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Citation: Haddoud, Mohamed Yacine, Jones, Paul and Newbery, Robert (2017) Export promotion programmes and SMEs' performance. *Journal of Small Business and Enterprise Development*, 24 (1). pp. 68-87. ISSN 1462-6004

Published by: Emerald

URL: <https://doi.org/10.1108/JSBED-07-2016-0116> <<https://doi.org/10.1108/JSBED-07-2016-0116>>

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## Export Promotion Programmes and SMEs' Performance: Exploring the Network Promotion Role

### Abstract

**Purpose** – The purpose of this study is to investigate the network promotion role of export promotion programmes in driving SMEs' export performance.

**Design/methodology/approach** – Drawing on a dual institutional and network based approaches to internationalisation, the study tests an integrative model that explores the mediating role of SMEs' relationships quality in the link between Government Export Promotion Programmes (both informational and experiential forms) and export performance. The model was tested using a sample of 160 UK small and medium exporter firms. The data were analysed through a structural equation modelling technique.

**Findings** – The study finds that whilst both informational and experiential export promotion programmes improved all forms of SMEs' relationships, only experiential forms had an indirect effect on export performance. Further, only relationships quality with foreign buyers had a positive impact on export performance.

**Research limitations/implications** –The results of this research provide directions for export promotion organisations in targeting their network support provision and for SMEs in utilising such a support. The study calls for similar research in different contexts to validate the proposed model.

**Originality/value** – This study brings novel findings to the extant literature by conceptualising and validating the importance of the “network promotion” element of export promotion programmes.

**Keywords:** SMEs' relationships quality, SMEs, Export Performance, Export promotion, UK.

**Paper type:** Research paper.

## Introduction

Small business development can considerably benefit from international activities. It has been well evidenced that exporting improves Small and Medium Enterprises' (SMEs) growth, competitiveness and survival through increasing their productivity, innovation, and performance (Wagner, 2013; Pattnayak and Thangavelu, 2014). As a result, governments are now increasingly offering a wide range of export promotion programmes with the aim of assisting SMEs in their export activities (Freixanet, 2012, Pickernell *et al.*, 2016).

However, export programmes have been the subject of many criticisms, such as low usage rate, ambiguous targeting and lack of credibility (Hogan *et al.*, 1991; Lederman, *et al.*, 2010). Consequently, an increasing number of empirical studies have been dedicated to evaluating the real impact on firms' export performance (Francis and Collins-Dodd, 2004; Freixanet, 2012; Wilkinson and Brouthers, 2006), yet these studies remain limited (Lederman *et al.*, 2016). In fact, most have narrowly focused on the direct link between export promotion and export performance, lacking the depth required to recommend improvements (Lages and Montgomery, 2005). Therefore, further research has been called for to investigate the mechanism whereby these programmes act, that is, the indirect effect of export promotion programmes on firms' performance (Lages and Montgomery, 2005; Leonidou *et al.*, 2011). In particular, the intervention of other parties in the export supply chain such as suppliers and foreign buyers has been suggested as a missing link in this relationship (Leonidou *et al.*, 2011). This inclusion would enhance the current understanding of the role of these programmes in increasing SMEs' export performance, enabling more efficient support and less ambiguous targeting (Wilkinson *et al.*, 2000).

Since these programmes are seen as a resource supplement (Leonidou *et al.*, 2011), their role could be assessed in greater depth through their influence on SMEs' export-related resources and capabilities. Amongst these resources, relational resources are proven to be critical to firms' internationalisation. These are typically developed through long-term relationships with peer firms (Lavie, 2006). In this respect, it has been acknowledged that an important element of export promotion activities is to create and promote networking opportunities (Welch *et al.*, 1998). Hence, the efficiency of export promotion programmes may be seen through their role in enhancing SMEs' relationships quality.

Different types of support may have a varied influence in enhancing SMEs' relationships. For instance, early claims have acknowledged the superiority of the experience based

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3 programmes over more information oriented programmes in increasing firms' export  
4 performance (Singer and Czinkota, 1994). However, there is limited evidence to confirm  
5 such a claim. Similarly, not all types of relationships will have an influence on SMEs' export  
6 performance. Local and foreign relationships are believed to have a different influence on  
7 firms' internationalisation (Wilkinson *et al.*, 2000). While these have been separately  
8 assessed, there is a need to compare the importance of such collaborations in the  
9 internationalisation process. To allow for improved targeting and higher export promotion  
10 efficiency, it is important to distinguish between types of programmes and the different  
11 relationships involved. Such findings would provide essential guidance to Export Promotion  
12 Organisations (EPOs) in their network promotion function.

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21 To fully investigate the role of export promotion in stimulating networking activities, three  
22 key research questions are proposed. These are: (1) "what kinds of support can enhance  
23 SMEs' relationships quality?" (2) "what type of relationships does this support enhance?"  
24 and (3) "which relationships increase SMEs' export performance?". To address these  
25 research questions, this study develops and tests a conceptual model theorised within the  
26 institutional and network views that explores the indirect impact of Government Export  
27 Promotion Programmes (GEPPs) adoption on export performance, through the mediating  
28 roles of SMEs' local and foreign collaborations. The study contributes to the export literature  
29 in several ways. First, it reveals and compares the indirect effects of experiential and  
30 informational types of GEPP on SMEs' export performance. Second, and for the first time,  
31 the study identifies and tests the network promotion role of such programmes in enhancing  
32 relationships and cooperation with local businesses and with foreign buyers. These  
33 contributions would provide a more comprehensive insight into the mechanism whereby  
34 export promotion programmes act to improve SMEs' export performance. Uncovering such a  
35 mechanism would allow policy makers to improve and enhance the effectiveness of these  
36 programmes.

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48 This study is structured as follows. The next section presents definitions and the theoretical  
49 foundations underpinning this study, then the conceptual model is illustrated and the  
50 hypotheses discussed. Thereafter, a description of the methods, analysis and key results is  
51 provided in the following section. Lastly, a discussion and key conclusions are presented.

### **Government Export Promotion Programmes: Definition and Types**

GEPPs are defined as comprising government efforts toward assisting firms to be successful in export markets. GEPPs interventions can take the form of seminars, workshops and conferences on exporting, trade fairs and missions, individual consultancy and mentoring and support by foreign offices (Freixanet, 2012). According to Gençtürk and Kotabe (2001), Kotabe and Czinkota (1992) and Singer and Czinkota (1994), GEPPs may be classified in relation to the nature of knowledge offered. The authors identified informational and experiential knowledge, with the former obtained through workshops and seminars; and the latter acquired through direct contacts with foreign markets and clients. Based on this taxonomy, this paper classifies the GEPPs into informational and experiential programmes (Faroque and Takahashi, 2015). By informational GEPPs, the study refers to programmes providing users with informational services such as “How-to-export” workshops and seminars, individual export counselling, export training programmes and foreign language support, whereas experiential GEPPs include services where users get the chance to either travel to the potential market or meet potential clients, these include trade shows and missions, support by trade offices abroad and programmes identifying foreign agents and distributors. Table 1 outlines the various types of GEPPs included in this study.

