

Chapter 2

The Impact of Export Assistance on “Born Globals”: An Integrative Network Perspective

Abstract “Born global” (BG) firms have attracted many researchers throughout the last decade. Despite the emergence of BG phenomenon initially posed a serious challenge to the validity and applicability of traditional “stage” theory of internationalization, recently scholars have discovered the theoretical underpinnings of BG firms into the traditional theory. Therefore, recurring attempts at integrating both theories into a single framework have been observed in recent times. Recapitulating the common aspects between the two theories, this chapter seeks to do the same in the study of export assistance and performance by the inclusion of network theory. Network relationship in this chapter has been measured in terms of export assistance and support received by the focal firm from different network actors. Unfortunately, export assistance being an older research stream has largely ignored the role of such assistance in rapid internationalization of BG firms. Moreover, most of the existing empirical literature on export assistance is skewed toward developed countries, thereby little is actually known about the export support systems in developing countries. We address these research gaps by empirically testing an integrative model in a developing country low-tech industry context which explains how network relationships in terms of export assistance received from network actors directly or indirectly influence BGs’ internationalization.

Keywords Born globals • Network relationships • Internationalization • Low-tech industry • Developing country

2.1 Introduction

Over the past 15 years, developing countries have witnessed substantial reductions in barriers to international trade. Lower barriers enabled developing country participation in world trade through a shift from primary exports to manufacturing and service (Martin 2003). Coordinated government guidance and assistance have

also accelerated this process. Wide-ranging export promotions available in many developing countries affirm the commitment of policy makers to boost export growth (Ahmed et al. 2002). In reality, export promotion is not only the responsibility of the government and its agencies. Globalization and changing political philosophy of government lead to a number of quasi- and nongovernment entities, playing an important role in promoting export in many countries. In some countries, they supplement deficiencies in the government’s budget for export promotion. Therefore, either as independent entities or as supplementaries to government promotion agencies, they warrant special attention from academia. Unfortunately, however, little research has been done on the services of these organizations.

Although export assistance has attracted a large number of scholars since 1980s, there were few attempts at measuring the impact of such assistance on firm internationalization. These studies were mainly confined to evaluating the attributes (awareness, usage, benefit, and expectation) of export promotion programs (EPPs) while few attempted to measure the impact of assistance on international performance of firms. Export performance studies, in general, tend to concentrate on the analysis of direct relationships. This is also prevalent in export assistance literature. Due to “the limited and equivocal evidence” on the indirect effects of the use of export assistance on export performance, both the nature and the direction of this relationship cannot be stipulated decisively. Theoretical and empirical work addressing indirect relationship across various dimensions of performance is also scarce (Gencturk and Kotabe 2001). Only few studies examined the mediating role of export pricing strategy (Lages and Montgomery 2005), general export strategy (Ali and Shamsuddoha 2007), and export knowledge and export commitment (Ali and Shamsuddoha 2007) in the relationship between export assistance and performance.

Export assistance–export performance literature has focused primarily on traditional exporting firms neglecting the existence and need of born global (BG) firms. Even though BGs attracted a large number of researchers throughout the last decade, little research was undertaken on the role of export assistance in rapid internationalization of these firms. BG scholars often referred to BGs’ development paths in comparison with traditional firms (Bell et al. 2003), strategic orientation (Jolly et al. 1992; Park and Bae 2004), characteristics of entrepreneurs (Jolly et al. 1992; Knight and Cavusgil 1996; Oviatt and McDougall 1999), network relationships (Coviello and Munro 1995, 1997), environmental factors influencing BGness (Madsen and Servais 1997; Zahra and George 2002), and knowledge acquisition (Presutti et al. 2007) in BGs. They highlight the role of networks, especially the ones developed between entrepreneurs, suppliers, and customers. However, the network relationships with government agencies and quasi- and nongovernment institutions (e.g., chambers of commerce, exporters’ associations, commercial banks and insurance companies, export trading companies, economic and political unions like EU, WTO) that either offer preferential policies or provide assistance services for the export development of these firms have not been explored.

In this chapter, we broaden the scope of export assistance–export performance research by analyzing export marketing assistance (EMA) and export financial assistance (EFA) across two groups of actors – government as well as quasi- and

nongovernment – from a network perspective. Furthermore, we include internal firm and management-related antecedents of export performance to facilitate indirect effects of export assistance on export performance through these factors. Collectively, this leads us to the main research question to be answered empirically in this chapter: *“How do network relationships with government and quasi- and nongovernment entities (in terms of export marketing and financial assistance received) directly and indirectly affect firm export performance?”*

The first part of the chapter chronicles the conceptual framework that encompasses network relationships (in terms of export assistance), export market knowledge, export commitment, export marketing strategy, and export performance. Thereafter, we have tested the conceptual framework with data collected through a survey of 224 exporting firms in Bangladesh apparel industry. The results are then presented and discussed. Next we summarize the overall results, interpretation and policy implications, and finally conclude with contributions, limitations, and future research avenues.

2.2 Literature Review

2.2.1 Internationalization Process Theory

According to Internationalization process (IP) or stage theory, internationalization is seen as a process in which an enterprise gradually increases its international involvement following several stages from domestic operation to overseas expansion. Two types of process models are widely used in the literature: one is the Uppsala model proposed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977); and the other is the innovation model proposed by Bilkey and Tesar (1977), Cavusgil (1980), Czinkota (1982), and Reid (1981). The former model has probably been the inspiration for the development of the latter.

According to the Uppsala model, the internationalization process involves an interaction between the development of knowledge about foreign markets and an increasing commitment of resources to foreign markets. The model proposes that early internationalization activities are targeted to “psychically close” markets in terms of similar culture, language, political systems, trade practices, level of education and industrial development, etc. Subsequent to initial low-risk entry methods such as indirect exporting, firms develop their foreign market knowledge. Eventually firms increase foreign market commitment and expand to more “psychically distant” markets as they accumulate experience over time. This in turn enhances market knowledge, leading to further commitment to international markets through more risky entry modes. Thus, the model has specified two distinct aspects of internationalization: state and change. State aspects include market commitment and market knowledge, whereas change aspects include current business activities and commitment decisions. Market knowledge and market commitment impinge upon commitment decisions to employ resources to foreign markets and the way current

activities are performed. Market knowledge and market commitment are, in turn, influenced by commitment decisions and current activities. Thus, the process in the model is seen as causal cycles (Johanson and Vahlne 1990).

In innovation-related internationalization models, exporting is considered as an innovation for the firm and firms essentially follow a learning sequence in adopting that innovation. The main differences among innovation models lie in the number of stages and the description of each stage. Both the Uppsala and the innovation models have been regarded as behaviorally oriented. Although process models received much criticism, their pioneering and substantial contribution to the early development of internationalization theory cannot be disregarded.

2.2.2 Born Global Theory of Internationalization

Although the process of internationalization has traditionally been perceived and studied as a progressive sequence of stages (Johanson and Mattsson 1986; Johanson and Vahlne 1977; Reid 1980), emergence of BGs and recent developments in international business literature pose a substantive challenge to IP theory (Bell et al. 2001; Knight and Cavusgil 1996; Madsen and Servais 1997; McDougall et al. 1994; Moen and Servais 2002). Researchers showed that BG firms have been successful in becoming international from their inception without going through traditional development stages. In comparison with traditional firms, BGs rely more heavily on other firms in the network for supplementary competences they are deficient in (Madsen and Servais 1997). For example, Presutti et al. (2007) found that the foreign development of high-tech start-ups is positively influenced by knowledge acquired from external network relationships.

Even though it was first conjectured that BG phenomenon is only applicable to high-tech industries, this notion is changing. Researchers found that it can also be applied to low-tech industries (McAuley 1999). A number of scholars have examined the phenomenon of BGness in a number of sectors, from high-tech (Jolly et al. 1992; Knight and Cavusgil 1996; Madsen and Servais 1997) to apparel (Kang and Jin 2007) and entrepreneurial arts and craft (McAuley 1999; Fillis 2000). In developing countries, most apparel firms are BGs by nature because they are established with the intention of exporting by exploiting labor-intensive production processes (Kang and Jin 2007). In addition, by using manual methods of production, some arts and crafts firms rapidly internationalize by developing international networks with customers and offering customized products to them (Fillis 2001). The nature of the industry also acts as a catalyst for the rapid internationalization of BGs. For example, firms in global industries commit resources to foreign markets faster than companies in domestic industries due to pressure from global competition (Petersen and Pedersen 1999) and thus become BGs within a short period of time.

2.2.3 Network Model of Internationalization

The network approach has its origin in organizational research but it also borrowed insights from sociology, anthropology, and other disciplines (Nohria and Eccles 1992; Parkhe et al. 2006; Tichy et al. 1979). Networks are partnered business exchange relationships between firms that are conceptualized as collective actors (Emerson 1981). These actors include firms such as competitors, suppliers, buyers, distributors, as well as institutions such as chambers of commerce, government agencies, and universities (Axelsson and Johanson 1992; Gemser et al. 2004; Sharma and Johanson 1987). Network may, for example, facilitate access to information on foreign markets and potential business partners. Internationalization essentially evolves from the interaction, development, and management of networks with these actors over time (Gemser et al. 2004). Coviello and Munro (1997) assert that networks drive and facilitate internationalization of small software firms. Loane and Bell (2006) conclude that networking activity enhances the resource stock and knowledge base of rapidly internationalizing entrepreneurial firms. Johanson and Mattsson (1988) propose that a firm's success in new international markets is determined by its position in a network and its relationships with business partners in current markets rather than the cultural and market characteristics. Therefore, it necessitates setting up a network structure to unify exporter and customers in foreign markets (Solberg and Durrieu 2006).

