

The Impact of Export Assistance on Born Globals in the Apparel Industry from a Developing Country: A Network Perspective

INTRODUCTION

Export Promotion Programs (EPPs) are public policy measures that seek to enhance exporting activity at the company, industry or national level (Root, 1971). They are typically responsible for 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 (Seringhaus and Rosson, 1990). Government agencies are mainly responsible for delivering such kind of services in coordination with quasi-government industry associations.

Although born global firms have been well researched throughout the last decade, investigation to unearth the role of export assistance in rapid internationalization of these firms is even scarce. Despite export assistance has attracted a large number of researchers since 1980s, little research has been directed at the measurement of the impact of such assistance on firm performance. The studies which exist are mainly limited to evaluating the attribute (awareness, usage, benefit and expectation) of EPPs by firms while very few attempted to measure the impact of such assistance on firm performance. Since relatively little has been said in previous research about how helpful export assistance is to a company's export operations, no conclusive answer can be given to this question (Seringhaus, 1986; Diamantopoulos *et al.*, 1993)

In view of the limited and equivocal evidence available on the direct and indirect effect of export assistance usage on export performance, neither the nature nor the direction of this relationship can be specified conclusively. Furthermore, there is a paucity of both theoretical and empirical work addressing the indirect relationship across various dimensions of performance (Gencturk and Kotabe, 2001). Moreover, most of the research is concerned with government's role in

export development process while export assistance provided by quasi- and non-government entities has been seriously overlooked. In this study we have addressed these research gaps by empirically testing a model.

REVIEW OF THE LITERATURE

Internationalization Process (IP) Theory. Among internationalization process models, Uppsala model developed by Johanson and Vahlne (1977) attracted more attention of researchers and provoked a considerable amount of research into its relevance. The model suggests that initial internationalization activities are targeted to ‘psychically close’ markets, i.e., markets having similar culture, language, political systems, trade practices, etc. Following initial expansion with low risk, indirect exporting to similar markets, firms improve their foreign market knowledge. Over time and through experience, firms then increase foreign market commitment and expand to more ‘psychically distant’ markets. This in turn enhances market knowledge, leading to further commitment, including equity investment in offshore manufacturing and sales operations. Overall, the model illustrates how managerial learning drives internationalization. At the same time, the model captures manifestations of the process in terms of market selection and the mechanisms used to enter foreign markets.

Born Global (BG) Theory of Internationalization. Although the process of internationalization has traditionally been perceived and studied as a progressive sequence of stages (Johanson and Vahlne, 1977; Johanson and Mattson, 1986; Reid, 1980), emergence of ‘born globals’ and recent developments in international business literature have offered contrasting views posing a substantive challenge to the traditional IP theory (McDougall et al, 1994; Bell et al., 2001; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Moen and Servais, 2002). Researchers showed that born global firms have been successful in becoming international from their inception without going through traditional development stages.

Network (NW) Model of Internationalization. The network approach dates back to the 1930s

in organizational research but also owes much to its founding disciplines and conceptual origins: sociology, anthropology and role theory (Tichy *et al.*, 1979; Nohria and Eccles, 1992; Parkhe *et al.*, 2006). Network can be defined as a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors (Emerson, 1981). These actors include firms such as competitors, suppliers, buyers, distributors, etc. and institutions such as chambers of commerce, government agencies, universities, etc. (Axelsson and Johanson, 1992; Sharma and Johanson, 1987; Gemser *et al.*, 2004). Network may, for example, facilitate access to information on foreign markets and reliable business partners. Internationalization is thus a result of interaction, and the development and management of (trusting) relationships over time (Gemser *et al.*, 2004). The empirical results of Coviello and Munro (1997) corroborate this view by showing that the internationalization process of small software firms is strongly driven and facilitated by a set of formal and informal network relationships.

IP, BG and Network theory: An Integrative Perspective

There are three types of views among researchers about IP theory as identified by Andall and Fischer (2005). The first view criticizes the process perspective to have failed to describe the internationalization of born globals (Andersson and Wictor, 2003; Ripollés *et al.*, 2002; Spence, 2003; Bell *et al.*, 2001; Moen and Servias, 2002; Petersen and Pedersen, 1997); Researchers in the second group support or defend the process perspective from the critique primarily from born global researchers (McNaughton, 2003; Chetty and Campbell-Hunt, 2004); The third group of researchers at least to some extent tries to find similarities between the two research streams (Prashantham, 2005; Autio *et al.*, 2000; Oviatt and McDougall, 1994; Bell *et al.*, 2001). Prashantham (2005) asserts that IP theory and BG perspective have enough in common to be integrated into one framework. The main common aspects between these two theories are:

Influence of Penrose (1958)	Both schools of thought to a high degree are influenced by Penrose (1959). IP theory emphasizes Penrose's managerial knowledge whereas BG perspective focuses on Penrose's entrepreneurial knowledge (Prashantham, 2005).
Knowledge-Based	Knowledge plays an important role in both the process theory and the born global theory of

View	internationalization (Autio et al., 2000). Knowledge is considered a barrier in IP theory whereas in BG approach it is considered as a driver of an accelerated internationalization process (Brennan and Garvey, 2009).
Network theory	Networks play important roles in both perspectives. The process perspective emphasizes how firms learn from and commit to its networks. The born global perspective emphasizes how entrepreneurs use their personal networks to facilitate internationalization.

On the other hand, Johanson and Vahlne (2003) proposed a network model of internationalization having realized the importance of the role network plays in the modern international business world as “it might be worthwhile to reconcile and even integrate the two approaches” (p. 84). Therefore, we have integrated three theories of internationalization (IP, BG and NW) in a single framework to investigate the impact of network relationships on born global firms’ export performance and its antecedents.