**Insert Table 1 Here**

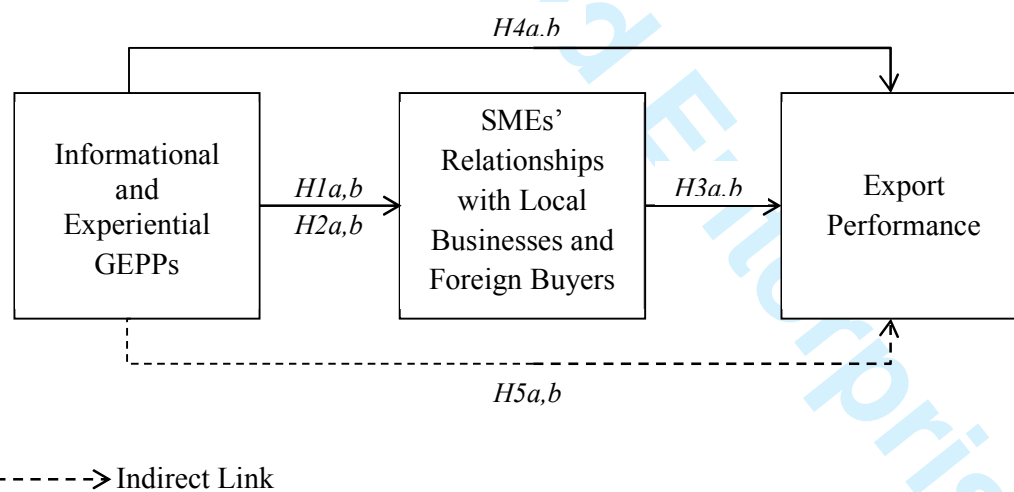
### **The Institutional Theory and Network Perspective to Internationalisation**

The conceptual model developed in the paper draws on a dual-approach linking the institutional theory and the network perspective. In an internationalisation context, the institutional approach is of great relevance (Szyliowicz and Galvin, 2010; Oparaocha, 2015) as it helps to understand how firms exploit institutional links in order to develop entrepreneurial behaviour (Bruton *et al.*, 2010) and international activities. Particularly relevant to studying governmental export assistance, the institutional theory provides a solid theoretical base to explain the enhancing role of institutional interactions on firms' internationalisation (Oparaocha, 2015). Such interactions would typically provide an access to additional resources that firms may use in their international development (Oparaocha, 2015). This assistance is believed to be crucial for SMEs to overcome the hostile and uncertain environment often associated with export markets (Seringhaus and Rosson, 1991). Thus far, it has been well acknowledged that export promotion programmes help firms in improving both internal and external resources (Gençtürk and Kotabe, 2001; Leonidou *et al.*,

2011). Amongst these resources, relational resources are perhaps the set of resources that would benefit the most. Relational resources are resources that can be accessed through both formal and informal relationships amongst peer firms, these resources could be in the form of intangible resources such as market knowledge, skills and expertise, and tangible resources including raw materials, machinery, and equipment. Early evidence suggests that institutional interactions would act as an important facilitator for this type of resources (Welch *et al.*, 1998). In turn, these relational resources would help to compensate the resource deficiencies SMEs often suffer from (Chetty and Holm, 2000; Coviello and Munro, 1997). This may constitute an important determinant of firms' international performance. Currently, interdependence between firms in the internationalisation context is of increasing importance (Johanson and Mattsson, 2015). Known as the network perspective to internationalisation, it is argued that firms use business relationships to gain additional assets and markets in order to improve international performance (Chetty and Holm, 2000; Johanson and Mattsson, 2015). The following section discusses these effects further.

### Conceptual Framework and Hypotheses Development

This study is based on the following conceptual model:



**Figure 1.**  
Conceptual model

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3 In this model, the study hypothesises that the use of experiential and informational GEPPs  
4 positively influences firms' export performance through enhancing firms' relationships  
5 quality with local businesses and foreign buyers. This extends previous models, namely  
6 Lages and Montgomery's, 2005; Leonidou *et al's*, 2011 and Shamsuddoha *et al's*, 2009, in  
7 three ways. First, it tests the indirect effect of both informational and experiential GEPPs on  
8 export performance, instead of taking export promotion as one inclusive construct, second,  
9 this indirect effect is proposed to occur through external resources rather than internal ones  
10 and third, it separates relational resources attained from peer firms and relational resources  
11 gained from foreign buyers to distinguish their importance. The following sub-sections  
12 discuss the model further and outline the proposed hypotheses.

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21 *GEPPs and SMEs' relationships: An institutionally based approach*

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23 The ability to build relationships with foreign buyers is a crucial capability that exporting  
24 firms need to acquire (Leonidou, 2004). However, developing such networks can be  
25 problematic in an export context due to the communication problems arising from geographic  
26 distances separating importers and exporters in international markets (Leonidou *et al.*, 2011).  
27 Furthermore, exporters are often confronted with difficulties in finding reliable and accessible  
28 foreign buyers and distributors (Neupert *et al.*, 2006; Wilkinson and Brouthers, 2006).  
29 Against this, export promotion programmes can play an important role in assisting exporters  
30 in developing their capacity of building relationships. Oparaocha (2015) explains that  
31 government institutional links assist firms in overcoming barriers hindering firms'  
32 internationalisation.

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41 In this vein, a considerable part of the export promotion is about networking (Welch *et al.*,  
42 1998). Informational activities, such as presentations at seminars, workshops, and export  
43 groups provide potential and existing exporters with the opportunity to access useful  
44 information and knowledge. Export groups for example, often lead to increased attention  
45 given by local businesses to cooperative strategies such as partnering and outsourcing (Welch  
46 *et al.*, 1998). Export programmes involving grouping schemes were revealed to be a useful  
47 way to develop and sustain such cooperative SMEs' relationship. Without government  
48 intervention to facilitate the establishment and maintenance of such groups, they would not  
49 exist, as in general, firms are not aware of the benefits of cooperative strategies.

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60 As for developing relationships with foreign buyers, this could be done through offering  
firms informational related programmes that guide them in locating overseas distributors and

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3 agents, finding suitable foreign buyers and developing efficient negotiation skills (Leonidou  
4 *et al.*, 2011). Lages and Montgomery (2005) explained that export promotion programmes  
5 improve firms' resources which would, in turn, help these firms create and develop  
6 international networks. In their study on Austrade (an Australian export assistance  
7 organisation), Welch *et al* (1998) acknowledged that informational programmes provided  
8 their users with knowledge about the countries' culture, which can reduce the risks of cultural  
9 conflicts with foreign distributors and improve the relationship quality (Durmuşoğlu *et al.*,  
10 2012). Hence, the following hypotheses are proposed:

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17 *H1a.* The use of informational GEPPs increases the quality of SMEs' relationships  
18 with local businesses.

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21 *H1b.* The use of informational GEPPs increases the quality of SMEs' relationships  
22 with foreign buyers.

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24 With regard to experiential programmes, through participating in trade fairs and missions  
25 exporters are able to benefit from face-to-face contacts with potential foreign buyers, and  
26 hence identify their needs more effectively and offer them appropriate products (Leonidou *et*  
27 *al.*, 2011). For example, Freixanet (2012) found that in Spain, a higher use of trade mission  
28 and sponsored foreign trade shows, allowed exporters to achieve cooperation agreements,  
29 create sales networks and obtain business contacts in foreign markets. In the US, trade  
30 missions and shows provided managers with the opportunity to investigate and meet potential  
31 foreign customers and distributors and build initial international business contacts (Wilkinson  
32 and Brouthers, 2006). Physically going to international markets increases the participants'  
33 experiential knowledge (Spence, 2003).