2.2.4 Knowledge-Based View

The lack of knowledge about foreign markets is considered a major barrier to small firm internationalization. This specific issue has attracted many scholars and consequently the knowledge-based view (KBV) of internationalization (Johanson and Vahlne 1977, 1992; McAuley 1999; Reid 1983) has emerged in the field of international business. The KBV is an extension to the resource-based view (RBV). The KBV of the firm considers knowledge as the most important strategic resource and the interpretation of knowledge as a resource establishes the theoretical link between the RBV and the KBV (Malerba and Orsenico 2000).

Grant (1996) proposed a knowledge-based theory of strategy. He argues that competitive advantage in dynamic environment is determined by nonproprietary knowledge in the form of tacit knowledge. Grant (1996) also suggests that knowledge can be integrated externally through relational networks. These external networks serve as efficient mechanisms to access and integrate new knowledge in high-velocity environments where sustained competitive advantage is ascertained by the speed and scope of knowledge integration (Eisenhardt and Santos 2001).

2.2.5 IP and BG Theories: An Integrative Perspective

There are two contrasting views regarding IP theory among researchers. The first group of researchers criticizes IP theory for its failure to explain rapid internationalization of BGs (Petersen and Pedersen 1997; Bell et al. 2001; Moen and Servais 2002; Ripolles et al. 2002; Andersson and Wictor 2003; Spence 2003). The second group varies between supporting IP theory and showing the similarities between IP and BG perspectives (McNaughton 2003; Chetty and Campbell-Hunt 2004; Oviatt and McDougall 1994; Madsen and Servais 1997; Autio et al. 2000; Bell et al. 2001; Prashantham 2005). Madsen and Servais (1997) contended that theoretical underpinnings of IP theory have some merit in explaining the internationalization pattern of BGs. Therefore, IP theory and BG perspective can be integrated in a single framework (Prashantham 2005). The major common aspects between these two theories are summarized in Table 2.1.

Table 2.1 Similarities between IP and BG perspectives

| Point of similarities | Explanation |
|----------------------------|--|
| Knowledge-based view (KBV) | <p>Knowledge plays an important role in both IP and BG theories of 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). Prashantham (2005) asserts that the main differences regarding knowledge between two theories pertain to the type, role, and sources of knowledge</p> <p><i>The type of knowledge:</i> Market knowledge and (technological) knowledge intensity. Both are important in BGs while only market knowledge has been emphasized in IP model. For high-tech BGs, knowledge intensity is suitable, whereas for low-tech BGs market knowledge is more apposite (Prashantham 2005). However, recently Yli-Renko et al. (2002) found that both are important in high-tech BGs</p> <p><i>The source of knowledge:</i> Firm (Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977) and network relationships (Johanson and Vahlne 2003) in IP theory and entrepreneur (McDougall et al. 1994), top management team (Reuber and Fischer 1997), and network relationships (Oviatt and McDougall 1994) in BG perspective</p> <p><i>The role of knowledge:</i> Resource regulator (Johanson and Vahlne 1977) in IP theory, enabling resource (Yli-Renko et al. 2002) in BG approach</p> |
| Network (NW) theory | <p>Networks play important roles in both perspectives. The process perspective emphasizes on how firms learn from and commit to its networks (Johanson and Vahlne 2003), whereas the BG perspective emphasizes on how entrepreneurs use their personal networks to facilitate internationalization (Sharma and Blomstermo 2003)</p> |

(continued)

Table 2.1 (continued)

| Point of similarities | Explanation |
|-------------------------------------|--|
| Preexporting activity | Preexporting activity of the firm (Wiedersheim-Paul et al. 1978) such as deciding to export, planning or developing export marketing strategy, visiting foreign markets and selecting channels (Singer and Czinkota 1994) is important in explaining the start of internationalization process for traditional firms, which also offers an interesting perspective to discuss with respect to BG internationalization (Madsen and Servais 1997) |
| Market commitment | IP theory asserts that foreign market knowledge leads to market commitment. Though market commitment has been identified in IP theory, it is one of the most frequently used antecedents of export performance in international marketing literature (Sousa et al. 2008) which can be used to explain BG phenomenon. While market commitment in terms of physical and human resources is proposed as gradual and cautious in IP theory, it is considered as rather rapid in BG perspective |
| Degree of technological advancement | IP theory applies to all industries irrespective of technological advancement. Although initially it was conjectured that BG theory can only be applied to high-tech firms, recent works by several researchers (McAuley 1999; Fillis 2000; Kang and Jin 2007; Ali and Shamsuddoha 2007) confirm that it can best explain the internationalization of low-tech BGs |

After analyzing the links of BG theory to the original Uppsala model, Madsen and Servais (1997) argued that many basic assumptions and the dynamic processes (state and change aspects) underlying BG internationalization are not contradictory to those of IP theory. According to them, the main differences lie in the founder characteristics and market conditions. BGs' perception of uncertainty in international markets is typically lower because the founder and employees have prior international experience. Bell et al. (2003) offered an integrative model of small firm internationalization showing different pathways for traditional and BG firms. Their attempts were underpinned by a set of theories which are common in each pathway: KBV, network theory, and contingency approach. In relation to contingency approach, they argued, firms' internationalization decisions (including product, market choice, and entry modes) are "contingent" on the levels of resources the firm has at its disposal (Reid 1983; Woodcock et al. 1994; Yeoh and Jeong 1995).

2.3 Conceptual Framework

Drawing on the extant literature, we have developed a conceptual model in Fig. 2.1 integrating IP theory and BG perspective. The first part of the model relates to the network theory where we have measured network relationships in terms of export assistance and support received by the firm in question from the network actors (government and quasi- and nongovernment). The internationalization process of

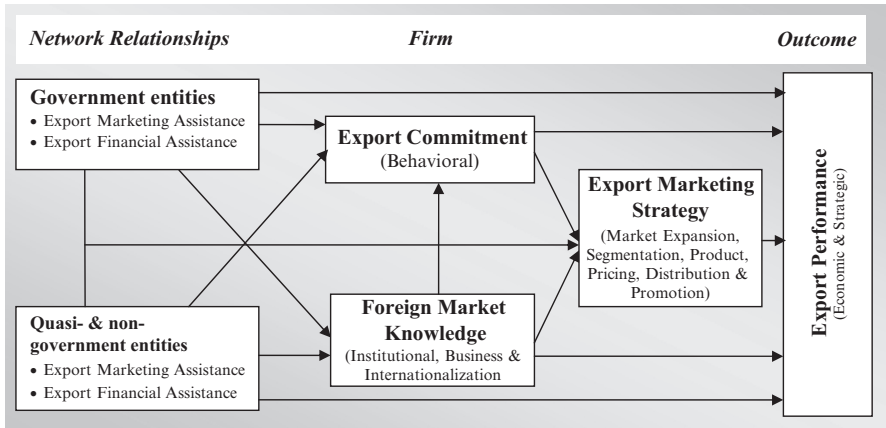


Fig. 2.1 Proposed integrative model of network relationships and export performance of BGs in low-tech industry. *Source:* Modified from Johanson and Vahlne (1977), Aaby and Slater (1989), Styles and Ambler (1994), Madsen and Servais (1997), Ali and Shamsuddoha (2007)

the firm cannot be viewed in isolation and ignoring the environmental conditions and network relationships of the focal firm (Madsen and Servais 1997). This highlights the need for network in analyzing internationalization process of both traditional firms and BGs. However, network relationships have been thought of only with suppliers and customers in extant literature.

Research on export assistance and its impact explicitly using network perspective is atypical. Researchers mainly emphasized government’s role in promoting export but wittingly or unwittingly neglected the contribution of other actors, like competing firms, trading agencies, and industry association in promoting export and their differential impact on performance. Most of them used a “global construct” of export assistance as defined by Seringhaus (1986) where export assistance provided by all network actors is combined together. Therefore, it would provide more useful insights if the contribution of such organizations is investigated separately (Seringhaus and Rosson 1991). In addition, most research in export assistance either focused exclusively on EMA which is evident in Seringhaus (1986) and Diamantopoulos et al. (1993) or evaluated export marketing and financial assistance together (Ali and Shamsuddoha 2007; Lages and Montgomery 2005), thereby making it impossible to differentiate their individual impact. To address the gap in contemporary literature, we attempted to investigate the differential impact of government and quasi- and nongovernment entities’ marketing and financial assistance services on antecedents of export performance and export performance itself from a network perspective, which would explain the paradoxical performance of BG firms in the international arena.

The second part of the model is related to IP theory as we have incorporated the two most important factors of the theory into the framework, i.e., 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). Both factors are equally important and relevant in the internationalization of BGs due to their wide acceptance by scholars as antecedents of export performance in export performance literature irrespective of traditional or BG firms (Sousa et al. 2008).

Madsen and Servais (1997) suggest that IP theory should embrace network perspective to avoid being obsolete in contemporary literature. To accommodate this recommendation, Johanson and Vahlne (2003) proposed a network version of the Uppsala model having realized that “it might be worthwhile to reconcile and even integrate the two approaches” (p. 84). Madsen and Servais (1997) further suggested that the concepts of the model like commitment, knowledge, current activities have to be studied not only within the firm itself but also within its external networks. This indicates that factors such as knowledge and commitment certainly emanate from network relationships. Sharma and Blomstermo (2003) proposed that models featuring knowledge and networks are appropriate for the theory development of BG internationalization. Prashantham (2005) also believed that the integration of network theory and KBV in the study of firm internationalization makes sense because network relationships yielding social capital essentially lead to knowledge acquisition, creation, and upgrade. Even though Johanson and Vahlne (2003) have included only dyadic buyer–seller relationships in the network, four types of network relationships (i.e., buyers, suppliers, competitors, and complementors) identified by Brandenburger and Nalebuff (1997) and elaborated by Ritter et al. (2004) can be applied to the network version of IP theory.