THE CASE OF APPAREL EXPORT INDUSTRY OF BANGLADESH

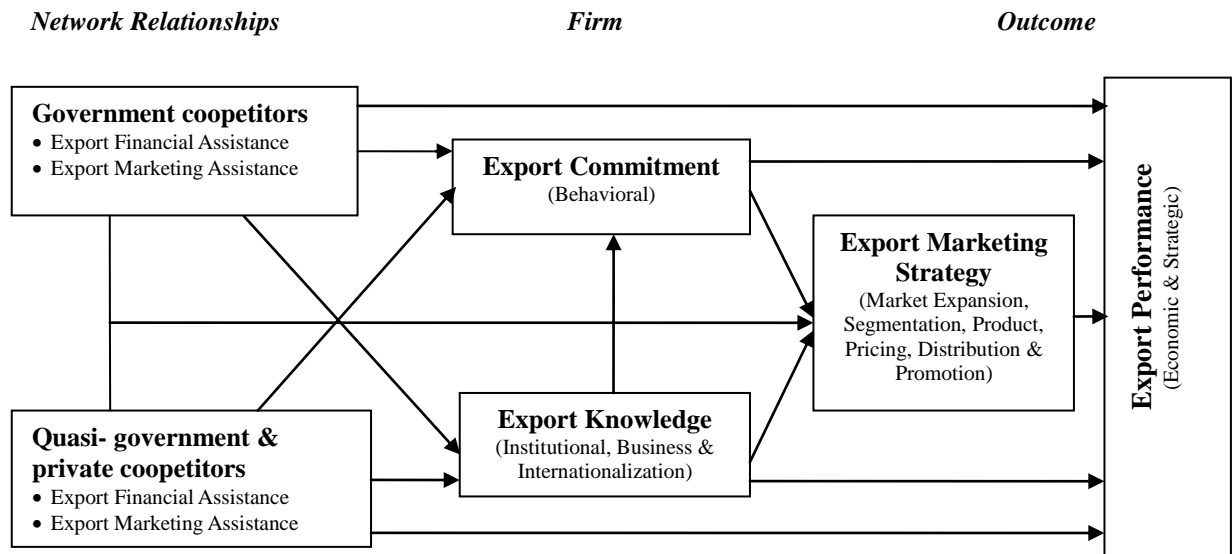
Each industry has its own characteristics, resource endowment and distinct network relationships. Apparel export industry of Bangladesh mainly having born global SMEs can better be explained from a network perspective. Ritter et al (2004) identified four types of relationships within a network that is also present in this industry: a) relationships with buyers, b) relationships with suppliers, c) relationships with ‘complementors’ (government agencies, industry associations, export trading companies etc.), and d) relationships with competitors (subcontracting agreement, joint lobbying, etc). All these actors in the network have been termed as ‘coopetitors’ (Brandenburger and Stuart, 1996; Brandenburger and Nalebuff, 1997).

CONCEPTUAL FRAMEWORK

Drawing on the extant literature we have developed a conceptual model integrating IP, BG and NW theory. First part of the model is concerned with network theory where we have measured network relationships in terms of export assistance received by the firm from the network ‘coopetitors’ (government, quasi-government and non-government business partners). Second part of the model is related to IP theory as we have taken two most important factors of the theory:

export market knowledge and commitment, termed as ‘state aspects’ by the advocates of the theory. IP theory suggests that firm’s gradual knowledge acquisition leads to higher commitment to export and in turn leads to higher international operations (Johanson and Vahlne, 1977, 1990). These two factors are equally important and relevant in the internationalization of born global firms. Third part of the model is concerned with one of the most widely used antecedents of export performance, i.e., export marketing strategy and export performance itself. This model resembles the “hybrid model of export performance”, an updated version of Aaby and Slater’s (1989) original model proposed by Styles and Ambler (1994). Such kind of network model in the study of export assistance is also supported by Wilkinson et al (2000) and Ali and Shamsuddoha (forthcoming).

Figure 1: Proposed Network Model of Export Assistance and Firm Export Performance



Network Relationships (in terms of export marketing assistance received from network cooperitors) and Export Knowledge

Knowledge is one of the currencies of a network (Easton and Araujo, 1989). Casillas *et al.* (2009) propose that companies may acquire the knowledge required for their foreign expansion by actively participating in knowledge-sharing networks, at an individual or company level. Such networks provide a transfer of knowledge that affects the stock of knowledge available to the

entrepreneur and/or founder of a new company, as well as the organization itself by establishing relationships with customers, suppliers, institutions, etc. In line with the discussion of Casillas *et al.* (2009), Sousa *et al.* (2008) suggest that the basic objective of the programs sponsored by government and nongovernment agencies designed to assist firms' export activities is to act as an external resource from which firms gain knowledge and experience. Therefore, the use of export promotion programs (both objective and experiential) can result in a considerable reduction in the investment necessary to generate and maintain in-house export expertise that emanates from objective and experiential knowledge (Ali and Shamsuddoha, 2007). Accordingly, it is proposed that:

Hypothesis 1a: *The greater the use of export marketing assistance provided by the government, the greater the firm's export knowledge.*

Hypothesis 1b: *The greater the use of export marketing assistance provided by the quasi-government or non-government entities, the greater the firm's export knowledge.*

Network Relationships (in terms of export marketing assistance received from network coopetitors) and Export Marketing Strategy

External environment (whether it is relationship with customers, distributors, or legal and political intervention) has strong impact on export marketing strategy of the firm in terms of adaptation or standardization of the strategies (O'Cass and Julian, 2003). Ghauri *et al.* (2003) suggest that networks are essential to smaller firms in overcoming export-marketing problems. They showed that networks have been used to solve export-marketing problems of manufacturing firms in developing countries. It is a useful approach to solve 'internal' export problems concerning quality, organizational, financial or information problems as well as 'external' export problems related to the export market or the industry. Interactions with network participants give access to valuable market information to leverage opportunity by formulating and implementing effective marketing strategies. Network coopetitors in export oriented industry provide different

marketing assistance services such as seminar, workshops, trade fair, trade mission, technical advice and marketing information that increase the capability of exporters to formulate export marketing strategy targeted at achieving export objectives. As such, it is hypothesized that:

Hypothesis 1c: *The greater the use of export marketing assistance provided by the government, the greater the firm's capabilities for export marketing strategy formulation.*