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41 Even when the firm is already established in a given market, trade shows enable a firm to  
42 expand its presence in the targeted markets through meeting additional buyers (Seringhaus  
43 and Rosson, 1991). Spence (2003) acknowledged that firms with high export experience  
44 participate in trade missions in order to maintain their existing relationships, while exporters  
45 with less experience tend to build new ones. Spence found that after two years participation  
46 in the trade mission, exporters were still generating foreign sales through maintaining  
47 dialogues with influential contacts in the targeted export markets. Although the current  
48 communication technologies may facilitate business networks across countries, personal and  
49 face-to-face contacts with foreign agents and buyers remain necessary to enhance  
50 commitment and increase sales (Spence, 2003).



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3 Similarly, with respect to contacts with local businesses, participating in trade missions  
4 allows firms to become aware of the local business networks (Young, 1995). Trade missions  
5 enhance the process of building relationships with business partners in the long term (Spence,  
6 2003). By participating in trade missions and shows, firms' managers can develop valuable  
7 and long-term relationships with local firms' managers through social interactions (Yli-  
8 Renko *et al.*, 2002). Trade missions often lead to the creation of export groups in which  
9 information and informal contacts are generated (Welch *et al.*, 1998). Being part of an export  
10 group can considerably enhance network development and foreign knowledge creation.  
11 Particularly, export promotion activities would enhance the creation and use of both foreign  
12 and local networks. In this respect, export promotion agencies provide formal settings for the  
13 export group members to arrange meetings organise trade missions and host overseas  
14 delegations. Within these export groups, informal networks among participants are developed.  
15 Over time, such informal contacts become stronger than formal ones. Because members of  
16 these groups had often common purposes, cooperation among them is stronger. Therefore:  
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27 *H2a.* The use of experiential GEPPs increases the quality of SMEs' relationships with  
28 local businesses.  
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30 *H2b.* The use of experiential GEPPs increases the quality of SMEs' relationships with  
31 foreign buyers.  
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### 33 *SMEs' relationships and export performance: A network-based approach*

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36 Firms do not operate in isolation but evolve through different forms of business relationships  
37 with various stakeholders (Welch *et al.*, 1998). Resulting from such connections, relational  
38 resources can play a crucial role in enhancing firms' export behaviour (Lavie, 2006).  
39 Resources can be considerably developed between firms (Welch *et al.*, 1998) and these  
40 generally depend on the cooperation level amongst those firms (Wilkinson *et al.*, 2000).  
41 Wright *et al* (2007) confirmed that researchers should look at the firm as a part of a network  
42 from which it can benefit from tangible and intangible external resources, such resources can  
43 positively affect the firms' internationalisation (Bonaccorsi, 1992; Freeman *et al.*, 2012).  
44 Furthermore, international entrepreneurs often use their local networks to scan for business  
45 opportunities in foreign markets (Felzensztein *et al.*, 2015)  
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54 Despite the scarce empirical evidence, few studies supported the general idea that local  
55 networks are important for international market access (Boehe, 2013). It was revealed that  
56 both business and institutional networks are important for export performance (He and Wei,  
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2013). For example, research in China demonstrated that local knowledge and information exchange taking place through trade associations can enhance firms' internationalisation (Yiu *et al.*, 2007). Similarly, Singh (2009) concluded that the network benefits resulting from participation in business group affiliations often offset the lack of reliable institutions supporting businesses in emerging markets such as India. These networks act as resource complement for the firm's internal resources and capabilities. They also reduce uncertainties and ambiguities in export markets through information sharing.

Evidence from Brazil suggests that being part of a local network increases the firm's reachability (through personal referrals) and visibility in international markets, which can generate considerable new opportunities (Boehe, 2013). In Italy, Zucchella and Siano (2014) found partnerships with suppliers significantly increased export performance through the spill-overs of innovation and Research and Development (R&D) capabilities. Wilkinson *et al.* (2000) explain that firms collaborating with complementary domestic suppliers considerably increase the quality of their inputs, which would subsequently enhance their international competitiveness. Furthermore, relational resources may facilitate access to different types of resources, including political influence, reputation, and even emotional support (Oh *et al.*, 2006). Recent evidence from Romania acknowledged that both social and business networks represented the most important and reliable resource for SMEs' internationalisation (Stoian *et al.*, 2016). Equally, evidence from Norway and Ireland showed that networks played an important role in increase speed of internationalisation (Langseth *et al.*, 2016). Therefore, the following hypothesis is proposed:

*H3a.* SMEs' relationships quality with local businesses increases export performance.

As for the influence of firms' relationships quality between firms and foreign buyers (between importers and exporters), the latter has been considered as a positive and significant determinant of export performance (Kim and Hemmert, 2016; Lages *et al.*, 2005; Leonidou *et al.*, 2014; Ling-Yee 2004; Theingi and Purchase, 2011; Ural, 2009). Social capital plays a crucial role in increasing export intensity (Ling-Yee, 2004). Business-to-business networks enhance SMEs' productivity and competitiveness (Kim and Hemmert, 2016). Exporters who exchanged their confidential and strategic information with their importers have seen their export performance improved. The information exchange allows the exporter to reduce uncertainties related to foreign markets and may constitute a competitive advantage (Ural,

2009). Similarly, long-term associations will certainly implicate close cooperation and both goal and risk sharing which can also constitute a competitive advantage.

Theingi and Purchase (2011) stated that the main determinant of firms' strategic performance was resources emerging from export intermediaries. When SMEs have close relationships and high collaboration with their distributors, these would benefit from their foreign knowledge and experience. Customer (importer) relationships are an important source of intelligence which provides SMEs with important information and know-how for internationalisation. Such relationships often help SMEs overcome entry barriers to foreign markets by giving them access to their importers' cross-cultural, technical, and commercial competencies (Kim and Hemmert, 2016)

Equally, relationships with business partners could be a source of innovation which would then constitute an important predictor of export performance (Boso *et al.*, 2013; Nalcaci and Yagci, 2014). Moreover, Ismail *et al* (2014) found that the relationship quality with importers significantly increases the exporters' competitive advantages in terms of cost, product and service. In Chile, Maldifassi and Caorsi (2014) found that having allies in the host country was amongst the export success factors of SMEs. Cooperation between exporters and importers creates a team spirit environment which assists exporters in facing the challenges associated with internationalisation, generating sales, improving profitability and reducing costs (Leonidou *et al.*, 2014). Thus, the following hypothesis is proposed.

*H3a.* Good relationship quality with local businesses increases SMEs' export performance.