The last part of the model includes another widely used antecedent of export performance, i.e., export marketing strategy (Zou and Stan 1998) and export performance itself. Sousa et al. (2008) observed: “Among the determinants proposed to influence export performance, factors related to the firm’s export marketing strategy have been the most frequently cited antecedents in the literature” (p. 14). The model also suggests that export marketing strategy and export performance are determined by export knowledge, export commitment, and more importantly by network relationships, which is also supported in international marketing and entrepreneurship literature.

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). This kind of network model in the study of export assistance is also supported by Wilkinson et al. (2000) and Shamsuddoha and Ali (n.d.). The model can be applied to study both traditional and BG firms because it includes network theory which is common to both IP and BG theories. It borrows two factors from IP theory which constitute unanimously agreed upon determinants of both export marketing strategy and export performance irrespective of types of firms.

Foreign market knowledge and commitment emanate from network relationships and hence are germane to BG perspective too. We have included foreign market knowledge rather than knowledge intensity as our intension was to study BGs in low-tech industries like apparel. Prashantham (2005) also suggested that for high-tech BGs knowledge intensity is appropriate, whereas for low-tech BGs market knowledge is more suitable. In addition, the direct and indirect relationships between export assistance and export performance have been established in recent years (Lages and Montgomery 2005; Ali and Shamsuddoha 2007) and further investigated in this study from network perspective. To the best of our knowledge, this is the first attempt in export assistance research which differentiates between government and nongovernment assistance in terms of their direct and indirect effects on BG performance.

2.4 The Case of Apparel Export Industry of Bangladesh

Bangladesh is one of the least developed countries in South Asia. Over the past 20 years, textiles and apparels have emerged as the leading products of the country's export trade. The industry contributes three-fourth to total export earnings and receives many preferential benefits and export assistance from the government, given that industry has 100% export dependency. However, entrepreneurs started business from a zero base in the beginning of the industry's development, with no or little assistance in a benign environment (Quddus 1993). They were quick in learning and taking advantage of new opportunities. When entrepreneurs made remarkable growth in the industry through good practices and knowledge, government responded by coming up with policy and administrative reforms which facilitated further growth of the industry. Thus, entrepreneurs created an environment at the early stage, proved their importance to others, and showed their dynamism to reform government policy to their advantage (Mahmood 2002). In addition, with the decade long quota restrictions imposed by the USA and the duty-free facility given by the EU under its generalized system of preferences (GSP) scheme since the mid-1990s, the apparel sector has become the largest manufacturing industry in the country, contributing 70% of total manufacturing output and created a large employment base of 1.9 million workers, of which women make up roughly 90%. While many academics and business analysts cast doubt on the continued success of the industry after quota phase out in 2005, the country proved all the forecasts wrong and emerged as the fourth largest exporter in the world apparel trade. Therefore, Bangladesh apparel industry offers a good setting for research to investigate the determinants of BGs' export success in relation to export assistance offered by government and nongovernment entities.

Each industry has its own characteristics, resource endowment, and distinct network relationships. The apparel export industry of Bangladesh being very unique

in its characteristics and value chain needs special treatment and explanation and can be better explained from a network perspective. Ritter et al. (2004) identified four types of relationships borrowed from Brandenburger and Nalebuff (1997) which are also present in this industry: (a) relationships with buyers, (b) relationships with suppliers, (c) relationships with “complementors,” for example, government agencies, industry associations, and export trading companies that can be important in entering new markets or in keeping informed about legislative developments, and (d) relationships with competitors which may be developed for various purposes, beyond the typical collusion to control and subvert competition, for example, subcontracting agreement, joint lobbying, etc. We have categorized network relationships into two groups: relationship with government and relationship with quasi- and nongovernment entities for the ease of understanding and differentiating the impact of government assistance from that of quasi- and nongovernment.

Export promotion bureau (EPB) is the national export promotion agency which is entrusted with the responsibilities of promoting export of the country by formulating and adopting policies and programs (marketing, technical, and training) for export promotion. There are a few government-owned commercial and specialized banks and one insurance company that provide financial or documentation assistance. In addition, a large number of private commercial banks and insurance companies in the country provide financial assistance as well as export-related documentation when needed. Tax incentives, duty drawback, and bonded warehouse facilities are provided by different agencies of government. The role of two industry associations, Bangladesh Garments Manufacturers’ and Exporters’ Association (BGMEA) and Bangladesh Knitwear Manufacturers’ and Exporters’ Association (BKMEA) is also very important in the development of the industry. Being very powerful lobbyists in the country they work closely with government in terms of negotiation, development of rules, regulations, and policies for the overall development of the industry. They provide trade information to keep their members updated on contemporary global business trends and issues. Exporting firms, therefore, maintain strong relationships with these quasi-government organizations. Other than these government and quasi-government entities, overseas buyers also play an important role by providing necessary information, technical and training assistance occasionally. In addition to buyers abroad, export trading companies, traditionally known as “buying houses,” contribute significantly to the development of the industry. Having strong networks with overseas buyers, these houses receive orders from them and distribute among manufacturing firms. The whole process of production is supervised by them to ensure quality and standards of the buyers. Exporters have strong network with their local and foreign suppliers who also provide necessary information on supply and price-related issues. They also have vertical subcontracting networks with other firms in the industry, which is an opportunity for small firms in developing countries to participate in international markets (Ghauri et al. 2003).

2.5 Research Hypotheses

2.5.1 *Determinants of Foreign Market Knowledge*

Foreign market knowledge is the understanding of the micro- and macroenvironment, pattern of buyer behavior in the foreign market, and the knowledge of how to effectively deal with these aspects (Wang and Olsen 2002). Eriksson et al. (1997) listed three dimensions of foreign market knowledge as business, institutional, and internationalization. Business knowledge refers to the knowledge concerning the microenvironment of a foreign market, e.g., knowledge about the market's customers, competitors, and distributors. Institutional knowledge refers to the appropriate understandings of the business laws, cultural norms, regulatory standards, and language skills which typically lead to psychic distance (Johanson and Vahlne 2003). Internationalization knowledge pertains to the knowledge that helps develop the ability to design and implement internationalization strategy.

“Knowledge is one of the currencies of a network” (Easton and Araujo 1989; p. 112). Firms may, therefore, acquire knowledge necessary for their foreign entry and expansion by aggressively participating in knowledge-sharing networks (Casillas et al. 2009). Networks might consist of partnership-based cooperative bilateral relationships with suppliers, customers, venture capitalists, research institutes, and industry associations. In addition, they might comprise sponsorship-based unilateral relationships with commercial banks (for access to loans at below market rates) and government agencies (for entrepreneurial promotion programs, tax benefits, and subsidy) (Lee et al. 2001). Both relationships with government and nongovernment participants offer export assistance which act as an external source of knowledge and experience for internationalizing firms (Sousa et al. 2008). Singer and Czinkota (1994) argue that managers can increase their export know-how and experience by availing themselves greater levels of export assistance. Gencturk and Kotabe (2001) also asserted that export assistance services are important resources for building knowledge and experience required for successful foreign market involvement. Ali and Shamsuddoha (2007) showed empirically that export assistance provided by government agencies significantly increases export market knowledge. Based on the discussion above and empirical findings, we maintain that EMA and support provided by quasi- and nongovernment entities has impact on export knowledge. Consequently, this leads us to the following hypotheses:

- H1: The greater the use of EMA provided by the government entities (EMA-G), the greater the firm's export knowledge.
- H2: The greater the use of EMA provided by the quasi- and nongovernment entities (EMA-QNG), the greater the firm's export knowledge.

2.5.2 Determinants of Export Commitment

Export commitment (also referred to as international market commitment) is defined as the general willingness by management to devote adequate financial, managerial, and human resources to export-related activities (Aaby and Slater 1989). Stump et al. (1998) found two predominant approaches to defining export commitment in the literature, one is attitudinal and the other behavioral. Exporters with attitudinal commitment believe that exporting can substantially contribute to the achievement of their firms' goals. On the other hand, exporters with behavioral commitment are willing to devote necessary resources to exporting.

Johanson and Vahlne (1990, 2006) emphasized business exchange relationships between buyer and seller in a network as the primary vehicle for resource commitment. However, the role of government agencies and other nongovernment entities in increasing the international commitment of a firm has always been a neglected area of research. Welch et al. (1996) also noticed that the primary focus of research to date has been on economic exchange relations between buyer and seller, despite the presence of various noneconomic exchange relations among different actors within networks. Therefore, it is necessary to focus beyond dyadic buyer-seller relationships and extend our view to other participants in the network, for example, government agencies, bank and insurance companies, industry associations, and export trading companies. Shamsuddoha and Ali (n.d.) found that public policies in the form of financial export assistance play a major role in creating management commitment to exporting. They argued that some of the promotion programs provide motivational boost to managers and increase their attitudinal commitment. This argument can be extended to the study of export commitment induced by nongovernment entities. Besides government financial assistance (e.g., import duty concession, duty-free import of machineries and raw material, subsidized export loan, insurance facilities, etc.), private commercial banks, leasing and insurance companies having special schemes for exporters in terms of loans and insurance, must have similar impact on the international commitment of exporting firms. This leads to the following hypotheses:

- H3: The greater the use of EFA provided by the government entities (EFA-G), the greater the firm's export commitment.
- H4: The greater the use of EFA provided by the nongovernment commercial banks, leasing and insurance companies (EFA-QNG), the greater the firm's export commitment.

