature looking at the effectiveness of export promotion programmes remains limited and inconclusive (Lages and Montgomery, 2005; Leonidou et al., 2011), lacking a strong theoretical background (Leonidou et al., 2011) and restricted to developed countries (Lages and Montgomery, 2005; Leonidou et al., 2011; Jalali, 2012).

By exploring the indirect effects of the GEPPs on firms' export performance, the present study has contributed to shed more light on the doubts raised regarding the ineffectiveness of such programmes in increasing export performance. It was found that GEPPs increase export performance only indirectly through enhancing the firms' resources. Such findings are two-fold. Not only it does confirm the inadequacies of the direct approach followed by previous studies when evaluating the GEPPs' effectiveness, it also reveals the mechanism whereby the GEPPs act. In this respect, the export promotion literature has acknowledged the potential indirect effect of these programmes through enhancing firms' resources, yet often failed to test such roles and if it did so, it failed to identify the resources affected by the GEPPs' use. In addition, findings regarding the differences in the way GEPPs operate at different levels of internationalisation may also explain the common findings regarding the effectiveness of such programmes only at early stages of internationalisation. It could be argued that their inefficiency at later stages could be due to the inappropriate targeting of the required type of resources at each stage.

Secondly, by looking at the indirect impact of GEPPs on non-exporters' intention to export, the study contributes to the literature by bringing evidence on the role of these programmes in developing new exporters, a role thus far acknowledged in the theoretical literature yet neglected by the empirical studies (Cruz, 2014). Similarly, by looking at the effect of GEPPs on firms' regularity in exporting, the study also reveals the role of such programmes in securing firms' survival in export markets. Thirdly, using the extended RBV to explain the role of GEPPs provides a suitable theoretical framework upon which such role could be supported. In addition, extending the theory to include external resources has shown the effect of these programmes on the firms' external resources, an effect thus far hypothesised yet not often tested.

### **10.2.2. Practical Implications**

This research has several implications for both firm managers and policy makers. The following sub-sections cover these separately.

#### ***a) Policy Implications***

Investigating the resource factors influencing firms' export initiation, performance and regularity simultaneously constitutes a guide for the export promotion agencies, such as the UKTI and ALGEX, in charge of designing and offering assistance programmes in the two investigated countries. In fact, by identifying the relevant resources needed at each stage and for each group of firms, the government bodies can focus on the relevant resources when designing the programmes, these can also be targeted more efficiently to their users. This is particularly critical as export promotions organisations do often have a limited budget and therefore there is a need for them to be cost efficient. Additionally, being more efficient will make these programmes more useful and hence improve their perception amongst SMEs.

This will in turn increase their usage and address the persistent issue that GEPPs are constantly suffering from in both developing and developed countries, i.e. their lack of usage resulting from low usefulness perception. In this regard, the following matrix (See Figures 10.1 and 10.2) illustrates illustrate the types of programmes that the government bodies can focus on for each internationalisation stage and for each group.

In the UK for example, and based on the matrix, export seminars and trainings programmes, which are more likely to improve management resources - including international and entrepreneurial orientations, export perception and export knowledge - can be dedicated to non-exporters, as this type of resources was found to be capital at this stage. Alternatively, export training should be targeted to early exporters to assist them in increasing their export performance, as this type of resource is more likely to enhance organisational resources such as their marketing and planning capabilities. Ultimately, trade missions and fairs could be targeted to experienced exporters to increase their survival in foreign markets by providing an export platform where exporters can develop their networks with both local and foreign firms and benefit from knowledge and opportunity sharing. Conversely in Algeria, GEPPs should focus on programmes enhancing relational resources (instead of organisational ones) when assisting existing exporters.

Furthermore, this research has revealed the mechanism whereby GEPPs can enhance non-exporters' intention toward exporting. From the matrix, it can be seen that government bodies can help firms entering export markets through increasing their management resources, namely entrepreneurial and international orientations, export knowledge and export perception. Such assets could be boosted by offering how-to-export programmes, seminars and workshops on export procedures and documentation. This implication is particularly important for both countries involved in this research. In fact, in 2011, the UK Prime Minister announced "We need this to be a country where more people think 'I start my own business



and I can sell to the world” (GOV.UK, 2011). Similarly in Algeria, the Prime Minister Abdel-Malek Sellal has urged his Government to work actively toward encouraging SMEs to internationalise (TSA, 2015). Hence, the indications offered by this study regarding the drivers of export intention could help both countries achieve their aims.

#### ***b) Management Implications***

This study has verified and proven the important role that export promotion programmes play in initiating firms to foreign markets, increasing their performance and securing their survival. As a result, when planning to enter export markets, to perform effectively or sustain such performance, business managers should be encouraged to make the most out these assistance programmes and use them as an external “resource supplement” to cover the lack of resources that many small businesses suffer from. It is highly recommended that the decision maker should be committed to personally engage with government bodies offering the GEPPs, as the manager’s perceptions, orientations, knowledge and commitment were revealed to be the first drivers for export initiation. Similarly, exporting SMEs can use these findings to invest on the relevant resources to enhance performance and regularity. Resource-constrained SMEs cannot improve all their assets and will have to focus on the most critical ones; this is particularly relevant in exporting as the latter is generally characterized by heavy sunk costs. In this sense, and using the matrix presented below (Figures 10.1 and 10.2), Owners/Managers can focus on the relevant type of resources to invest in at each stage of the exporting process. For example, Algerian exporters would be strongly encouraged to enhance the quality their contacts and knowledge sharing with both local firms and foreign buyers in order to be competitive internationally. To be regular exporters, they should then invest in their technological and marketing capabilities to enhance their organisational resources. Alternatively, in the UK, SME managers should invest in their organisational resources to be competitive internationally and relational resources to be regular in exporting.

Figure 10.1: Matrix for Algerian Firms

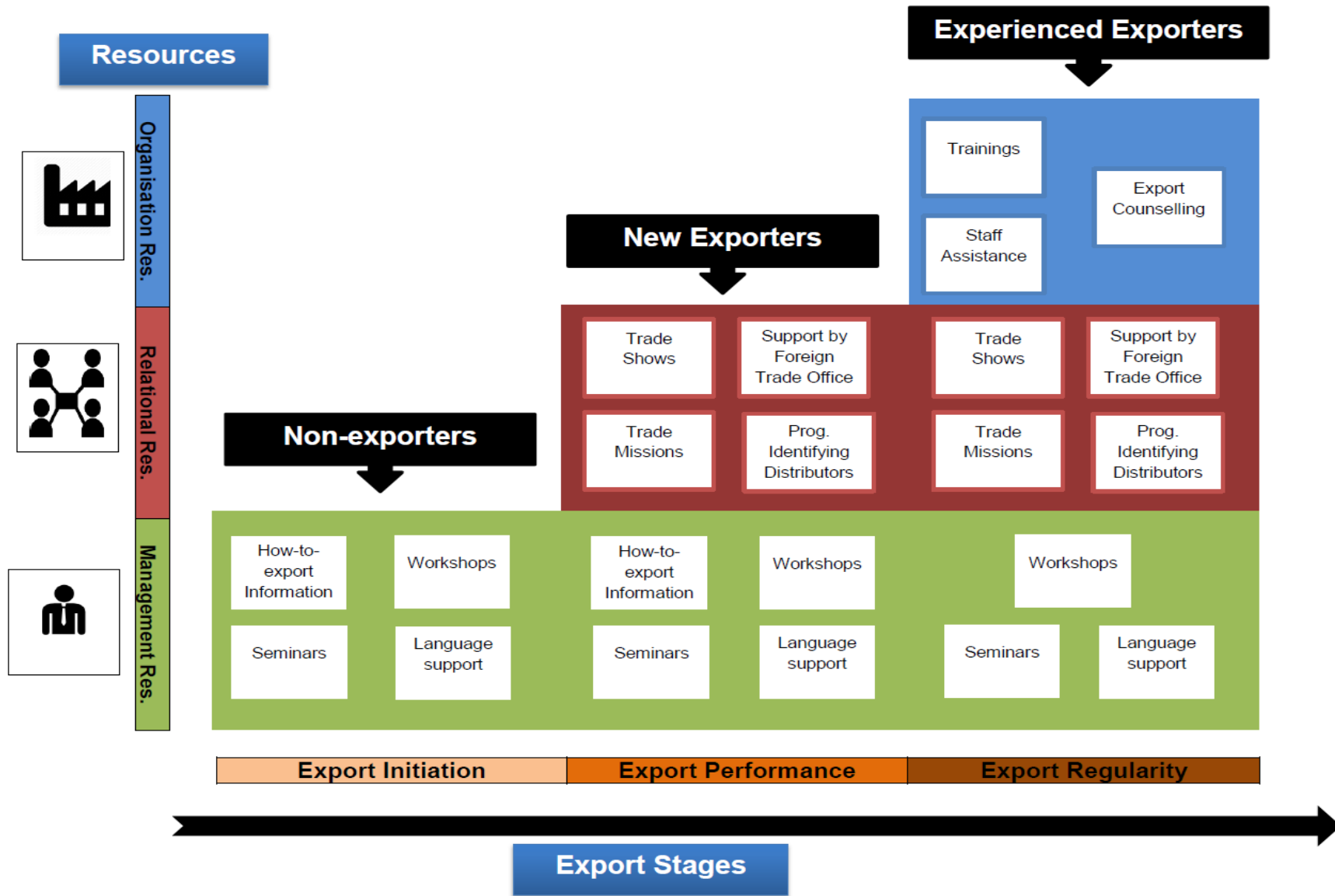
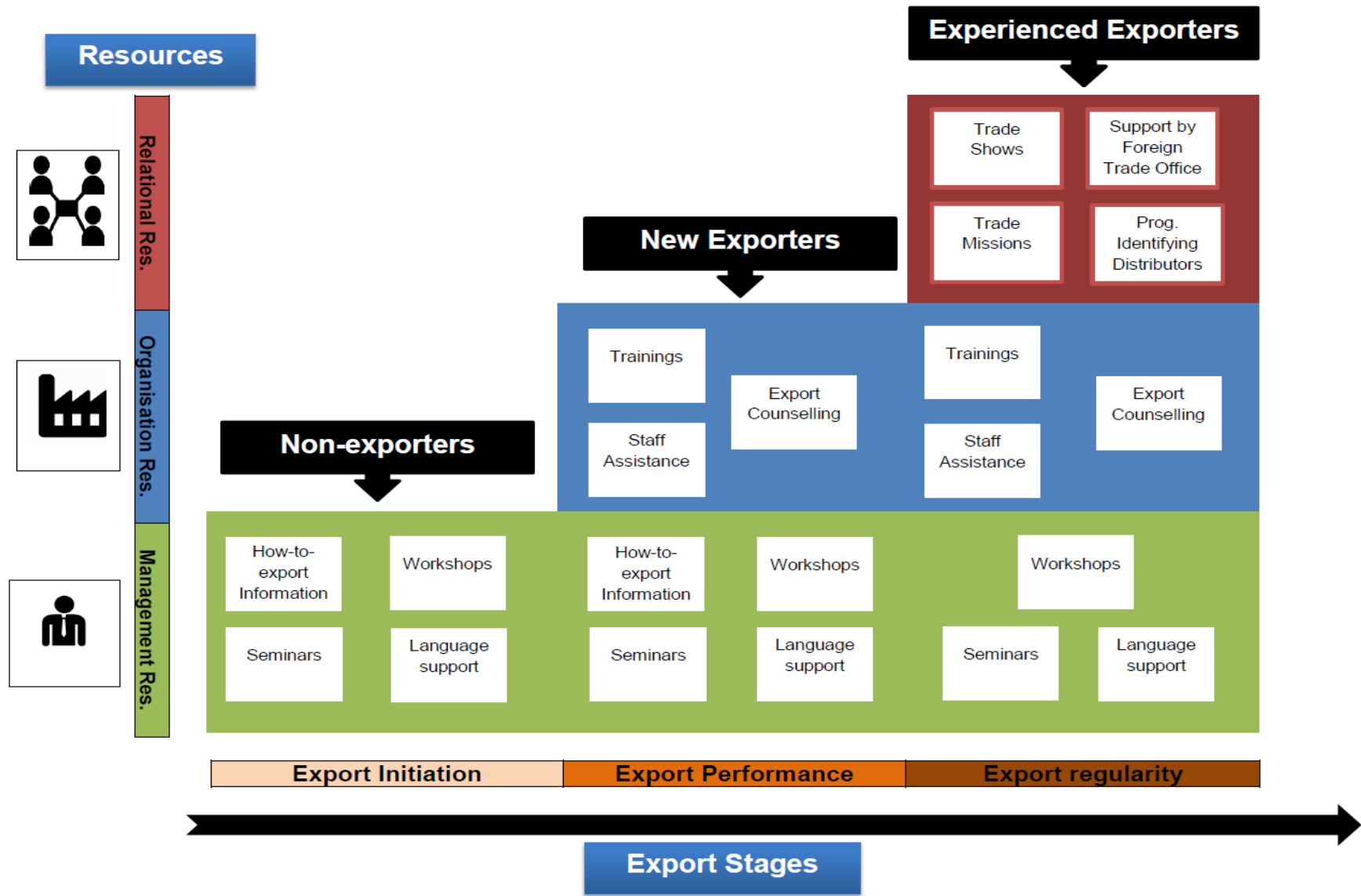


Figure 10.2: Matrix for UK Firms



### **10.3. Limitations and Future Research**

As in all such studies, several limitations should be acknowledged. First, although the sample size (200 from Algeria and 264 from the UK) proved to be sufficient to conduct a robust statistical analysis, a larger sample would probably enhance the results. Collecting data from firms' managers is often very challenging and generally the response rate barely exceeds the 20%. In addition, gathering data from two different countries (from which one developing) across two different groups has made the process lengthier in time. For these reasons, the data collection process took eight months and due to time constraints the researcher could not spend more time on this. Future studies could have more allocated time and resources and therefore include larger samples.

Second, based on a thorough literature review, the comprehensive approach adopted in this study attempted to include the most important resource factors influencing firms' export behaviour. However, some factors (such as managers' opportunity recognition) which could be important predictors of export performance, yet may have been neglected by the literature, could have been missed in this study. In this sense, future research could comprise additional resource factors that could potentially mediate the effect of GEPPs on firms' export behaviour.

Third, while this study has focused on the impacts of GEPPs, their antecedents are still under examined in the export promotion literature. Given the low usage of such programmes reported by previous empirical works, it would be crucial to identify factors leading firms' to use them. In fact, no matter how efficient is the export assistance, if it is not being used by firms', it will remain ineffective. Thus, future works exploring the factors affecting the GEPPs' usage would be highly useful to the export

promotion literature. The main implication of this approach would be to maximise the use of GEPPs by all non-exporters, early and experienced exporters.

Fourth, the firms targeted in this research were from different manufacturing sectors, the reason behind this choice was to answer the call for cross-sectorial studies raised in the literature. Cross-sectorial studies are believed to provide more generalizable findings. However, especially in the internationalisation process, firms from different sectors react differently when being exposed to foreign markets. Therefore, future research could either conduct a sectorial cluster analysis (given the sample is sufficiently large) or focus on one or two sectors.

Fifth, the present study adopted a post-positivistic approach using quantitative questionnaires as a method of data collection to compare between two different contexts (UK and Algeria). The results first allowed the study to explore the indirect effects of GEPPs by identifying the relevant resources mediating such effects, and second revealed a number of differences in the GEPPs' indirect impacts between the two selected countries. However, the post-positivistic approach could neither empirically provide an in-depth explanation on how these resources are enhanced by the use of GEPPs, nor uncover the factors leading to differences between the two countries. Such in-depth explanations can only be achieved by an interpretive approach. Hence, future studies could adopt a qualitative methodology using in-depth interviews with business managers to increase awareness on the way the identified firms' resources can be enhanced by GEPPs, and the variations in the internationalisation process between developed and developing contexts.

Sixth, given the long-term impact often associated with the use of GEPPs, a longitudinal study would bring an enhanced insight about the indirect effects of GEPPs and hence could be a more accurate way to evaluate the effectiveness of such programmes.

Seventh, although the study controlled for firms' size and experience, additional factors such as the firms' international experience, ownership, sector of activity and markets' competition could also be controlled for in future studies.

Finally, this study has provided evidence on the export behaviour and the impact of GEPPs from a developing country (Algeria) located in an area thus far highly neglected in the export literature, that is, the MENA region. Hence, it is suggested to conduct more studies in this region. Countries such as Algeria, Libya, Morocco and Tunisia are believed to offer great potential for non-oil exports and are in need to diversify their economies through promoting exporting. Studies looking at the role of government in this matter would have critical implications for both theory and practise.

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## Appendices

### Appendix A. Resource Conceptualisation: Further Details

#### Resource-Factors Included in Management Resources

Previous studies in firm-level exporting and international entrepreneurship agreed on the importance of the decision makers' characteristics in enhancing export performance (Zou and Stan, 1998; Ibeh, 2004). In export-related management resources (also referred to as characteristics), the authors commonly included the decision maker's education, international experience, ability to speak foreign languages, entrepreneurial orientation, export commitment and export perception (see the Table A1). Thus, in this study, the aforementioned dimensions are included under the "Management Resources" variable.

Table A1: Past Studies Including Sub-dimensions of Management Resources

<b>Variables in Management Factors</b>	<b>Studies</b>
Foreign Knowledge	Nemkova et al. (2012); Arvanitis et al. (2014); Nalaci and Yagci (2014); Denicolai et al. (2014).
International Experience*	Wiedersheim-Paul et al. (1978); Reid (1981); Schelegelmilch and Ross (1987); Dichtl et al (1990); Das (1994); Reuber and Eileen (1997); Zafarullah and Young (1997); Leonidou et al (1998); Wolff and Pett (2000); Trimeche (2003); Obben and Magugla (2003); Papadopoulos and Martin (2010); Stoian et al (2011); Ganotakis and Love (2012).
Ability to speak foreign languages*	Reid (1981); Cavusgil and Naor (1987); Schelegelmilch and Ross (1987); Zafarullah et al. (1997); Leonidou (1998); Lautanen (2000); Obben and Magagula (2003); Densil (2011); Stoian et al (2011) Serra et al (2012).
Entrepreneurial Orientation	Balabanis and Katsikea (2003); Ibeh (2004); Mostafa et al. (2006).
Export Commitment	Louter et al. (1991); Naidu and Prasad (1994); Lukas et al. (2007); Sousa et al (2008); Papadopoulos and Martin (2010); Stoian et al (2011).
Export Perception	Simpson and Kujawa (1974); McConnell (1979); Brooks and Rosson (1982); Johnston and Czincota (1982b); Cavusgil and Naor (1987); Louter et al (1991); Naidu and Prasad, (1994); Obben and Magugla (2003); Ruzzier et al (2007); Acedo and Galan (2011); Serra et al. (2012).