#### *GEPPs and export performance*

*The direct link.* Several past studies have investigated the direct effect of GEPPs (as a whole) on firms' export performance (Alvarez, 2004; Cadot *et al.*, 2012; Cansino *et al.*, 2013; Gençtürk and Kotabe, 2001; Francis and Collins-Dodd, 2004; Freixanet, 2012; Lederman *et al.*, 2016; Sousa and Bradley, 2009). Most of these studies confirmed the positive and crucial role that GEPPs can play in improving firms' performance in overseas markets. SMEs are potentially able to overcome export barriers using public assistance (Kalafsky, 2016). GEPPs' users benefit from new skills, knowledge and effective relationships with government institutions, hence, achieving higher export performance than non-users in terms of financial, stakeholder, strategic and organisational goals achievement (Durmuşoğlu *et al.*, 2012),

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3 market share (Sousa and Bradley, 2009), export sales (Cansino *et al.*, 2013) and product  
4 diversification (Freixanet, 2012). In the long-term, export promotion was found to be a  
5 positive influence on both export destinations and products (Cadot *et al.*, 2012). They were  
6 also found to significantly increase firms' probability of export survival (Alvarez, 2004;  
7 Lederman *et al.*, 2016). Thus, the following hypothesis is proposed:  
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11 *H4a.* The use of informational GEPPs increases SMEs' export performance directly.  
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15 *H4b.* The use of experiential GEPPs increases SMEs' export performance directly.  
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17 *The indirect link.* Few studies have tested the indirect impact of the GEPPs on firms' export  
18 performance. For example, Lages and Montgomery (2005) confirmed the indirect effect of  
19 these programmes through the firms' pricing strategies, whilst Calderón *et al* (2005)  
20 explained this link through the improvement of management quality, skills, contacts,  
21 experience and competitiveness. Shamsuddoha *et al* (2009) concluded that the indirect  
22 influence takes place through increasing managerial factors including export perception,  
23 international marketing knowledge, and export commitment, and Leonidou *et al* (2011)  
24 claimed the intervening roles of firms' resources and capabilities in the link between export  
25 assistance, export marketing strategy and performance. Recently, Jalali (2012) explained the  
26 GEPPs' indirect effect through export strategy, knowledge and commitment. Therefore,  
27 based on these findings and the hypotheses above, the study argues that the GEPPs have an  
28 indirect impact on SMEs' export performance through increasing their relationships quality  
29 with peer firms. The following hypotheses are proposed:  
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40 *H5a.* The use of Informational GEPPs increases SMEs' export performance through  
41 enhancing their local and foreign relationships quality.  
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44 *H5b.* The use of Experiential GEPPs increases SMEs' export performance through  
45 enhancing their local and foreign relationships quality.  
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## 48 **Methods**

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50 The hypotheses were tested using a survey targeting British exporters in various  
51 manufacturing sectors. The UK manufacturing sector has long been regarded as an important  
52 actor in world export markets. However, the UK has seen its share of the world exports  
53 declining and outpaced by new competition led by China and India. This makes the UK  
54 context constitutes a fertile ground to investigate the role of GEPPs (Leonidou *et al.*, 2011).  
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3 The survey targeted exporting firms employing less than 500 employees. This threshold was  
4 adopted to distinguish resource-constrained firms who are the most likely to seek export  
5 assistance. Precedents to such approach were employed in several previous studies (Dhanaraj  
6 and Beamish, 2003; Morgan and Katsikeas, 1997; Wilkinson and Brouthers, 2006; Wolff and  
7 Pett, 2000) [1]. A sample of exporting firms was randomly selected from the Key Note online  
8 database (Key Note, 2015). To enhance the response rate, both online and postal methods  
9 were employed to distribute the questionnaires (Leonidou *et al.*, 2011).

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15 Overall, the study obtained a response rate of approximately 18% percent (160 usable  
16 responses). This equates to the 15-20 per cent average return rates reported in prior studies  
17 targeting managers (Menon *et al.*, 1999; Sousa *et al.*, 2008). The key informants were mainly  
18 the owner, the general director or the export director (Francis and Collins-Dodd, 2004;  
19 Freixanet, 2012). The survey collected information from one respondent per firm as Sousa *et*  
20 *al* (2008) acknowledged that in the case of SMEs, there is often only one person dealing with  
21 export activities and this is not necessarily a dedicated “export manager”.

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28 To check for non-response bias, the study adopted Armstrong and Overton’s (1977)  
29 extrapolation method using t-tests and comparing the means of 30 late respondents  
30 (representing non-respondents) with 30 early respondents using 15 randomly selected items  
31 (Ketkar *et al.*, 2012). There were no significant differences in the chosen items validating the  
32 sample as representative of the population. To deal with common method bias, the  
33 questionnaire included several reversed item statements (Lings *et al.*, 2014). In addition,  
34 posthoc tests for common method bias were applied using Harman’s one-factor and an  
35 additional method proposed by Podsakoff *et al* (2003) and employed by Liang *et al* (2007).  
36 With respect to Harman’s single factor, the first factor accounted for 34.9 percent of the  
37 variances which is less than the critical 50 per cent. Regarding Podsakoff, *et al*’s (2003)  
38 method, A PLS model that included a Common Method Factor incorporating all items of the  
39 study and estimated each item’s variances that explained its principle construct and common  
40 method factor was run. The results demonstrated that most method based factor loadings  
41 were statistically non-significant, and the average variance of the items was 0.79 compared to  
42 the average method based variances of 0.004. Hence, it can be confirmed that common  
43 method bias is unlikely to be a significant issue in this study (Liang *et al.*, 2007; Lings *et al.*,  
44 2014). The targeted SMEs came from various manufacturing sectors including food,  
45 beverage, tobacco, textile and clothing, metal products, wood and paper products, furniture  
46 and other manufacturing. Table 2 reports the characteristics of the responding firms.

**Insert Table 2 Here****Measurement**

To capture the export promotion programmes offered to British exporters, the GEPPs' constructs were operationalized using several items extracted from previous studies on UK export promotion (Leonidou *et al.*, 2011; Wilkinson and Brouthers, 2006). These items were checked against the different services and programmes offered by the British Chamber of Commerce and the UK Trade and Investment (UKTI) to confirm their suitability. In this survey, managers were asked to assess how often their firm used the export promotion programmes sponsored or organised by the EPOs (see table 1), on a five-point scale.

Assessing the SMEs' relationships quality with local business and foreign buyers was conducted on a five-point scale using a measure developed by Lages *et al* (2005) known as RELQUAL (relationship quality) and employed in Ural (2009). This measure is useful to assess the degree of relationship quality between different parties and involves four dimensions namely; the amount of information sharing, communication quality, long-term orientation and satisfaction with relationship. Lages *et al* (2005) explained the rationale behind including these dimensions in the relationship quality is that in general relationships are developed through information and communication. Such information can be in the form of data or ideas systematically analysed or summarised. Communication takes place when employees from different firms share their understanding and perceptions of these data/ideas amongst each other. Such collaborations in the long-term would lead to a goal and risk sharing meaning that each part would expect the performance of these relationships to predict their own firm's performance. Eventually, being satisfied with these relationships would make the partners more considerate toward maintaining such contacts.

With regard to the export performance construct, a multi-dimension measurement scale conceptualised as a second-order construct was used (Hultman *et al.*, 2011). This was measured using the "EXPERF" composite developed by Zou *et al* (1998). This measure captures three performance dimensions namely: financial, strategic and satisfaction. Financial measures assess the firm's profits, sales growth and sales volumes achieved in export markets, whereas the strategic measures capture the contributions of the export venture to the firm's global competitiveness, global strategic position, and global market share, ultimately, the satisfaction dimension reflects the firm's perceived success of the export venture (Zou *et al.*,

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3 1998). In addition to this, and to enhance the objectivity of the financial dimension, export  
4 intensity was added to the composite.  
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7 To test the structural model, the study employed second order latent variables, which are  
8 constructs that contain two layers of components (Hair *et al.*, 2014). Higher order variables  
9 were used to illustrate the four dimensions of the RELQUAL in addition to the three  
10 dimensions of the EXPERF. Finally, the study controlled for firm size (Alvarez, 2007) and  
11 firms' experience (Alvarez, 2007; Stoian *et al.*, 2011).  
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## 16 **Analysis and Results**