According to the Uppsala theory, market knowledge and market commitment – two state aspects of the theory – are the most important factors in the internationalization of firms. These two factors are intertwined in the fact that market knowledge reduces uncertainty associated with the foreign market commitments (Buckley and Ghauri 1994). Both for the traditional firms (either contemplating foreign market entry or in the earlier stages of exporting) and the BG start-ups, lack of information is often a major concern. Lack of knowledge constrains the ability of a firm to action

any attempt to export and heighten the perception of risk and uncertainty, leading to a reduced readiness to commit (Benito et al. 1993). Especially experiential knowledge is considered to be of utmost importance in its ability to reduce the uncertainty associated with international market commitments (Buckley and Ghauri 1994). Several researchers found positive relationship between foreign market knowledge and commitment (Ali and Shamsuddoha 2007; Styles and Ambler 2000). This leads us to the following hypothesis:

H5: The greater the firm’s foreign market knowledge, the higher the firm’s export commitment.

2.5.3 Determinants of Export Marketing Strategy

Export marketing strategy is the combination of decision components comprising market selection, marketing mix, and marketing mix adaptation to foreign markets, which individuates the way exporters are likely to compete in export markets (Namiki 1994). External environment (whether it is relationship with customers, distributors, or legal and political entities) has strong impact on the export marketing strategy of a firm (O’Cass and Julian 2003). Ghauri et al. (2003) found that networks are crucial to smaller manufacturing firms in developing countries to overcome export marketing problems. According to them, network is useful in solving “internal” export problems pertaining to quality, organizational, financial or information problems as well as “external” export problems related to the export market or the industry. Interactions with network participants provide access to valuable market information to leverage opportunities by formulating and implementing effective marketing strategies. Network actors in the export-oriented industry, such as government and nongovernment participants, provide different marketing assistance services, e.g., organizing seminars, workshops, trade fairs, and trade missions. In addition, they provide technical expertise and marketing advice that have strong bearing on export marketing strategies targeted at achieving export marketing objectives. Singer and Czinkota (1994) found that the use of government assistance services increases preexport activities such as developing export marketing strategy in addition to visiting foreign markets through trade mission or trade shows, selecting channels and finally deciding to export. However, such kind of relationship between assistance provided by nongovernment network actors and export marketing strategy has not received much attention in export assistance literature. As such, it is hypothesized that:

H6: The greater the use of EMA provided by the government (EMA-G), the greater the firm’s export marketing strategy implementation.

H7: The greater the use of EMA provided by the quasi- and nongovernment entities (EMA-QNG), the greater the firm’s export marketing strategy implementation.

An 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). There are two types of market knowledge required for export expansion as identified by Johanson and Vahlne (1977): objective and experiential. Objective market knowledge can be obtained from secondary or primary sources, whereas experiential market knowledge must be acquired personally via direct customer or market contact Seringhaus (1986/1987). Experiential market knowledge provides the framework for perceiving and formulating opportunities (Johanson and Vahlne 1977). Such knowledge enables managers to discover or recognize export opportunities, to gauge them, and finally to adopt the appropriate export behavior in exploiting those opportunities to achieve ultimate export objectives (Singer and Czinkota 1994). Many researchers therefore suggest that market knowledge may help a firm to select its export markets, design and implement proactive marketing strategies more effectively to enter, and sustain in those markets (Ali and Shamsuddoha 2007; Cavusgil and Zou 1994; Douglas and Craig 1989; Julien and Ramangalahy 2003; Styles and Ambler 1994). Accordingly, it is proposed that:

H8: The greater the firm's foreign market knowledge, the greater the firm's capabilities for export marketing strategy implementation.

Foreign market commitment has been found to play a critical role in the internationalization process of firms (Aaby and Slater 1989; Christensen et al. 1987; Johanson and Vahlne 1977; Solberg and Durrieu 2006). International marketing research suggests that highly committed firms allocate greater resources to the exporting activities (Aaby and Slater 1989; Christensen et al. 1987). The extra human and financial resources enable the firm to improve its planning through market research and in depth market analysis. This detailed planning procedure allows managers to implement marketing strategies adapted to the needs of different markets (Cavusgil and Zou 1994; Lages and Montgomery 2005). Koh (1991) suggested that exporters who are committed to their export markets tend to adapt marketing strategies. Cavusgil and Zou (1994) reported that high-management commitment leads to pursuing effective export marketing strategies to achieve higher export performance. This was confirmed by Ali and Shamsuddoha (2007) and Julian (2003). Hence, we propose the following:

H9: The greater the firm's export commitment, the greater the firm's export marketing strategy implementation.

2.5.4 Determinants of Export Performance

The determinants of export performance are categorized as internal and external (Zou and Stan 1998). Studies pertaining to internal determinants only do not present a complete phenomenon of the topic. A firm's export performance is influenced by its business relationships and network position, in addition to marketing strategies (Evangelista 1996). Kang and Jin (2007) proposed that the growth of a BG, particularly in the apparel export industry, depends on the entrepreneur's domestic/international social networks. Such networks do not include only suppliers and

buyers, or the economic exchange relationships. Rather the scope and space of the network are more diverse comprising buyer, seller, industry associations, export trading companies, research institutes, government departments and agencies, etc.

Chrisman and McMullan (2004) reported that new firms participating in new venture support programs have survival rates in excess of the general population of new businesses. This is also true for exporting firms. It has been shown that the effective use of external export assistance provided by the government enhances export success (Denis and Depelteau 1985; Donthu and Kim 1993; Singer and Czinkota 1994). Singer and Czinkota (1994) stated that use of a variety of export assistance services (marketing, such as informational and experiential, as well as financing) plays a major role in a firm's achievement of export outcomes. Denis and Depelteau (1985) reported that among both new and experienced exporters, increased use of government export assistance (especially trade fair and mission that provide experiential information) is associated with greater export performance. Firms are able to enjoy direct cost savings by using export assistance services such as subsidies, below market rate loans, and reduced bulk rates on rental spaces at trade shows and travel fares (Gronhaug and Lorentzen 1983). Usage of government assistance thus enables a firm to reduce operating costs, become more profitable, and therefore more efficient in its export activities (Gencturk and Kotabe 2001). In addition to government financial assistance, private commercial banks, leasing and insurance companies through their special schemes for exporters in terms of loans and insurance, help the firms in a similar manner.

Although export assistance services sponsored by government agencies received much attention from researchers, similar services provided by nongovernment institutions went unnoticed. After examining the results of 14 studies on export information sources, Leonidou and Katsikeas (1997) observed that the primary sources of information are the company's agents, distributors, or representatives in overseas markets closely followed by various government offices and ministries. While visits to foreign markets and personal contacts constitute another important information source, the role of trade and industry associations and commercial banks is not of less importance. Toften (2005) reported that use of objective and experiential information received from various sources positively affects export performance. Leonidou and Katsikeas (1997) and Toften (2005) confirmed that exporters not only use government sponsored export assistance but also take advantage of services from other network actors such as agents, distributors, suppliers, industry associations, commercial banks, etc. and that these services positively influence their export performance. Sousa et al. (2008) in a review of export performance literature found that EPPs patronized by government and nongovernment agencies intended to assist firms' export activities contribute positively to the export performance of the firm. Therefore, we have hypothesized that:

H10: The greater the use of EMA provided by the government entities (EMA-G), the greater the firm's export performance.

H11: The greater the use of EMA provided by the quasi- and nongovernment entities (EMA-QNG), the greater the firm's export performance.

H12: The greater the use of EFA provided by the government entities (EFA-G), the greater the firm's export performance.

H13: The greater the use of EFA provided by the nongovernment commercial banks and insurance companies (EFA-QNG), the greater the firm's export performance.

The lack of knowledge about country-specific markets is a major barrier to small firm internationalization. Information is vital in reducing the level of uncertainty associated with foreign business environment (Welch and Wiedersheim-Paul 1980). Informational barriers impact not only the decision to export but also export performance (Morgan and Katsikeas 1997). In other words, having foreign market knowledge positively influences export performance (Moini 1995; Styles and Ambler 1994). A number of studies documented that exporters' experiential knowledge gathered in the "field" is positively associated with export performance (Denis and Depelteau 1985; Johanson and Vahlne 1977; Reid 1984). Denis and Depelteau (1985) found that new exporters experiencing the fastest growth greatly rely on attendance at trade fairs and trade missions. Many researchers found that a firm's foreign market knowledge is a critically important competence which influences export performance (Aaby and Slater 1989; Ali and Shamsuddoha 2007; Amine and Cavusgil 1986; Haahti et al. 2005; Hart et al. 1994; Kirpalani and MacIntosh 1980; O'Cass and Julian 2003; Thirkell and Dau 1998; Tookey 1964; Wang and Olsen 2002) with only a few exceptions (Toften 2005). Sousa et al. (2008) observed that market knowledge has been identified among researchers as important capabilities and competencies that have an influence on the export performance of the firm. This leads to the following hypothesis:

H14: The greater the firm's foreign market knowledge, the higher the firm's export performance.

International market commitment to achieve international goals is found to be a significant factor in explaining differences in international activity (Cavusgil and Naor 1987). Knight (1997) and Moen (2002) found no significant differences between BGs and traditional global firms in terms of export commitment and it was found high in both types of firms. In addition, Moen (2002) reported that low exporting firms (domestically focused) show less market commitment than both BGs and traditional global firms. Consequently, foreign market commitment appears to be important in explaining why some companies become global within a short time frame while others take longer (Larimo and Pulkkinen 2002).

Export commitment seems to be a key determinant of export performance (Aaby and Slater 1989; Amine and Cavusgil 1986; Cavusgil and Nevin 1981; Cavusgil and Zou 1994; Donthu and Kim 1993; Katsikeas et al. 1996; Koh 1991; Madsen 1989; Naidu and Prasad 1994; Singer and Czinkota 1994; Sousa et al. 2008; Stump et al. 1998; Styles and Ambler 2000; Zou and Stan 1998). Stump et al. (1998) found positive relationship between attitudinal and behavioral export commitment, and export financial performance. They also reported positive interactive effect between

attitudinal and behavioral export commitment on export performance. Hence, we propose that:

H15: The greater the firm’s export commitment, the greater the firm’s export performance.

