The impact of financial resources on the export performance
- the case of Portuguese exporting firms

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ABSTRACT

Exports are seen by governments as one of the most important keys for driving economic recovery. European countries encourage their firms to export when their primary markets are saturated and depressed. Exports are the preferred mode of entry into foreign markets for small and medium enterprises (SMEs). Export financing assumes even greater importance in the context of the lack of liquidity in European countries such as Portugal, where a significant part of the SMEs are embracing exports to diversify their markets and boost the portfolio of clients, thereby decreasing the dependence on domestic market.

This paper seeks to build a new conceptual framework proposing: i) risk taking have direct causal linkages with export financing resources, ii) the financing resources with innovation orientation and learning orientation, iii) moderator effect of financial constraints between the relations export financing resources-innovation orientation and export financing resources-learning orientation, and iv) their the impact on the export performance. The proposed conceptual model will be tested through a quantitative empirical research using data from exporting Portuguese SMEs. Once tested, it can lead to useful insights for the export firms as well as for the institutions responsible for ensuring higher extent of financing to Portuguese SMEs.

Keywords: risk taking, export financing resources, financial constraints, innovation orientation, learning orientation, export performance
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INTRODUCTION

There are several motivations for countries to export their production. Exports growth is seen by governments as being a driver to economic recovery (Griffith and Czinkota, 2012), and it also helps domestic industries to develop, improve productivity and create new jobs (Czinkota, 1994; Sousa and Bradley, 2009). Besides this, at the corporate level, exports can help firms to improve their prosperity and to expand into new markets (Leonidou, Katsikeas and Samiee, 2002). For their international expansion, firms and SMEs, in particularly, use exports as the most simple, attractive and generalized approach to foreign markets (Lages and Montgomery, 2004).

Thus, in the recent decades, the idea that the exports are critical to successful businesses and the prosperity of the countries has assumed a great prominence in research (Diamantopoulos and Kakkos 2007; Katsikeas, Samiee and Theodosiou 2006).

Hence, it has been very important the study of the determinants of export performance. The study's purpose is to investigate the relationship of financial resources for exports with learning orientation and with and innovation orientation and impact of these variables on export performance of Portuguese SMEs. Once tested, it can lead to useful insights from export firms as well as the institutions responsible for insuring higher extent of financing to Portuguese SMEs.

THEORETICAL FRAMEWORK AND HYPOTHESES

Theoretical Background

The theoretical base of this study is developed through a review of the literature. The conceptual framework is presented in this chapter.

Many authors consider the Uppsala Model as the theoretical point of departure to explain the internationalization of SMEs (Andersson, Gabrielsson and Wictor, 2004). Johanson and Vahlne (1977), from Uppsala School, developed a model to explain the processes of internationalization based on the gradual acquisition and use of knowledge in foreign markets as well as the successive increasing involvement in these markets.
According to this model, the international business involvement increases as the knowledge about foreign markets and operations increases. The involvement is therefore measured according to the resources committed to foreign operations, which grow with the experience. Thus, the perception of risk decreases and involvement tends to grow.

This model, known as Model-U, has provided an explanation for the traditional internationalization of the firms. Later, other researchers have argued about the relation between that model and innovation (Model-I), Gankema, Snuif and Zwart, 2000. Based on Vernon (1966), several studies (Czinkota, 1982; Cavusgil and Naor, 1987) compared the internationalization process to the process of production, considering each later stage as innovation for the firm (Gankema et al., 2000).

The dynamics of the behavior approach is driven by the growing purchasing information, accumulating experience, gradual consolidation of learning processes, training and involvement of knowledge of firm resources. (Leonidou and Katsikeas, 1996).

The export performance has been studied with considerable attention in many research articles. Leonidou et al. (2002) conducted a survey of different performance studies and identified twelve dimensions of export performance. More recently, Sousa, Martinez-Lopez and Coelho (2008) developed a review and synthesized the knowledge on the determinants of export performance, identifying key work in this area between 1998 and 2005, when it was shown that this is a rather complex issue.