\*Please note that these dimension are jointly included under one dimension, namely: International Orientation (Ibeh, 2004; Gencturk and Kotabe, 2001)

### **Resource-Factors Included in Organisational Resources**

Concerning the export-related firm (organisational) resources and capabilities, the authors commonly included technology, innovation and marketing capabilities which in turn included pricing capabilities, advertising capabilities, informational capabilities and planning capabilities (see table 1.2). Hence, in this study, the aforementioned dimensions are included under the “Organisational Resources” variable.

Table A2: Past Studies Including Sub-dimensions of Organisational Resources

<b>Variables in Organisational Factors</b>	<b>Studies</b>
Innovativeness Capabilities	Sterlacchini (1999); Nassimbeni (2001); Kaleka (2002); Roper and Love (2002) ; Guan and Ma (2003); Zou et al (2003); Vorhies and Morgan (2005); Alvarez (2007); Man (2010); Morgan et al. (2009); Kaleka (2012); Morgan et al. (2012)
Technological Resources	Reid (1982); Cooper and Kleinschmidt (1985); Gomez-Mejia (1988); Kumar and Siddharthan (1994); Zahra et al. (1998); Sterlacchini (1999); Nassimbeni (2001); Dhanaraj and Beamish (2003); Gourlay and Seaton (2003); Guan and Ma (2003); Ibeh (2003); Yang et al (2004); Rodriguez and Rodriguez (2005); Filatotshev et al (2009); Maurel (2009); Singh (2009); Adeoti (2012); Serra et al (2012).
Pricing Capabilities	Louter et al. (1991); Katsikeas (1994); Styles and Ambler (1994); Zou et al (2003); Vorhies and Morgan (2005); Morgan et al. (2009); Morgan et al (2012)
Advertising Capabilities	Katsikeas (1994); Styles and Ambler (1994); Zou et al (2003); Vorhies and Morgan (2005); Morgan et al (2009); Morgan et al (2012).
Informational Capabilities	Kaleka (2002); Vorhies and Morgan (2005); Morgan et al (2009); Kaleka (2012); Morgan et al (2012)
Planning Capabilities	Wiedersheim-Paul (1978); Burpitt and Rondinelli (1998); (Zou and Stan, 1998); Knight (2001); Vorhies and Morgan (2005); Morgan et al. (2009); Morgan et al. (2012)

### **Resource-Factors Included in Organisational Resources**

With respect to the export-related relational resources and capabilities, the effect of the cooperation and relationships among firms and between firms and their intermediaries (importers) has been often highlighted as positive and significant determinant of the export initiation and performance (Wiedersheim-Paul et al., 1978; Cavusgil and Naor, 1987; Bonaccorsi, 1992; Elis and Pecotish, 2001; Nassimbeni, 2001; Roper and Love, 2002; Ling-Yee, 2004; Lages et al., 2005; Ural, 2009; Theingi and Purchase, 2011; Yi and Wang, 2012). To illustrate the cooperation, four dimensions are used, namely information sharing, communication quality, long-term relationship and the firm's satisfaction with relationships (Lages et al., 2005; Ural, 2009). Therefore, the current study uses these dimensions to represent the "EXPORT-RELATED RELATIONAL RESOURCES AND CAPABILITIES" variable.

**Appendix B: The Theoretical and Empirical Studies Reviewed in this Thesis  
(Organised By Chapter)**

*Chapter Two: Export and Development*

<b>Empirical Studies on Export and Economic Growth</b>		
Study	Sample studied	Core Findings
<b>Macro-level empirical evidence</b>		
Michaely (1977)	41 Developing countries between 1950 and 1973	Positive impact of exports on economic growth in countries with a minimum economic development
Balassa (1978)	11 developing countries	Positive impact of exports on economic growth
Ram (1985)	73 low and middle income countries between 1960 and 1970	Positive impact of exports on economic growth in middle income-countries.  Insignificant impact of exports on economic growth in low-income countries.
	73 low and middle income countries between 1970 and 1977	Positive impact of exports on economic growth in both categories.
Muhammad and Sampath (1997)	96 developed and developing countries between 1960 and 1992	The majority of countries do not show any relationship between exports and economic growth  Positive impact only in 20 countries but the causality effect was from economic growth to exports
Yaghmaian and Ghorashi (1995)	30 developing countries between 1980 and 1990	Positive impact of exports on economic growth. However, the causality effect was from economic growth to exports
Onafowora and Owoye (1998)	12 Sub-Saharan countries between 1963 and 1993	Positive impact of exports on economic growth for 10 countries
Athukorala and Menon (1999)	Malaysia between 1985 and 1995	Positive impact of exports on economic growth, living standards and income distribution
Smith (2000)	Costa Rica between 1950 and 1997	Positive but limited impact of exports on economic growth
Vohra (2001)	India, Pakistan, the Philippines, Malaysia and Thailand between 1973 and 1993	Positive impact of exports in middle income countries
Khalafall and Webb (2001)	Malaysia between 1965 and 1996	Positive impact of exports on economic development
Subasat (2002)	Low, middle and high-income	Weak positive impact of exports on economic growth in middle-income

	countries	countries No evidence for any impact of exports in economic growth in low and high-income countries
Amavilah (2002)	Namibia between 1968 and 1992	Positive but indirect impact of exports on economic growth
Herzer et al. (2006)	Chile between 1960 and 2001	Negative impact of Primary products exports on economic growth Positive impact of manufactured products exports on economic growth
Abu-Qarn and Abu-Bader (2004)	Nine Middle-Eastern and North-African countries between 1963 and 1998	Positive impact of manufactured products exports on economic growth in all countries except Iran.
Acarvaci and Oztirq (2010)	Turkey between 1980 and 2005	Positive impact of Outward orientation on economic growth (5% yearly average increase)
Elbaydi et al. (2010)	Libya between 1980 and 2007	Positive impact of exports on economic growth
Lee (2011)	71 developed and developing countries between 1970 and 2004	Positive impact of high-technology product exports on economic growth
Hamed et al. (2014)	23 developing countries	Export diversification improves economic growth
Muhoro and Otieno (2014)	Kenya	Exports improve growth
<b>Micro-level empirical evidence (Self-selection vs. Learning-by-exporting)</b>		
Rhee et al. (1984)	112 South Korean firms	Learning-by-exporting effect
Bernard and Jensen (1995)	US Firms between 1976 and 1987	Self-selection effect After entering export markets, both profitability and survival rates increased.
Clerides et al. (1998)	Manufacturing firms with at least 10 workers in Colombia, Mexico and Morocco between 1984 and 1991	No evidence for learning-by-exporting effect except in some Moroccan sectors Self-selection effect for Colombia and Mexico and some Moroccan sectors
Aw et al (2000)	Manufacturing firms with more than 5 employees in Taiwan and Korea in years 1981, 1986 and 1991.	No evidence for the learning-by-exporting effect



Delgado et al. (2002)	Spanish manufacturing firms with at least 10 employees between 1991 and 1996	Self-selection effect  Learning-by-exporting effect was limited to young exporters
Blalock and Gertler (2004)	Indonesian manufacturing firms with at least 2 employees between 1990 and 1996	Learning-by-exporting effect
Girma et al. (2004)	8992 UK small and large manufacturing firms between 1988 and 1999	Both self-selection and learning-by-exporting effects
Bigsten et al. (2004)	Small and large manufacturing firms in Cameroon, Kenya, Ghana and Zimbabwe between 1992 and 1995	Little evidence for self-selection effect
Solomon and Shaver (2005)	2188 Spanish manufacturing firms with more than 200 employees between 1990 and 1997	Learning-by-exporting effect
Van Biesebroeck (2005)	200 Small and large manufacturing firms in Burundi, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Tanzania, Zambia, and Zimbabwe between 1992 and 1996	Learning-by-exporting effect
Yasar end Rejesus (2005)	Small and large Turkish Manufacturing firms between 1990 and 1996	Learning-by-exporting effect
Farinas and Marcos (2007)	Small (less than 300 employees) and Large Spanish Firms between 1990 and 1999.	Self-selection effect
Esteve-Pérez et al. (2008)	Spanish manufacturing firms between 1990 and 2001	Surviving-by-exporting effect
Love and Mansury (2009)	US Small and large services firms in 2004	Self-selection effect
Cassiman and Golovko (2010)	Spanish manufacturing firms with at least 10 and maximum of 200 employees between 1990 and 1998	Self-selection effect
Damijan et al. (2010)	Slovenian small and large manufacturing and non-manufacturing firms between 1996 and 2002	Learning-by-exporting effect
Golovko and Valentini (2011)	Spanish manufacturing firms with at least 10 and maximum 200 employees between 1990 and 1999	Both self-selection and learning-by-exporting effect
Garcia et al. (2012)	1534 Small and large Spanish manufacturing firms between 1990 and 2002	Learning-by-exporting effect
Love and Ganotakis (2013)	High-technology SMEs in the UK	Learning-by-exporting effect

	in 2005	
McGregor et al. (2013)	19 Sub-Saharan countries	Learning-by-exporting effect
Cruz et al. (2014)	Mozambique	Learning-by-exporting effect
Pattnayak and Thangavelu (2014)	India	Learning-by-exporting effect

### *Chapter Three: Critical Resources Influencing Export Initiation and Performance/Regularity*

<b>Empirical studies on export initiation</b>					
Study	Country	N	Firm Size	Threshold	Export activity
<b>Developed Countries</b>					
Simpson and Kujawa (1974)	USA	120	SMEs	N.M*	Exporters and non-exporters
Abdel-Malek (1978)	Canada	154	Small firms	<\$1million annual sales	Exporters and non-exporters
Wiedersheim-Paul (1978)	Australia	75	SMEs	<200	
McConnell (1979)	USA	148	SMEs	N.M	Exporters and non-exporters
Garnier (1982)	Canada	105	Small	<500	Exporters and non-exporters
Reid (1982)	Canada	89	SMEs	100<n<500	Exporters and non-exporters
Cavusgil and Naor (1987)	USA	310	Small firms	<100	Exporters and non-exporters
Louter et al. (1991)	Holland	165	SMEs	<100	Exporters
Calof (1994)	Canada		SML		Exporters and non-exporters
Lautanen (1995)	Finland	76	SMEs	4<n<176	Exporters and non-exporters
Reuber and Eileen (1997)	Canada	49	SMEs	<200	Exporters and non-exporters
Burpitt and Rondinelli (1998)	USA	65	SMEs	<500	Exporters and non-exporters
Sterlacchini (1999)	Italy	143	Small	<200	Exporters
Ellis and Pecotich (2001)	Australia	72	SMEs	<\$20million or <200 employees	Exporters and non-exporters
Nassimbeni (2001)	Italy	165	SMEs	<250	Exporters and non-exporters
Roper and Love (2002)	UK and Germany	2277	SML	N.M	Exporters
Andersson et al., (2004)	Sweden	135	SMEs	<250	Exporters and non-exporters
Yang et al. (2004)	Taiwan	7334	SMEs	<400	Exporters and non-exporters
Ruzzier et al. (2007)	Slovenia	161	SMEs	10<n<250	Exporters
Krasnikov and Jayachandra (2008)	Meta-analysis	/	/	/	/
Van Beveren and Vandenbussche	Belgium	189	SML	Firms with at least 10	Non-exporters and Exporters

(2010)				employees	
Javalgi and Todd (2011)	India	150	SMEs	<500 and <\$5 million	Exporters
Ganotakis and Love (2012)	UK	100	SMEs	<250	Exporters and non-exporters
Serra et al. (2012)	UK and Portugal	167/165	SMEs	20<n<250	Exporters and non-exporters
Ganotakis and Love (2012)	UK	412	SMEs	<250	Exporters and non-exporters
Morgan et al. (2012)	UK	219	SMEs	N.M	Exporters
Nemkova et al. (2012)	UK	11	SMEs	From 5 to more than 100	Exporters
Denicolai et al (2014)	Multiple European countries	290	SML	Up to 1000 employees	Exporters
<b>Developing Countries</b>					
Kumar and Siddharthan (1994)	India	406	SML	N.M	Exporters
Zafarullah et al. (1997)	Pakistan	6	SMEs	<300	Exporters
Zhaou and Zou (2002)	China	999	SML	N.M	Exporters and non-exporters
Obben and Magagula (2003)	Swaziland	46	SMEs	<100	Exporters and non-exporters
Ibeh (2003)	Nigeria	78	SMEs	>50 and >\$50,000	Exporters and non-exporters
Filatotchev et al. (2009)	China	711	SMEs	<300	Exporters and non-exporters
Ozler et al. (2009)	Turkey		SML	>25	Exporters and non-exporters
Shih and Wickramaesekera (2011)	Taiwan	103	SMEs	>200	Exporters and non-exporters
Adeoti (2012)	Nigeria	96	SMEs	20 or more	Exporters and non-exporters
Yi and Wang (2012)	China	30,333	SMEs	N.M	Exporters and non-exporters
Beohe (2013)	Brazil	1231	SMEs	>500	Exporters and non-exporters

Uner et al. (2013)	Turkey	2159	SMEs	>250	Exporters
Hosseini et al. (2014)	Iran	50	SMEs	N.M	Exporters
Gashi et al. (2014)	Multiple transition countries	5385	SML	N.M	Exporters and non-exporters

#### Empirical studies on export performances

Study/Country	N	Firm size	Thresholds	Export performance measure
Developed Countries				
Hirsh and Adar (1974) Denmark, Holland and Israel	Several hundreds	SML*	N.M**	Export intensity
Cooper and Kleinschmidt (1985) Canada	142	SMEs in Electronic industry	Average of 100 employees and \$18.5M annual sales	Export growth and export intensity
Johnston and Czinkota (1985) USA	200	SMEs in high-tech industry	N.M	Export attitudes
Schelegelmilch and Ross (1987) UK	51	SML in the machine tool industry	N.M	Combination of different measures from which export intensity, growth and profitability
Gomez-Mejia (1988) USA	388	SML	N.M	Export market share and export intensity
Koh and Robicheaux (1988) USA	233	SMEs	<500	Management's perception of export profitability
Koh (1991) USA	233	SMEs	<500	Management's perception of export profitability
Louter et al. (1991) Holland	165	SMEs	<100	Export intensity, export profitability and importance ranking of exporting
Bonaccorsi (1992) Italy		SMEs	<500	Export intensity
Naidu and Prasad (1994) USA	1145	SMEs	15<n<500	Combination of objective and subjective measures
Styles and Amber (1994) UK	67	SML	N.M	Sustained increase in total export, export intensity and percentage of export to total business

Stewart (1997) Canada	207	SMEs	<120 <\$10million of total annual revenues	Degree of internationalisation
Shoham (1998) Israel	93	SML	N.M	Sales and profitability-related measures
Zahra et al. (1998) USA	121	SMEs	N.M	Export intensity, number of countries, profitability and export satisfaction
Zou et al. (1998) USA and Japan	165 and 178 (USA and Japan respectively)	SML	N.M	EXPERF
Sterlacchini (1999) Italy		SMEs non-R&D	<200	Export intensity
Wolff and Pett (2000) USA	157	SMEs firms	<500	Export intensity
Knight (2001)	268	SMEs	An average of 341 employees and annual sales around US\$100 million	Combination of financial and non- financial factors
Verwaal and Bas (2002) Holland	642	SML	N.M	Export intensity
Balabanis and Katsikea (2003) UK	82	SML	N.M	Export sales growth, export profits, export return on investment and overall export performance
Dhanaraj and Beamish (2003) Canada and USA	157	SMEs	<500s and < \$50M	Profitability, market share and sales growth
Gourlay and Seaton (2003) UK	1623	SML	N.M	Export intensity
Julian (2003) Thailand	151	SMEs	<500	Combination of financial and non- financial measures
O’Cass and Julian (2003) Australia	293	SML	N.M	Management’s perception
Andersson et al., (2004) Sweden	135	SMEs	<250	Export Intensity
Lages and Montgomery (2004) Portugal	400	SMEs	<500	Management’s satisfaction
Majocchi et al. (2005) Italy	142	SMEs	<250	Export intensity
Mostafa et al. (2006) UK	71	SMEs	<250	Combination of subjective and objective indicators

Lu and Julian (2007) Australia	133	SML	N.M	Export marketing performance measured with economic and strategic and satisfaction indicators
Lukas et al. (2007) Australia	79	SML in IT	N.M	Export necessity
Pla-Barber and Alegre (2007) France	121	SML in biotechnology	N.M	Export intensity
Maurel (2009) France	214	SMEs in wine industry.	Turnover amounting €3M	Export intensity
Chailom and Kaiwinit (2010) Thailand	203	SML	N.M	Sales and profit-related measures
Papadopoulos and Martin (2010) Spain	140	SML	>10	Combination of strategic and economic indicators
Miocevic and Crnjak-Karanovic (2011) Croatia	121	SMEs	N.M	EXPERF measure
Stoian et al. (2011) Spain	146	SMEs	<249	Objective (intensity, number of countries and zone) and subjective (satisfactions with export market position, profitability and new entry) measures
Theingi and Purchase (2011) Thailand	320	SMEs	<500	A combination of financial and strategic indicators
Freeman et al. (2012) Australia	2000	SMEs and a panel of government experts	<200	Combination of strategic, objective and subjective measures
Ganotakis and Love (2012) UK	412	Technology-based SMEs	N.M	Export intensity
Morgan et al. (2012) UK	219	SML	N.M	Combination of financial and non-financial measures
Descotes and Walliser (2013) France	107	SMEs	N.M	Export performance (sales growth and profits).
Arvanitis et al. (2014) Greece	316	SMEs	N.M	Export intensity and export growth
Brouthers et al. (2014) UK	162	SMEs	<250	International Performance composite
Obadia and Stottinger (2014)	283	SMEs	<250	Export economic performance
Swoboda and Oljenik (2014) Germany	604	SMEs	<250	Export growth and return on investments and export profits
Fernandez-Mesa and Alegre (2015) Italy and Spain	150	SMEs	N.M	Export intensity
Zucchella and Siano (2014) Italy	162	SMEs	<50	Export intensity