The success of small firms in a globalized world depends predominantly on the formulation and implementation of strategy (Knight 2000; Miles and Snow 1978; Porter 1980), especially export marketing strategy for exporting firms (Cavusgil and Zou 1994). The investigation into the relationship between export marketing strategy and export performance has attracted a great number of researchers. As Sousa et al. (2008) observed: “Among the determinants proposed to influence export performance, factors related to the firm’s export marketing strategy have been the most frequently cited antecedents in the literature” (p. 14). In a meta-analysis of export performance literature, Leonidou et al. (2002) found that the adaptation of product, promotion, pricing, and distribution strategies have a positive impact on export performance. The number of studies that investigated and found positive relationship between the two is numerous (Aaby and Slater 1989; Chetty and Hamilton 1993; Cooper and Kleinschmidt 1985; Cavusgil and Zou 1994; Donthu and Kim 1993; Koh 1991) with a few exceptions (Julian 2003; O’Cass and Julian 2003). Therefore, it is accorded that:

H16: The greater the firm’s export marketing strategy implementation, the greater the firm’s export performance.

2.6 Research Method

2.6.1 The Research Setting

Most of the empirical evidence in export assistance literature is skewed toward the USA, Canada, and other European countries. Thus, empirical results reflect the USA, Canadian, and European experience and the export support systems in these countries (Diamantopoulos et al. 1993). The growing presence of firms from developing countries in an integrated global economy requires research on them to gain interesting insights (Sousa et al. 2008). Since developing countries are culturally different from their advanced counterparts, they provide a suitable context for assessing the generalizability of the existing knowledge in this area of academic research (Zou et al. 1997). Based on the observed shortcomings we have selected Bangladesh, a developing country in South Asia, and its export-oriented apparel industry to achieve our intended research objectives.

2.6.2 Sample and Data Collection Procedure

The respondents were selected based on nonprobability sampling technique, relying on personal judgment and convenience. The lack of a complete and up-to-date

listing of firms in the members' directory did not allow the sample to be selected on a random basis. Two published directories were available: one was published by BGMEA and the other by BKMEA. During the course of this investigation, we found that a large number of registered exporters on the directory list had either ceased exporting or changed their locations. However, in order to ensure variability of the respondents, it was decided to include firms that export different types of readymade garments, namely, woven, knit, and sweater and are based in different locations.

The industry consists of approximately 4,625 firms of which 2,767 firms are actively exporting and the remaining 1,858 firms are closed due to financial and other problems (according to local newspaper sources and officials of exporter' associations). Firms are mostly concentrated in the Dhaka and Chittagong regions. Due to time limitations, this study covers mainly the Dhaka region where 85% of all manufacturing units are operating (calculated from members' directory). We tried to cover different types of exporters (knit, woven, and sweater).

Although we explored the possibility of mail survey that was successfully used in such kind of research before, we decided to conduct personal interview due to the complex nature and low level of understanding of the questionnaire among export managers observed during the pilot survey. During September–October 2008, interviews were conducted with structured questionnaire with either export managers, traditionally called “commercials” or high officials of 235 exporting firms in the apparel industry. The response rate was 47%. Questionnaires with missing data were discarded as suggested by Anderson and Gerbing (1982) yielding a total of 224 cases. Even though using the 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), this did not appear to be a problem in our investigations because our study was concerned with a single industry consisting of exporters of one specific product line (apparel).

2.6.3 Survey Instrument

The research design directed the aims and specifications of the questionnaire and the questionnaire was developed based on previous research in the field. The content and face validity of the items was assessed by two academic researchers in the field. Accordingly, the questionnaire was revised to accommodate their comments. It was then pretested with a sample of ten managers involved in export operations. The final questionnaire was then produced by incorporating some minor changes based on pretest. Appendices A, B, and C provide a full listing of the items.

2.6.4 Measurement of Variables

All variables except “network relationships (export assistance)” and “export performance” are latent variables that cannot be measured explicitly.

2.6.4.1 Network Relationships in Terms of Export Assistance Received from Network Actors

A list of export assistance services has been developed by reviewing the Industrial Policy of Bangladesh, Websites of BGMEA, BKMEA, and EPB as well as literature available on the topic in consultation with two academic experts in this field. This resulted in a list of 23 assistance services offered by different government departments/agencies and 15 services offered by quasi- and nongovernment entities. These services were then categorized into two distinct groups based on their nature and objective of the offering. The groups are: (a) EFA and (b) EMA. Respondents were asked to indicate their usage of each service (yes/no) (Gencturk and Kotabe 2001) and the level of benefit from each of the services in the past 5 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 used services' benefit level.

2.6.4.2 Foreign Market 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).

2.6.4.3 Export Commitment

To operationalize “export commitment” construct, several items were adopted from relevant literature (Brodrechtova 2008; Cavusgil and Naor 1987; Cavusgil and Zou 1994; 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).

2.6.4.4 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).

2.6.4.5 Export Performance

For “export performance” construct, we used the Cavusgil and Zou (1994) measures as refined by Styles (1998) with other minor modifications based on received comments from reviewers and the pilot survey. An export performance index was developed for each firm from a summary of responses to each of the items under sales growth and profitability, the importance and achievement of strategic objectives, and perception of success. 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 had a 142-point spread, ranging from a low of 27 to a high of 169 points. The scale had a mean value of 130.90, a standard deviation of 17.56 and ranged from 74 to 163.

2.6.5 Data Profile

There are three broad categories of apparel exporters’ product. A total of 61% of all companies export knit products with 39 and 11% exporting woven products and sweater, respectively. Some exporters produce and export more than one type of product.

About 27% of the respondents have less than or equal to 500 employees. Forty percent have more than 500 but less than or equal to 1,000 employees. About 18% have 1,000–2,000 employees, whereas 15% have more than 2,000 employees. This clearly demonstrates high labor-intensive production processes of the industry.

The data indicates the mere presence of born global firms in the industry. All the responding firms started exporting in the very year of their inception. Around 18% of the responding firms have 1–5 years of experience, whereas about 40% have 6–10 years, 34% have 11–20 years, and 8% have more than 20 years of exporting experience.

Companies are in different stages of internationalization in terms of the number of markets to which they export. Eighteen percent of responding firms export to 1–3 countries, whereas about 50% of them export to 4–6 countries. Thirty-two percent of responding firms export to more than six countries.

All of the respondents are senior executives who have wide knowledge on export markets and exporting procedures. Thirty-five percent of them are either managers or directors while 65% of them are commercial officer, merchandiser, or holding other positions in the firm.

2.6.6 Measurement Estimation

In accordance with Gerbing and Hamilton’s (1996) recommendation, we followed a three-stage approach: first, the measurement scales of latent variables were examined using exploratory factor analysis in SPSS 13. Some items were eventually eliminated

in this process. Then, all remaining items were entered into a confirmatory factor analysis (CFA) in AMOS 7 using maximum likelihood (ML) estimation. Finally, to test the proposed hypotheses, the structural equation model was assessed.

In the CFA model, each item is restricted to load on its prespecified factor. The chi-square for this model is significant ($\chi^2=108.727$, $df=51$, $p<.00$; CMIN/DF=2.132). Since the chi-square statistic is sensitive to sample size, researchers suggest other fit indices that we also assessed: the goodness-of-fit index (GFI)=.931, the adjusted GFI (AGFI)=.894, the incremental fit index (IFI)=.934, the Tucker–Lewis index (TLI)=.913, the comparative fit index (CFI)=.932, and root mean square error of approximation (RMSEA)=.071. All these indices provide the proof of satisfactory model fit. In addition, as shown in Appendix A, the composite reliabilities of the construct measures (.70 or higher) indicate good internal consistency. Convergent validity was evidenced by the significant standardized loadings of each item (.40 or higher) on its corresponding construct. The inter-construct correlations are reported in Table 2.2 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.

2.6.7 *Structural Model Estimation*

The conceptual framework of the study is simultaneously estimated in a structural equation model using ML estimation in AMOS 7. The structural model contains 8 constructs, 12 observed indicators, measurement and latent variable errors. Although it shows a significant chi-square ($\chi^2=184.576$, $df=102$, $p<.00$; CMIN/DF=1.810), other fit indices (GFI=.916, AGFI=.874, IFI=.931, TLI=.905, CFI=.929, RMSEA=.06) provide sufficient proof of model fit. The standardized and unstandardized parameter estimates along with standard error (SE) and critical ratios (CR) are reported in Table 2.3. Direct, indirect, and total effects of the exogenous variables on relevant endogenous variables were estimated with 90% confidence level and are reported in Table 2.4. Fig. 2.2 shows the empirically tested structural model of network relationships and export performance (including supported and nonsupported relationships).