The constructs of the model are following presented.

Risk taking

In Covin and Slevin’s (1989) view, one of the measures for strategic posture is risk taking. Naldi et al. (2007) found positive relations among risk taking and other aspects of entrepreneurial behavior such as innovation and proactiveness. It is understood as a strong risk taking propensity by top managers in order to obtain a competitive advantage for their firms. Strategic posture can be generally defined as a firm's global competitive orientation. A firm’s entrepreneurial-conservation orientation is revealing of its strategic posture. Miller (1983) argues that top managers who take risks can innovate in order to obtain a competitive advantage for their firms.

Risk taking involves assuming brave actions by venturing into the unknown (Rauch et al., 2004). It represents a willingness to commit resources to new projects, to pursue opportunities in mind (Ahuja and Lampert, 2001; Baker and Sinkula, 2009), even though such projects have uncertain outcomes (Li et al., 2010). Firms generating new products
based on technological innovations typically take risks, as the demand for the new product is unknown. Managers who are willing to take risks in order a return for potential rewards.

Firm risk taking refers to “the degree to which managers are willing to make large and risky resource commitments - i.e., those which have a reasonable chance of costly failures” (Miller and Friesen, 1978, 923). Those firms act without strong prior experience (Hutt, Reingen and Ronchetto, 1988), different from its current knowledge and markets and getting into an exploration with unexpected results (Lubatkin et al., 2006). Other researchers use the concepts for international entrepreneurship, defining it as “a combination of innovative, proactive and risk-seeking behavior that crosses national borders” (McDougall and Oviatt, 2000, 903).

Export financing resources

Export financing resources relate to specific resources available to exporting firms and allowing them to be in an effective competition in foreign markets. Financial support is considered a fundamental resource to exporting SMEs in view of the international markets. Financial resources are one of the most important elements for Borch, Huse and Senneseth (1999) in the research based on SMEs resources and strategies. These resources allow to finance the production, in a stage that precedes exports and to get financing in advance since importers are often in arrears.

Classically, the most important financial theory has been the Theory of Capital Structure (leverage), by the works of Modigliani and Miller (1958, 1963) and Myers and Majluf (1984). In a recent study, researchers have summarized several other theories to explain the optimal capital structure as a function of various costs and benefits from the financing by debt capital and equity (Silva and Santos, 2012). The following could be highlighted: the Static Trade-off Theory, the Agency Theory (Myers, 1977), the Pecking Order Theory (pioneered by Myers (1984), and developed by Myers and Majluf (1984)) and Credit Rationing Theory (Stiglitz and Weiss, 1981).

The Pecking Order Theory defends that firms first prefer internal sources of financing, then external debt and new external equity as a last resource. However, considering that exporters’ firms have growth strategies (Zahra, Ireland and Hitt, 2000), one could expect the need for more external equity capital.

Even today, there seems to be a dearth of published studies on the subject of exporters’ needs to access financing (Riding et al., 2012). On the other hand, the OECD emphasises that the limited access to external finance is an important obstacle faced by SMEs in many
countries, especially by exporter firms (OECD, 2006). And, according to the OECD, the
capacity to internationalise is often dependent on the available financing, especially for new
exporters, because owners’ personal and private sources are usually limited.
Moreover, SMEs are in general more informational opaque than larger firms, due to the
differences in asymmetric information, therefore, this type of enterprises relies more on
banks and trade credits for financing (Bartholdy and Mateus, 2008).
Consequently, it seems important to understand how SMEs access the financial capital,
particularly exporter SMEs. For SMEs, it is very important to access financing, as entering
international markets requires substantial finance resources (Zahra et al., 2000).