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18 To test the model, the study applied a non-linear regression-based PLS-SEM using WarpPLS  
19 4.0 software (Kock, 2013). The PLS-SEM technique is recognised as appropriate for theory  
20 building and testing (Hair *et al.*, 2011). In this study, the measurement model is tested at both  
21 first order and second order levels following the "two-stage approach" (Becker *et al.*, 2012).  
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### 26 *Measurement model of the first order variables*

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28 Prior to using the SEM analysis, an exploratory factor analysis was conducted to validate the  
29 measurements used. The factors loadings associated with indicators of all corresponding  
30 constructs were higher than the 0.5 thresholds (Ketkar *et al.*, 2012). Thereafter, using SEM,  
31 the measurement model was checked. In this study, the use of GEPPs is an observable  
32 behaviour and hence could be measured with an averaged formative index. In this case, its  
33 measurement model is assessed through the indicators' weights and the Variance Inflation  
34 Factor (VIF) (Hair, *et al.*, 2011; Schmiedel *et al.*, 2014) (see table3). As for the remaining  
35 first order reflective variables, these are assessed through (1) the indicators' loadings  
36 (through a Confirmatory Factor Analysis PLS approach) to check the indicators' reliability,  
37 (2) both composite and Cronbach's Alpha coefficients to examine the constructs' reliability ,  
38 (3) the full Variance Inflation Factor (VIF) for multicollinearity among constructs and (3) the  
39 Average Variance Extracted (AVE) (see table 4) and the square roots of AVE to inspect the  
40 constructs' convergent and discriminant validities respectively (see table 5). Tables 3, 4 and 5  
41 indicate that all criteria for a good measurement model have been met.  
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53 **Insert Tables 3, 4 and 5 Here**

### 54 *Measurement model of the second order variables*

The second order measurement model was assessed for (1) the individual indicators' loadings, (2) the full VIF for multicollinearity, the composite and Cronbach's alpha coefficients for reliability and (3) the AVE (see table 6). Table 6 indicates that the coefficients of the composite reliability, Cronbach's alpha, and AVEs and full VIFs had satisfactory values suggesting that the second order measurement model has good quality indices in terms of reliability and convergent validity presents no issue of multicollinearity. Additionally, the square root of AVE was also assessed and showed no issues with discriminant validity.

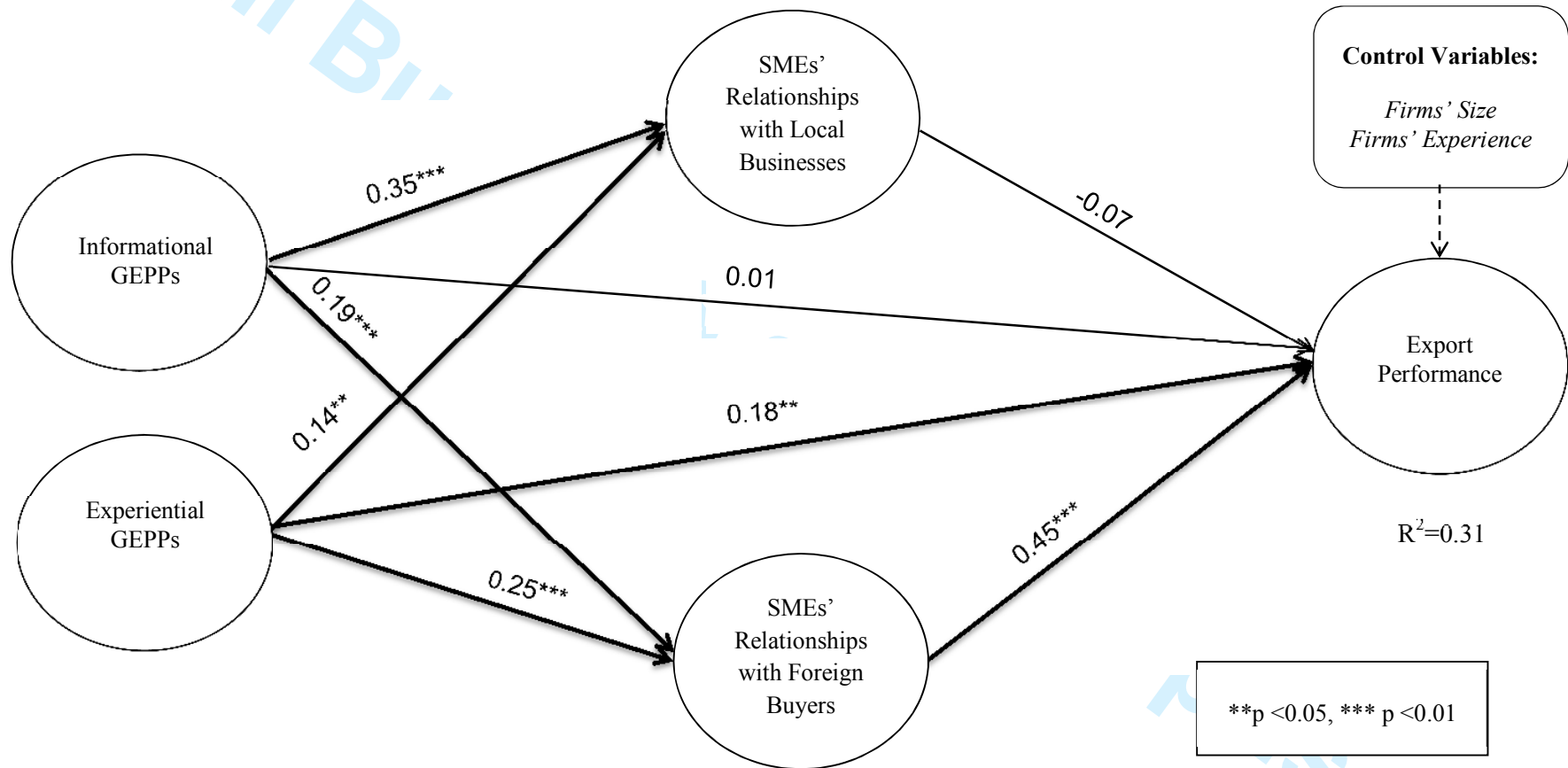
### Insert Table 6 Here

#### *The Structural Model*

Figure 2 presents the path coefficients ( $\beta$ ), the  $p$  values and the  $R^2$  values of the correlations. The following results were obtained. First, the use of both informational and experiential GEPPs was revealed to have a positive and statistically significant influence on SMEs' relationships quality with both local businesses and foreign buyers. Hence, H1a, H1b, H2a, and H2b are all supported. In addition, it was noticed that while the use of informational GEPPs had a stronger effect on the relationship quality with local businesses (compared with foreign buyers), the experiential GEPPs had a larger effect on SMEs' relationships quality with foreign buyers (compared with local businesses). Regarding the  $R^2$  values, the study found that 22 per cent of the RQLB's variances and 18 percent of the RQFB's variances were explained by the use of GEPPs. Turning to the effects of the SMEs' relationships quality on export performance, only SMEs' relationships quality with foreign buyers were found to be positive and statistically significant. As a result, H3a is rejected whereas H3b is supported. With an  $R^2$  of 0.31, it is concluded that the SMEs' relationships quality explain 31 percent of the variances in the SMEs' export performance which constitutes a medium to strong effect.