Hypothesis 1d: *The greater the use of export marketing assistance provided by the quasi-government or non-government entities, the greater the firm's capabilities for export marketing strategy formulation.*

Network Relationships (in terms of export financial assistance received from network coopetitors) and Export Commitment

The degree of commitment of resources, such as personnel and information gathering to achieve international goals has found to be significant factor in explaining differences in international activity (Cavusgil and Naor, 1987). Johanson and Vahlne (1990) placed an emphasis on business exchange relationships as the primary vehicle for resource commitment and experiential knowledge generation. Therefore, the use of network and network-embedded resources provided by public organizations, public and private commercial banks and insurance companies seems to increase the commitment of a firm to engage more resources to develop and penetrate into foreign markets. Ali and Shamsuddoha (2007) found that informational and experiential export assistance provided by government entities influenced resource commitment by the firms. This leads to the following hypotheses:

Hypothesis 2a: *The greater the use of export financial assistance provided by the government, the greater the firm's export commitment.*

Hypothesis 2b: *The greater the use of export financial assistance provided by the non-government commercial banks and insurance companies, the greater the firm's export commitment.*

Network Relationships (in terms of export marketing and financial assistance received from network coopetitors) and Export Performance

Evangelista (1996) suggests that a firm's export performance is influenced by its business relationships, network position and marketing strategy. Kang and Jin (2007) proposed that the growth of a born global firm, especially in the apparel export industry depends on the entrepreneur's domestic/international social networks. Many researchers found that the effective use of outside export assistance from government and other sources enhances export success (Alvarez, 2004; Donthu and Kim, 1993; Gençtürk and Kotabe, 2001; Lages and Montgomery 2005; Singer and Czinkota, 1994). Singer and Czinkota (1994) found that management commitment manifested as use of multiple export assistance services (informational and experiential including export financing) seems to play a significant role in a firm's achievement of export outcomes. Usage of EPPs enables a firm to reduce operating costs and become more profitable and therefore more efficient in its export activities (Gençtürk and Kotabe, 2001). Accordingly, we have hypothesized that:

Hypothesis 3a: *The greater the use of export financial assistance provided by the government, the greater the firm's export performance.*

Hypothesis 3b: *The greater the use of export financial assistance provided by the non-government commercial banks and insurance companies, the greater the firm's export performance.*

Hypothesis 3c: *The greater the use of export marketing assistance provided by the government, the greater the firm's export performance.*

Hypothesis 3d: *The greater the use of export marketing assistance provided by the quasi-government and non-government entities, the greater the firm's export performance.*

Export Knowledge and Export Commitment

According to Uppsala theory, market knowledge and market commitment are the most important

factors in the internationalization of firms. There two factors are intertwined in the fact that market knowledge reduces uncertainty associated with the foreign market commitments (Buckley and Ghauri, 1994). For those companies approaching exporting for the first time or in the early stages of exporting, lack of information is often a major concern - constraining the ability to carry through any attempt to export and, perhaps more importantly, heightening the perception of risk and uncertainty, leading to a reduced preparedness to commit (Benito et al, 1993). Experiential knowledge is generally assumed to be important because it reduces uncertainty associated with the foreign market commitments (Buckley and Ghauri, 1994). Several researchers found positive significant relationship between export market knowledge and export market commitment (Styles and Ambler, 2000; Ali and Shamsuddoha, 2007). This leads us to the following hypothesis:

Hypothesis 4: *The greater the firm's export knowledge, the higher the firm's export commitment.*

Export Knowledge and Export Marketing Strategy

The individual's decision to act upon a discovered opportunity depends on prior personal skills and knowledge and perceived support from social networks (Krueger and Brazeal, 1994). "An important aspect of experiential knowledge is that it provides the framework for perceiving and formulating opportunities" (Johanson and Vahlne 1977, p. 28) that might be attained by carefully developed export marketing strategy (Ali and Shamsuddoha, 2007). Singer and Czinkota (1994) found that export knowledge increases pre-export activities such as decision, planning, contacts and channels. Therefore, knowledge may help a firm select its export markets and formulate and implement proactive marketing strategies more effectively (Cavusgil and Zou, 1994; Douglas and Craig, 1989). Accordingly, it is proposed that:

Hypothesis 5: *The greater the firm's export knowledge, the greater the firm's initiatives for export marketing strategy formulation for export expansion.*

Export Knowledge and Export Performance

The export literature indicates that a major barrier to export success is the lack of market information/knowledge (Beeman *et al.*, 2007). Information is vital in reducing the level of uncertainty associated with foreign business environments (Welch and Wiedersheim-Paul, 1980). A number of studies have found that exporters' most valuable information is that of experiential knowledge gathered in the 'field' and this type of information is positively linked to export performance (Denis and Depelteau, 1985; Johanson and Vahlne, 1977; Reid, 1984). Denis and Depelteau (1985) reported that new exporters experiencing the fastest growth relied heavily on attendance at trade fairs and trade missions. Other researchers also found that having foreign market knowledge positively influences export performance (Styles and Ambler, 1994; Moini, 1995; Aaby and Slater, 1989; O'Cass and Julian, 2003; Wang and Olsen, 2002). This leads to the following hypothesis:

Hypothesis 6: *The greater the firm's export knowledge, the higher the firm's export performance.*

Export Commitment and Export Marketing Strategy

Commitment to internationalize has been found to play a critical role in the internationalization process of firms (Johanson and Vahlne 1977; Aaby and Slater, 1989). The more committed the firm, the more it engages resources in exporting activities. These extra human and financial resources enable companies to improve the depth of planning procedures (e.g., in terms of market research and market analysis) that allow managers to implement marketing strategies that are more adapted to the needs of different markets (Cavusgil and Zou, 1994). In other words, as increasing levels of resources are committed to the exporting venture, the firm is in better position to improve its planning procedures and to implement more adaptive strategies (Lages and Montgomery, 2004). The finding of Koh (1991) implies that exporters who are committed and knowledgeable about exporting and their export markets tend to adopt marketing strategies that lead to better performance. Therefore, we propose the following:

Hypothesis 7: *The greater the firm's export commitment, the greater the firm's initiatives to formulate export marketing strategy.*

Export Commitment and Export Performance

Export commitment appears to be a key determinant of export performance (Donthu and Kim, 1993; Aaby and Slater, 1989; Zou and Stan, 1998; Cavusgil and Zou, 1994; Madsen, 1987; Singer and Czinkota 1994; Styles and Ambler, 2000). The rationale for this view is that, when managers are committed, they carefully plan the entry and allocate sufficient managerial and financial resources (Cavusgil and Zou 1994; O'Cass and Julian, 2003) that lead to better performance (Cavusgil and Zou 1994; Styles and Ambler, 2000, Ali and Shamsuddoha, 2007). Hence, we propose that:

Hypothesis 8: *The greater the firm's export commitment, the greater the firm's export performance.*

Export Marketing Strategy and Export Performance

The investigation into the relationship between export marketing strategy and export performance has allured a great number of researchers (Sousa *et al.*, 2008). The number of studies that investigated and found positive relationship between the two is numerous (Aaby and Slater, 1989; Koh, 1991; Donthu and Kim, 1993; Chetty and Hamilton, 1993; Cooper and Kleinschmidt, 1985; Cavusgil and Zou, 1994). Cavusgil and Zou (1994) pointed out that the performance of the exporting firm is determined by the export marketing strategy and firm's capability to implement that. Therefore, it is accorded that:

Hypothesis 9: *The greater the firm's initiatives for export marketing strategy formulation, the greater the firm's export performance.*

RESEARCH METHODOLOGY

Interviews were conducted with structured questionnaire with key informants of 235 exporting firms in the apparel export industry of Bangladesh, all of whom were either export managers, traditionally called ‘commercials’ or high officials. Cases with missing data were discarded as suggested by Anderson and Gerbing (1982) yielding a total of 228 cases. Although using firm as the unit of analysis can result in inaccurate measures of strategy and performance variables in studies that target medium and large firms with diversified business portfolios (Cavusgil and Zou, 1994), it does not seem to be a problem in our case because our study is concerned with single industry consisting of small and medium exporters of one specific product line (apparel).

Measurement of Variables

All variables except ‘export assistance’ and ‘export performance’ used in this study are latent variables that cannot be measured explicitly.

Network relationships in terms of export assistance received from competitors. A list of EPPs has been developed by reviewing the Industrial Policy 2005 of Bangladesh, website of Bangladesh Garments Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Export Promotion Bureau (EPB) and literature available on the same topic in consultation with experts in this sector. This resulted in a list of 23 EPPs offered by different government departments/agencies and 15 EPPs offered by quasi-government or non-government entities. These programs were then categorized into two distinct groups based on nature and objective of the programs: a) export financial assistance and b) export marketing assistance. Respondents were asked to indicate their usage of each program (yes/no) (Genturk and Kotabe, 2001) and the level of benefit from each of the programs in the past five years (Ifju and Bush, 1994) on a seven-point scale (1= not at all beneficial; 7= extremely beneficial). A separate index was constructed for each category of export assistance for each firm through the summation of responses to each of the programs used.

Export Knowledge. The ‘export knowledge’ construct was developed after reviewing extant

literature on the topic (Eriksson *et al*, 1997; Hadley and Wilson, 2003; Wang and Olsen, 2002). Respondents were asked to indicate the level of the firm's knowledge on each statement using a seven-point rating scale ranging from 1 (limited) to 7 (extensive).

Export Commitment. To operationalize 'export commitment' construct several items have been adopted from relevant literature (Cavusgil and Zou, 1994; Brodrechtova, 2008; Cavusgil and Naor 1987; Katsikeas *et al*, 1996; Reid, 1983). Respondents were asked to indicate their level of agreement with each statement on a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Export Marketing Strategy. The concepts of marketing strategy generally embrace marketing mix elements (Cavusgil and Zou, 1994; Lages and Montgomery, 2004) and the decisions are therefore based mainly on product, price, distribution and promotion (Kotler, 2003). The items of export marketing strategy were developed from the meta-analysis of Leonidou *et al* (2002). Respondents were asked to indicate their level of agreement with each statement on a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Export performance. For 'export performance' construct we used the Cavusgil and Zou (1994) measures refined by Styles (1998) with some minor modifications made after receiving comments from the reviewers and pilot survey. An export performance index was constructed for each firm through the summation of responses to each of the items measuring export performance. Support for the validity of this type of performance measure comes from Covin (1991), Covin and Slevin (1988), Robertson and Chetty (2000) and Souchon and Durden (2002). The resulting index held an 89-point spread, ranging from 74 to 163 points. The scale had a mean value of 130.90, a standard deviation of 17.56.

Sample profile. Considering the labor intensiveness in the industry sample includes a large number of firms having more than 500 employees (73%). Most of the responding firms have been exporting for more than five years. 18% of the firms are exporting to 1-3 countries whereas 50% to 4-6, 28% to 7-10, and the remaining 4% to 11-20 countries. However, the fact that most of the

firms started exporting in the first year of their operations clearly demonstrates the presence of born global firms in the industry.

RESEARCH FINDINGS

Exploratory Factor Analysis (EFA) was used with latent variables followed by Confirmatory Factor Analysis (CFA) in AMOS 7 both of which eliminated several items from the scale. The fit of the overall measurement model was quite satisfactory resulting in $\chi^2 = 108.727$, $df = 51$, $p = .000$. Although chi-square is significant, the relative chi-square $CMIN/DF = 2.132$ is within the range of 3 indicating an acceptable fit between the hypothesized model and the sample data (Krause et al, 2000). Other fit indices also showed good model fit such as $GFI > .90$ (.931), $AGFI < .90$ (.894), $CFI > .90$ (.932), $RMSEA < .08$ (.071), $TLI > .90$ (.913), and $IFI > .90$ (.934). The standardized estimates of the items shown in Appendix 1 are equal to or greater than .40 and significant. The composite reliabilities of the measures are also higher indicating good internal consistency. The inter-construct correlations are reported in Table I along with Average Variance Extracted (AVE) and reliability score of the construct. All correlations-squared are smaller than values for the AVE for the variables involved providing support for discriminant validity.