As expected, results support both H1 ($\beta=.153$, $p<.05$) and H2 ($\beta=.357$, $p<.01$), where positive relationships between network relationship in terms of EMA (provided by the government in the former: EMA-G and by the quasi- and nongovernment entities in the latter case: EMA-QNG) and export knowledge were hypothesized. Surprisingly, the results relating to the direct effect of network relationship in terms of EFA with government entities (EFA-G) on export commitment (H3) are found to be not statistically significant. However, as expected, both H4 and H5, relating to the positive direct impact of network relationship with nongovernment financial institutions (EFA-QNG) on export commitment ($\beta=.252$, $p<.01$), and export knowledge on export commitment ($\beta=.203$, $p<.05$), are confirmed. The impact of network relationship in terms of EMA with government agencies (EMA-G) on export marketing strategy (H6) is found to be nonsignificant, whereas the same with quasi- and

Table 2.2 Correlation between constructs, means, and standard deviation

| Variables in the model | Network relationship (EMA-QNG) | Network relationship (EFA-QNG) | Network relationship (EFA-G) | Network relationship (EMA-G) | Foreign market knowledge | Export commitment | Export marketing strategy | Export performance |
|----------------------------------|--------------------------------|--------------------------------|------------------------------|------------------------------|--------------------------|-------------------|---------------------------|--------------------|
| Network relationship (EMA-QNG) | — | | | | | | | |
| Network relationship (EFA-QNG) | .219*** | — | | | | | | |
| Network relationship (EFA-G) | .609*** | .121 ^e | — | | | | | |
| Network relationship (EMA-G) | .143* | .062NS | .292*** | — | | | | |
| Foreign market 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 are not appropriate because these were treated as observed variables
Significance level: * $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$; $\phi \leq .10$; NS = nonsignificant
EMA export marketing assistance, EFA export financial assistance, G government, QNG quasi- and nongovernment

Table 2.3 Results of structural equation model

| Path relationships | Standardized estimate | Unstandardized estimate | SE | Critical ratios | Assessment |
|--|-----------------------|-------------------------|------|-----------------|-------------------|
| <i>Determinants of export knowledge</i> | | | | | |
| Network relationship (NR) (EMA-G) → foreign market knowledge | .153 | .011 | .005 | 2.253** | H1: supported |
| Network relationship (NR) (EMA-QNG) → foreign market knowledge | .357 | .018 | .004 | 4.985*** | H2: supported |
| <i>Determinants of export commitment</i> | | | | | |
| Network relationship (NR) (EFA-G) → export commitment | -.073 | -.004 | .004 | -.944NS | H3: not supported |
| Network relationship (NR) (EFA-QNG) → export commitment | .252 | .028 | .008 | 3.377*** | H4: supported |
| Foreign market knowledge → export commitment | .203 | .179 | .078 | 2.302** | H5: supported |
| <i>Determinants of export marketing strategy</i> | | | | | |
| Network relationship (NR) (EMA-G) → export marketing strategy | -.029 | -.002 | .004 | -.429NS | H6: not supported |
| Network relationship (NR) (EMA-QNG) → export marketing strategy | .123 | .005 | .003 | 1.722* | H7: supported |
| Foreign market knowledge → export marketing strategy | .442 | .354 | .075 | 4.738*** | H8: supported |
| Export commitment → export marketing strategy | .471 | .428 | .082 | 5.211*** | H9: supported |

| | | | | | |
|---|-------|--------|-------|----------|--------------------|
| <i>Determinants of export performance</i> | | | | | |
| Network relationship (NR) | | | | | H10: not supported |
| (EMA-G) → export performance | .050 | .068 | .075 | .907NS | H11: supported |
| Network relationship (NR) | | | | | |
| (EMA-QNG) → export performance | .190 | .186 | .070 | 2.671*** | H12: supported |
| Network relationship (EFA-G) → export performance | .297 | .378 | .087 | 4.339*** | H13: supported |
| Network relationship (NR) | | | | | |
| (EFA-QNG) → export performance | .158 | .383 | .135 | 2.831*** | |
| Export knowledge → export performance | | | | | |
| | .072 | 1.387 | 1.637 | .847NS | H14: not supported |
| Export commitment → export performance | | | | | |
| | .399 | 8.739 | 2.059 | 4.245*** | H15: supported |
| Export marketing strategy → export performance | | | | | |
| | -.107 | -2.564 | 2.858 | -.897NS | H16: not supported |

Significance level: * $p \leq .10$; ** $p \leq .05$; *** $p \leq .01$; NS: nonsignificant
NR network relationship, EMA export marketing assistance, EFA export financial assistance, G government, QNG quasi- and nongovernment

Table 2.4 Standardized direct, indirect, and total effects of causal variables in the model

| Endogenous variables | | | | | | | | | | | |
|---|-----------------|--------------------------|--------|-------------------|--------|---------------------------|---------|--------------------|---------|--|--|
| Causal variables | Type of effects | Foreign market knowledge | | Export commitment | | Export marketing strategy | | Export performance | | | |
| | | Beta | CR | Beta | CR | Beta | CR | Beta | CR | | |
| Network relationship (EMA-G) | Direct effect | .153 | 2.2** | — | — | −.029 | −.50NS | .050 | .89NS | | |
| | Indirect effect | — | — | .031 | 2.0** | .082 | 2.5** | .018 | 1.04NS | | |
| | Total effect | .153 | 2.2** | .031 | 2.0** | .054 | .75NS | .068 | 1.26NS | | |
| Network relationship (EMA-QNG) | Direct effect | .357 | 6.0*** | — | — | .123 | 1.67* | .190 | 2.24** | | |
| | Indirect effect | — | — | .072 | 1.5** | .192 | 4.0*** | .021 | .64NS | | |
| | Total effect | .357 | 6.0*** | .072 | 1.5** | .315 | 4.33*** | .211 | 2.80*** | | |
| Network relationship (EFA-G) | Direct effect | — | — | −.073 | −.80NS | — | — | .297 | 3.98*** | | |
| | Indirect effect | — | — | — | — | −.034 | 1.0NS | −.025 | .80NS | | |
| | Total effect | — | — | −.073 | −.80NS | −.034 | 1.00NS | .272 | 3.39*** | | |
| Network relationship (EFA-QNG) | Direct effect | — | — | .252 | 3.5*** | — | — | .158 | 2.35** | | |
| | Indirect effect | — | — | — | — | .119 | 3.00*** | .088 | 2.63*** | | |
| | Total effect | — | — | .252 | 3.5*** | .119 | 3.00*** | .247 | 3.89*** | | |
| Foreign market knowledge | Direct effect | — | — | .203 | 1.95** | .442 | 3.85*** | .072 | .89NS | | |
| | Indirect effect | — | — | — | — | .096 | 1.97** | .024 | .35NS | | |
| | Total effect | — | — | .203 | 1.95** | .537 | 4.23*** | .096 | 1.50NS | | |
| Export commitment | Direct effect | — | — | — | — | .471 | 4.46*** | .399 | 3.39*** | | |
| | Indirect effect | — | — | — | — | — | — | −.050 | .72NS | | |
| | Total effect | — | — | — | — | .471 | 4.46*** | .349 | 4.01*** | | |
| Export marketing strategy | Direct effect | — | — | — | — | — | — | −.107 | −.75NS | | |
| | Indirect effect | — | — | — | — | — | — | — | — | | |
| | Total effect | — | — | — | — | — | — | −.107 | −.75NS | | |
| EMA export marketing assistance, EFA export financial assistance, G government, QNG quasi- and nongovernment, NS nonsignificant | | | | | | | | | | | |
| Critical ratios (CR) are significant: * $p \leq .10$; ** $p \leq .05$; *** $p \leq .01$ | | | | | | | | | | | |

EMA export marketing assistance, EFA export financial assistance, G government, QNG quasi- and nongovernment, NS nonsignificant
Critical ratios (CR) are significant: * $p \leq .10$; ** $p \leq .05$; *** $p \leq .01$

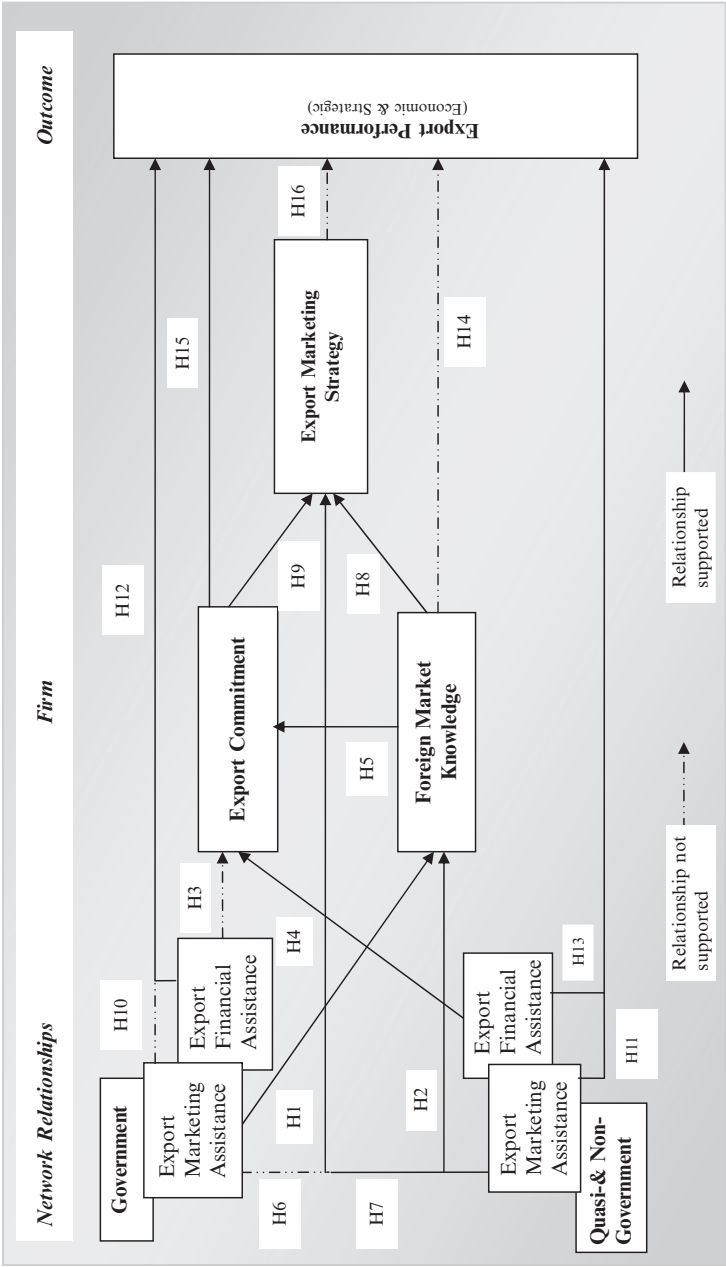


Fig. 2.2 The empirically tested structural model of network relationships and export performance

nongovernment entities (EMA-QNG) on export marketing strategy ($\beta = .123, p < .10$: H7) is significant. In addition, both H8 and H9, relating to the positive direct impact of export knowledge on export marketing strategy ($\beta = .442, p < .01$) and export commitment on export marketing strategy ($\beta = .471, p < .01$), are confirmed. H11, H12, H13, and H15 relating to the positive direct impact of network relationship (EMA-QNG) ($\beta = .190, p < .01$), network relationship (EFA-G) ($\beta = .297, p < .01$), network relationship (EFA-QNG) ($\beta = .158, p < .01$), and export commitment ($\beta = .399, p < .01$) on export performance are confirmed. However, H10, H14, and H16 in relation to the impact of network relationship (EMA-G), export knowledge, and export marketing strategy on export performance are not satisfied.