Concerning the direct link between the use of GEPPs and SMEs' export performance, while the informational GEPPs had a non-significant direct effect on export performance ( $p=0.42$ ), the use of experiential GEPPs significantly increased SMEs' export performance ( $p=0.002$ ), therefore, H4a can be rejected and H4b supported. As for the indirect effect, the mediation effects were tested following Hair *et al's* (2014) guidance. The indirect link between the informational GEPPs and the export performance was non-significant ( $p=0.16$ ), hence rejecting H5a. Alternatively, the indirect effect of the experiential GEPPs on the SMEs' export performance was positive and statistically significant ( $p=0.05$ ), hence H5b is accepted and a partial mediation through SMEs' relationships with foreign buyers confirmed.





**Figure 2.**  
Path Coefficients and Significance

## Discussion

This study has revealed that the use of GEPPs has an indirect impact on export performance through the enhancement of SMEs' relationships quality. Therefore, questions regarding the kinds of GEPPs enhancing SMEs' relationships and the types of relationships increasing export performance were addressed. It was found that both informational and experiential GEPPs affect the SMEs' relationships quality with both local businesses and foreign buyers. However, only relationships with foreign buyers were, in turn, found to have a positive impact on export performance. It was also found that only experiential GEPPs have an indirect effect on export performance. These findings contribute to the current literature by uncovering the network promotion mechanism whereby export assistance increases SMEs' export performance.

With respect to the effect of GEPPs on SMEs' relationships quality, the findings confirm the role of the institutional theory in explaining SMEs' internationalisation and these are in line with several previous studies. Export promotion agencies can provide their users with valuable information regarding foreign countries' regulations, business practices, and cultures, which would, in turn, reduce the risks of conflicts and clashes between the exporters and their foreign customers (Welch *et al.*, 1998). Moreover, through participating in trade fairs and missions, exporters looking to expand internationally can benefit from face-to-face contacts which would considerably enhance their chances to establish efficient, solid, trusted and long-term relationships (Freixanet, 2012; Leonidou *et al.*, 2011; Wilkinson and Brouters, 2006). In addition, participants in informational and experiential promotion programmes may benefit from stronger links with local businesses. These programmes could be seen as a platform for local businesses where not only formal cooperation and collaboration can take place but also informal relationships through information sharing and social interactions would emerge (Kontinen and Ojala, 2011).

The findings also illustrate that while informational GEPPs have a stronger effect on relationships quality with local businesses, experiential GEPPs have a stronger impact on relationships quality with foreign buyers. This can be explained by the fact that during informational programmes, exporters are only in direct contact with local businesses and hence the formal and informal ties can only take place with local participants. Conversely, when businesses participate in trade shows and missions they get the opportunity to be directly in touch with potential foreign buyers and hence build new relationships or maintain

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3 new ones. These findings add to the current literature by highlighting the different roles  
4 informational and experiential programmes have on SMEs' activities.  
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7 Turning to the influence of SMEs' relationships quality, the findings confirm the network  
8 perspective view to internationalisation. It was found that SMEs' relationships quality  
9 improves export performance. This supports the view that cooperation could be seen as an  
10 important predictor of export performance (Lages *et al.*, 2005; Ural, 2009). However, only  
11 relationships with foreign buyers have a statistically significant positive influence on SMEs'  
12 export performance. Cooperation with foreign buyers allows the exporter to benefit from  
13 increased sales and profits as well as reduced costs (Leonidou *et al.*, 2014).  
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19 This study is the first to compare the effects of both forms of SMEs' relationships with local  
20 business and with foreign buyers. Hence, an initial conclusion is that SMEs' relationships  
21 with foreign buyers are the only set of relational resources important to exporters.  
22 Nonetheless, when isolating the RQLB's effect, the latter became statistically significant  
23 ( $\beta=0.18$ ,  $p<0.01$ ). Therefore, it could be argued that the non-significant effect of SMEs'  
24 relationships with local businesses was due to the importance and overwhelming role that the  
25 SMEs' relationships with foreign buyers. That is, the statistical effect of relationships with  
26 local businesses has been overpowered by the effect of the relationships with foreign buyers.  
27 A similar scenario was reported in a previous study on Chinese exporters (Ling-Yee and  
28 Ogunmokun, 2001).  
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36 In conclusion, it is argued that although both SMEs' forms of relationships are important, the  
37 importance of the relationship quality with foreign buyers should be emphasised over the one  
38 with local business. In this respect, maintaining close relationships with intermediaries and  
39 importers allows the exporters to secure a constant demand (Theingi and Purchase, 2011) and  
40 to benefit from several transactions over time instead of a single one (Lages *et al.*, 2005).  
41 Exporters can also gain crucial market knowledge from their overseas intermediaries and  
42 distributors, which can in turn provide the firm with a competitive advantage and increase its  
43 performance (Ural, 2009). These conclusions shed new light on the role of different forms of  
44 relationships, i.e. local vs. foreign, in enhancing SMEs' export performance, a distinction  
45 thus far overlooked in the literature. .  
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53 Finally, our findings have revealed that SMEs' relationships quality with foreign buyers  
54 partially mediate a significant part of the experiential export promotion programmes' effect  
55 on export performance. Not only have these findings confirmed the indirect effect of the  
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3 GEPPs, but demonstrate that such an effect is more from experiential programmes and does  
4 take place through enhancing SMEs' networking activities with overseas distributors and  
5 importers. It was apparent that despite limited exploratory studies (such as Spence, 2003), the  
6 export promotion literature has overlooked this aspect and hence this study stresses the role  
7 that such programmes can play in improving exporters' networking capability, which in turn  
8 would enhance SMEs' performance in overseas markets. The fact that only experiential  
9 GEPPs have an indirect effect on SMEs' export performance leads us to the conclusion that  
10 programmes providing experiential knowledge would be more beneficial in terms of export  
11 performance than informational programmes (Singer and Czinkota, 1994). Often, through  
12 services identifying potential foreign buyers, trade fairs and missions, exporters have great  
13 opportunities to locate reliable customers, meet them and build-up successful and long term  
14 relationships (Freixanet, 2012; Spence, 2003; Wilkinson and Brouters, 2006).  
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### 24 **Theoretical Implications**

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26 This study contributes to knowledge by illustrating the indirect impact of both informational  
27 and experiential GEPPs on SMEs' export performance. This was achieved by developing and  
28 testing a model exploring the indirect links between these two variables. The mediation  
29 analysis illustrates that only experiential GEPPs were proved to hold such an indirect link.  
30 This link was found to be conveyed by resources that are external to the firm and comprising  
31 SMEs' cooperation and collaboration with foreign buyers. This provides an important insight  
32 into the mechanism whereby export promotion assists companies in benefiting from  
33 relational resources, a mechanism thus far overlooked in the empirical literature. Leonidou *et*  
34 *al* (2011) clearly acknowledged that most studies on export promotion fail to uncover how  
35 export promotion programmes can be instrumental in helping SMEs in their  
36 internationalisation. Uncovering such a mechanism will be crucial in helping both policy  
37 makers and researchers in improving the efficiency and effectiveness of these promotion  
38 programmes.  
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49 In particular, the study reveals the superiority of the experiential GEPPs over the  
50 informational programmes in increasing SMEs' export performance. However, it should be  
51 acknowledged that informational GEPPs were found to be more efficient in enhancing local  
52 relationships quality than experiential programmes. It is believed that such a network  
53 promotion role in enhancing local cooperation has been neglected both in theory and practice.  
54 In fact, in the export literature, the increasing attention dedicated to the role of networks and  
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3 collaborations in international markets seems to have presumed that this only occur between  
4 exporters and importers and hence local cooperation has been overlooked.  
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7 Using two distinct variables illustrating SMEs' relationships quality, the study confirms the  
8 role of relational resources as predictors of export performance and mediators in the link  
9 GEPPs-export performance. It also goes a step further by highlighting the primacy of the  
10 benefits gained through relationships with foreign buyers over the ones accessed through  
11 connections with local businesses. On the basis of such findings, it is argued that experiential  
12 GEPPs increase export performance through enhancing SMEs' relationships quality with  
13 foreign buyers. However, a further analysis has illustrated cooperation with local businesses  
14 is still an important element for SMEs' success in international markets.  
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### 20 21 **Policy and Managerial Implications** 22