Developing Countries				
Das (1994) India	58	SML	N.M	Export intensity and growth in export volume
Kumar and Siddharthan (1994) India	406	SML	N.M	Export intensity
Zhao and Zou (2002) China	999	SML	N.M	Export intensity
Guan and Ma (2003) China	213	SML	N.M	Export growth
Lal (2004) India	51	SMEs	<150	Export intensity
Yee (2004) China	189	SML	N.M	Export intensity
Ural et al. (2006) Turkey	64	SML	N.M	Export intensity
Alvarez (2007) Chile	5000	SML	>10	Export regularity
Gertner et al. (2007) Brazil	114	SML	N.M	Financial and non-financial measures
Zhang et al. (2008) China	99	SMEs	N.M	Combination of financial and strategic indicators
Ural (2009) Turkey	303	SMEs	<200	Combination of financial, strategic and satisfaction measures
Singh (2009) India	3542	SML	N.M	Export Sales
Man (2010) Malaysia	121	SMEs	N.M	Average export sales
Boso et al. (2012) Ghana	164	SMEs	N.M (average of 56 employees)	Export product innovation
He and Wei (2013) China	230	SML	5000	International Performance composite
Ismail et al. (2014) Malaysia	228	SMEs	N.M	Competitive advantage
Deng et al. (2014) China	408,097	SML	N.M	Export survival
Nalcaci and Yagci (2014) Turkey	14	SML	N.A	Export performance

#### *Chapter Four: Government Export Assistance Programmes*

##### **Empirical studies one export assistance**

Developed countries					
Study	Country	N	Firm size	Methodological approach	International activity
Albaum (1983)	USA	129	SMEs	Personal interviews with US department of commerce and mail survey for the firms	Exporters and non-exporters

Kedia and Chhokar (1986)	USA	96	SMEs	Personal interviews and then questionnaires in the presence of the interviewer	Exporters and non-exporters
Seringhaus (1987)	Canada	60	SMEs	Personal interviews with structured questionnaires	Exporters and non-exporters
Pahud and Van Gent (1991)	The Netherlands	343/494	SMEs	Mail survey	Exporters and non-exporters
Seringhaus and Botschen (1991)	Canada and Austria	271 and 312	SMEs	Mail survey	Exporters and non-exporters
Kotabe and Czinkota (1992)	USA	162	SML	Mail survey	Exporters
Rosson and Seringhaus (1992)	USA	367	SMEs	Mail survey	Exporters
Diamantopoulos et al. (1993)	Scotland	51	SMEs	Mail survey	Exporters
McAuley (1993)	UK	77	Queen's award winners	Mail survey	Exporters
Singer and Czinkota (1994)	USA	89	SML	Mail survey	Exporters and non-exporters
Crick (1995)	UK	521	SMEs	Mail survey and personal interviews	Exporters and non-exporters
Adams et al., (1997)	USA	230	SML	Mail survey	Exporters
Crick (1997)	UK	1242	SMEs	Mail survey and personal interviews	Exporters and non-exporters
Moini (1998)	USA	111	SMEs	Mail Survey	Exporters and non-exporters
Wilkinson and Brouthers (2000)	USA	N.M	SML	Secondary data (Database)	Exporters
Gencturk and Kotabe (2001)	USA	162	SML	Mail survey and personal interviews	Exporters
Spence and Crick (2001)	UK	190	SMEs	Mail survey	Exporters
Spence (2003)	UK	113	SMEs	Mail survey	Exporters
Francis and Collins-Dodd (2004)	Canada	175	SMEs	Mail survey	Pre-exporters and exporters
Calderon et al. (2005)	Spain	114	SMEs	Personal Interviews	Exporters
Jensen and	US	264	SMEs	Mai survey	Exporters and non-



Hollis (2005)					exporters
Lages and Montgomery (2005)	Portugal	519	SMEs	Mail survey and personal interviews	Exporters
Gil et al., (2008)	Spain	188 trade agencies	/	Secondary data (Database)	Exporters
Sousa and Bradley (2009)	Portugal	287	SMEs	Mail survey	Exporters
Head and Ries (2010)	Canada	N.M	SML	Secondary data (database)	Exporters
Freixanet (2011)	Spain	272	SMEs	Mail survey and personal interviews	Exporters
Leonidou et al., (2011)	UK	218	SMEs	Mail survey	Exporters
Cansino et al. (2013)	Spain	N.M	SML	Secondary data (database)	Exporters
Schminke and Biesebroeck (2013)	Belgium	4000	SML	Secondary data (database)	Exporters and non-exporters
Hayakawa et al. (2014)	Japan and Korea	N.M	SML	Secondary data (database)	Exporters
Banno et al. (2014)	Italy	888	SMEs	Secondary data (database)	Exporters
Kanda et al. (2013)	Sweden	172	SMEs	Mail survey	Exporters and non-exporters
<b>Developing Countries</b>					
Ahmed et al., (2002)	Malaysia	53	SML	Mail survey	Exporters and non-exporters
Alvarez (2004)	Chile	295	SMEs	Mail survey	Exporters
Mahajar and Yunus (2006)	Malaysia	76	SMEs	Mail survey	Exporters
Shamsuddoha et al., (2009)	Bangladesh	203	SMEs	Mail Survey	Exporters
Cadot et al. (2012)	Tunisia	2746	SML	Secondary data (database)	Exporters
Jalali (2012)	Iran	200	SMEs	Mail survey	Exporters
Martincus and Carballo (2012)	Costa Rica	N.M	SMEs	Macro-economic study	Exporters
Martincus and Carballo (2012)	Peru	N.M	SMEs	Macro-economic study	Exporters
Li and Shrestha (2013) China	China	N.M	SML	Macro-economic study	Exporters
Ayob and Freixanet (2014)	Malaysia	284	SMEs	Mail survey	Exporters and non-exporters
Cruz (2014)	Brazil	946,455	SML	Secondary data (database)	Exporters and non-exporters

## Appendix C: The Covering Letter and Questionnaire



Date

Dear Participant,

My name is Yacine, I am an Associate Lecturer and PhD researcher at Plymouth University. On behalf of the **Service & Enterprise Research Centre** at Plymouth University and in collaboration with **Plymouth Chamber of Commerce & Industry**, I am undertaking academic research on the role of Government Export Promotion Programmes (GEPPs) on SMEs' Export Performance. I am seeking participants from the UK to take part in a mail survey in order to successfully complete my doctoral research.

Your firm is part of a representative sample of UK firms selected to participate in this research. Your opinions and answers will be highly valued, **whether or not your firm is currently involved in exporting**. It is expected that your cooperation will, in addition to **enabling the realisation of the study's objectives**, allow your firm to take the most from GEPPs and sustain your international competitiveness. In this respect, I would be most grateful if you or one of the managers in your firm will assist my research by completing the enclosed questionnaire and return it back using the FREE POST envelope provided. It will take **about 15 minutes** to complete and will be on until the 15th of February 2014. I would very much appreciate it if you could complete the questionnaire within this time frame.

Please be assured that the information provided within the questionnaire will be treated as **STRICTLY CONFIDENTIAL** and is bound to respect the University's code of ethics. No individual data will be disclosed to any external parties and the research will only be used for academic purposes. I will be happy **to send you a summary of this study's findings** if you so indicate, by providing your company name and address in the space provided at the end of the questionnaire.

Thank you for your time and cooperation.

Yours sincerely

Yacine Haddoud


**THE SERVICE AND ENTERPRISE RESEARCH CENTRE  
THE UNIVERSITY OF PLYMOUTH**

**RESEARCH  
WITH  
PLYMOUTH  
UNIVERSITY**

**EXPORT PROMOTION**

**STRICTLY CONFIDENTIAL**

*In collaboration with...*

<p><b>Futures - Entrepreneurship Centre</b></p> <p><b>FUTURES WITH PLYMOUTH UNIVERSITY</b></p>	<p><b>Plymouth Chamber of Commerce &amp; Industry</b></p> 
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**IMPORTANT:**

**IF YOU ARE EXPORTER (OR HAVE EXPORTED IN THE LAST 5 YEARS)  
PLEASE ONLY ANSWER **SECTIONS 1 & 3****

**IF YOU ARE NON-EXPORTERS PLEASE ONLY ANSWER **SECTIONS 2 & 3****

## SECTION 1: FOR EXPORTERS ONLY

(FOR NON\_EXPORTERS PLEASE GO TO SECTION 2)

### Firm's Resources and Export Performances

**1. Please assess your firm's internal resources (Please circle the appropriate number using the following scale).**

	5=Strongly agree	4=Agree	3=Neutral	2=Disagree	1=Strongly disagree
	Strongly Agree				Strongly Disagree
Our firm is constantly adopting new methods in the production process	5	4	3	2	1
Our firm is constantly developing new products for foreign markets	5	4	3	2	1
Our firm is constantly adopting innovative export marketing techniques	5	4	3	2	1
Our firm is constantly sensing trends and competitors' movements in overseas markets	5	4	3	2	1
Our firm possesses modern production technology and equipment for exporting	5	4	3	2	1
Our firm possesses the production capacity for exports	5	4	3	2	1
Our firm possesses unique products for foreign markets	5	4	3	2	1
Our firm possesses proprietary technical knowledge for exports	5	4	3	2	1
Our firm spends considerable amounts of money on R&D for exports	5	4	3	2	1
Our firm uses a formalised method of export planning	5	4	3	2	1
Our firm uses a structured export planning process	5	4	3	2	1
Our export plan is widely disseminated throughout the organisation	5	4	3	2	1
We constantly refer to our export plan to direct our export activities	5	4	3	2	1

**2. Please indicate the extent to which each of the following statements applies to the management team involved in exporting (using the same scale above).**

	Strongly Agree				Strongly Disagree
We have extensive knowledge of foreign market demand	5	4	3	2	1
We have extensive knowledge of foreign business practices	5	4	3	2	1
We have extensive knowledge of export regulations and paperwork	5	4	3	2	1
We have extensive knowledge of overseas shipping and transportation practices	5	4	3	2	1
We have proficiency in foreign languages	5	4	3	2	1
We have extensive professional exporting experience	5	4	3	2	1
We have extensive overseas experience (lived or worked abroad)	5	4	3	2	1
We have frequently travelled abroad for business purposes in the last 3 years	5	4	3	2	1
We are constantly working on new product ideas for exporting	5	4	3	2	1
We are constantly considering new export markets to enter	5	4	3	2	1
We are actively seeking export market information	5	4	3	2	1
We have given serious consideration to exporting	5	4	3	2	1
We consider that we should wait until we have satisfied domestic demand to start exporting	5	4	3	2	1
We consider that export market is too risky to enter into	5	4	3	2	1
We consider that exporting risks are of less concern to us than the opportunities	5	4	3	2	1
We can accept short term export losses if it means we can build market share	5	4	3	2	1
There are more financial resources for exporting than for the domestic market	5	4	3	2	1
There is a significant degree of management commitment to exporting	5	4	3	2	1

There is a substantial planning for export activities	5	4	3	2	1
There are a significant amount of Human Resources involved in the exporting activity	5	4	3	2	1

**3. Compared with domestic markets, please indicate the extent to which each of the following perception statements applies to the management team involved in exporting (using the same scale above)**

	Strongly Agree			Strongly Disagree	
Exports are more profitable than domestic sales	5	4	3	2	1
Exports are only profitable in the long run	5	4	3	2	1
Exports can contribute to the profit objectives of the firm	5	4	3	2	1
Exports can make a contribution to the attainment of growth objectives	5	4	3	2	1
Exporting is riskier than domestic sales	5	4	3	2	1
Exporting is more costly than domestic sales	5	4	3	2	1

**4. Please consider firms that are close geographically or operating in the same sector/market/activity as your firm and assess your relationship in respect of the following (using the same scale above)**

	Strongly Agree			Strongly Disagree	
These firms frequently discuss strategic issues with us	5	4	3	2	1
These firms openly share with us confidential information about foreign markets	5	4	3	2	1
These firms rarely talk with us about their business strategy	5	4	3	2	1
Our firm has a continuous interaction with these firms during implementation of our export strategy	5	4	3	2	1
The objectives of our firm's export strategy are communicated clearly to these firms	5	4	3	2	1
Team members from both sides openly communicated while implementing our export strategy	5	4	3	2	1
There is extensive formal and informal communication during implementation of our export strategy	5	4	3	2	1
We believe that over the long run, our relationship with these firms will be profitable	5	4	3	2	1
Maintaining a long-term relationship with these firms is important to us	5	4	3	2	1
We focus on long-term goals in this relationship	5	4	3	2	1
We are willing to make sacrifices to help these firms from time to time	5	4	3	2	1
Our association with these firms has been highly successful	5	4	3	2	1
These firms leaves a lot to be desired from an overall performance standpoint	5	4	3	2	1
Overall, the results of our relationship with these firms fell far short of expectations	5	4	3	2	1

**5. Please assess the relationship your firm has with its main importers (using the same scale above)**

	Strongly Agree			Strongly Disagree	
Our main importers frequently discussed strategic issues with us	5	4	3	2	1
Our main importers openly share with us confidential information about foreign markets	5	4	3	2	1
Our main importers rarely talk with us about their business strategy	5	4	3	2	1
We have a constant interaction with the main importers during implementation of our ex	5	4	3	2	1
The objectives of our firm's export strategy are communicated clearly to our importers	5	4	3	2	1
Team members from both sides openly communicate while implementing our export strategy	5	4	3	2	1
There is extensive formal and informal communication during implementation of our	5	4	3	2	1

export strategy					
We believe that, over the long run, our relationship with our main importers will be beneficial	5	4	3	2	1
Maintaining a long-term relationship with our main importers is important	5	4	3	2	1
We focus on long-term goals in this relationship	5	4	3	2	1
We are willing to make sacrifices to help our main importers from time to time	5	4	3	2	1
Our association with our main importers has been highly successful	5	4	3	2	1
Our main importers leave a lot to be desired from an overall performance standpoint	5	4	3	2	1
Overall, the results of our relationship with the importers fell far short of expectations	5	4	3	2	1

**6. In relation to your main export venture(s), please assess the export performance achieved by your firm over the last 5 years**

	Strongly Agree			Strongly Disagree	
Our export venture was very profitable	5	4	3	2	1
Our export venture has generated a high volume of sales	5	4	3	2	1
Our export venture achieved rapid growth	5	4	3	2	1
Our export venture has improved our export competitiveness	5	4	3	2	1
Our export venture has strengthened our strategic position in the market	5	4	3	2	1
Our export venture has significantly increased our market share	5	4	3	2	1
The performance of our export venture has been satisfactory	5	4	3	2	1
Our export venture has been very successful	5	4	3	2	1
Our export venture has met our expectations in all respects	5	4	3	2	1
Our firm exports regularly	5	4	3	2	1

**7. Since your first export operation, your firm has been exporting (Please select the percentage that best describe your export regularity):**

100%  of the time      75%  of the time      50%  of the time      25%  of the time      0%  of the time

**8. Compared with your major competitor(s) in the export markets, please assess your firm's export marketing capabilities using the following dimensions (Please circle the appropriate number using the following scale).**

5 = Much better than competitors	4 = Better than competitors	3 = Similar to competitors
2 = Worse than competitors	1 = Much worse than competitors	

	Much Better			Much Worse	
Capturing important market information	5	4	3	2	1
Identifying prospective customers	5	4	3	2	1
Acquiring export market related information	5	4	3	2	1
Making contacts in the export market	5	4	3	2	1
Monitoring competitive products in the export markets	5	4	3	2	1
Doing an effective job of pricing the export venture products	5	4	3	2	1
Using our pricing skills to respond quickly to changes in customer needs	5	4	3	2	1
Communicating pricing structure and levels to customers	5	4	3	2	1
Being creative in "bundling" pricing deals	5	4	3	2	1

Developing effective export advertising and promotion programmes	5	4	3	2	1
Advertising and promotion creativity	5	4	3	2	1
Skilfully using marketing communications	5	4	3	2	1
Effectively managing marketing communication programmes overseas	5	4	3	2	1

## PLEASE NOW GO TO SECTION 3

### SECTION 2: FOR NON-EXPORTERS ONLY

#### Firm's Resources and Export Performances

**1. Please assess your firm's internal resources (Please circle the appropriate number using the following scale).**

5=Strongly agree	4=Agree	3=Neutral	2=Disagree	1=Strongly disagree
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	Strongly Agree				Strongly Disagree
Our firm is constantly adopting new methods in the production process	5	4	3	2	1
Our firm is constantly developing new products	5	4	3	2	1
Our firm is constantly adopting innovative marketing techniques	5	4	3	2	1
Our firm is constantly sensing trends and competitors' movements	5	4	3	2	1
Our firm possesses modern production technology and equipment	5	4	3	2	1
Our firm possesses the production capacity	5	4	3	2	1
Our firm possesses unique products	5	4	3	2	1
Our firm possesses proprietary technical knowledge	5	4	3	2	1
Our firm spends considerable amounts of money on R&D	5	4	3	2	1
Our firm uses a formalised method of business planning	5	4	3	2	1
Our firm uses a structured planning process	5	4	3	2	1
Our plan is widely disseminated throughout the organisation	5	4	3	2	1
We constantly refer to our plan to direct our activities	5	4	3	2	1

**2. Please indicate the extent to which each of the following statements applies to the management team of your firm (Please use the same scale above).**

	Strongly Agree				Strongly Disagree
We have extensive knowledge of foreign market demand	5	4	3	2	1
We have extensive knowledge of foreign business practices	5	4	3	2	1
We have extensive knowledge of export regulations and paperwork	5	4	3	2	1
We have extensive knowledge of overseas shipping and transportation practices	5	4	3	2	1
We have proficiency in foreign languages	5	4	3	2	1
We have extensive professional exporting experience	5	4	3	2	1
We have extensive overseas experience (lived/worked abroad)	5	4	3	2	1
We have frequently travelled abroad for business purposes in the last 3 years	5	4	3	2	1