The structural model resulted in a significant chi-square ($\chi^2 = 184.576$, $df = 102$, $p = .000$). However, the relative chi-square is within acceptable range of 3 (1.810). Other fit indices also provide evidence of good model fit such as $GFI > .90$ (.916), $AGFI < .90$ (.874), $CFI > .90$ (.929), $RMSEA < .08$ (.06), $TLI > .90$ (.905), and $IFI > .90$ (.931). The standardized and unstandardized parameter estimates along with standard error and critical ratios are reported in Table II. Direct, indirect and total effects of the exogenous variables on relevant endogenous variables were estimated with 90% confidence level and are reported in Table III.

Table I: Correlation between Constructs, Means and Standard Deviation

Variables in the Model	Export Marketing Assistance (NG)	Export Financial Assistance (NG)	Export Financial Assistance (G)	Export Marketing Assistance (G)	Foreign Knowledge	Export Commitment	Export Marketing Strategy	Export Performance
Export Marketing Assistance (NG)	-							
Export Financial Assistance (NG)	.219***	-						
Export Financial Assistance (G)	.609***	.121 ϕ	-					
Export Marketing Assistance (G)	.143*	.062NS	.292***	-				
Export Knowledge	.379***	.088***	.262***	.204***	-			
Export Commitment	.088NS	.261***	.011NS	.036NS	.206*	-		
Export Marketing Strategy	.328***	.187***	.188**	.096NS	.579***	.571***	-	
Export Performance	.440***	.330***	.450***	.193NS	.266***	.416***	.316***	-
Mean Score	35.42	13.58	35.26	12.50	18.78	9.864	19.90	130.90
Standard Deviation	17.01	6.96	13.75	13.08	4.252	3.141	3.295	17.56
Construct Reliability	a	a	a	a	.848	.693	.707	a
Average Variance Extracted (AVE)	a	a	a	a	.69	.54	.53	a

^a Construct Reliability and AVE for Export Marketing and Financial Assistance and Export Performance are not appropriate because these were treated as observed variables.

Significance Level: *** $p \leq 0.001$; ** $p \leq 0.01$; * $p \leq 0.05$; $\phi \leq 0.10$; NS = Non Significant

G: Government; NG: Non-Government

Table II: Results of Structural Equation Model

Path Relationships	Standardized Estimate	Unstandardized Estimate	S.E.	Critical Ratios	Conclusion
Export marketing assistance (G)→ Export knowledge	.153	.011	.005	2.253**	H1a: supported
Export marketing assistance (NG)→ Export knowledge	.357	.018	.004	4.985***	H1b: supported
Export marketing assistance (G)→ Export Marketing Strategy	-.029	-.002	.004	-.429NS	H1c: not supported
Export marketing assistance (NG)→ Export Marketing Strategy	.123	.005	.003	1.722*	H1d: supported
Export financial assistance (G)→ Export commitment	-.073	-.004	.004	-.944NS	H2a: not supported
Export financial assistance (NG)→Export commitment	.252	.028	.008	3.377***	H2b:supported
Export financial assistance (G) → Export performance	.297	.378	.087	4.339***	H3a: supported
Export financial assistance (NG)→Export performance	.158	.383	.135	2.831***	H3b: supported
Export marketing assistance (G)→ Export performance	.050	.068	.075	.907NS	H3c: not supported
Export marketing assistance (NG)→Export performance	.190	.186	.070	2.671***	H3d: supported
Export knowledge → Export commitment	.203	.179	.078	2.302**	H4: supported
Export knowledge →Export marketing strategy	.442	.354	.075	4.738***	H5: supported
Export knowledge→Export performance	.072	1.387	1.637	.847NS	H6: not supported
Export commitment →Export marketing strategy	.471	.428	.082	5.211***	H7: supported
Export commitment →Export performance	.399	8.739	2.059	4.245***	H8: supported
Export marketing strategy →Export performance	-.107	-2.564	2.858	-.897NS	H9: not supported

Significance Level: *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$

G: Government; NG: Non-Government

DISCUSSION OF THE RESULTS

As for individual hypothesis, results support H1a (standardized $\beta=.153$) and H1b (standardized $\beta=.357$) where positive relationship between export marketing assistance (provided by the government in the former and by the non-government entities in the latter case) and export knowledge was hypothesized. Such kind of relationship has been reported by Ali and Shamsuddoha (2007) for government EPPs.

H1c and H1d are concerned with export marketing assistance and export marketing strategy. Results showed that the relationship between government export marketing assistance and strategy is negative (H1c: standardized $\beta=-.029$) and non-significant while the relationship between non-government export marketing assistance and strategy is significant (H1d:

standardized $\beta=.123$), but only with 90% confidence level. It seems that government agencies have failed to provide timely up-to-date marketing assistance while non-government marketing assistance having provided occasionally aimed at achieving short-term objectives failed to have intended results. However, results in Table III show that both government and non-government marketing assistance services have significant indirect effect on export marketing strategy, probably through export knowledge that can be transferred into marketing strategy.