Beck et al. (2008) debate that firms with larger financing needs are more probable to rely on
different sources of external finance, and, in line to the pecking order theory of Myers and
Majluf (1984) the adverse selection in the market for external finance makes it efficient for
the firm to access equity last after all other sources of external finance are levered.
Therefore, Beck et al. (2008) examine financing source as the proportion of investment
financed by external sources: bank debt (includes financing from domestic as well as foreign
banks), equity, leasing, supplier credit, development banks (including finance from both
development and public sector banks), or informal sources.

Riding et al. (2012) also examine different sources of financing: external financing, external
equity capital, external debt capital and trade credit, and their findings indicate that growth-
oriented exporter enterprises are more likely to apply for financial capital.
Considering small firms with high growth, venture capital, we can say that trade credit, short
and intermediate-term financial institution loans and mezzanine fund financing are the most
typical sources of finance used. Taking medium-sized firms and large firms into
consideration, then public equity, commercial paper, medium term notes and public debt
could be used. However, these two last sources are not adjusted to finance exports. Theirs
results are consistent with the findings of Cavusgil (1984) and Tannous (1997) show that
financial needs depending on which stage are exporting firms. In experimental and active
stages, financial export activities is more complicated, for example because of the higher risk
of payment from foreign buyers and the lack of international experience, and therefore, they
should seek venture capital rather traditional financing. By the other hand, in committed
stages, export activities require large investments in working capital and, usually, banks are
the major sources of credit of SMEs.
And here is another point of view: since payment from firms in other countries involves aspects of uncertainty much higher than those faced with domestic firms, credit risk becomes more of an obstacle. That is why, since the financial crisis of 2008, firms have restarted to use trade finance instruments to mitigate the risk inherent to exports. IMF (2011) refers to the importance of letter of credit (letters of credit are used primarily in international trade for large transactions between a supplier in one country and a customer in another), export credit insurance, trade-related lending, trade credit and the products promoted by multilateral development banks (MDBs).

Our concept of export financing resources is in line of Tannous (1997) and is the resources for the export operation and for expanding capacity to make export products, or both. According to Kawas (1997), exporters need financing resources essentially for two reasons: working capital, through trade credit, to run the export business, to manufacture or acquire goods to fill an order, and to reduce their cash cycle, anticipating revenues after shipping goods, as firms often sell on credit and have to waiting to obtain payments at maturity. In the first situation, the level of working capital varies significantly from firm to firm and between different industries (Berk and DeMarzo, 2011). The major sources for these first needs are financing provided by banks and export credit insurance police by insurance credit companies, assigning its rights to the amounts payable under the policy to a financial institution to obtain financing and to mitigate risk. In the second situation, exporter can discount a term draft for payment with an irrevocable commercial letter of credit or discount a trade receivable guaranteed resource (forfaiting). Many studies (Manova, 2008; Berman and Héricourt, 2010) explain how trade finance affects the number of exporters and the size of their sales.

Financial constraints

Riding et al. (2012) defends that, considering the RBV of the firms, firms with broader resources can better avoid barriers to export, such as finance, knowledge, experience, etc. However the acquisition of the requisite resources depends on the process the internationalisation including knowledge about foreign markets (Johanson and Vahlne, 1990). We pointed in this study, depending on stage whether firms are, the use of export financing resources is different. According to Economic Theory, in well-functioning marketplaces, the supply and the demand regulate pricing so that business models will obtain financial capital at an appropriate cost. However, markets are imperfects and the scepticism of the present functioning of capital
markets, as well as the transactions costs and the information asymmetries, reduces the access to capital. This conduces to a financing gap and capital rationing. One of the most used theories to explain these constraints is the Information Asymmetry Theory, because differences in the level of information restrict the amount of financing to small size exporters. Fundamentally, this theory posits that information asymmetry limits lenders’ and investor’s ability to access – and price to – risk. Myers (1984) said that the borrower will be reluctant to seek financing except for exceptional good projects while lenders will always be reluctant to provide full financing. Also, Binks at al (1992) have the same opinion that reducing information asymmetry could enlarge the supply of funds for small firms. These constraints - related to access to finance to small businesses - are a common problem among different countries, not only in European countries (EC, 2011), but also in the USA and in Canada (Tannous, 1997). This last study suggests that the export financing constraints include the lack of finance risky projects, the complexity of international trade instruments, inadequate managerial resources, and small size of some exporters. Some firms may have deferred growth and exporting goals because of financing constraints (Riding et al., 2012; Griffith and Czinkota, 2012). Many researchers argue that the effect of financial constraints is stronger to small firms than for large firms (Beck and Demirguc-Kunt, 2006; Bell, 1997; Berger and Udell, 1998; Galindo and Schiantarelli, 2003). Minetti and Zhu (2011, 109) shows in their reserach the impact of these constraints: “The probability of exporting is 39% lower for rationed firms and the rationing reduce foreign sales by more than 38%”.