We are constantly working on new product ideas	5	4	3	2	1
We are constantly considering new export markets to enter	5	4	3	2	1
We are actively seeking export market information	5	4	3	2	1
We have given serious consideration to exporting	5	4	3	2	1
We consider that we should wait until we have satisfied domestic demand to start exporting	5	4	3	2	1
We consider that export market is too risky to enter into	5	4	3	2	1
We consider that exporting risks are of less concern to us than the opportunities	5	4	3	2	1
We can accept short term export losses if it means we can build market share	5	4	3	2	1

**3. Compared with domestic markets, please indicate the extent to which each of the following perception statements applies to the management team (Please use the same scale above).**

	Strongly Agree			Strongly Disagree	
Exports are more profitable than domestic sales	5	4	3	2	1
Exports are only profitable in the long run	5	4	3	2	1
Exports can contribute to the profit objectives of the firm	5	4	3	2	1
Exports can make a contribution to the attainment of growth objectives	5	4	3	2	1
Exporting is riskier than domestic sales	5	4	3	2	1
Exporting is more costly than domestic sales	5	4	3	2	1

**4. Please consider firms that are close geographically or operating in the same sector/market/activity as your firm and assess your relationship in respect of the following (Please use the same scale above).**

	Strongly Agree			Strongly Disagree	
These firms frequently discuss strategic issues with us	5	4	3	2	1
These firms openly share with us confidential information about foreign markets	5	4	3	2	1
These firms rarely talk with us about their business strategy	5	4	3	2	1
Our firm has a continuous interaction with these firms during implementation of our business strategy	5	4	3	2	1
The strategy's objectives are communicated clearly to these firms	5	4	3	2	1
Team members from both sides openly communicate while implementing business strategies	5	4	3	2	1
There is extensive formal and informal communication during implementation of our business strategy	5	4	3	2	1
We believe that, over the long run, our relationship with these firms will be beneficial	5	4	3	2	1
Maintaining a long-term relationship with these firms is crucial to us	5	4	3	2	1
We focus on long-term goals in this relationship	5	4	3	2	1
We are willing to make sacrifices to help these firms from time to time	5	4	3	2	1
Our association with these firms has been a highly successful	5	4	3	2	1
These firms leaves a lot to be desired from an overall performance standpoint	5	4	3	2	1
Overall, the results of our relationship with these firms fell far short of expectations	5	4	3	2	1

**5. Please assess the intention and likelihood of your firm starting to export in the next 5 years (Please use the same scale above).**



	Strongly Agree			Strongly Disagree	
Our firm has an interest in exploring foreign market opportunities	5	4	3	2	1
Our firm has an interest in doing business with overseas customers	5	4	3	2	1
Our firm has an interest in exporting products	5	4	3	2	1
Our firm is likely to begin exporting	5	4	3	2	1
Our firm is likely to introduce new products into foreign markets	5	4	3	2	1
Our firm is willing to export	5	4	3	2	1
Our firm is likely to become a major exporter in the industry	5	4	3	2	1
Our firm plans to initiate export sales	5	4	3	2	1
Our firm plans to allocate the necessary resources for exporting	5	4	3	2	1

**A6. Compared with your major competitor(s), please assess your firm's marketing capabilities using the following dimensions (Please circle the appropriate number using the following scale).**

<i>5 = Much better than competitors</i>	<i>4 = Better than competitors</i>	<i>3 = Similar to competitors</i>
<i>2 = Worse than competitors</i>	<i>1 = Much worse than competitors</i>	

	Much Better			Much Worse	
Capturing important market information	5	4	3	2	1
Identifying prospective customers	5	4	3	2	1
Acquiring market related information	5	4	3	2	1
Making contacts	5	4	3	2	1
Monitoring competitive products	5	4	3	2	1
Doing an effective job of pricing the products	5	4	3	2	1
Using our pricing skills to respond quickly to changes in customer needs	5	4	3	2	1
Communicating pricing structures and levels to customers	5	4	3	2	1
Being creative in "bundling" pricing deals	5	4	3	2	1
Developing effective advertising and promotion programmes	5	4	3	2	1
Advertising and promotion creativity	5	4	3	2	1
Skilfully using marketing communications	5	4	3	2	1
Effectively managing marketing communications programmes	5	4	3	2	1

**PLEASE NOW GO TO SECTION 3**

## SECTION 3: FOR ALL RESPONDENTS (EXPORTERS AND NON-EXPORTERS)

**The use of Government Export Promotion Programmes (GEPPs)**

- How often does your firm use the following export promotion programmes sponsored or organised by government bodies such as chambers of commerce, the UKTI, ministerial export departments ... etc.?**

**Please answer this question even if your firm does not export**

	Very Frequently			Never	
How-to-export information, workshops and seminars	5	4	3	2	1
Individual export counselling or staff assistance	5	4	3	2	1
Trade shows	5	4	3	2	1
Trade missions	5	4	3	2	1
Programmes which identify foreign agents/ distributors	5	4	3	2	1
Support by trade offices abroad	5	4	3	2	1
Training programmes specialising in exports	5	4	3	2	1
Foreign language support	5	4	3	2	1
Export financing programmes	5	4	3	2	1
Export credit insurance	5	4	3	2	1
Tax incentives	5	4	3	2	1

**2. Your Firm (Please Tick where appropriate)**

For how many years your firm is in operation?

Less than 2 years	
2 – 10 years	
11 – 25 years	
26 – 50 years	
Over 50 years	

How many employees does your firm have?

Less than 10	
10-50	
51-250	
251-500	
Over 500	

Who owns your firm?

Sole Proprietorship	
Partnership	
Family ownership	
Other .....	

Who manages your firm?

The Owner	
An appointed manager	

What is the typical educational level of your firm's managers?

A level (or equivalent)	
University degree (or equivalent)	
Post-graduate degree	
Other.....	

In which part of the UK your firm is based?

.....

What is the main sector of your firm's activity?

Agriculture, forestry and fishing	
Mining	
Food, beverage and tobacco	
Textile and clothing	
Wood and paper product	
Printing, publishing and recorded media	

**EXPORTERS ONLY SECTION**

How long has your firm been in exporting?

Less than 2 years	
2 – 5 years	
6 – 10 years	
11 – 20 years	
Over 20 years	

What is approximately the percentage of the sales revenue coming from export sales?

Less than 10%	
10 – 25%	
26 – 50%	
51 – 75%	
Over 75%	

Petroleum, chemical, plastic and rubber product	
Metal product	
Construction	
Furniture and other manufacturing	
Other.....	

**How many foreign country markets do you export to at present?**  
 .....

**How often does your firm export?**

Rarely	
Occasionally	
Regularly	

**What are the first two countries that your firm export to the most?**  
 .....  
 .....

**What position do you hold in your firm?**

Owner	
General Manager	
Marketing Manager	
Sales Manager	
Export Manager	
Other.....	

**What is the typical age of the management team?**

Under 25	
25 - 30	
31 - 40	
41 - 50	
Over 50	

**How long have you been working with your present firm?**

Less than 1 year	
1 – 5 years	
6 – 10 years	
11 – 25 years	
Over 25 years	

**THANK YOU FOR YOUR TIME AND CONSIDERATION!**

Please return the completed questionnaire in the pre-paid envelope provided. If you require any further information please contact Yacine Haddoud on 01752585523 or via email to mohamed.haddoud@plymouth.ac.uk

**Would you like a copy of the results of the survey?**

Yes	
No	

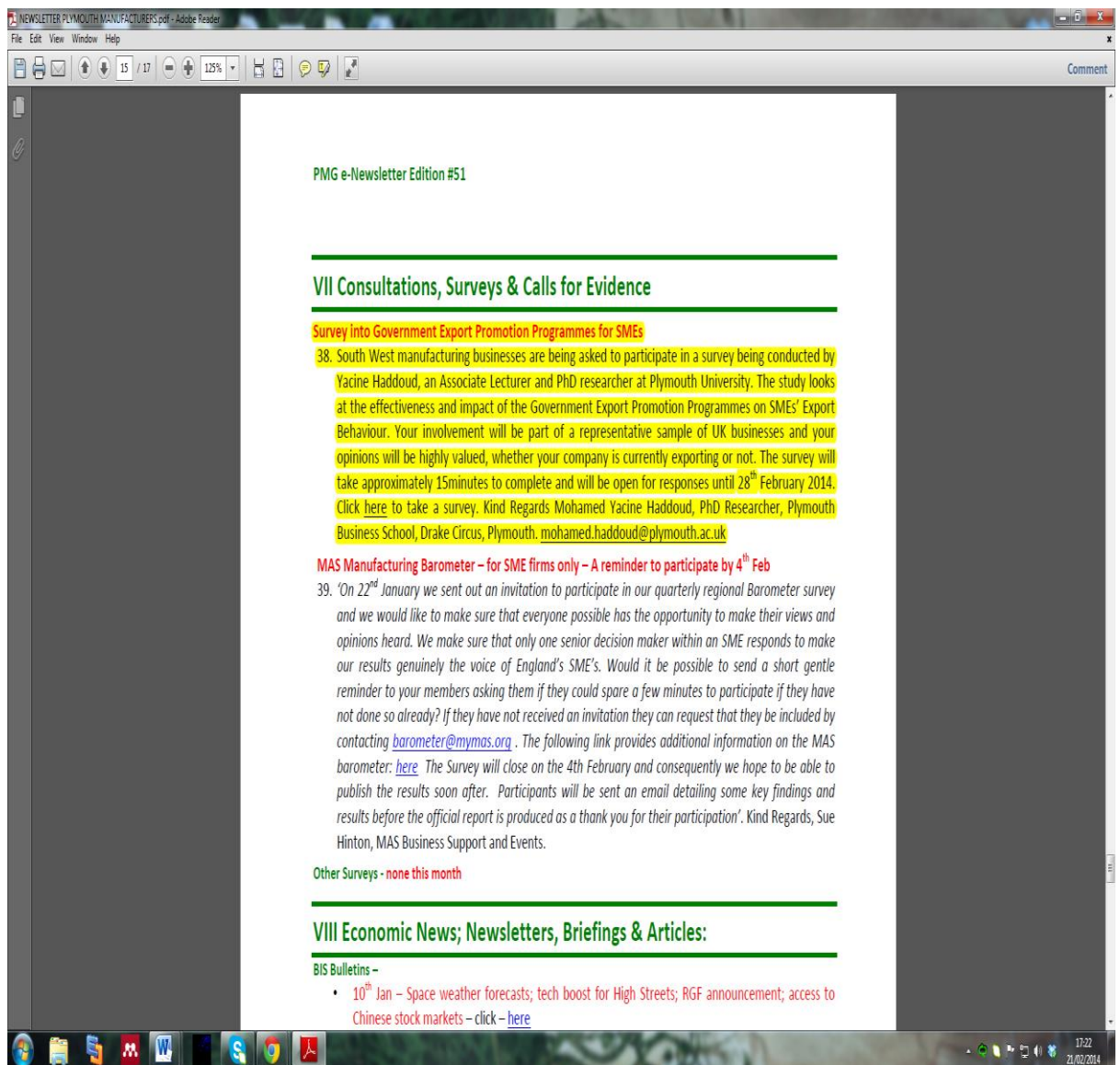
**If yes, could I have your contact details?**

Firm's name	.....
Postal addresses	..... ..... ..... ..... ..... ..... .....
Email addresses	.....

**Would you be willing to participate in an interview with the researcher?**

Yes	
No	
Maybe	

## Appendix D: The Newsletter



## Appendix E: The Ethics Form



Mohamed Haddoud  
PGR Student  
Faculty of Business

Ref: FoB.UPC/FREAC/FREC1314.01/cic  
Date: 22 October, 2013

Dear Mohamed

**Ethical Approval Application No: FREC1314.01**  
**Title: The role of government export promotion programmes in enhancing SMEs' export behaviour: Evidence from developed and developing countries**

The Faculty Research Ethics Committee has considered the ethical approval form and is fully satisfied that the project complies with Plymouth University's ethical standards for research involving human participants.

Approval is for the duration of the project. However, please resubmit your application to the committee if the information provided in the form alters or is likely to alter significantly.

We would like to wish you good luck with your research project.

Yours sincerely

*(Sent as email attachment)*

Dr Syamantak Bhattacharya  
Chair  
Faculty Research Ethics Committee  
Faculty of Business

Faculty of Business  
University of Plymouth  
Drake Circus  
Plymouth  
Devon PL4 8AA United Kingdom

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W [www.plymouth.ac.uk](http://www.plymouth.ac.uk)

**Appendix F: Tables for Non-response Bias Test**

*F1. Non-response test for UK non-exporters*

<b>Independent Samples Test</b>				
<b>GROUP2: NON-EXPORTERS</b>				
	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	Sig. (2-tailed)	Mean Difference
GEPP_SHOW	.205	.652	.365	-.239
			.364	-.239
GEPP_MISS	.014	.907	.917	-.022
			.917	-.022
INNO1	3.418	.070	.761	.101
			.760	.101
INNO2	3.276	.075	.668	.128
			.667	.128
TECH2	.724	.398	.224	-.351
			.224	-.351
PLANN1	2.229	.141	.882	-.043
			.881	-.043
PLANN2	.506	.480	.509	-.195
			.508	-.195
KNOW2	1.764	.189	.155	.398
			.153	.398
INT_OR1	.332	.567	.363	.232
			.362	.232
INT_OR2	.145	.704	.124	.395
			.123	.395
ENT_OR6	1.694	.198	.569	.141
			.568	.141
ENT_OR7	2.574	.114	.471	-.178
			.470	-.178
RQLB7	.285	.595	.025	.597
			.024	.597
RQLB14	1.892	.174	.947	-.015
			.946	-.015
EX_LKLH2	.387	.536	.827	-.059
			.827	-.059
EX_LKLH4	.675	.415	.552	.170
			.551	.170

*F2. Non-response test for Algerian non-exporters*

<b>Independent Samples Test</b>				
<b>GROUP2: NON-EXPORTERS</b>				
	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	Sig. (2-tailed)	Mean Difference
GEPP_SHOW	.205	.652	.365	-.239
			.364	-.239
GEPP_MISS	.014	.907	.917	-.022
			.917	-.022
INNO1	3.418	.070	.761	.101
			.760	.101
INNO2	3.276	.075	.668	.128
			.667	.128
TECH2	.724	.398	.224	-.351
			.224	-.351
PLANN1	2.229	.141	.882	-.043
			.881	-.043
PLANN2	.506	.480	.509	-.195
			.508	-.195
KNOW2	1.764	.189	.155	.398
			.153	.398
INT_OR1	.332	.567	.363	.232
			.362	.232
INT_OR2	.145	.704	.124	.395
			.123	.395
ENT_OR6	1.694	.198	.569	.141
			.568	.141
ENT_OR7	2.574	.114	.471	-.178
			.470	-.178
RQLB7	.285	.595	.025	.597
			.024	.597
RQLB14	1.892	.174	.947	-.015
			.946	-.015
EX_LKLH2	.387	.536	.827	-.059
			.827	-.059
EX_LKLH4	.675	.415	.552	.170
			.551	.170

Non-response test for UK exporters

Independent Samples Test				
UK EXPORTERS				
	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	Sig. (2-tailed)	Mean Difference
GEPP_INDV	1.908	.173	.913	.033
GEPP_SHOW	.154	.696	.159	-.500
INNO4	.809	.372	.329	.267
TECH3	1.332	.253	.329	.267
PLANN3	1.305	.258	.896	-.033
INT_OR2	2.267	.138	.896	-.033
ENT_OR2	.001	.969	.568	.167
EX_COMM3	.196	.660	.568	.167
EX_PERCP3	3.264	.076	.802	.067
RQLB4	4.236	.044	.802	.067
RQI5	2.760	.102	.895	.033
PRI_CAP4	.090	.765	.895	.033
EXPERF_FIN2	3.150	.081	.788	-.067
EX_REG1	.326	.570	.788	-.067
RQLB11	3.567	.064	.115	-.333
			.115	-.333
			.118	.433
			.118	.433
			.646	.100
			.646	.100
			.558	.133
			.558	.133
			.153	.333
			.153	.333
			.203	-.267
			.203	-.267
			.093	.467
			.094	.467



Non-response test for Algerian exporters

<b>Independent Samples Test</b>				
<b>ALGERIAN EXPORTERS</b>				
	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	Sig. (2-tailed)	Mean Difference
GEPP_SHOW	1.969	.167	.905	.046
GEPP_DISTs	.737	.395	.903	.046
PLANN3	1.721	.195	.440	.255
KNOW3	1.494	.227	.443	.255
INT_OR2	.781	.381	.129	.473
ENT_OR2	.086	.771	.122	.473
ENT_OR7	1.750	.192	.719	.080
EX_COMM3	.005	.947	.714	.080
EX_PERCP3	2.937	.093	.122	.440
RQLB4	.143	.707	.117	.440
RQI5	.515	.476	.780	.087
INF_CAP3	.317	.576	.779	.087
INF_CAP4	1.653	.204	.168	-.433
EXPERF_SAT1	.828	.367	.178	-.433
EX_REG1	.725	.399	.851	.062
			.851	.062
			.774	.069
			.771	.069
			.743	.088
			.744	.088
			.596	.164
			.597	.164
			.939	.023
			.939	.023
			.647	-.142
			.641	-.142
			.538	.188
			.544	.188
			.156	.492
			.164	.492

## Appendix G: Tables for Common methods Bias Test

### *G1. Harman's one-factor test for the non-exporters sample*

UK

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	31.174	38.017	38.017	31.174	38.017	38.017
2	9.640	11.756	49.773			
3	6.840	8.342	58.115			
4	4.951	6.037	64.152			
5	4.694	5.725	69.877			
6	2.599	3.169	73.046			
7	1.966	2.397	75.443			
8	1.600	1.951	77.394			
9	1.413	1.724	79.118			
10	1.262	1.539	80.657			
11	1.147	1.399	82.056			
12	1.098	1.339	83.395			
13	.944	1.151	84.546			
14	.851	1.038	85.584			
15	.823	1.004	86.588			
16	.797	.972	87.560			
17	.674	.822	88.382			
18	.660	.804	89.186			
19	.606	.739	89.925			
20	.572	.697	90.623			
21	.559	.682	91.305			
22	.501	.611	91.915			
23	.440	.537	92.452			
24	.436	.531	92.983			
25	.402	.490	93.473			
26	.386	.471	93.944			
27	.353	.431	94.375			
28	.350	.427	94.802			
29	.320	.390	95.193			
30	.299	.364	95.557			
31	.278	.339	95.896			
32	.265	.323	96.219			
33	.260	.317	96.536			

34	.227	.277	96.812
35	.209	.255	97.067
36	.197	.241	97.308
37	.193	.235	97.543
38	.181	.221	97.764
39	.166	.202	97.966
40	.160	.195	98.162
41	.137	.167	98.329
42	.134	.164	98.493
43	.124	.152	98.645
44	.114	.139	98.784
45	.100	.122	98.906
46	.094	.114	99.020
47	.089	.109	99.129
48	.085	.103	99.232
49	.067	.082	99.315
50	.061	.075	99.389
51	.060	.073	99.463
52	.053	.065	99.528
53	.052	.063	99.591
54	.045	.055	99.646
55	.042	.052	99.698
56	.038	.046	99.745
57	.033	.040	99.784
58	.030	.036	99.821
59	.023	.028	99.848
60	.019	.024	99.872
61	.017	.021	99.894
62	.016	.019	99.913
63	.013	.015	99.928
64	.012	.014	99.942
65	.011	.013	99.956
66	.008	.009	99.965
67	.006	.008	99.973
68	.005	.007	99.979
69	.005	.006	99.985
70	.004	.005	99.990
71	.002	.003	99.993
72	.002	.003	99.996
73	.001	.001	99.997
74	.001	.001	99.998
75	.001	.001	99.999
76	.001	.001	100.000
77	.000	.000	100.000
78	4.841E-005	5.903E-005	100.000

79	1.009E-013	1.011E-013	100.000		
80	-1.001E-013	-1.001E-013	100.000		
81	-1.004E-013	-1.005E-013	100.000		
82	-1.005E-013	-1.006E-013	100.000		

Extraction Method: Principal Component Analysis.