Table III: Unstandardized Direct, Indirect and Total Effects of Causal Variables in the Model

Causal Variables	Type of Effects	Endogenous Variables							
		Export Knowledge		Export Commitment		Export Marketing Strategy		Export Performance	
		Beta	CR	Beta	CR	Beta	CR	Beta	CR
Export Marketing Assistance (G)	Direct Effect	.011	2.2***	-	-	-.002	-.50NS	.068	.89NS
	Indirect Effect	-	-	.002	2.0**	.005	2.5**	.024	1.04NS
	Total Effect	.011	2.2**	.002	2.0**	.003	.75NS	.091	1.26NS
Export Marketing Assistance (NG)	Direct Effect	.018	6.0***	-	-	.005	1.67NS	.186	2.24**
	Indirect Effect	-	-	.003	1.5**	.008	4.0***	.021	.64NS
	Total Effect	.018	6.0***	.003	1.5**	.013	4.33***	.207	2.80***
Export Financial Assistance (G)	Direct Effect	-	-	-.004	-.80NS	-	-	.378	3.98***
	Indirect Effect	-	-	-	-	-.002	1.0NS	-.032	.80NS
	Total Effect	-	-	-.004	-.80NS	-.002	1.00NS	.346	3.39***
Export Financial Assistance (NG)	Direct Effect	-	-	.028	3.5***	-	-	.383	2.35**
	Indirect Effect	-	-	-	-	.012	3.00***	.213	2.63***
	Total Effect	-	-	.028	3.5***	.012	3.00***	.595	3.89***
Export Knowledge	Direct Effect	-	-	.179	1.95**	.354	3.85***	1.387	.89NS
	Indirect Effect	-	-	-	-	.077	1.97**	.458	.35NS
	Total Effect	-	-	.179	1.95**	.431	4.23***	1.845	1.50NS
Export Commitment	Direct Effect	-	-	-	-	.428	4.46***	8.739	3.39***
	Indirect Effect	-	-	-	-	-	-	-1.099	0.72NS
	Total Effect	-	-	-	-	.428	4.46***	7.641	4.01***
Export Marketing Strategy	Direct Effect	-	-	-	-	-	-	-2.564	-.75NS
	Indirect Effect	-	-	-	-	-	-	-	-
	Total Effect	-	-	-	-	-	-	-2.564	-.75NS

G: Government; NG: Non-Government; NS: Non-Significant;

Critical Ratios (CR) are significant: *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.10$

The negative non-significant results do not support H2a (standardized $\beta = -.073$) contrary to our expectation while H2b is strongly supported (standardized $\beta = .252$). This result suggests that use of export financial assistance provided by government departments and agencies does not have any impact on export commitment of the firm since such kind of assistance is provided at the advanced stages of firms' operations. By the time the firms receive financial assistance from the government, they have already become highly committed to exporting because to avail of such assistance exporting firms have to ensure that they are 100 percent export-oriented. On the other hand, financial assistance provided by non-government financial institutions having significant impact on commitment reflects the fact that they provide such assistance at the initial stages of firms' operations and that they are much more efficient and cost-effective in terms of providing assistance services in arising export commitment of the firms. Our result contrasts the findings of Ali and Shamsuddoha (2007) for government assistance. The possible reason behind this might be that they used global construct of export assistance combining all available marketing and financial assistance programs together that might have distorted the result while we have investigated marketing and financial impact separately with government and non-government entities.

The positive relationship between export financial assistance and export performance lends support to H3a (for government) and H3b (for non-government). Export financial assistance provided by government (standardized $\beta = .297$) and non-government agencies (standardized $\beta = .158$) both have significant impact on export performance. Although financial assistance provided by the government is more voluminous and diversified ranging from income tax incentives to export financing, non-government financial assistance receives equal result because of their efficiency and effectiveness of delivery and responsiveness to exporters' needs despite being limited to only export financing, guarantee and insurance. However, results in Table III show that non-government financial assistance has indirect impact on export performance

through commitment and marketing strategy while government financial assistance failed to have the same.

H3c is concerned with the relationship between export marketing assistance provided by government and export performance and found not to be significant (standardized $\beta=.050$). On the other hand, H3d is concerned with the relationship between export marketing assistance provided by non-government and quasi-government entities and export performance of the firm and found to be positively significant (standardized $\beta=.190$). This result suggests that marketing assistance provided by the government is not sufficient and effective enough to have impact on export performance while the same provided by the network participants other than government is adequate and effective to influence export performance positively. Although this result for government assistance is contrary to some studies (Singer and Czinkota, 1994; Francis and Collins-Dodd, 2004; Lages and Montgomery, 2005; Ali and Shamsuddoha, 2007), many researchers reported non-significant relationships (Marandu, 1995; Alvarez, 2004; Gencturk and Kotabe, 2001). Our result is also supported by researchers who found government assistance programs to be of low awareness, use and usefulness (Seringhaus and Botschen, 1991; Ifju and Bush, 1994; Moini, 1998).

The relationship between export knowledge and export commitment of the firm has been hypothesized in H4 and found to be positively significant (standardized $\beta=.203$). This indicates that export knowledge increases the commitment of the firm towards exporting activities. This view is especially supported by IP theory (Johanson and Vahlne, 1977) which suggests that international involvement, including commitment of irrevocable resources to foreign markets, increases proportionately with knowledge acquisition. Similar results were also reported by Ali and Shamsuddoha (2007).

The relationship between export knowledge and export marketing strategy formulation of the firm was hypothesized in hypothesis H5. Model result (standardized $\beta=.442$) provides support for hypothesis H5. This result indicates that the greater the export knowledge, the higher the capability of the firm to formulate and implement proactive export marketing strategies to achieve better performance (Cavusgil and Zou, 1994; Singer and Czinkota, 1994). Moreover, export knowledge has indirect impact on export marketing strategy through export commitment.

The relationship between export knowledge and export performance of the firm was explored in hypothesis H6. Model result does not provide support for the hypothesis. Export knowledge doesn't have any significant impact on export performance because its impact can't be realized in the short run. Toften (2005) has found a weak correlation between the two while others suggested an indirect relationship.

The relationship between export commitment and export marketing strategy formulation of the firm was hypothesized in H7. Model results (standardized $\beta=.471$) provide support for hypothesis H7. Similar result is reported in other studies (Aaby and Slater, 1989; Benito and Welch, 1997; Lim et al, 1993).

The relationship between export commitment and export performance of the firm was explored in H8. Model results (standardized $\beta=.399$) lend support to this hypothesis. This result indicates that the higher the international commitment of the firm, the higher the export performance of the firm. Our result is in line with the results of other researchers (Koh, 1991; Donthu and Kim, 1993; Aaby and Slater 1989; Zou and Stan, 1998; Cavusgil and Zou, 1994; Madsen, 1989; Naidu and Prasad 1994; Katsikeas et al, 1996; Singer and Czinkota 1994; Styles and Ambler, 2000).