**Learning orientation**

Learning orientation reflects firms’ involvement in learning (Sinkula, Baker and Noordewier, 1997), and their open-minded and sharing view. The learning-oriented enterprises create and encourage a learning environment throughout the organization. Other authors contend that the higher the export competence developed by firms the greater the ability to influence and the firm’s ability to make appropriate use of knowledge (Cavusgil and Zou, 1994). Ghoshal (1987) suggested that learning is an important target for firms following international diversification. And, as presented before, in international business transactions there are different risks and payoffs, and the exporter learns from previous experience.

Firms with learning orientation learn from their successes and also from their mistakes and thus tend to achieve better performance (Zahra, Ireland and Hutt, 2000). The process of internationalization is a learning process for enterprises. Some authors argue that, when
companies learn to operate in different markets and with different cultures, they generate knowledge and skills to deal with the new reality. (Porter, 1990; Zahra et al., 2000). Julien and Ramangalahy (2003) use the term export competence as the export experience and the enterprise's domain to exploit them as a resource, this way increasing their involvement with the export.

Learning enables enterprises to define and enter into foreign markets and improve the performance. Many studies relate learning orientation and business performance; however, this relationship is neglected in researches on entrepreneurial business ventures (Kropp, Lindsay and Shoham, 2006). Firms would benefit from becoming more learning-oriented because they could move up over the learning curve on what concerns new production processes (Salomon and Shaver, 2005). Large and more competitive markets might push exporters to become more efficient while the network widening of contacts - with clients, suppliers, competitors - could develop the generation of efficiency improvements and the wider length of international markets could provide the scale economies.

Learning-oriented values are manifested in a firm's behaviour and processes of knowledge acquisition, creation, and transfer as firms modify behaviour to reflect new knowledge and insights (Garvin, 1993), existing values and norms are experiments, and new values are implanted. Sinkula et al. (1997) estimated there are many ways and processes throughout firms learn. The researchers propose a three values' model to study what can influence the firm's learning propensity. First, commitment to learning refers to the extent to which a firm places value on learning (Sackmann, 1991). Thus, firms must develop the ability to think and purpose (Tobin, 1993), and to rate the need to recognize the causes and effects of their actions. Second, shared vision offers individuals, as learning agents, the organizational expectations, outcomes to be measured (Baker and Sinkula, 1999). Third, open-mindedness refers to the extent to which a firm proactively questions long-held routines, and beliefs (Sinkula et al., 1997). Individuals that are open-minded and committed to learning are motivated to learn, but may find it difficult to know what to learn unless a shared vision is in place (Sinkula et al., 1997). Firms learn from their previous realizations and failures, and such information influence the method of thinking and acting.