## Algeria

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	20.674	25.524	25.524	20.674	25.524	25.524
2	7.234	8.931	34.455			
3	6.259	7.727	42.182			
4	5.023	6.202	48.383			
5	4.554	5.622	54.006			
6	3.464	4.276	58.282			
7	2.519	3.110	61.392			
8	2.147	2.651	64.042			
9	1.943	2.399	66.441			
10	1.833	2.262	68.704			
11	1.649	2.036	70.740			
12	1.575	1.945	72.684			
13	1.397	1.724	74.409			
14	1.314	1.622	76.031			
15	1.263	1.559	77.590			
16	1.215	1.500	79.090			
17	1.124	1.388	80.478			
18	1.067	1.318	81.796			
19	.923	1.140	82.935			
20	.907	1.120	84.055			
21	.847	1.046	85.101			
22	.772	.953	86.054			
23	.750	.926	86.980			
24	.740	.913	87.893			
25	.681	.841	88.734			
26	.596	.736	89.469			
27	.563	.695	90.164			
28	.558	.688	90.853			
29	.522	.644	91.497			
30	.490	.604	92.101			
31	.466	.575	92.677			
32	.442	.546	93.223			

33	.429	.530	93.753
34	.351	.433	94.186
35	.336	.414	94.601
36	.326	.403	95.003
37	.311	.384	95.387
38	.283	.350	95.737
39	.275	.339	96.076
40	.262	.323	96.400
41	.248	.306	96.705
42	.214	.264	96.969
43	.199	.245	97.215
44	.188	.232	97.446
45	.181	.223	97.669
46	.174	.215	97.884
47	.167	.206	98.091
48	.148	.183	98.274
49	.137	.170	98.444
50	.131	.161	98.605
51	.112	.139	98.743
52	.106	.131	98.874
53	.104	.128	99.003
54	.099	.123	99.125
55	.090	.111	99.236
56	.077	.095	99.331
57	.062	.077	99.408
58	.062	.076	99.484
59	.055	.068	99.552
60	.052	.064	99.616
61	.044	.054	99.670
62	.035	.043	99.713
63	.034	.043	99.756
64	.034	.041	99.797
65	.025	.031	99.829
66	.021	.026	99.855
67	.019	.024	99.878
68	.017	.021	99.900
69	.017	.021	99.921
70	.013	.016	99.937
71	.012	.015	99.952
72	.011	.014	99.966
73	.009	.011	99.977
74	.005	.007	99.984
75	.004	.005	99.988
76	.003	.004	99.993
77	.002	.003	99.996

78	.002	.002	99.998		
79	.001	.001	99.999		
80	.001	.001	100.000		
81	3.246E-005	4.007E-005	100.000		

Extraction Method: Principal Component Analysis.

***G2: Harman's one-factor test for the exporters samples***

**UK**

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	33.903	32.916	32.916	33.903	32.916	32.916
2	9.570	9.292	42.207			
3	5.077	4.929	47.137			
4	4.577	4.443	51.580			
5	4.141	4.020	55.600			
6	3.064	2.974	58.575			
7	2.609	2.533	61.107			
8	2.478	2.405	63.513			
9	1.939	1.882	65.395			
10	1.697	1.648	67.043			
11	1.615	1.568	68.611			
12	1.594	1.547	70.159			
13	1.462	1.419	71.578			
14	1.398	1.358	72.935			
15	1.351	1.311	74.247			
16	1.232	1.196	75.443			
17	1.164	1.130	76.573			
18	1.077	1.046	77.619			
19	.983	.954	78.573			
20	.941	.913	79.486			
21	.901	.875	80.361			
22	.850	.825	81.186			
23	.814	.790	81.977			
24	.794	.771	82.747			
25	.764	.742	83.489			
26	.744	.722	84.211			
27	.712	.691	84.902			
28	.668	.648	85.550			
29	.643	.624	86.174			
30	.596	.578	86.753			

31	.560	.544	87.297
32	.557	.541	87.838
33	.528	.513	88.350
34	.514	.499	88.850
35	.508	.493	89.343
36	.489	.474	89.817
37	.478	.464	90.282
38	.455	.442	90.723
39	.430	.417	91.140
40	.420	.408	91.548
41	.396	.385	91.933
42	.392	.381	92.314
43	.375	.364	92.678
44	.360	.349	93.027
45	.355	.345	93.372
46	.350	.340	93.712
47	.319	.310	94.021
48	.302	.293	94.314
49	.295	.286	94.601
50	.283	.275	94.875
51	.282	.274	95.149
52	.248	.241	95.390
53	.243	.236	95.626
54	.230	.223	95.850
55	.227	.221	96.070
56	.219	.213	96.283
57	.203	.197	96.480
58	.199	.193	96.673
59	.189	.184	96.857
60	.184	.179	97.036
61	.180	.175	97.211
62	.171	.166	97.377
63	.163	.158	97.535
64	.146	.142	97.677
65	.140	.136	97.813
66	.134	.130	97.943
67	.127	.123	98.066
68	.126	.122	98.188
69	.121	.118	98.306
70	.112	.109	98.415
71	.111	.108	98.522
72	.104	.101	98.623
73	.099	.096	98.719
74	.096	.093	98.812
75	.094	.091	98.904

76	.091	.089	98.992		
77	.085	.082	99.075		
78	.081	.079	99.154		
79	.076	.074	99.227		
80	.074	.072	99.299		
81	.067	.065	99.364		
82	.064	.062	99.427		
83	.057	.055	99.482		
84	.050	.049	99.530		
85	.048	.046	99.576		
86	.046	.045	99.621		
87	.042	.041	99.662		
88	.038	.037	99.699		
89	.035	.034	99.733		
90	.032	.031	99.764		
91	.031	.030	99.795		
92	.028	.027	99.822		
93	.027	.026	99.847		
94	.024	.023	99.871		
95	.023	.023	99.893		
96	.021	.020	99.914		
97	.017	.016	99.930		
98	.016	.015	99.945		
99	.013	.013	99.958		
100	.013	.013	99.971		
101	.012	.012	99.983		
102	.010	.010	99.992		
103	.008	.008	100.000		

Extraction Method: Principal Component Analysis.



## Algeria

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	17.245	16.743	16.743	17.245	16.743	16.743
2	10.662	10.352	27.094			
3	8.249	8.009	35.103			
4	6.097	5.920	41.022			
5	5.164	5.014	46.036			
6	4.549	4.417	50.453			
7	3.948	3.833	54.286			
8	3.903	3.790	58.075			
9	3.061	2.972	61.047			
10	2.960	2.874	63.921			
11	2.898	2.814	66.735			
12	2.577	2.502	69.237			
13	2.385	2.315	71.553			
14	2.271	2.205	73.758			
15	2.137	2.075	75.833			
16	2.010	1.951	77.784			
17	1.878	1.823	79.607			
18	1.683	1.634	81.241			
19	1.543	1.498	82.740			
20	1.528	1.483	84.223			
21	1.291	1.253	85.476			
22	1.201	1.166	86.642			
23	1.150	1.116	87.759			
24	1.105	1.072	88.831			
25	1.040	1.009	89.841			
26	.959	.931	90.771			
27	.929	.902	91.674			
28	.822	.798	92.472			
29	.803	.780	93.251			
30	.736	.715	93.966			
31	.679	.659	94.625			
32	.643	.624	95.249			
33	.617	.599	95.848			
34	.532	.516	96.365			
35	.500	.485	96.850			
36	.447	.434	97.284			
37	.436	.423	97.708			
38	.378	.367	98.075			

39	.301	.293	98.368
40	.289	.281	98.648
41	.285	.277	98.926
42	.247	.240	99.166
43	.220	.214	99.379
44	.191	.185	99.565
45	.184	.178	99.743
46	.150	.146	99.889
47	.114	.111	100.000
48	1.014E-013	1.014E-013	100.000
49	1.011E-013	1.011E-013	100.000
50	1.010E-013	1.010E-013	100.000
51	1.010E-013	1.009E-013	100.000
52	1.009E-013	1.009E-013	100.000
53	1.008E-013	1.008E-013	100.000
54	1.008E-013	1.008E-013	100.000
55	1.008E-013	1.007E-013	100.000
56	1.007E-013	1.007E-013	100.000
57	1.007E-013	1.007E-013	100.000
58	1.006E-013	1.006E-013	100.000
59	1.006E-013	1.006E-013	100.000
60	1.006E-013	1.006E-013	100.000
61	1.005E-013	1.005E-013	100.000
62	1.005E-013	1.005E-013	100.000
63	1.004E-013	1.004E-013	100.000
64	1.004E-013	1.004E-013	100.000
65	1.004E-013	1.004E-013	100.000
66	1.004E-013	1.003E-013	100.000
67	1.003E-013	1.003E-013	100.000
68	1.003E-013	1.003E-013	100.000
69	1.003E-013	1.003E-013	100.000
70	1.002E-013	1.002E-013	100.000
71	1.002E-013	1.002E-013	100.000
72	1.002E-013	1.002E-013	100.000
73	1.002E-013	1.002E-013	100.000
74	1.001E-013	1.001E-013	100.000
75	1.001E-013	1.001E-013	100.000
76	1.001E-013	1.001E-013	100.000
77	1.001E-013	1.000E-013	100.000
78	1.000E-013	1.000E-013	100.000
79	1.000E-013	1.000E-013	100.000
80	-1.000E-013	-1.000E-013	100.000
81	-1.001E-013	-1.001E-013	100.000
82	-1.001E-013	-1.001E-013	100.000
83	-1.001E-013	-1.001E-013	100.000

84	-1.001E-013	-1.001E-013	100.000		
85	-1.002E-013	-1.002E-013	100.000		
86	-1.002E-013	-1.002E-013	100.000		
87	-1.002E-013	-1.002E-013	100.000		
88	-1.003E-013	-1.002E-013	100.000		
89	-1.003E-013	-1.003E-013	100.000		
90	-1.003E-013	-1.003E-013	100.000		
91	-1.003E-013	-1.003E-013	100.000		
92	-1.004E-013	-1.004E-013	100.000		
93	-1.004E-013	-1.004E-013	100.000		
94	-1.005E-013	-1.004E-013	100.000		
95	-1.005E-013	-1.005E-013	100.000		
96	-1.005E-013	-1.005E-013	100.000		
97	-1.006E-013	-1.006E-013	100.000		
98	-1.007E-013	-1.007E-013	100.000		
99	-1.007E-013	-1.007E-013	100.000		
100	-1.008E-013	-1.008E-013	100.000		
101	-1.009E-013	-1.008E-013	100.000		
102	-1.009E-013	-1.009E-013	100.000		
103	-1.013E-013	-1.012E-013	100.000		

Extraction Method: Principal Component Analysis.

## Appendix H: Tables for Individual Relatability Test

### *H1. Indicators' loadings of UK non-exporters sample*

	GEPP_USE	INNO	TECH	PLANN	KNOW	INT_OR	EX_PERC	INF_CAP	PRI_CAP	ADV_CAP	EX_INT	RQLB	ENT_OR	P Values
GEPP_INF	(0.882)	0.044	-0.003	0.137	-0.253	0.111	-0.083	0.108	0.031	-0.272	-0.067	0.124	0.104	<0.001
GEPP_INDV	(0.900)	-0.017	-0.180	0.091	-0.124	0.217	0.017	0.087	0.074	-0.193	-0.097	-0.018	0.061	<0.001
GEPP_SHOW	(0.720)	0.235	-0.028	-0.068	0.190	-0.143	-0.111	-0.274	0.389	0.032	-0.230	-0.090	0.062	<0.001
GEPP_MISS	(0.881)	-0.019	0.153	-0.021	0.230	-0.010	-0.031	0.047	-0.137	-0.011	0.104	-0.031	-0.207	<0.001
GEPP_DISTs	(0.886)	0.080	-0.009	-0.101	0.068	0.088	-0.048	-0.149	0.169	0.020	-0.082	0.026	0.018	<0.001
GEPP_OFFICE	(0.893)	-0.015	-0.073	0.003	-0.093	-0.048	0.174	0.180	-0.181	0.058	0.138	-0.002	-0.127	<0.001
GEPP_TRAIN	(0.850)	-0.111	0.107	-0.028	-0.054	-0.147	0.137	-0.072	-0.105	0.167	0.162	-0.046	0.035	<0.001
GEPP_LANG	(0.889)	-0.157	0.037	-0.027	0.071	-0.104	-0.074	0.016	-0.171	0.212	0.037	0.019	0.065	<0.001
INNO3	-0.010	(0.939)	-0.025	-0.111	0.119	0.190	-0.014	-0.038	0.026	-0.005	0.005	-0.003	-0.218	<0.001
INNO4	0.010	(0.939)	0.025	0.111	-0.119	-0.190	0.014	0.038	-0.026	0.005	-0.005	0.003	0.218	<0.001
TECH3	-0.079	0.000	(0.905)	-0.232	-0.328	0.180	0.043	0.091	0.004	-0.029	0.021	-0.032	0.153	<0.001
TECH4	0.073	0.037	(0.899)	0.004	0.089	-0.076	0.062	-0.007	0.108	-0.122	-0.084	0.015	-0.225	<0.001
TECH5	0.007	-0.039	(0.870)	0.237	0.249	-0.109	-0.109	-0.087	-0.116	0.155	0.065	0.017	0.074	<0.001
PLANN2	0.051	0.044	0.005	(0.945)	0.197	-0.078	0.000	0.240	-0.102	-0.119	-0.004	-0.060	-0.161	<0.001
PLANN3	0.000	-0.065	0.044	(0.957)	-0.084	0.006	0.044	-0.164	0.080	0.104	-0.010	-0.087	0.161	<0.001
PLANN4	-0.051	0.022	-0.049	(0.954)	-0.111	0.072	-0.045	-0.073	0.021	0.014	0.014	0.147	-0.002	<0.001
KNOW1	0.013	-0.086	0.063	0.107	(0.943)	0.065	0.034	-0.075	0.046	-0.033	-0.035	0.046	-0.249	<0.001
KNOW2	0.046	0.027	0.022	-0.034	(0.975)	-0.094	0.038	0.076	-0.074	-0.021	0.025	0.063	-0.083	<0.001
KNOW3	-0.061	0.058	-0.087	-0.072	(0.933)	0.032	-0.074	-0.003	0.030	0.056	0.009	-0.112	0.339	<0.001
INT_OR1	-0.025	-0.189	0.252	-0.143	-0.008	(0.860)	0.210	-0.009	-0.068	0.113	0.089	-0.174	0.033	<0.001
INT_OR3	0.032	0.035	-0.075	-0.069	-0.064	(0.930)	-0.037	-0.145	0.193	0.022	-0.159	-0.045	0.049	<0.001
INT_OR4	-0.009	0.146	-0.164	0.210	0.074	(0.892)	-0.164	0.160	-0.136	-0.132	0.081	0.215	-0.083	<0.001
EX_PERCP1	0.049	0.038	-0.193	-0.141	0.107	0.029	(0.846)	-0.032	-0.083	0.211	0.081	-0.085	-0.105	<0.001
EX_PERCP2	-0.004	-0.009	0.039	-0.109	0.210	-0.053	(0.941)	-0.021	0.049	0.042	-0.034	-0.106	-0.088	<0.001
EX_PERCP3	-0.040	0.043	0.064	0.060	-0.178	-0.026	(0.935)	0.008	-0.055	-0.061	-0.025	0.096	0.173	<0.001
EX_PERCP4	0.000	-0.069	0.072	0.179	-0.133	0.054	(0.923)	0.042	0.081	-0.174	-0.015	0.089	0.011	<0.001
INF_CAP1	-0.028	0.048	0.062	-0.119	0.266	-0.044	-0.013	(0.913)	-0.023	-0.126	-0.061	0.097	-0.076	<0.001
INF_CAP2	-0.006	-0.019	-0.003	0.025	-0.160	0.130	0.013	(0.929)	0.117	-0.096	-0.062	-0.096	0.044	<0.001
INF_CAP3	0.034	-0.028	-0.059	0.093	-0.102	-0.088	0.000	(0.925)	-0.095	0.220	0.122	0.001	0.031	<0.001
PRI_CAP1	0.031	-0.108	0.141	0.002	0.171	-0.236	-0.042	0.002	(0.885)	-0.080	0.112	0.155	-0.159	<0.001
PRI_CAP2	0.029	0.080	-0.019	-0.001	0.008	-0.108	0.089	-0.097	(0.902)	0.141	0.037	-0.094	-0.006	<0.001
PRI_CAP3	-0.004	0.087	-0.129	0.024	-0.124	0.101	0.085	0.096	(0.911)	-0.003	-0.026	-0.052	-0.016	<0.001
PRI_CAP4	-0.057	-0.064	0.011	-0.027	-0.052	0.249	-0.140	-0.003	(0.863)	-0.062	-0.126	-0.005	0.186	<0.001