Model result provides negative non-significant result for H9 in which the relationship between

export marketing strategy and export performance of the firm was hypothesized. Although many researchers reported a positive significant relationship between the two (e.g., Aaby and Slater, 1989; Chetty and Hamilton, 1993; Cavusgil and Zou, 1994; Donthu and Kim, 1993; Evangelista, 1996; Cavusgil and Zou, 1994; Koh, 1991; Madsen, 1989), negative relationships are not scarce (e.g., Julian, 2003; O’Cass & Julian, 2003; Kirpalani and MacIntosh, 1980). In a review of export performance literature, Zou and Stan (1998) found far more non-significant relationships (159) between the two than the positive (119) or negative (20) relationships. Our result suggests that export marketing strategy doesn’t contribute to the export success of Bangladeshi apparel exporters indicating to the fact that exporters are either very weak in formulating strategy or they don’t have any formal strategy, rather they capitalize on chance, as “most managers still make decisions based on intuition despite the risks....But intuition’s successes are exaggerated and its risks underappreciated.” (Schoemaker and Russo, 1993; pp. 9-11: cited in Souchon and Diamantopoulos, 1997).

SUMMARY OF OVERALL RESULTS, INTERPRETATION AND POLICY IMPLICATION

Considering the effect of the causal variables we can summarize the results from both export performance and export assistance perspective. Results from both perspectives with interpretation and policy implication have been summarized in the following table:

Table IV: Interpretation of Overall Results and Policy Implication

Variable	Interpretation	Policy Implication
Export Performance Perspective		
Considering the total effect it appears that among all predictors of XPERF, XCOMIT is the best having the strongest impact on XPERF.	XCOMIT appears to be the most important factor for achieving financial and strategic performance. It does not only determine internal resource commitment to exporting, but also ensures more use of outside assistance.	<i>Managers:</i> should commit more resources (internal and outside) to attain superior performance.
Export Assistance Perspective		
Between GEFA and NGEFA, NGEFA has stronger impact on performance. NGEFA has significant direct and total impact on XCOMIT as well as indirect and total effect on EMS. While GEFA does not have any	It seems that EFA brings higher performance when it has simultaneous impact on XCOMIT and EMS. Since with GEFA firms achieve short term benefits such as tax incentives, duty drawback etc., that does not help firms	<i>Government:</i> should work out ways to provide EFA at initial stages of firm operations with export financing to encourage exporters to commit more resources and formulate proactive

impact on the either.	increase commitment towards exporting.	EMS to achieve higher XPERF.
Between GEMA and NGEMA, NGEMA has significant total impact on XPERF that GEMA does not have. Both have similar impact (direct/indirect/total) on XKNOW and XCOMIT but the main differential impact they have is in terms of EMS. While NGEMA has positive non-significant direct, significant indirect and total effect on EMS, GEMA has negative non-significant, positive significant indirect and non-significant total effect on EMS.	It seems that EMA achieves superior XPERF when it has significant impact on EMS.	<i>Government:</i> should close rank working closely with firms providing customized timely services to enable firms to formulate proactive strategies to achieve superior XPERF. <i>Non-government coopetitors:</i> should continue their support to firms and work more closely so that firms can formulate and implement effective marketing strategies that would bring superior XPERF.
G: Government; NG: Non-Government; EFA: Export Financial Assistance; EMA: Export Marketing Assistance; XKNOW: Export Knowledge; XCOMIT: Export Commitment; EMS: Export Marketing Strategy; XPERF: Export Performance.		

CONTRIBUTIONS OF THE STUDY

This study has contributed in several ways that might be useful for people interested in internationalization in general but for researchers within the field of export assistance in particular.

One of the most important contributions might be the integration of two diverse theory of internationalization under a single umbrella, i.e., process and born global theory into the framework of export assistance and export performance. Both theories fit smoothly in our framework leaving the areas of differences between them. Such kind of integration is very scarce, if not non-existent, in the area of internationalization theory.

We have introduced network theory in the study of export promotion. Although export promotion has been viewed from a network perspective by Wilkinson et al (2000), they did not propose any model to test. Here we have developed a ‘network model of export assistance’ and tested it empirically differentiating the impact of government and non-government coopetitors.

As focusing on a developing country would contribute significantly to understand the antecedents of export performance and provide guidelines for export promotion and success in other developing countries (Ford and Leonidou, 1991), our study would provide guidelines to other developing countries like India, Sri Lanka, Laos, Pakistan, etc whose export earnings are heavily dependent on apparel products.

Finally, this research contributes to the measurement of export assistance by categorizing them

according to objectives of offering – export marketing assistance and export financial assistance. This measurement scheme reveals that effects of these two categories of export assistance on antecedents of export performance and export performance itself are not similar (Ali and Shamsuddoha, forthcoming). Moreover, we have investigated direct, indirect and total effect of export assistance using advanced and complex methodology like SEM that only few researchers (Lages and Montgomery, 2005; Ali and Shamsuddoha, 2007) attempted before.

Limitations of the Study

Every contribution has its precincts as well. This study is no exception in this regard. We have investigated the impact of two types of export assistance on export performance and its antecedents in a single country- single industry setting. Cross country comparison, especially between developed and developing ones, and cross industry comparison would increase the generalizability of the findings. One of the benefits of cross-cultural research would be the identification of commonalities and idiosyncrasies of different export promotion systems and their relative contribution to company export behavior (Diamantopoulos et al, 1993).

Moreover, we have measured export assistance based on objectives of offering- financial and marketing (narrow global, as defined by Seringhaus, 1986). It could be divided into other categories like training, technical assistance, marketing intelligence etc or into specific or individual programs that would provide more accurate picture of the impact. Furthermore, we have only included few antecedents of export performance; however, other interactive antecedents of export performance (e.g., firm size, age, technology, management, industry, domestic and foreign market characteristics) could be integrated in the model making it more complex and integrative. Although longitudinal research is essential as well as beneficial to prove theories in international business, most researchers prefer cross sectional study probably due to time and budget constraints. Our study suffers from the same problem.