Innovation orientation
The concept of innovation seems to have appeared with Schumpeter (1934) through creativity, R&D activities, development of new processes, new products and services and technological leadership (Kropp et al., 2006). The innovation orientation relates to R&D activities, development of new processes, new products and services (Calanton, Cavusgil and Zhao, 2002) and new markets (Kropp et al., 2006). The international innovation emerges as a dimension related to the ability to develop and introduce new processes, new products and ideas in international markets (Kandemir and Hult, 2005) and consequently enables firms to offer internationally competitive products (Zhao and Zou, 2002).

While the model developed by the Scandinavian School pointed to the different stages of a firm involved in the internationalization process (Johanson and Wiedersheim-Paul, 1975), other current authors have focused on the internationalization process of the firm under the perspective of innovation (Andersen, 1993). Leonidou and Katsikeas (1996) identified three generic stages: pre-export, initial export and advanced export.

Innovativeness is the predisposition to support new ideas and changes (Ahuja and Lampert, 2001; Rauch et al., 2009). It embraces creativity and investigation in product development, technology adoption and internal processes (Knight, 1997; Baker and Sinkula, 2009).

**Export intensity**

According to Cavusgil (1984), the decision to start exporting is an important commitment for domestic firms and an important step towards internationalization. To Shoham (1998), export earnings can be represented by the set of export intensity (export revenues and total revenues), the absolute amount of export revenues and market share. Export intensity is a variable that provides information on the firms’ orientation to export, and is measured as international sales as a percentage of total sales – international sales/sales - (Filatotchev and Piesse, 2009; Riding et al., 2012).

Calof (1994), Zhao and Zou (2002) define export behaviour as consisting of two dimensions: the export propensity - whether the firm will export - and the export intensity - the proportion of export production. Export intensity is a ratio between a firm’s export value and the production output value (Zhao and Zou, 2002).  

**Export performance**

With today’s complexity of our world, it seems relevant to measure the firm’s performance as a level of their success. Considering the importance that exports hold in the world’s
economies, it is not surprising to find a greater number of researches on exports performance in recent years (Sousa and Lengler, 2009).

Thus, despite some complexity in its measurement (Lages and Montgomery, 2004), the literature states that export performance can be operationalized from several perspectives (Diamantopoulos and Schlegelmilch 1994). Zou and Stan (1998) consider three types of export performance: financial, strategic and in terms of satisfaction. Another perspective presented as a result of his research is a three-dimension export performance: export revenue, profitability and growth. It was underlined that the definition of export performance should be consistent with the definition of firm performance in general (Shoham, 1998). Therefore, if companies use sales growth as a performance measure, the measure of export performance should be the growth in export sales. Export performance is a multidimensional construct that needs multidimensional conceptualizations (Sousa, 2004). Nevertheless, Sousa and Bradley (2009) utilized three items: export market share, overall satisfaction, and how competitors rate the firm’s export performance. Lages, Lages and Lages (2005) considered five aspects of export performance: financial performance, strategic performance, achievement of objectives, and contribution of individual unit of export (country-product-customer) for the export operations of the firm, and satisfaction with the overall performance of export venture level.

The determinants considered in studies on export performance are both external and internal to the firm (Grandinetti and Mason, 2012). The export performance has been essentially measured in three different ways: economically, strategically and financially (Julian and Ali, 2009). The first measure is the one that is being increasingly used and includes indicators such as sales and market share. Strategically, performance can be measured by an increase in market share, achieving a competitive position in export markets. In financial terms, the performance is measured through attitudes or perceptions, such as perceived export success or satisfaction with operations in foreign markets (Cavusgil and Zou, 1994).