<b>ADV_CAP1</b>	-0.089	0.211	0.073	-0.248	0.113	0.024	0.012	0.175	0.071	(0.863)	-0.068	0.123	-0.057	<0.001
<b>ADV_CAP2</b>	0.003	0.062	-0.083	-0.063	0.134	-0.021	0.033	0.000	0.061	(0.927)	-0.117	-0.074	-0.007	<0.001
<b>ADV_CAP3</b>	0.016	-0.164	0.049	0.174	-0.095	-0.015	-0.012	-0.110	-0.040	(0.938)	0.082	-0.004	0.021	<0.001
<b>ADV_CAP4</b>	0.066	-0.094	-0.035	0.119	-0.147	0.014	-0.032	-0.053	-0.089	(0.906)	0.099	-0.038	0.041	<0.001
<b>RQLB1</b>	0.027	0.049	-0.118	0.056	0.182	-0.245	-0.251	0.136	-0.036	-0.166	(0.781)	0.151	0.075	<0.001
<b>RQLB3</b>	0.058	0.079	-0.088	-0.169	0.247	-0.095	0.051	0.236	-0.273	-0.007	(0.830)	-0.047	-0.082	<0.001
<b>RQLB4</b>	-0.034	-0.020	-0.194	0.066	0.187	0.063	-0.028	-0.049	-0.019	0.033	(0.893)	-0.007	-0.139	<0.001
<b>RQLB5</b>	-0.014	-0.073	0.100	-0.209	0.260	0.049	-0.040	0.010	-0.070	0.069	(0.848)	-0.049	0.047	<0.001
<b>RQLB6</b>	0.037	0.126	-0.054	-0.043	0.133	-0.063	-0.118	0.193	-0.274	0.022	(0.918)	0.059	-0.140	<0.001
<b>RQLB7</b>	-0.031	0.028	0.016	-0.045	-0.013	0.017	-0.074	0.154	-0.162	-0.036	(0.906)	0.066	-0.057	<0.001
<b>RQLB8</b>	-0.037	0.039	-0.016	0.132	-0.037	-0.110	0.027	-0.279	0.325	-0.174	(0.882)	0.057	0.035	<0.001
<b>RQLB9</b>	-0.058	0.083	-0.008	0.147	-0.153	-0.005	0.103	-0.271	0.215	-0.036	(0.860)	0.067	0.019	<0.001
<b>RQLB10</b>	-0.071	0.011	-0.051	-0.013	-0.119	-0.045	0.124	-0.242	0.149	0.239	(0.883)	-0.023	0.103	<0.001
<b>RQLB11</b>	0.034	-0.316	0.239	0.172	-0.051	0.015	0.054	-0.165	0.165	0.024	(0.854)	0.008	-0.024	<0.001
<b>RQLB13</b>	0.016	-0.173	0.100	0.031	-0.314	0.214	0.114	0.266	-0.061	0.028	(0.835)	-0.146	0.107	<0.001
<b>RQLB14</b>	0.086	0.162	0.083	-0.134	-0.331	0.201	0.031	0.035	0.046	-0.014	(0.818)	-0.146	0.083	<0.001
<b>EX_INT1</b>	0.052	-0.054	-0.055	0.093	0.134	0.003	-0.003	-0.103	0.112	0.012	-0.016	(0.959)	-0.116	<0.001
<b>EX_INT2</b>	-0.034	-0.043	-0.052	0.070	-0.453	0.154	0.023	0.156	-0.147	-0.006	-0.038	(0.970)	0.323	<0.001
<b>EX_INT3</b>	-0.022	0.100	0.108	-0.166	0.302	-0.154	-0.019	-0.044	0.026	-0.007	0.054	(0.970)	-0.194	<0.001
<b>ENT_OR2</b>	0.075	-0.172	0.149	-0.132	0.429	0.142	-0.012	0.015	-0.042	0.083	0.047	0.001	(0.864)	<0.001
<b>ENT_OR3</b>	0.069	-0.076	-0.165	-0.044	0.148	0.180	0.059	0.172	-0.056	0.009	-0.013	0.036	(0.879)	<0.001
<b>ENT_OR4</b>	-0.006	-0.026	-0.062	0.139	-0.064	0.061	-0.038	0.096	-0.236	0.117	-0.171	0.212	(0.906)	<0.001
<b>ENT_OR5</b>	-0.083	0.092	-0.147	0.047	-0.129	0.060	0.025	-0.126	-0.021	0.169	-0.259	0.011	(0.851)	<0.001
<b>ENT_OR6</b>	-0.054	0.102	-0.052	-0.038	0.143	-0.130	-0.157	0.055	0.236	-0.290	0.108	-0.202	(0.785)	<0.001
<b>ENT_OR7</b>	-0.009	0.315	0.053	-0.097	-0.444	-0.194	0.104	-0.018	-0.010	-0.103	0.086	-0.092	(0.749)	<0.001
<b>ENT-OR8</b>	0.000	-0.185	0.236	0.105	-0.133	-0.166	0.019	-0.206	0.165	-0.029	0.234	-0.008	(0.841)	<0.001

*H2. Indicators' loadings of Algerian non-exporters sample*

	GEPP_USE	INNO	TECH	INF_CAP	KNOW	INT_OR	EX_PERC	RQLB	EX_INT	PRI_CAP	PLANN	ADV_CAP	ENT_OR	P Values
GEPP_INF	(0.749)	-0.139	-0.149	-0.170	0.092	-0.027	-0.040	0.063	0.254	-0.018	0.051	-0.080	0.040	<0.001
GEPP_INDV	(0.821)	-0.076	0.122	0.023	-0.060	0.195	-0.011	-0.062	-0.058	-0.043	0.058	0.076	-0.244	<0.001
GEPP_SHOW	(0.685)	0.069	0.204	0.042	-0.095	-0.067	0.087	0.028	-0.069	0.035	-0.129	0.030	0.003	<0.001
GEPP_MISS	(0.719)	0.199	-0.140	0.051	0.126	-0.117	0.023	0.021	-0.400	0.100	0.040	0.000	0.351	<0.001
GEPP_TRAIN	(0.627)	-0.038	-0.044	0.069	-0.072	-0.015	-0.059	-0.048	0.307	-0.075	-0.042	-0.037	-0.133	<0.001
INNO2	-0.024	(0.825)	0.052	-0.094	0.092	0.034	-0.088	0.019	0.291	0.175	-0.088	-0.125	-0.301	<0.001
INNO3	0.000	(0.867)	-0.027	0.039	-0.093	0.046	-0.001	0.064	-0.257	-0.223	-0.026	0.188	0.183	<0.001
INNO4	0.024	(0.838)	-0.023	0.052	0.005	-0.081	0.088	-0.085	-0.021	0.059	0.114	-0.071	0.107	<0.001
TECH1	0.134	0.590	(0.638)	-0.151	0.187	0.001	0.038	-0.136	0.032	0.172	0.047	-0.048	-0.265	<0.001
TECH3	-0.070	0.023	(0.814)	0.209	-0.048	0.176	0.056	0.036	0.119	-0.119	-0.088	-0.085	-0.277	<0.001
TECH4	0.040	-0.268	(0.782)	-0.273	0.071	-0.164	-0.092	0.006	-0.104	0.062	0.074	0.136	0.319	<0.001
TECH5	-0.073	-0.224	(0.827)	0.168	-0.164	-0.019	0.002	0.064	-0.044	-0.073	-0.019	-0.008	0.176	<0.001
INF_CAP1	-0.034	-0.007	0.000	(0.857)	-0.031	-0.170	-0.099	-0.076	-0.071	-0.096	0.025	0.013	0.184	<0.001
INF_CAP2	0.052	-0.009	-0.045	(0.882)	0.167	-0.058	0.019	-0.094	-0.088	-0.036	0.013	-0.002	-0.034	<0.001
INF_CAP3	-0.055	0.040	0.028	(0.793)	-0.132	0.030	-0.032	0.064	0.120	-0.272	-0.074	0.007	0.057	<0.001
INF_CAP4	0.011	0.045	-0.131	(0.875)	0.006	0.030	0.094	0.109	-0.020	0.203	0.032	0.055	-0.063	<0.001
INF_CAP5	0.021	-0.068	0.156	(0.853)	-0.024	0.033	0.012	0.003	0.072	0.177	-0.003	-0.074	-0.138	<0.001
KNOW1	-0.049	-0.083	0.239	0.030	(0.817)	-0.120	-0.111	0.057	0.031	0.157	0.053	-0.189	0.020	<0.001
KNOW2	0.029	0.009	0.008	0.041	(0.891)	0.073	-0.057	0.080	-0.041	0.133	-0.007	-0.113	0.009	<0.001
KNOW3	0.016	0.133	-0.144	-0.014	(0.872)	-0.057	0.047	-0.085	0.065	-0.158	-0.012	0.152	-0.004	<0.001
KNOW4	0.000	-0.066	-0.091	-0.058	(0.846)	0.098	0.119	-0.051	-0.053	-0.129	-0.031	0.145	-0.024	<0.001
INT_OR1	-0.075	-0.141	0.225	0.490	-0.328	(0.712)	-0.022	0.007	-0.062	-0.026	0.043	-0.223	-0.015	<0.001
INT_OR2	0.050	-0.002	-0.115	-0.221	0.482	(0.752)	-0.035	-0.043	-0.089	-0.160	0.058	0.220	0.028	<0.001
INT_OR3	-0.019	-0.026	-0.039	-0.064	-0.162	(0.850)	-0.038	0.021	0.005	0.064	-0.043	0.029	0.000	<0.001
INT_OR4	0.043	0.171	-0.056	-0.177	0.012	(0.724)	0.103	0.013	0.147	0.117	-0.053	-0.043	-0.015	<0.001
EX_PERCP2	0.146	0.198	-0.119	-0.159	0.066	0.048	(0.777)	-0.084	0.147	0.036	-0.046	0.101	-0.149	<0.001
EX_PERCP3	-0.126	-0.074	0.052	0.013	0.025	-0.073	(0.930)	0.017	-0.116	-0.009	0.024	-0.024	0.139	<0.001
EX_PERCP4	0.004	-0.091	0.047	0.118	-0.079	0.033	(0.940)	0.052	-0.006	-0.021	0.015	-0.060	-0.014	<0.001
RQLB1	-0.098	0.035	-0.134	0.299	0.139	-0.126	0.117	(0.748)	-0.286	-0.308	0.053	0.220	0.214	<0.001
RQLB2	-0.062	-0.025	-0.028	0.107	0.110	0.012	-0.010	(0.726)	-0.199	-0.390	-0.048	0.370	0.084	<0.001
RQLB3	-0.039	-0.020	0.075	0.004	-0.010	-0.046	0.059	(0.724)	-0.167	-0.278	-0.071	0.417	0.020	<0.001
RQLB4	-0.140	-0.090	-0.138	0.258	0.021	0.029	0.016	(0.806)	-0.216	-0.418	0.133	0.244	0.254	<0.001
RQLB5	-0.143	-0.142	0.057	0.208	-0.106	-0.179	-0.030	(0.796)	-0.068	-0.333	0.169	0.070	0.252	<0.001
RQLB6	-0.009	-0.080	0.188	0.177	-0.028	0.171	-0.147	(0.756)	0.000	-0.230	-0.154	0.075	0.024	<0.001
RQLB7	-0.020	-0.039	0.058	0.003	-0.067	-0.080	-0.111	(0.759)	0.032	-0.211	-0.031	0.219	0.219	<0.001
RQLB8	0.120	0.069	-0.025	-0.210	-0.216	0.139	0.005	(0.771)	0.102	0.401	0.034	-0.284	-0.036	<0.001
RQLB9	0.159	0.103	-0.044	-0.234	-0.119	0.083	-0.015	(0.775)	0.170	0.616	-0.007	-0.447	-0.128	<0.001
RQLB10	0.166	0.037	0.031	-0.353	-0.165	0.130	-0.028	(0.758)	0.210	0.569	0.013	-0.297	-0.154	<0.001
RQLB11	0.046	0.073	-0.103	-0.287	-0.099	0.063	0.047	(0.728)	0.179	0.383	0.087	-0.256	-0.056	<0.001
RQLB12	-0.025	0.005	-0.098	0.021	0.097	-0.067	0.044	(0.842)	-0.010	-0.107	0.042	0.111	-0.160	<0.001
RQLB13	0.077	0.055	0.080	0.011	0.166	-0.009	0.038	(0.739)	0.048	0.136	-0.137	-0.133	-0.263	<0.001
RQLB14	-0.018	0.031	0.093	-0.025	0.273	-0.106	0.016	(0.784)	0.202	0.184	-0.104	-0.293	-0.271	<0.001
EX_INT1	0.050	0.136	-0.053	0.058	0.104	-0.126	0.040	-0.071	(0.946)	-0.034	-0.021	0.030	0.014	<0.001

<b>EX_INT2</b>	-0.043	-0.057	0.100	-0.041	-0.100	0.183	-0.057	0.056	(0.936)	0.002	-0.082	0.020	-0.035	<0.001
<b>EX_INT3</b>	-0.008	-0.082	-0.047	-0.017	-0.005	-0.055	0.017	0.016	(0.935)	0.033	0.104	-0.050	0.021	<0.001
<b>PRI_CAP1</b>	0.004	0.060	0.102	0.100	0.123	-0.043	0.042	-0.047	0.101	(0.892)	-0.088	-0.066	-0.190	<0.001
<b>PRI_CAP2</b>	0.042	0.017	-0.037	-0.021	-0.021	0.030	-0.030	0.018	0.018	(0.913)	0.002	-0.045	0.025	<0.001
<b>PRI_CAP3</b>	-0.055	-0.020	-0.089	0.061	-0.006	-0.008	-0.035	0.017	-0.027	(0.887)	0.081	-0.132	0.087	<0.001
<b>PRI_CAP4</b>	0.009	-0.061	0.026	-0.150	-0.102	0.021	0.025	0.012	-0.099	(0.829)	0.007	0.263	0.083	<0.001
<b>PLANN1</b>	-0.013	-0.020	0.028	0.053	0.098	0.079	-0.014	-0.060	0.122	-0.040	(0.864)	0.032	-0.207	<0.001
<b>PLANN2</b>	-0.022	-0.034	0.075	0.025	-0.081	-0.010	-0.090	0.018	0.003	-0.067	(0.924)	0.009	0.069	<0.001
<b>PLANN3</b>	-0.035	-0.025	-0.007	0.008	0.006	-0.039	0.030	0.056	-0.077	0.094	(0.888)	-0.095	0.065	<0.001
<b>PLANN4</b>	0.070	0.078	-0.098	-0.085	-0.017	-0.028	0.076	-0.016	-0.045	0.015	(0.896)	0.054	0.064	<0.001
<b>ADV_CAP1</b>	0.023	0.061	0.068	-0.041	0.105	-0.102	-0.045	-0.083	0.110	0.120	-0.043	(0.917)	-0.081	<0.001
<b>ADV_CAP2</b>	-0.017	-0.006	0.025	0.000	-0.015	0.019	0.007	0.000	0.042	-0.021	-0.014	(0.947)	-0.051	<0.001
<b>ADV_CAP3</b>	-0.010	-0.023	-0.056	0.007	-0.050	0.066	0.028	0.056	-0.101	0.003	0.025	(0.958)	0.044	<0.001
<b>ADV-CAP4</b>	0.004	-0.030	-0.035	0.032	-0.036	0.013	0.009	0.023	-0.045	-0.097	0.030	(0.955)	0.085	<0.001
<b>ENT_OR2</b>	-0.062	-0.149	0.110	0.150	0.128	0.003	-0.008	0.003	0.019	-0.166	0.049	-0.010	(0.885)	<0.001
<b>ENT_OR3</b>	0.015	0.011	-0.037	0.038	-0.081	-0.044	-0.008	0.016	-0.071	-0.007	-0.002	0.032	(0.920)	<0.001
<b>ENT_OR4</b>	0.045	0.134	-0.070	-0.185	-0.043	0.042	0.016	-0.019	0.054	0.170	-0.046	-0.023	(0.908)	<0.001