23 The findings provide new insights into ways EPOs can enhance SMEs' export performance  
24 (Wilkinson *et al.*, 2000). Particularly for policy makers, this study uncovers the significant  
25 network promotion role of GEPPs in increasing SMEs' export performance through  
26 improving SMEs' relationships quality. The present findings provide essential directions to  
27 EPOs to exploit and benefit from the network promotion function of the export promotion  
28 programmes.  
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34 Given the importance of informational GEPPs at the local level in terms of networking, EPOs  
35 should emphasise the creation of business platforms and grouping schemes, such as "How-to-  
36 export" seminars, trainings and workshops, which would enhance the creation of formal and  
37 informal local networks. Informational programmes and grouping schemes have the double  
38 benefits of providing useful export knowledge and information to exporters and creating links  
39 and develop formal and informal international cooperation strategies. While participating in  
40 such programmes, exporters can cooperate with each other's in various areas from which  
41 outsourcing, distribution, supply chain and market knowledge. Hence, these EPOs should not  
42 only focus on the knowledge role but also maximise SMEs' relationships and cooperation  
43 opportunities amongst local businesses that could be generated in such local events. This  
44 could be done by an effective identification of potential areas of collaborations among local  
45 participants. EPOs in this case will act as a facilitator for the development of domestic formal  
46 and informal SMEs' relationships (Wilkinson *et al.*, 2000). Currently, informational  
47 programmes tend to be solely used to provide information and guidance while their network  
48 promotion role can be easily overlooked.  
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3 Additionally, these grouping schemes and export platforms should also be encouraged  
4 internationally through collaboration with overseas EPOs where exporters would have  
5 opportunities to network with potential agents and customers. Again, the government bodies  
6 would facilitate such a foreign collaboration. Particularly, as our study revealed a stronger  
7 impact of foreign collaboration on SMEs' export performance, the GEPPs should put a  
8 greater emphasis on the international network role when setting up informational  
9 programmes, joint scheming groups and export platforms. In collaboration with foreign  
10 export agencies, areas of cooperation could be identified, developed and nurtured.

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17 With regard to the experiential programmes, although their international network promotion  
18 function has been well established, their role in enhancing relationships' quality with local  
19 businesses is less well known. Thus far, events such as trade shows and missions tend to  
20 emphasise collaborations with foreign partners only (Kalafsky, 2016). However, given the  
21 relative importance of local networks discussed in this research, EPOs should not only use  
22 trade shows and missions in creating foreign contacts, but also in encouraging and developing  
23 formal and informal relationships and cooperation amongst local businesses participating in  
24 these events. Social interactions emerging during such events should be used as a prelude for  
25 cooperation strategies.

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33 In terms of managerial implications, the findings highlight the importance and relevance of  
34 experiential GEPPs in assisting firms in succeeding within international markets. Hence,  
35 SMEs are strongly encouraged to make use of these services to increase their performance in  
36 overseas markets. More importantly, a considerable part of the effect of such programmes is  
37 conveyed through firms' cooperation and collaboration with foreign buyers, thus SME  
38 managers are strongly advised to pay particular attention to their formal and informal  
39 relationships with foreign clients, and allocate sufficient resources to enhance these links.  
40 Resources gained through such contacts were revealed to be among the predictors of export  
41 performance. Having said this, relationships with local businesses are also important and  
42 should not be neglected.

### 43 44 45 46 47 48 49 50 **Limitations**

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53 This study recognises several limitations. First, the proposed model was tested in the UK, a  
54 developed country, thus meeting Lages and Montgomery's (2005) and Leonidou *et al*'s (2011)  
55 calls for more research testing these models in developing countries. Second, the study  
56 included SMEs from various manufacturing sectors to ensure generalisability. However,  
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3 SMEs from different sectors can react differently when being exposed to foreign markets and  
4 future research could explore this further. Third, due to the cross-sectional nature of the data,  
5 the causal relationships argued in this study should be interpreted with caution. The current  
6 study identifies patterns of association which are consistent with the causal relationships  
7 developed in the conceptual model. The study, therefore, does not exclude alternative  
8 interpretations of the findings (Cadogan *et al.*, 2001). Fourth, and in line with Hultman *et al.*'s  
9 suggestion (2011), the study also argues that a longitudinal design could be the ultimate  
10 approach to explore the network role of EPOs.  
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### 17 Notes

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20 1. A t-test comparing means across all the constructs involved in the proposed model has  
21 shown that for almost all variables, no significant differences have been noted  
22 between firms with less than 250 employees and firms employing between 250 and  
23 500 employees. A t-test comparing means across all the constructs involved in the  
24 proposed model has shown that for almost all variables, no significant differences  
25 have been noted between firms with less than 250 employees and firms employing  
26 between 250 and 500 employees  
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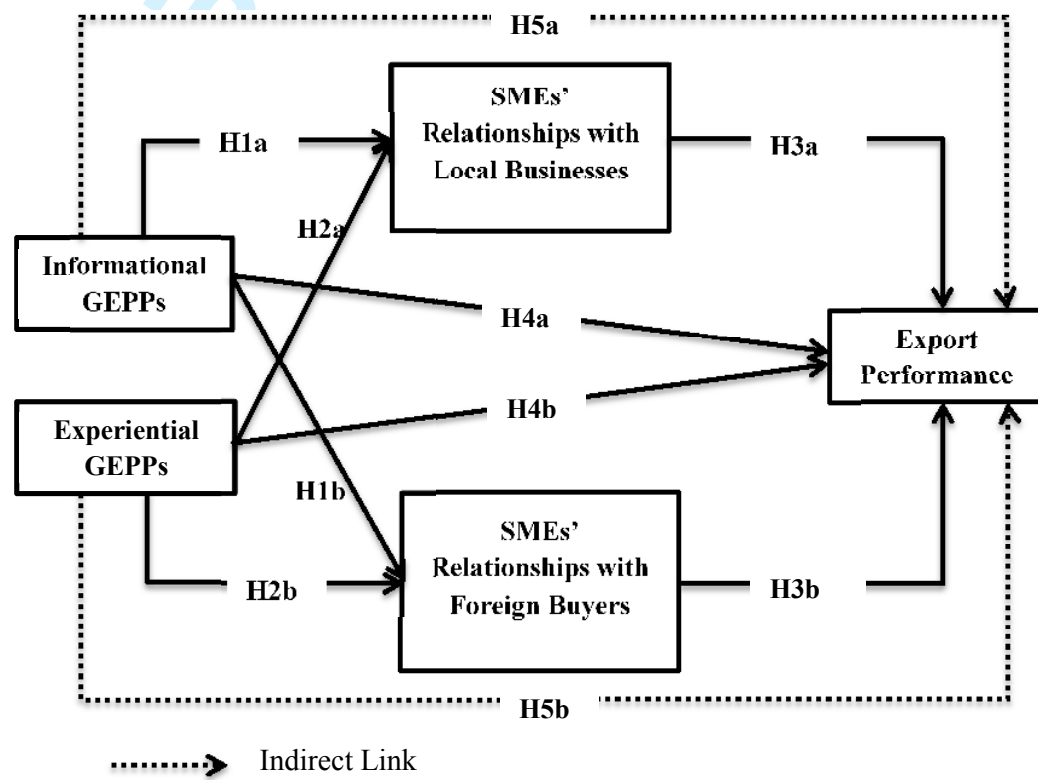