Greenaway, Guariglia and Kneller (2007), in a study of British firms during the period of 1993-2003, concluded that there is a direct relationship between participation in foreign markets and the increase of ex-post financial performance of firms. The results of this study suggest that export promoting policies could be useful, reducing the level of financial constraints faced by firms, and indirectly increase their investment and productivity. This latter effect may be particularly relevant for SMEs, whose investment is often limited by lack of funding.
In a recent study on Portuguese product exporter, Silva (2012) offered a postulation, also supported by other researchers (Ganesh Kumar, Sen and Vaidya (2001); Greenaway et al., 2007), according to which exports may have a positive effect on firm financial performance, due to a revenue diversification effect and through the signal given to financial markets (reducing informational asymmetries), that is, “only the best achieve to export”. This way, companies improve the ability to obtain financing and reduce their dependence on suppliers. Another research conducted with companies in the Czech Republic (Manole and Spatareanu, 2010) shows that only ex ante firms will have sufficient liquidity to export. Based on a review of the literature produced between 1998 and 2005 on the determinants of export performance, Sousa et al. (2008) concluded that the existence of programs sponsored by governments and non-government agencies positively contribute to the performance of export enterprises. Also, researchers Sousa and Bradley (2009) concluded that the use of export assistance programs is a major determinant of the export performance of Portuguese firms. Therefore, the mentors of public policy should continue to invest in these programs and encourage firms in these intensive programs.

Research hypotheses

Based on the literature review and on the importance of export financing resources, innovation orientation and learning orientation for export performance, this research propose twelve theoretical hypotheses. Those hypotheses take into account the managerial characteristics and their influence on firm’s decision to undertake funding investments on its export operation. Also, the conceptual framework of the model to be developed is based on the resource-based view (RBV) theory. This theory emphasizes resources as the core capability for the firm to achieve competitive advantage and thereby improve its performance. This research regards the export performance as the dependent variable of the conceptual model and considers three independent variables – export financial resources, learning orientation and innovation orientation -, and export intensity as a mediator variable.

With the future empirical study, we expected to contribute to a better understanding of the impact of export financial resources on export performance improvement. In future field interviews and field research, the model could be supported. An overview of the complete conceptual framework is presented in Figure 1. Both, the traditional literature on international business (Buckley and Casson, 1976) and the latest literature on entrepreneurship (Zahra et al., 2000), suggest that internationalization should be driven by firms’ efforts to leverage its innovation capabilities and learning orientation.
This study aims to investigate the different sources of financing used by Portuguese SMEs in their export process, and examine three specific sources of competitive advantage, 'export financial resources', 'innovation orientation' and 'learning orientation', and their impact on the export performance. The review of the literature leads to a conceptual model from which the work derives testable research hypotheses.

John et al. (2008) focus in managerial risk choices in firm investment decisions and their consequent implications for firm value-maximizing and expected cash flows. This is in line of what agency theory support that the extent of involvement in risky activities is likely to be influenced by the ownership and governance of the firm (Fama, 1980; Fama and Jensen, 1983). Thus a firm’s risk taking can vary between managers and owners. Consequently, some agency theory researchers suggest that equity ownership effects managers’risk taking propensity (Zajac and Westphal, 1994), proposing that managers turn into risk averse as their ownership in the firm grows (Beatty and Zajac, 1994). Under a low investor protection environment risk taking is lower. One explanation could be given by the power of nonequity stakeholders, such as banks that are in a dominant position, in terms of firms financing, and may limit value-enhancing corporate risk taking to protect their interests, as well as provide funds with higher cost of capital.

In fact, risk taking firms could be in an aggressive environment in terms of access funding. Griffith and Czinkota (2012) said that true export growth is realized from taking risks and being innovative and proactive and those operations need better priority financing.

Thus, the following hypothesis will be tested:

H1: The higher the manager's proclivity to take risks, the greater the level of needed export financing resources.

Since the pioneering work of Schumpeter (1934) on innovation, the role of financial resources in attaining superior levels of innovation has been pointed out by different authors. King and Levine (1993) argued that better access to financial systems improves the degree of innovation. The rationale behind that argument is that firms can benefit from innovations when they manage to channel more financial resources into their process, which may lead to the creation of the correct set of processes to enhance firm’s innovative capacity.