### H3. Indicators' loadings of UK exporters sample

	GEPP_USE	INNO	TECH	PLAN_N	KNO_W	INT_OR	EX_COMM	INF_CAP	PRI_CAP	ADV_CAP	EXPERF_F	EXPERF_R	EXPERF_S	EX_REG	RQLB	RQI	ENT_OR	EX_PERC	P Value
GEPP_INF	(0.814)	0.111	-0.141	0.193	-0.489	-0.306	0.192	0.196	0.091	-0.109	0.175	-0.246	0.003	0.112	0.012	0.043	0.149	-0.026	<0.001
GEPP_IND	(0.821)	0.080	-0.243	0.296	-0.374	-0.158	0.068	0.110	0.043	-0.129	0.052	0.029	0.020	-0.060	0.004	0.002	0.131	0.033	<0.001
GEPP_SHOW	(0.708)	-0.025	-0.017	-0.138	0.270	0.119	-0.166	-0.199	-0.054	0.089	-0.263	-0.021	0.164	0.186	0.130	-0.055	0.105	0.079	<0.001
GEPP_MISS	(0.849)	-0.047	0.136	-0.109	0.127	0.033	-0.206	0.019	-0.080	0.103	0.018	0.305	-0.262	0.058	-0.016	0.076	-0.141	-0.004	<0.001
GEPP_DISTs	(0.873)	-0.172	0.185	-0.011	0.224	0.016	-0.128	-0.004	0.036	-0.056	-0.059	0.117	-0.010	-0.140	-0.045	-0.046	-0.031	-0.005	<0.001
GEPP_OFFICE	(0.840)	-0.136	0.139	-0.248	0.370	0.076	-0.020	-0.072	0.020	0.012	0.070	0.022	-0.054	0.004	0.038	0.061	-0.136	-0.042	<0.001
GEPP_TRAIN	(0.871)	0.230	-0.134	0.040	-0.074	-0.142	0.176	0.133	-0.094	0.020	-0.036	-0.187	0.096	0.043	-0.019	-0.024	-0.009	0.009	<0.001
GEPP_LANG	(0.840)	-0.040	0.058	-0.032	-0.042	0.372	0.065	-0.210	0.036	0.076	0.011	-0.030	0.068	-0.169	-0.082	-0.062	-0.042	-0.031	<0.001
INNO1	0.067	(0.781)	0.033	-0.316	0.077	-0.036	0.020	0.004	-0.050	0.033	-0.048	-0.419	0.343	0.034	-0.040	-0.021	-0.167	0.044	<0.001
INNO2	-0.008	(0.812)	0.145	-0.204	-0.099	0.070	-0.091	-0.052	-0.082	0.076	-0.004	0.259	-0.107	-0.136	-0.014	-0.055	0.351	0.039	<0.001
INNO3	0.052	(0.848)	0.003	0.267	0.107	-0.199	-0.004	0.094	-0.053	-0.086	0.015	-0.047	-0.075	0.109	0.034	0.102	-0.031	-0.155	<0.001
INNO4	-0.108	(0.833)	-0.175	0.223	-0.084	0.168	0.074	-0.049	0.181	-0.017	0.033	0.189	-0.140	-0.010	0.016	-0.031	-0.154	0.079	<0.001
TECH1	-0.146	0.372	(0.715)	-0.019	0.006	-0.015	0.061	-0.133	0.087	0.118	0.052	-0.168	0.112	-0.050	-0.044	0.132	-0.309	0.279	<0.001
TECH3	-0.091	-0.028	(0.825)	-0.041	-0.163	-0.087	-0.034	-0.033	0.025	-0.006	-0.033	-0.075	0.004	0.107	0.103	-0.112	0.283	-0.064	<0.001
TECH4	0.105	-0.374	(0.845)	-0.032	0.115	-0.039	-0.075	0.072	-0.005	-0.040	0.045	-0.137	0.015	0.122	-0.010	0.004	0.052	-0.114	<0.001
TECH5	0.109	0.087	(0.837)	0.089	0.039	0.138	0.057	0.073	-0.094	-0.054	-0.058	0.355	-0.114	-0.185	-0.054	-0.007	-0.067	-0.060	<0.001
PLANN1	0.020	-0.065	0.106	(0.919)	0.130	0.159	-0.059	0.038	-0.002	-0.128	0.190	0.022	-0.047	-0.166	-0.144	-0.040	-0.052	0.021	<0.001
PLANN3	-0.020	0.065	-0.106	(0.919)	-0.130	-0.159	0.059	-0.038	0.002	0.128	-0.190	-0.022	0.047	0.166	0.144	0.040	0.052	-0.021	<0.001
KNOW1	0.043	-0.055	0.094	0.006	(0.906)	-0.077	0.080	0.084	0.035	-0.101	-0.047	-0.007	-0.091	-0.042	-0.011	-0.009	0.068	0.075	<0.001
KNOW2	-0.043	0.055	-0.094	-0.006	(0.906)	0.077	-0.080	-0.084	-0.035	0.101	0.047	0.007	0.091	0.042	0.011	0.009	-0.068	-0.075	<0.001
INT_OR1	0.098	0.034	-0.239	0.264	-0.205	(0.834)	0.218	0.146	0.033	-0.039	0.144	-0.320	0.072	-0.182	-0.113	-0.091	0.223	-0.022	<0.001
INT_OR4	-0.098	-0.034	0.239	-0.264	0.205	(0.834)	-0.218	-0.146	-0.033	0.039	-0.144	0.320	-0.072	0.182	0.113	0.091	-0.223	0.022	<0.001
EX_COMM1	-0.089	0.191	-0.193	-0.154	-0.120	0.042	(0.767)	0.246	0.010	-0.079	0.039	0.000	-0.033	-0.159	0.110	-0.117	0.072	-0.079	<0.001
EX_COMM2	-0.064	-0.035	0.041	-0.133	0.267	0.034	(0.805)	-0.218	0.039	-0.101	-0.026	0.146	-0.097	0.101	-0.016	0.061	-0.163	0.182	<0.001
EX_COMM3	-0.044	0.004	-0.069	0.207	0.159	-0.152	(0.911)	-0.090	-0.066	0.076	-0.116	-0.040	0.080	0.172	0.014	0.058	-0.046	-0.016	<0.001
EX_COMM4	0.192	-0.146	0.213	0.043	-0.322	0.096	(0.830)	0.082	0.026	0.088	0.116	-0.097	0.036	-0.139	-0.101	-0.015	0.142	-0.086	<0.001
INF_CAP1	0.038	0.069	0.082	-0.172	0.174	-0.116	0.227	(0.860)	-0.035	-0.109	-0.032	-0.082	0.065	0.042	0.041	0.050	-0.047	-0.233	<0.001
INF_CAP2	0.022	0.140	-0.100	0.031	-0.066	0.010	-0.021	(0.863)	-0.109	-0.019	0.060	-0.181	0.168	0.074	-0.029	-0.069	-0.063	0.050	<0.001
INF_CAP3	-0.023	-0.082	-0.013	0.024	0.092	0.035	0.140	(0.918)	0.004	-0.119	0.093	-0.112	-0.006	-0.018	0.015	-0.026	-0.117	-0.003	<0.001
INF_CAP4	-0.050	-0.053	-0.023	0.098	0.016	0.035	-0.157	(0.864)	-0.046	-0.005	-0.092	0.116	-0.064	0.000	-0.050	0.067	0.071	0.061	<0.001
INF_CAP5	0.018	-0.082	0.066	0.020	-0.261	0.039	-0.232	(0.730)	0.220	0.305	-0.042	0.315	-0.192	-0.114	0.026	-0.024	0.193	0.147	<0.001
PRI_CAP1	0.031	-0.281	-0.079	0.096	-0.345	0.216	-0.127	0.123	(0.803)	0.066	0.233	-0.105	0.162	0.008	-0.003	-0.038	0.380	-0.066	<0.001
PRI_CAP2	0.064	0.150	-0.106	0.000	-0.185	0.042	-0.065	-0.085	(0.877)	-0.149	0.128	-0.188	0.120	-0.158	-0.049	0.004	0.086	0.052	<0.001
PRI_CAP3	-0.137	0.063	-0.045	0.099	0.158	-0.032	0.170	-0.049	(0.862)	-0.020	0.032	-0.065	-0.224	0.171	-0.005	0.054	-0.191	-0.019	<0.001
PRI_CAP4	0.050	0.054	0.263	-0.219	0.407	-0.245	0.017	0.024	(0.745)	0.126	-0.439	0.410	-0.057	-0.020	0.066	-0.027	-0.290	0.032	<0.001
ADV_CAP1	-0.096	0.111	-0.035	0.224	0.171	-0.117	-0.010	0.190	0.045	(0.858)	0.002	0.113	-0.059	-0.018	0.016	-0.019	-0.243	0.125	<0.001
ADV_CAP2	0.047	0.008	-0.024	0.000	-0.055	0.013	0.050	0.149	-0.049	(0.908)	0.228	-0.048	-0.120	0.000	-0.013	-0.032	-0.071	-0.070	<0.001
ADV_CAP3	0.026	-0.077	0.047	-0.136	-0.005	0.041	-0.036	-0.138	-0.035	(0.908)	-0.114	-0.031	0.045	-0.002	0.018	-0.001	0.128	-0.004	<0.001
ADV_CAP4	0.018	-0.035	0.011	-0.074	-0.101	0.056	-0.005	-0.189	0.040	(0.917)	-0.115	-0.028	0.129	0.019	-0.021	0.050	0.171	-0.044	<0.001
EXPERF_F1	-0.004	0.010	-0.058	-0.019	-0.120	0.051	-0.115	0.046	-0.040	-0.015	(0.908)	0.056	0.163	-0.067	-0.012	-0.010	0.080	0.137	<0.001
EXPERF_F2	-0.080	0.069	-0.071	-0.018	0.079	0.006	-0.008	0.005	0.004	0.029	(0.938)	0.009	-0.057	0.024	0.010	-0.024	0.022	0.081	<0.001
EXPERF_F3	0.004	-0.010	0.058	0.019	0.120	-0.051	0.115	-0.046	0.040	0.015	(0.908)	-0.056	-0.163	0.067	0.012	0.010	-0.080	-0.137	<0.001



EXPERF_R1	-0.053	-0.082	-0.003	0.128	0.021	0.031	0.015	-0.066	0.034	0.035	0.174	(0.938)	-0.099	0.013	0.026	-0.042	-0.094	0.070	<0.001
EXPERF_R2	0.022	-0.008	0.055	-0.083	0.016	0.067	0.081	-0.074	-0.002	0.056	-0.076	(0.939)	0.017	0.001	0.020	0.007	-0.087	0.035	<0.001
EXPERF_R3	-0.022	0.008	-0.055	0.083	-0.016	-0.067	-0.081	0.074	0.002	-0.056	0.076	(0.939)	-0.017	-0.001	-0.020	-0.007	0.087	-0.035	<0.001
EXPERF_S1	0.014	-0.015	0.134	-0.210	-0.043	0.097	-0.070	0.091	-0.063	-0.026	-0.177	0.092	(0.894)	-0.104	-0.042	0.026	0.096	0.109	<0.001
EXPERF_S2	0.056	-0.018	-0.078	0.097	-0.019	-0.120	0.059	-0.104	0.038	0.050	0.453	-0.187	(0.897)	0.083	-0.079	-0.074	0.118	-0.023	<0.001
EXPERF_S3	-0.014	0.015	-0.134	0.210	0.043	-0.097	0.070	-0.091	0.063	0.026	0.177	-0.092	(0.894)	0.104	0.042	-0.026	-0.096	-0.109	<0.001
EX_REG1	-0.169	0.152	-0.074	0.108	0.190	-0.023	-0.016	-0.099	0.137	-0.134	0.219	0.202	-0.035	(0.817)	0.003	0.021	-0.150	0.224	<0.001
EX_REG2	0.075	-0.020	0.037	0.049	-0.079	0.026	0.060	0.049	-0.094	0.111	0.141	-0.120	-0.061	(0.863)	-0.030	-0.095	-0.154	-0.035	<0.001
EX_REG3	0.090	-0.130	0.035	-0.159	-0.106	-0.005	-0.047	0.047	-0.037	0.017	-0.366	-0.075	0.099	(0.822)	0.029	0.078	0.311	-0.187	<0.001
RQLB1	0.044	0.201	-0.046	-0.139	0.108	-0.013	0.134	0.184	-0.244	0.041	0.220	-0.045	-0.116	-0.008	(0.841)	0.017	-0.180	-0.061	<0.001
RQLB2	0.094	-0.013	-0.041	0.247	0.020	-0.149	-0.058	0.122	-0.207	0.000	0.316	-0.141	-0.053	0.135	(0.829)	-0.046	-0.060	-0.150	<0.001
RQLB4	0.145	-0.030	-0.104	0.014	-0.018	0.118	0.007	-0.084	-0.047	0.070	0.003	0.042	-0.013	0.043	(0.909)	-0.001	-0.033	-0.077	<0.001
RQLB5	0.090	-0.160	0.051	0.110	-0.047	0.144	0.094	-0.009	-0.057	0.022	-0.003	0.104	-0.061	-0.025	(0.874)	-0.071	-0.047	-0.095	<0.001
RQLB6	-0.023	0.144	0.024	-0.017	0.029	-0.025	0.029	-0.088	0.178	-0.168	-0.067	0.264	-0.213	-0.077	(0.895)	-0.002	-0.131	-0.024	<0.001
RQLB7	0.009	0.086	0.062	-0.018	0.043	-0.056	-0.108	-0.162	0.264	-0.047	-0.116	0.293	-0.127	-0.083	(0.883)	-0.024	-0.134	0.131	<0.001
RQLB8	-0.020	0.085	0.022	-0.074	-0.066	-0.104	-0.187	-0.243	0.064	0.106	-0.062	0.066	0.035	-0.078	(0.862)	-0.053	0.307	0.135	<0.001
RQLB9	0.005	-0.150	0.074	-0.034	-0.059	0.114	-0.065	-0.104	-0.023	0.139	-0.111	-0.052	0.172	0.065	(0.898)	0.016	0.176	-0.062	<0.001
RQLB10	-0.148	-0.136	0.134	-0.137	-0.013	0.043	0.051	-0.019	0.094	0.007	-0.068	-0.120	0.050	0.018	(0.849)	0.071	0.103	0.072	<0.001
RQLB11	-0.075	-0.159	-0.009	0.146	-0.185	0.016	0.107	0.307	-0.092	-0.081	-0.037	-0.294	0.235	0.048	(0.856)	-0.007	0.091	0.031	<0.001
RQLB12	-0.131	0.139	-0.172	-0.094	0.196	-0.108	0.002	0.126	0.049	-0.094	-0.049	-0.149	0.096	-0.031	(0.842)	0.103	-0.095	0.104	<0.001
RQI1	0.108	0.053	0.077	-0.275	0.119	0.256	0.091	0.197	-0.193	0.063	0.095	-0.064	-0.007	-0.075	-0.052	(0.775)	-0.317	-0.077	<0.001
RQI2	0.184	-0.066	0.061	0.053	-0.038	-0.104	0.195	0.128	-0.233	0.174	0.122	-0.403	0.282	0.036	-0.089	(0.705)	-0.070	-0.140	<0.001
RQI4	-0.009	-0.085	-0.012	0.187	0.172	0.064	0.004	0.013	-0.174	0.029	-0.024	0.184	0.035	0.034	0.009	(0.836)	-0.305	-0.009	<0.001
RQI5	0.008	-0.175	0.032	0.002	0.425	0.104	0.009	0.028	-0.240	-0.013	-0.199	0.097	0.088	-0.005	0.027	(0.821)	-0.045	-0.175	<0.001
RQI6	-0.008	-0.231	0.066	0.186	0.187	0.235	-0.119	-0.003	-0.116	-0.117	-0.152	0.226	0.028	-0.113	-0.125	(0.821)	-0.167	-0.224	<0.001
RQI7	-0.077	-0.240	0.222	0.132	0.137	0.238	-0.033	-0.018	-0.115	-0.025	0.180	-0.017	-0.123	0.041	0.010	(0.841)	-0.176	-0.151	<0.001
RQI8	0.058	0.129	-0.051	-0.125	-0.182	-0.130	-0.014	0.056	0.154	-0.167	0.205	-0.156	-0.014	-0.086	-0.069	(0.798)	0.172	0.176	<0.001
RQI9	-0.020	0.093	0.103	-0.314	-0.175	-0.207	-0.019	-0.232	0.278	0.010	-0.055	-0.023	0.024	0.088	0.034	(0.771)	0.333	0.100	<0.001
RQI10	-0.073	0.099	-0.018	0.117	-0.294	-0.142	-0.229	-0.307	0.225	0.118	-0.169	0.169	0.007	0.021	0.131	(0.739)	0.364	0.121	<0.001
RQI11	0.000	0.278	-0.302	0.101	-0.312	-0.287	0.140	0.036	0.217	0.023	-0.092	0.019	-0.054	0.013	0.097	(0.739)	0.161	0.179	<0.001
RQI12	-0.158	0.210	-0.215	-0.086	-0.130	-0.100	-0.002	0.099	0.245	-0.063	0.090	-0.089	-0.247	0.055	0.038	(0.755)	0.120	0.241	<0.001
ENT_OR1	0.013	0.307	0.025	0.005	-0.155	0.056	-0.016	0.090	-0.060	0.093	0.007	0.195	0.023	-0.181	-0.049	-0.039	(0.800)	-0.029	<0.001
ENT_OR2	0.087	-0.065	0.029	0.125	-0.067	-0.018	0.019	0.090	-0.017	0.042	-0.120	0.035	0.095	-0.038	-0.018	-0.031	(0.868)	-0.085	<0.001
ENT_OR3	0.007	0.128	0.154	0.187	-0.030	-0.084	0.058	-0.073	0.134	-0.168	-0.028	0.102	-0.167	-0.063	0.100	0.115	(0.799)	-0.048	<0.001
ENT_OR4	-0.108	0.081	-0.098	-0.018	-0.004	-0.119	0.051	0.037	-0.087	-0.003	-0.034	-0.160	0.128	0.110	0.041	0.109	(0.834)	0.012	<0.001
ENT_OR5	-0.009	-0.297	0.060	-0.144	-0.016	0.101	-0.069	0.091	0.056	-0.133	0.168	0.032	-0.089	0.060	-0.085	0.033	(0.802)	-0.102	<0.001
ENT_OR6	0.004	-0.121	-0.256	-0.039	0.090	0.080	-0.288	-0.006	-0.034	0.142	0.205	-0.133	-0.225	0.123	-0.053	-0.165	(0.696)	0.243	<0.001
ENT_OR7	0.005	-0.060	0.072	-0.171	0.259	0.000	0.265	-0.310	0.012	0.057	-0.208	-0.109	0.248	0.006	0.075	-0.058	(0.616)	0.061	<0.001
EX_PERC2	0.054	-0.230	-0.120	0.372	-0.301	0.021	0.013	0.401	-0.210	0.029	0.147	-0.169	0.067	-0.127	0.071	0.046	-0.067	(0.642)	<0.001
EX_PERC3	-0.015	0.059	-0.004	-0.086	0.077	-0.016	0.000	-0.119	0.042	0.000	0.059	-0.047	0.016	0.040	-0.012	-0.067	0.059	(0.953)	<0.001
EX_PERC4	-0.022	0.098	0.087	-0.167	0.128	0.002	-0.009	-0.154	0.101	-0.020	-0.161	0.163	-0.062	0.047	-0.036	0.036	-0.014	(0.936)	<0.001