Future Research Avenues

Every research leaves some scopes for future researchers. Future research in this area could be directed at the above limitations of this research as well as at the following possibilities.

First, entrepreneurs' as well managers' personal characteristics like prior international experience and export market competition as determinants of export assistance could be investigated (Lages and Montgomery, 2005). Second, we have included only export knowledge and export commitment as antecedents of export performance from IP theory. However, more common features from two theories of internationalization (IP and BG) could be integrated into the model. Third, we have not included contrast group in our study in terms of users and non-users of export assistance or export development stages of firms. While the former is likely to improve the ability to identify changes within firms following an exposure to export assistance — the latter would shed light on attitudes and usefulness of different types of services at the various stages of a firm's export involvement. Future research could be directed at investigating this by longitudinal research that would enable researchers to analyze causal linkages, clarifying the role and impact of different support measures at successive export development stages (Diamantopoulos et al, 1993). Lastly, four types of network actors existing in a network relationship would have been investigated in our 'network model of export assistance' to have separate impact of each on export performance and other factors.

Conclusion

The contribution of this research is unique in the field of export promotion literature as we have developed a network model that investigated the impact of non-government assistance in addition to government assistance and we have tried to develop a model which affords both IP and BG theory. This contribution of this study would be well recognized and appreciated if future researchers from different countries work on this model by introducing their indigenous ideas and thoughts making it more integrative and exhaustive by borrowing useful concepts from theories in

international business and other disciplines. Export promotion literature has started getting into a concrete shape since 1991 as some researchers contributed significantly in the field. This study would gain momentum in this revolution only if future research proves it valid in different country and industry setting. Until then, we have to look forward to the future in the hope that the future is rooted in the past.

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Appendix 1: Overall Measurement Model Results

Constructs and Their Measurement Items	Parameter Estimate (standardized)	Critical Ratio
Export Knowledge (Composite Reliability .85)		
Knowledge about foreign language (XKNOW1)	.71	
Knowledge about foreign, regional and international business law and regulations (XKNOW2)	.86	11.068***
Knowledge about foreign business norms and standards (XKNOW3)	.79	10.56***
Knowledge about economic situation in export markets (XKNOW4)	.70	9.469***
Export Commitment (Composite Reliability: .70)		
Enough financial resources for export support(XCOMIT1)	.65	
Enough physical resources (human, technology & supply security) for export support (XCOMIT2)	.86 .40	7.540*** 5.097***
Frequently introduce new products in the export markets (XCOMIT3)		
Management is highly committed to exporting (XCOMIT4)	.59	7.225***
Export Marketing Strategy (Composite Reliability: .73)		
The firm has put in place strategies to expand export markets over the years (XMS1)	.69	
The firm has put in place strategies to segment markets according to the homogeneous (similar) characteristics of countries and customers (XMS2)		
The firm put in place strategies to penetrate in the existing export markets (XMS3)	.61	6.57***
We put a great emphasis on product adaptation for export markets to accommodate differences in environmental forces, consumer behavior, usage patterns, and competitive situations (XMS6)	.69	6.83***
	.47	5.50***

Appendix 2

Network Relationships in Terms of Export Financial Assistance

- (a) Provided by Government Agencies/Departments etc.

1. Pre-shipment, post-shipment and comprehensive guarantee insurance facilities through an export credit guarantee scheme(ECGS)
2. Duty drawback scheme/cash incentives/tax holiday
3. Rebate on insurance premium of fire, marine and shipment of goods
4. Income tax rebate on export earnings
5. Export loan from government banks
6. Retention of foreign currencies from export earnings to pay for importing fabrics and other accessories, taking part in trade fairs abroad
7. Tax-free import of raw materials (at a prescribed amount) necessary for the production of exportable goods
8. Duty-free import of capital machinery and spare parts of that machinery
9. Utility services (electricity, gas, water etc.) at reduced/rebated rates
10. Back to Back Letter of Credit (L/C)
11. Bonded warehouse facilities for imported raw materials
- (b) Provided by Non-government Commercial Banks and Insurance Companies
 1. Pre-shipment, post-shipment and comprehensive guarantee insurance
 2. Export loan from private commercial banks
 3. Back to Back Letter of Credit (L/C)
 4. Private Bonded Warehouse facilities for imported raw materials

Network Relationships in Terms of Export Marketing Assistance

- (a) Provided by government agencies/departments etc.
 1. Marketing assistance for exporting products
 2. International trade fairs organized by the government
 3. Trade missions to export markets supported by the government
 4. Local trade fairs of international standard organized by the government
 5. Technical assistance for developing new products (R&D)
 6. Assistance in obtaining foreign technology for product development
 7. Technical and practical training programs for skill development
 8. Export workshops and seminars, training sessions to make exporters aware of various facilities/incentives available
 9. Assistance for participation in overseas training programs
 10. Advisory services on how to improve environmental standards, quality of the products, its marketing and adaptation as well
 11. Assistance in establishing contact with the foreign buyers
 12. Assistance in getting information about market, global trends in the garment business, major global trade agreements and WTO guidelines

- (b) provided by exporters' association, buying houses, overseas buyers, etc.
1. Marketing assistance for exporting products
 2. International trade fairs organized by foreign govt./non-govt. organization
 3. Local trade fairs of international standard organized by non-govt. organization
 4. Technical assistance for developing products
 5. Assistance in obtaining foreign technology for product development
 6. Technical and practical training programs for skill development
 7. Export workshops, seminars and training sessions
 8. Assistance for participating in overseas training programs
 9. Advisory services on how to improve environmental standards, quality of the products, its marketing and adaptation as well
 10. Assistance in establishing contact with foreign buyers
 11. Assistance in getting information about market, global trends in the garment business, major global trade agreements and WTO guidelines