This leads us to the following hypothesis:

H2: The higher the level of export financing resources, the greater the innovation orientation of the firm.
Wiklund and Shepherd (2005) argue that financial resources seem to have a great importance to small firms and they have also found that entrepreneurial and learning strategies require considerable financial resources to have success. Moreover, as financial resources are liquid and flexible, firms can re-affect them into new initiatives. The fundamental reason for this argument is that firms can benefit from learning when they have more financial resources into their approach to international markets, which may lead to the knowledge of the different risks, payoffs and other conditions of markets abroad. Thus, the following hypothesis will be tested in the future research:

H3: The higher the level of financial resources committed to support exports, the greater the learning orientation of the firm.

Bell (1997) concluded that financial constraints, such as export financing resources, currency fluctuations and delays in payments, can decrease international capabilities of small innovative firms. On other hand, learning orientation is a broader concept that holds many characteristics of adaptation and change. Therefore, it will be tested the impact of financing export resources on the innovation orientation and learning orientation can decrease due to the financial constraints that limit the investment on R&D as well as the capabilities to adapt to firms environments. Thus, we propose the following hypothesis:

H4: The positive relationship between export financing resources and innovation orientation is moderated by financial constraints such that the relationship is weaker for higher levels of financial constraints.

H5: The positive relationship between export financing resources and learning orientation is moderated by financial constraints such that the relationship is weaker for higher levels of financial constraints.

Learning orientation addresses subjects of information processing by concentrating on knowledge, memory, error correction (Senge, 1990). For the production management’s point of view learning is seen through the importance of learning curves, productivity and for endogenous and exogenous sources of learning (Mavondo et al., 2005). Many studies indicate that LO has significant impact on innovation (Chen et al., 2009; Hurley and Hult, 1998; Mavondo, Chimhanzi and Stewart, 2005).

Calantone et al. (2002) believe the link between learning orientation and innovation orientation could be established upon three ideas: the first is related to technological innovation, the second is related to the emergence of new markets and the ability to understand and anticipate the recent demand of consumers, and the third states that an
organization committed to learning is more innovative than their competitors. As a result, researchers argue that, if the learning orientation can be considered an input/antecedent, the innovation orientation should be an output of learning efforts (Calantone et al., 2002; Hurley and Hult, 1998). The rational for this is the relationship between LO and innovation is a lying on a continuum of explotation-explotation (Mavondo et al., 2005). To respond and adapt quickly to customer needs firms must have the capacity to learn, thus they can use knowledge in changing competitive climate, which is associated with innovation (Hurley and Hult, 1998). Therefore, we intend to test the following hypothesis:

H6: The higher the level of learning orientation, the higher the innovation orientation.

Sousa et al. (2008) identified a positive influence of programs sponsored by governments and non-governmental agencies on the export intensity. These resources are used by firms, mostly as extra resources. Our review of previous studies has identified an important gap. Besides these programs, empirical research on the financial support to exports is limited. One of the few studies concluded that the availability of financial resources for export activities affect export venture performance outcomes (Morgan et al., 2004).

It is interesting to study the relationship between financing resources and export intensity (measured as the percentage of sales revenues obtained from exports). The essential reason for this is because firms that gained the financial capital to produce products for exportation, with working capital and liquidity requirements, are better positioned to improve the level of exports. Thus, the following hypothesis is:

H7: The higher the level of export financing resources the greater the export intensity.

Amine and Cavusgil (1986), in a study of the British firms from clothing sector, concluded that there was a positive relationship between export intensity and export performance. Lu and Beamish (2001) studied the effects of internationalisation on the SMEs performance, identifying how firms become more competitive as they expand internationally their businesses. The strategies studied were exports and foreign direct investment in listed Japanese SMEs. The authors found that higher export intensity contributed positively to firm performance, considering the effect of exchange rate (the results could change because of the fluctuations of exchange rate). The conclusion is consistent when the yen was weaker. The rationale behind that argument is that export performance can increase from export intensity when firms manage to increase their export volume of sales and production in the extended geographic markets, which may guide to gains related to scale and scope economies. This leads us to the following hypothesis:
H8: Export intensity positively affects export performance.