*H4. Indicators' loadings of Algerian exporters sample*

	GEPP	IN NO	TE CH	PLA NN	KN OW	INT_ OR	EX_ COM M	INF_ CAP	PRI_ CAP	ADV_ CAP	EXPE RF_F	EXPE RF_R	EXPE RF_S	RQ LB	RQI	ENT_ OR	EX_ REG	EX_ PERC	P Value
GEPP_INF	(0.715)	-0.238	0.546	-0.179	-0.039	0.194	-0.155	-0.120	0.394	-0.181	0.130	-0.324	-0.197	-0.181	-0.075	-0.113	0.504	-0.137	<0.001
GEPP_INDV	(0.700)	-0.043	0.016	0.007	-0.107	-0.044	0.283	-0.082	0.155	-0.055	-0.186	-0.132	0.051	0.081	0.026	0.133	0.141	-0.135	<0.001
GEPP_MISS	(0.621)	0.238	-0.276	0.100	0.146	-0.100	-0.291	0.570	-0.467	-0.367	-0.593	0.956	0.092	0.156	-0.133	0.316	-0.646	0.124	<0.001
GEPP_TRAIN	(0.705)	-0.097	-0.127	0.069	0.064	-0.124	0.231	-0.348	-0.130	0.516	0.102	-0.232	0.120	-0.052	0.157	-0.171	0.272	0.036	<0.001
GEPP_LANG	(0.520)	0.233	-0.271	0.024	-0.063	0.080	-0.134	0.067	-0.016	0.063	0.641	-0.205	-0.071	0.024	0.014	-0.169	-0.480	0.173	<0.001
INNO1	-0.201	(0.776)	0.138	0.223	-0.365	0.233	0.209	0.066	0.115	-0.081	0.117	-0.147	-0.013	-0.037	-0.018	-0.336	0.226	-0.075	<0.001
INNO2	0.145	(0.886)	0.003	-0.038	0.167	-0.293	-0.003	0.030	-0.204	0.191	-0.025	-0.105	0.140	-0.110	0.080	0.241	-0.097	-0.092	<0.001
INNO3	0.032	(0.843)	-0.130	-0.165	0.160	0.093	-0.190	-0.093	0.109	-0.127	-0.082	0.245	-0.135	0.150	-0.067	0.055	-0.106	0.166	<0.001
TECH1	-0.174	-0.219	(0.798)	-0.204	-0.116	-0.003	0.136	0.191	0.209	0.002	-0.157	0.022	-0.223	-0.067	-0.286	-0.041	0.389	-0.060	<0.001
TECH3	-0.142	0.070	(0.724)	-0.286	-0.023	0.160	-0.195	0.113	-0.178	-0.126	0.188	0.133	-0.044	0.165	0.025	-0.042	-0.285	-0.034	<0.001
TECH4	0.202	0.280	(0.833)	0.271	0.047	-0.159	-0.010	-0.143	-0.186	0.179	-0.007	-0.025	0.044	-0.055	0.225	0.038	-0.154	0.183	<0.001
TECH5	0.084	-0.125	(0.875)	0.164	0.080	0.021	0.047	-0.132	0.134	-0.069	-0.007	-0.106	0.198	-0.023	0.026	0.036	0.027	-0.091	<0.001
PLANN1	-0.088	-0.056	-0.023	(0.931)	0.051	0.022	0.084	0.044	-0.010	-0.078	-0.143	0.077	0.073	-0.068	0.015	0.109	-0.093	-0.047	<0.001
PLANN2	0.004	-0.273	0.606	(0.901)	-0.003	0.006	0.079	0.092	-0.017	-0.054	-0.041	-0.267	0.209	-0.063	0.019	-0.089	0.117	-0.009	<0.001
PLANN4	0.118	0.447	-0.787	(0.667)	-0.067	-0.038	-0.224	-0.187	0.037	0.182	0.255	0.254	-0.384	0.181	-0.047	-0.031	-0.028	0.078	<0.001
KNOW1	-0.209	-0.043	0.147	-0.092	(0.847)	0.093	0.043	0.314	-0.224	0.043	-0.099	0.119	-0.071	0.109	-0.096	0.000	0.091	-0.088	<0.001
KNOW2	0.059	0.007	-0.077	-0.137	(0.923)	-0.015	0.055	-0.136	0.190	-0.021	0.105	-0.122	-0.016	0.026	-0.089	0.022	0.011	0.048	<0.001
KNOW3	0.153	0.038	-0.066	0.256	(0.797)	-0.081	-0.110	-0.176	0.017	-0.021	-0.016	0.015	0.093	-0.145	0.205	-0.025	-0.109	0.038	<0.001
INT_OR1	0.080	-0.168	-0.201	0.321	0.462	(0.789)	-0.203	-0.031	0.082	0.025	-0.084	0.476	-0.197	-0.087	-0.026	0.108	-0.059	0.117	<0.001
INT_OR2	-0.294	-0.302	0.472	-0.363	-0.057	(0.621)	-0.062	-0.116	0.199	0.124	0.267	-0.357	-0.322	-0.069	0.150	-0.265	-0.043	-0.348	<0.001
INT_OR3	0.097	0.098	-0.544	0.337	-0.459	(0.693)	0.160	0.175	-0.211	-0.175	-0.145	-0.168	0.382	0.164	-0.170	-0.053	0.180	0.042	<0.001
INT_OR4	0.071	0.343	0.330	-0.355	-0.016	(0.736)	0.119	-0.035	-0.057	0.033	0.000	-0.051	0.123	-0.003	0.062	0.158	-0.070	0.130	<0.001
EX_COMM1	0.103	0.248	-0.090	-0.119	0.158	-0.113	(0.667)	-0.349	0.096	-0.099	0.140	-0.276	0.262	0.145	-0.051	0.143	-0.067	-0.306	<0.001
EX_COMM2	0.061	0.018	-0.219	-0.113	-0.133	0.105	(0.785)	0.044	0.184	0.075	-0.061	-0.080	-0.054	-0.111	-0.060	-0.301	0.188	0.079	<0.001
EX_COMM3	-0.062	-0.172	0.121	0.048	-0.203	-0.066	(0.789)	0.066	-0.048	0.005	0.041	-0.065	-0.123	-0.077	0.251	0.219	0.056	-0.038	<0.001
EX_COMM4	-0.081	-0.052	0.163	0.155	0.190	0.054	(0.836)	0.175	-0.204	0.004	-0.092	0.356	-0.042	0.061	-0.140	-0.037	-0.177	0.206	<0.001
INF_CAP1	0.034	0.297	-0.329	-0.172	-0.047	-0.076	0.179	(0.754)	-0.116	-0.010	0.039	0.011	-0.103	0.230	0.155	-0.086	0.002	0.064	<0.001
INF_CAP2	-0.012	-0.212	0.054	0.079	0.034	-0.052	0.035	(0.919)	-0.114	0.091	0.023	-0.019	-0.063	-0.102	-0.016	0.083	0.099	-0.091	<0.001
INF_CAP3	-0.022	0.019	-0.061	0.133	-0.066	-0.039	-0.027	(0.874)	0.073	0.100	-0.022	-0.167	0.149	-0.012	0.038	0.029	0.049	0.047	<0.001
INF_CAP4	0.005	-0.053	0.292	-0.068	0.071	0.161	-0.167	(0.864)	0.149	-0.189	-0.037	0.181	0.007	-0.080	-0.157	-0.043	-0.157	-0.007	<0.001
PRI_CAP1	0.033	-0.326	0.079	0.022	0.178	-0.098	-0.043	-0.091	(0.880)	0.052	0.015	0.069	0.012	-0.080	-0.098	0.288	-0.062	-0.041	<0.001
PRI_CAP2	0.014	0.213	0.066	0.002	0.017	0.050	0.024	-0.279	(0.803)	-0.173	-0.024	-0.153	0.268	-0.161	0.092	-0.236	-0.002	-0.054	<0.001
PRI_CAP3	-0.095	0.118	-0.048	0.013	-0.279	0.166	-0.075	0.112	(0.776)	0.200	-0.042	0.017	-0.381	0.045	0.212	-0.283	0.201	0.048	<0.001
PRI_CAP4	0.039	0.028	-0.099	-0.036	0.053	-0.097	0.090	0.254	(0.856)	-0.072	0.046	0.058	0.082	0.192	-0.178	0.181	-0.116	0.050	<0.001
ADV_CAP1	-0.017	-0.026	0.019	0.044	0.021	0.049	0.055	-0.094	0.013	(0.928)	0.134	-0.104	-0.073	-0.115	0.079	-0.097	-0.061	0.062	<0.001
ADV_CAP2	0.021	0.029	-0.092	0.105	-0.017	-0.042	0.023	-0.066	0.002	(0.960)	-0.105	0.156	-0.050	-0.046	0.024	0.008	0.040	-0.003	<0.001
ADV_CAP3	0.032	-0.040	0.032	-0.088	0.000	0.007	0.021	0.074	0.009	(0.962)	-0.027	-0.054	0.052	0.097	-0.037	0.033	0.008	-0.038	<0.001
ADV_CAP4	-0.037	0.036	0.042	-0.059	-0.003	-0.012	-0.097	0.083	-0.024	(0.954)	0.002	-0.001	0.069	0.060	-0.063	0.053	0.011	-0.019	<0.001
EXPERF_F1	-0.046	0.145	0.336	-0.214	-0.294	0.595	0.070	0.194	-0.330	0.183	(0.772)	-0.484	0.152	-0.117	0.233	-0.574	0.018	0.125	<0.001
EXPERF_F2	0.148	-0.120	-0.211	0.221	0.173	-0.348	-0.077	-0.047	0.002	-0.093	(0.862)	0.135	0.067	0.134	-0.111	0.363	-0.200	-0.040	<0.001
EXPERF_F3	-0.106	-0.010	-0.090	-0.030	0.089	-0.184	0.014	-0.127	0.294	-0.071	(0.862)	0.299	-0.203	-0.029	-0.097	0.151	0.183	-0.072	<0.001
EXPERF_R1	0.015	-0.033	0.015	-0.023	0.075	-0.187	-0.017	-0.029	-0.013	0.034	0.117	(0.917)	-0.051	-0.023	-0.154	0.237	0.023	-0.002	<0.001

<b>EXPERF_R2</b>	-0.025	-0.097	0.132	-0.025	-0.036	0.131	-0.066	0.018	0.120	-0.085	-0.132	(0.963)	-0.071	0.040	0.020	-0.059	0.073	-0.008	<0.001
<b>EXPERF_R3</b>	0.011	0.133	-0.151	0.048	-0.037	0.049	0.085	0.010	-0.111	0.055	0.021	(0.928)	0.124	-0.019	0.132	-0.173	-0.099	0.011	<0.001
<b>EXPERF_S1</b>	-0.060	-0.040	-0.273	0.309	0.075	-0.012	-0.017	0.157	-0.154	-0.087	-0.197	0.461	(0.898)	0.083	-0.012	-0.017	-0.089	-0.013	<0.001
<b>EXPERF_S2</b>	-0.169	-0.069	0.292	-0.131	-0.050	0.145	-0.050	-0.011	0.024	-0.026	-0.174	-0.069	(0.897)	-0.036	0.061	0.015	0.145	-0.071	<0.001
<b>EXPERF_S3</b>	0.239	0.113	-0.019	-0.187	-0.027	-0.139	0.071	-0.153	0.136	0.119	0.388	-0.410	(0.858)	-0.050	-0.052	0.003	-0.058	0.088	<0.001
<b>RQLB2</b>	0.161	-0.325	0.634	-0.636	0.101	0.169	0.175	0.114	0.460	-0.380	0.146	-0.346	-0.018	(0.526)	-0.280	0.205	0.084	-0.454	<0.001
<b>RQLB4</b>	-0.132	-0.039	0.160	-0.076	0.301	-0.446	0.005	0.221	-0.225	0.013	-0.231	0.422	-0.086	(0.796)	-0.235	0.201	-0.032	-0.007	<0.001
<b>RQLB5</b>	-0.036	-0.033	0.009	0.300	-0.057	-0.237	0.090	0.085	0.012	-0.053	-0.254	0.368	-0.166	(0.736)	-0.245	-0.025	0.075	0.106	<0.001
<b>RQLB6</b>	-0.012	0.128	-0.249	0.460	0.159	-0.421	0.146	-0.057	0.056	-0.089	0.139	0.256	-0.086	(0.766)	-0.182	-0.135	-0.260	0.102	<0.001
<b>RQLB7</b>	0.009	0.186	-0.605	0.313	-0.069	0.162	-0.146	-0.157	-0.012	0.088	0.144	-0.076	-0.092	(0.795)	0.295	-0.005	-0.069	0.116	<0.001
<b>RQLB8</b>	-0.015	0.023	-0.066	-0.057	-0.295	0.451	-0.377	0.055	-0.042	0.002	-0.232	-0.008	0.110	(0.755)	0.282	0.087	0.016	0.093	<0.001
<b>RQLB9</b>	0.141	0.159	-0.467	0.144	-0.325	0.319	-0.214	0.057	-0.270	0.087	0.191	-0.386	0.220	(0.743)	0.384	0.118	-0.086	0.053	<0.001
<b>RQLB11</b>	0.095	0.146	0.427	-0.582	0.067	0.088	0.168	-0.368	0.218	0.133	0.092	-0.367	0.290	(0.764)	0.030	-0.157	0.053	-0.052	<0.001
<b>RQLB13</b>	-0.140	-0.320	0.330	-0.055	0.114	-0.013	0.189	0.081	-0.048	0.070	0.043	0.016	-0.156	(0.835)	-0.122	-0.211	0.229	-0.090	<0.001
<b>RQI1</b>	0.147	-0.234	0.494	-0.570	0.208	0.103	-0.111	-0.131	0.404	-0.383	0.133	-0.381	0.397	-0.089	(0.561)	0.422	0.104	-0.518	<0.001
<b>RQI4</b>	-0.101	-0.044	-0.090	-0.236	0.407	-0.098	-0.146	-0.050	-0.096	0.167	-0.191	0.539	-0.338	0.214	(0.757)	0.324	-0.244	0.039	<0.001
<b>RQI5</b>	-0.105	-0.118	-0.194	-0.081	0.375	0.020	-0.046	-0.026	-0.028	-0.021	0.071	0.436	-0.313	0.072	(0.782)	0.073	-0.288	0.042	<0.001
<b>RQI6</b>	-0.082	-0.049	-0.310	0.175	0.238	-0.337	0.303	-0.165	0.074	0.354	0.074	-0.001	-0.061	0.054	(0.710)	-0.051	-0.091	0.062	<0.001
<b>RQI7</b>	-0.102	-0.034	-0.180	0.046	0.225	-0.131	0.203	-0.223	0.034	0.358	0.014	0.063	-0.045	0.050	(0.839)	-0.046	-0.141	-0.019	<0.001
<b>RQI8</b>	0.015	0.227	-0.215	0.241	-0.261	-0.130	0.023	0.066	-0.100	0.044	-0.238	-0.104	0.124	0.023	(0.841)	-0.095	0.136	0.236	<0.001
<b>RQI9</b>	0.139	0.038	0.323	-0.069	-0.373	0.259	-0.087	0.222	-0.126	-0.240	0.022	-0.336	0.267	-0.122	(0.819)	-0.226	0.213	0.022	<0.001
<b>RQI10</b>	0.147	0.060	0.081	0.103	-0.290	0.000	0.011	0.227	-0.101	-0.285	-0.112	-0.045	0.173	0.003	(0.844)	-0.046	0.060	0.035	<0.001
<b>RQI11</b>	-0.007	-0.038	0.057	0.338	-0.358	0.228	-0.215	0.109	-0.133	0.054	0.214	-0.128	-0.356	-0.173	(0.702)	0.080	0.121	0.069	<0.001
<b>RQI12</b>	-0.037	0.106	0.173	-0.102	-0.077	0.125	0.024	-0.098	0.217	-0.120	0.107	-0.137	0.198	-0.070	(0.705)	-0.307	0.157	-0.136	<0.001
<b>ENT_OR1</b>	0.121	0.266	0.202	-0.327	-0.085	-0.217	-0.124	-0.148	0.106	-0.017	-0.017	-0.188	0.230	-0.029	-0.042	(0.833)	0.115	0.008	<0.001
<b>ENT_OR2</b>	-0.067	-0.109	0.306	-0.103	-0.020	-0.112	-0.098	0.211	0.074	-0.293	-0.133	0.193	-0.174	0.058	-0.158	(0.856)	0.111	0.033	<0.001
<b>ENT_OR6</b>	0.076	-0.677	-0.390	0.434	0.228	-0.098	0.178	-0.178	0.118	0.129	0.146	-0.258	-0.027	-0.226	0.088	(0.592)	-0.093	-0.344	<0.001
<b>ENT_OR7</b>	-0.119	0.366	-0.268	0.139	-0.064	0.451	0.109	0.065	-0.299	0.254	0.056	0.194	-0.036	0.146	0.159	(0.743)	-0.183	0.227	<0.001
<b>EX_REG1</b>	-0.009	0.206	-0.197	0.056	0.046	-0.160	0.175	-0.190	-0.072	0.207	0.362	-0.119	0.145	-0.066	0.207	-0.164	(0.851)	-0.032	<0.001
<b>EX_REG3</b>	0.009	-0.206	0.197	-0.056	-0.046	0.160	-0.175	0.190	0.072	-0.207	-0.362	0.119	-0.145	0.066	-0.207	0.164	(0.851)	0.032	<0.001
<b>EX_PERC3</b>	-0.153	0.011	0.172	-0.254	0.003	0.081	-0.027	0.119	0.134	-0.153	-0.194	0.191	-0.227	0.049	-0.119	-0.010	0.152	(0.895)	<0.001
<b>EX_PERC4</b>	0.153	-0.011	-0.172	0.254	-0.003	-0.081	0.027	-0.119	-0.134	0.153	0.194	-0.191	0.227	-0.049	0.119	0.010	-0.152	(0.895)	<0.001