In terms of indirect and total effects, some are significant and others are not. As shown in Table 2.4, 7 out of 12 possible indirect effects are statistically significant. The indirect effects of network relationship (EMA-G) and (EMA-QNG) on export commitment; network relationship (EMA-G), (EMA-QNG), (EFA-QNG), and export knowledge on export marketing strategy; and network relationship (EFA-QNG) on export performance are found to be positively statistically significant. Positive indirect relationships between network relationship (EMA-QNG) and export marketing strategy, between network relationship (EMA-QNG) and export performance (although nonsignificant), and between network relationship (EFA-QNG) and export performance strengthen the total effects. On the other hand, negative indirect relationships between network relationship (EFA-G) and export performance (although nonsignificant), and between export commitment and export performance weaken the total effects.

2.7 Discussion

In essence, 11 out of 16 predicted direct relationships are statistically significant. In addition, 7 out of 13 possible indirect effects are significant, and 14 out of 20 possible total effects are significant. For the ease of understanding, the results are discussed by categorizing the variables into four distinct groups:

2.7.1 *Determinants of Foreign Market Knowledge*

The most important indicator of foreign market knowledge is network relationship (EMA-QNG), which is more than twice as important as network relationship (EMA-G). In other words, network relationship (EMA-QNG) benefits the development of export knowledge more than network relationship (EMA-G). This finding is supported by the findings of other researchers who found that firms are more satisfied with information and other export marketing services provided by nongovernment entities (Chaudhry and Crick 1998; Dichtl et al. 1990; Leonidou

and Adams-Florou 1999). Government agencies are usually inefficient and do not have up-to-date information that can strengthen and extend the knowledge base of the exporting firms.

2.7.2 Determinants of Export Commitment

Out of three determinants of export commitment, network relationship (EFA-QNG) and export knowledge have direct significant effects on export commitment, but the effect of the former is greater than that of the latter. However, network relationship (EFA-G) has a negative nonsignificant effect on export commitment. This difference in the impact of network relationships (EFA-QNG) and (EFA-G) can be explained by the differential nature of government and quasi- and nongovernment financial assistance. Private financial institutions provide loans for fixed capital to buy land, construct buildings, and machines at the initial stages. This has significant impact on export commitment of the firm. On the other hand, government financial assistance is provided at the advanced stages of firm's operation in the form of short-term stimuli such as tax incentives, duty drawback, etc. This type of incentive can only encourage exporters to increase export in the short term without evoking any long-term commitment to international markets.

The direct positive relationship between export knowledge and export commitment confirms the essential assumption of IP theory as advocated by Johanson and Vahlne (1977). They assert that international involvement, including commitment of irrevocable resources to foreign markets, increases proportionately with knowledge acquisition.

In addition, network relationship (EMA-QNG) as well as network relationship (EMA-G) has indirect and total positive effect on export commitment, although the former has greater impact than the latter. This means that external network relationship with quasi- and nongovernment actors as well as with government entities (in terms of EMA) increases export knowledge of the firm and export knowledge, in turn, increases export commitment.

2.7.3 Determinants of Export Marketing Strategy

Out of four determinants of export marketing strategy, export knowledge and export commitment are found to have similar direct positive and very significant effects. Network relationship (EMA-G) does not have any significant impact while network relationship (EMA-QNG) has only weak effect. This result indicates that government agencies have ironically failed to provide timely up-to-date marketing assistance while such assistance provided by quasi- and nongovernment entities, aimed mainly at achieving short-term export objectives, has some impact on export marketing strategy.

Both export knowledge and export commitment have significant direct positive effects on export marketing strategy, although the latter has slightly higher impact than the former. This indicates that the greater the foreign institutional knowledge, the higher the capability of the firm to formulate and implement proactive export marketing strategies (Ali and Shamsuddoha 2007; Cavusgil and Zou 1994; Douglas and Craig 1989; Julien and Ramangalahy 2003; Styles and Ambler 1994). It also indicates that the higher the export commitment of the firm, the greater the capability of the firm to formulate and implement proactive successful export marketing strategies. Similar results were reported in other studies (Aaby and Slater 1989; Ali and Shamsuddoha 2007; Cavusgil and Zou 1994; Julian 2003; Koh 1991).

Both network relationships (EMA-G and EMA-QNG) have significant indirect effects on export marketing strategy through export knowledge which can be transferred into export marketing strategy. On the other hand, network relationship (EFA-QNG) and export knowledge have significant positive indirect effects on export marketing strategy through export commitment. However, network relationship (EFA-G) has failed to have such impact through export commitment.

2.7.4 Determinants of Export Performance

Out of seven determinants of export performance, four have positive significant direct impact on export performance. Export commitment, network relationship (EFA-G), network relationship (EMA-QNG), and network relationship (EFA-QNG) have significant and strong impact on export performance in decreasing the order of strength. On the other hand, network relationship (EMA-G), export knowledge, and export marketing strategy have failed to have significant impact on export performance.

The relationship between export commitment and export performance of the firm indicates that the higher the international commitment of the firm, the greater the export performance. This result agrees with previous studies (Amine and Cavusgil 1986; Cavusgil and Nevin 1981; Cavusgil and Zou 1994; Donthu and Kim 1993; Katsikeas et al. 1996; Koh 1991; Naidu and Prasad 1994; Singer and Czinkota 1994; Stump et al. 1998; Styles and Ambler 2000).

The impact of network relationship (EFA-G) on export performance is almost twice as strong as that of network relationship (EFA-QNG). This points to a higher commitment by the government to develop the exporting industry of the country, as supported by large and diversified financial promotion programs ranging from income tax incentives to export financing. On the contrary, nongovernment financial assistance is limited to only export financing, guarantee, and insurance. However, out of all determinants of export performance, only network relationship (EFA-QNG) has indirect impact on export performance through export commitment. Since network relationship (EFA-QNG) is built during the initial stages of a firm's operation, it has a significant bearing on the commitment of exporters toward exporting which in turn affects export performance positively.

The positive significant direct impact of network relationship (EMA-QNG) and nonsignificant impact of network relationship (EMA-G) on export performance suggest that marketing assistance provided by the government is not sufficient and effective enough to have impact on export performance while the same provided by nongovernment network participants is adequate and effective to influence export performance positively. Although this finding for government assistance is contrary to some studies (Ali and Shamsuddoha 2007; Francis and Collins-Dodd 2004; Lages and Montgomery 2005; Shamsuddoha and Ali 2006; Singer and Czinkota 1994), nonsignificant relationships are not scarce (Alvarez 2004; Gencturk and Kotabe 2001; Marandu 1995). It is not surprising to have such nonsignificant results in cases where government departments are not sincere and efficient enough in assisting exporters with marketing services. This result is also supported by other researchers who found that in general government assistance programs are of low awareness, use, and usefulness (Ifju and Bush 1994; Kedia and Chhokar 1986; Moini 1998; Seringhaus and Botschen 1991). Another problem persists when interpreting and comparing the results of different studies because most of the researchers used “global” measure of export assistance, thereby making it difficult to separate the impact of specific programs (marketing or financial) on export performance.

The relationship between export marketing strategy and export performance is negative nonsignificant. Although many researchers reported a positive significant relationship between export marketing strategy and export performance (Aaby and Slater 1989; Bodur 1994; Cavusgil and Zou 1994; Chetty and Hamilton 1993; Cooper and Kleinschmidt 1985; Donthu and Kim 1993; Evangelista 1994, 1996; Koh 1991; Madsen 1989; Namiki 1994; Zou et al. 1997), negative relationships are not scarce (e.g., Julian 2003; Kirpalani and MacIntosh 1980; O’Cass and Julian 2003). In a review of export performance literature, Zou and Stan (1998) found more nonsignificant relationships (159) between the two than the positive (119) or negative (20) relationships. As most of the export strategy and performance studies are done in developed countries where exporters have formal export departments as well as formal export marketing strategies to deal with exporting, positive results is more likely in these situations. But this relationship is likely to be weak or even negative in a developing country where most of the exporters do not have any formal export marketing strategy, either for export targeting or for marketing mix strategies. However, even if a formal strategy formulated by the firm is not available, they can rely on the strategy of “buying houses” and/or customers in developed countries. Then eventually we cannot observe the difference in export performance between firms with or without export marketing strategy. In addition, relatively favorable business conditions under preferential measures by USA and EU might have weakened the necessity of marketing strategy in the firms. Given that exporters are either very weak in formulating strategy or they do not have any formal strategy at all, the results suggest that exporters rather capitalize on chance, as “most managers still make decisions based on intuition despite the risks.” (Schoemaker and Russo 1993; p. 9–11; cited in Souchon and Diamantopoulos 1997).

Similarly, export knowledge does not have any significant direct, indirect, and total effect on export performance which is supported by Toften (2005). This indicates that with or without having sufficient export knowledge, exporters have achieved superior performance as they can rely on other actors in external networks with the necessary knowledge. Especially in Bangladesh’s apparel industry, the role of “buying houses” is very important in knowledge sharing. They have gathered experiential knowledge through interaction with key customers abroad and eventually share with manufacturing firms. Although this strategy has proven successful so far, exporters must strengthen their knowledge base to maintain momentum in the international market in the long run.