Several scholars support the importance of learning orientation on firm performance (Calantone, Cavusgil and Zhao, 2002; Zahra et al., 2000; Baker and Sinkula, 1999). Learning enables firms to reach and enter into new markets and increase performance (Zahra et al., 2000). Kropp et al. (2006) tested a positive relationship between learning orientation and IEBV (international entrepreneurial business venture). So, because of the importance of learning in the export processes, we will test the following hypothesis:

H9: Learning orientation is positively related to the export performance.

Depending on industry or on the comparative advantages of a country, positive or negative relationships between innovation and export intensity have been found. For example, Pla-Barber and Alegre’s (2007) results, based on a sample of firms in the French biotechnology industry, confirm a positive and significant link between innovation and export intensity. However, if the firms researched belong to a country that is known for its comparative advantage related with low labour and production costs, such as China, the results may be the opposite (Zhao and Zou, 2002).

Calantone et al. (2002) defend that the ability to innovate is the most important determinant of business performance. As argued by Knight and Cavusgil (2004), the international innovation is a critical dimension for international success, and has a positive effect on the international performance of SMEs.

Consequently, this leads to the following hypothesis:

H10: Innovation orientation is positively related to export performance.

Researchers have found that fundamental to export success is access to financial resources (Ling-yee and Ogunmokun, 2001; Leonidous, 2004; Morgan, Kaleka and Katsikeas, 2004). The need of working capital and financial liquidity for export operations means that access to financial resources is an essential factor for the success of exporters (Morgan et al., 2004; Griffith, 2011; Kaleka, 2011; Griffith and Czinkota, 2012). As the availability of financial export resources is very important to export venture performance outcomes, we theorize:

H11: The higher the level of financial resources committed to support exports, the greater the export performance of the firm.

The conceptual framework on Figure 1 presents our theoretical hypotheses.
RESEARCH METHODOLOGY

Sample and data collection procedure

As mentioned before, the research setting is the country of Portugal. The population consists of all Portuguese SME exporters of goods. These SMEs are in the official database of INE. These data will allow test the hypotheses and to estimate the population among SME exporter firms in the sample and to extrapolate these estimates to the wider population. Although, it is not evident what constitutes “exporting”, because database includes firms that only have one-off transaction and at the other extreme firms export 100% of their production.

Data description: exporters by sector and by regions

The population is 33,861 firms, representing 9.7% of total Portuguese SMEs, and their turnover represents 40% of all SMEs in Portugal (INE, 2011). The most representative sectors of exporting SMEs are: trade, manufacturing and construction, which, together, represented 84% of total exports and 89% of turnover generated by the exporters in 2009.
Regionally, the north of Portugal is the region that creates more export (37%), followed by the centre with 19% and the Lisbon region with 33% of the total. Based on the randomly selected sample, a structured questionnaire will be constructed to send to managers involved in export operations. It will be expect to refine measures through interviews – exploratory qualitative analysis - with the experts in the field. Based on the outputs of the interviews, the questionnaire will be pretested by a small number of managers to reach the final version of the survey. The master questionnaire is being prepared in English and will be back-translate to Portuguese.

Data analysis

To build the constructs and to verify if they fit with framework theory, it will be done an exploratory factor analysis. Next step, it will be a confirmatory factor analysis to validate fit indices of this factor structure and verify if the analyses are good fit for the model. And, because it will be necessary to test the relationships between the different constructs simultaneously, structural equation modeling will be used. Structural equation modeling (SEM) consists of two stages: testing the measurement model and testing the structural model (Anderson and Gerbing, 1988). The measurement model refers to the indicators and/or sub-constructs that reflect the relevant constructs, while the structural model addresses the relationships among the constructs.

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