2.8 Summary of Overall Results, Interpretation, and Policy Implication

Considering the effects of the causal variables, we can summarize the results from both export performance and network (export assistance) perspectives since our main interest is to elucidate the impact of network relationships on export performance. Results from both perspectives with interpretation and policy implication are summarized in Table 2.5.

From *export performance perspective*, considering the direct and total effects, export commitment appears to be the most important antecedent of export performance. It is the most important factor for achieving financial and strategic export marketing objectives. It also determines internal resource commitment to exporting (Lages and Montgomery 2005). Therefore, *Managers* of exporting firms are required to commit more resources (internal and external) to attain superior performance. However, of other antecedents, foreign market knowledge and export marketing strategy do not have any direct, indirect, or total effects on export performance. Thus, it appears that exporters do not need to improve foreign market knowledge and export marketing strategy in the short term.

From *network (export assistance) perspective*, of network relationships (EMA-G) and (EMA-QNG), network relationship (EMA-G) does not have any significant direct, indirect, or total effects on performance while network relationship (EMA-QNG) has significant direct, total, and nonsignificant indirect effects on export performance. *Quasi- and nongovernment network participants* should, therefore, continue their support to exporting firms and work more closely by providing customized timely export marketing services that would bring superior export performance.

Between network relationships (EFA-G) and (EFA-QNG), network relationship (EFA-G) has much greater direct and total effects on export performance than network relationship (EFA-QNG). However, network relationship (EFA-QNG) has significant indirect effect on export performance through export commitment while network relationship (EFA-G) and all other predictors of export performance do not have significant indirect effect on performance. Since network relationship (EFA-G) is targeted at improving performance and provided at the advanced stages of the

Table 2.5 Interpretation of overall results and policy implication

| Results | Interpretation | Policy implication |
|--|--|--|
| <i>Export performance perspective</i> | | |
| Considering <i>De</i> and <i>Te</i> , it appears that among all predictors of EP, EC is the best having the strongest impact on EP. Of other antecedents, FMK and EMS do not have any <i>De/Ie/Te</i> on EP | EC appears to be the most important factor for achieving EP. Ironically, it seems that accumulating FMK as well as formulating EMS is not an effective way, at least in the short run, to achieve better EP | <i>Managers</i> : should commit more resources (internal and outside) to attain superior EP. However, they do not need to improve FMK and EMS in the short run |
| <i>Network relationship (export assistance) perspective</i> | | |
| In terms of EMA, NR (EMA-G) does not have any significant (<i>De/Ie/Te</i>) effect on EP while NR (EMA-QNG) has significant <i>De</i> and <i>Te</i> and nonsignificant <i>Ie</i> on EP. Both have similar significant <i>De</i> on FMK and <i>Ie</i> on EC through FMK but have differential impact on EMS. While NR (EMA-QNG) has positive significant <i>De/Ie/Te</i> on EMS, NR (EMA-G) has only significant <i>Ie</i> on EMS through FMK | NR (EMA-QNG) is beneficial for achieving EP while NR (EMA-G) is not. This result is supported by researchers who found that in general government assistance is of low awareness, use, and usefulness (Seringhaus and Botschen 1991; Ifju and Bush 1994; Kedia and Chhokar 1986; Moini 1998) | <i>Quasi- and nongovernment actors</i> : should continue their support to exporting firms and work more closely by providing customized timely EMA services that would bring superior EP |
| In terms of EFA, NR (EFA-G) has much higher <i>De</i> and <i>Te</i> on EP than NR (EFA-QNG). NR (EFA-QNG) has significant <i>Ie</i> on EP through EC while NR (EFA-G) as well as all other predictors of EP does not have significant <i>Ie</i> on EP | Since NR (EFA-G) is targeted at improving EP and provided at advanced stages of operation, it has <i>De</i> on EP but does not have <i>Ie</i> through EC | <i>Government</i> : should target nonexporters and early stage exporters to help strengthen their EC (Singer and Czinkota 1994) which will in turn induce higher EP <i>Managers</i> : should keep close contact with QNG financial institutions so that they can have timely and customized financial services at below market rate |

NR network relationship, *EFA* export financial assistance, *EMA* export marketing assistance, *G* government, *QNG* quasi- and nongovernment, *EMS* export marketing strategy, *FMK* foreign market knowledge, *EC* export commitment, *EP* export performance, *De* direct effect, *Ie* indirect effect, *Te* total effect

operation in the form of short-term stimuli such as tax incentives, duty drawback, etc., it has direct effect on performance. It none-the-less failed to have indirect effect through export commitment. Government should, therefore, work out ways to provide financial assistance at the initial stages of a firm's operations to encourage commitment to achieve higher performance. Our findings are in line with those of Singer and Czinkota (1994) and echoes in their suggestion for government providers that a strategic approach to the provision of export assistance would be to target nonexporters and early stage exporters to help strengthen their commitment toward exporting. In addition, exporting firms should also keep close contact with quasi- and nongovernment financial institutions so that they can have updated information on their services and take timely actions based on that.

From the preceding discussion, it is clear that the deficiency in marketing assistance and support by the public sector has been complemented by the private sector. At the same time, the inability of public sector financial assistance and services to evoke market commitment of exporters has been complemented by private sector financial assistance and support. The complementarities in support services between public and private sectors in this industry have made it possible to realize better export performance.

2.9 Contributions of the Study

One of the most important contributions of this study lies in the integration of two diverse theories of internationalization under a single umbrella, i.e., IP and BG theories into the framework of export assistance and export performance. Both theories fit smoothly in our framework leaving their areas of differences. This kind of integration is rare, if not nonexistent, in the area of internationalization theory. In addition, while using a narrow or focused approach may overemphasize a particular facet of the complex internationalization process (Dean et al. 2000), this study provides a more complete picture of BG internationalization by inclusion of several external as well as internal firm characteristics and multiple performance measures.

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 by differentiating the impact of government and nongovernment entities.

This research also contributes to the measurement of export assistance by categorizing them according to objectives of offering – EMA and EFA. This measurement scheme reveals that the effects of these two categories of export assistance on antecedents of export performance and export performance itself are not similar (Shamsuddoha and Ali n.d.). Moreover, we have investigated direct, indirect, and total effects of export assistance using advanced and complex methodology like

SEM that only few researchers (e.g., Lages and Montgomery 2005; Ali and Shamsuddoha 2007) attempted before.

This study contributes to the advancement of BG theory by investigating the impact of export assistance on a developing country's BG performance. 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 provides guidelines for other developing countries like India, Sri Lanka, Laos, Pakistan, etc. whose export earnings are heavily dependent on apparel products.

2.10 Limitations of the Study

Every contribution has its precincts as well, and this study is no exception in this regard. We have investigated the impact of different 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, for instance, between low-tech and high-tech ones, 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). We have included only BGs in our sample which limit the appropriateness of the model in the case of traditional global firms. In addition, inclusion of market knowledge and exclusion of knowledge intensity preclude us from generalizing our findings in high-tech industries. For export commitment, we have included behavioral commitment; however, the other dimension of commitment, i.e., attitudinal commitment could be investigated. BGs are highly entrepreneurial and an investigation of the impact of export assistance on the entrepreneurial process including opportunity recognition would advance the literature further.

In addition, we have measured export assistance based on objectives of offering – financial and marketing (narrow global, as defined by Seringhaus (1986). It could be grouped into three categories as suggested by Chadwin (1990): export marketing, export training and education, and export finance, or alternatively 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 incorporated 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.

2.11 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 as managers’ personal characteristics like prior international experience, ambition level, motivation (Madsen and Servais 1997), and external factors like export market competition as determinants of export assistance use (Lages and Montgomery 2005) could be investigated. *Second*, we have included only foreign market knowledge and export commitment as antecedents of export performance from IP theory. However, more common features from the two theories of internationalization (IP and BG) such as preexporting activities, learning, etc. could be integrated into the model. In addition, export commitment from attitudinal perspective could be investigated. *Third*, we have not included any contrast group in this study in terms of users and nonusers of export assistance, degree of internationalization of firms, or in terms of traditional global firms and BGs. 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) or international orientation. *Lastly*, four types of network actors specified by Brandenburger and Nalebuff (1997) would have been integrated in our model to have separate impact of each on export performance and other factors.

2.12 Conclusion

In conclusion, we have investigated direct and indirect effects of network relationships with government and quasi- and nongovernment actors (in terms of export assistance) on export performance and antecedents of it. We found that network relationships have direct and indirect effects on firm export performance with some exceptions. Network relationship in terms of EMA provided by government agencies does not have any impact on export performance while network relationship in terms of EMA provided by quasi- and nongovernment entities has only direct effect. On the other hand, network relationship in terms of EFA provided by government agencies only has direct effect, whereas nongovernment assistance has both direct and indirect effects through export commitment. The results provide useful insights to policy makers and managers of exporting firms and other actors in the network. Ironically, at least in the short run, our result suggests that accumulating foreign market knowledge and formulating export marketing strategy warrant no effective ways of achieving better performance, as opposed to export commitment. Therefore, it is recommended that managers commit more resources to attain superior export performance with no emphasis on market knowledge and strategy. In terms of providing financial assistance, the government is advised to target nonexporters and early stage exporters to help strengthen their export commitment to achieve higher performance.

With respect to providing marketing assistance, quasi- and nongovernment actors are advised to continue their support toward exporting firms in their network. The differential impact of export assistance sponsored by public and private sectors reveals a very interesting condition that prevails in the apparel industry of Bangladesh: the complementarities in services between public and private sectors have made it possible to realize better export performance for exporters.

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