Figure. 1: Conceptual model

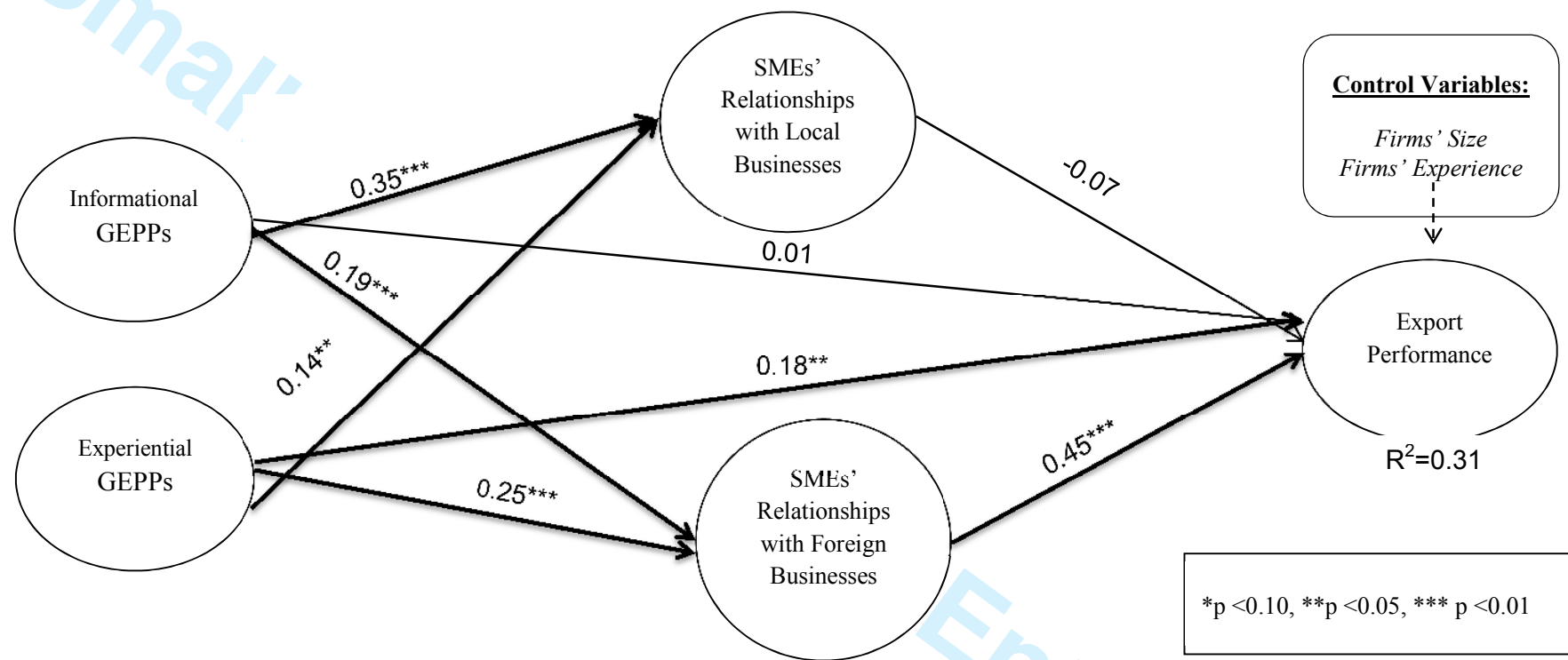


Figure 2. Path Coefficients and Significance



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**Table 1.**  
Types of export promotion programmes

<b>Informational GEPPs</b>	<b>Experiential GEPPs</b>
"How-to-export" workshops and seminars	Trade shows
Individual export counselling or staff assistance	Trade missions
Foreign language support	Support by trade offices abroad
Training programmes specializing in exporting	Programmes which identify foreign agents and distributors

**Table 2.**  
Firms' characteristics

<b>Firms' size</b>	<b>Per cent</b>	<b>Firms' age in Years</b>	<b>Per cent</b>	<b>Firms' Years of Exporting</b>	<b>Per cent</b>
Less than 10	6.9	Less than 2	0	Less than 2	5
10 – 50	15.6	2 - 10	13.8	2 – 5	15
51 – 250	57.5	11 - 25	24	6 – 10	16.3
251 – 500	18.8	26 -50	40	11 – 20	26.9
Over 500	0	Over 50	24	Over 20	36.3

**Table 3.**  
Indicators' weights, *P* values and VIFs for 1<sup>st</sup> order formative variables

	<b>Indicators' Weights</b>	<b>VIFs</b>
<b>Informational GEPPs</b>		
"How-to-export" information, workshops and seminars	0.287***	3.255
Individual export counselling or staff assistance	0.285***	2.982
Foreign language support	0.270***	3.340
Training programmes specializing in exporting	0.292***	3.321
<b>Experiential GEPPs</b>		
Trade shows	0.257***	1.717
Trade missions	0.301***	3.015
Support by trade offices abroad	0.296***	3.025
Programmes which identify foreign agents and distributors	0.297***	3.017

\**P* < .05, \*\**P* < .01, \*\*\**P* < .001

**Table 4.**

Composite reliability, Cronbach's Alpha, AVE and VIFs coefficients of 1<sup>st</sup> order reflective constructs

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>	<b>AVE</b>	<b>Full VIFs</b>
<b>IS LB</b>	0.947	0.917	0.857	3.422
<b>CQ LB</b>	0.960	0.917	0.923	4.546
<b>LT LB</b>	0.931	0.889	0.819	4.500
<b>SAT LB</b>	0.928	0.884	0.812	2.579
<b>IS FB</b>	0.936	0.897	0.830	2.456
<b>CQ FB</b>	0.951	0.931	0.828	2.738
<b>LT FB</b>	0.921	0.885	0.745	3.259
<b>SAT FB</b>	0.923	0.875	0.800	2.531
<b>FIN_EXPERF</b>	0.903	0.786	0.824	4.187
<b>STRA_EXPERF</b>	0.949	0.919	0.861	3.211
<b>SAT_EXPERF</b>	0.907	0.846	0.766	3.211
<b>INTENSITY</b>	1.000	1.000	1.000	1.643

*INF\_GEPPs: Informational GEPPs; EXP\_GEPPs: Experiential GEPPs; IS\_LB: Information Sharing with Local Businesses; CQ\_LB: Communication Quality with Local Businesses; LT\_LB: Long-Term Relationship with Local Businesses; SAT\_LB: Relationship Satisfaction with Local Businesses; IS\_FB: Informational Sharing with Foreign Buyers; CQ\_FB: Communication Quality with Foreign Buyers; LT\_FB: Long-Term Relationship with Foreign Buyers; SAT\_FB: Relationship Satisfaction with Foreign Buyers; FIN\_EXPERF: Financial Export Performance; STRA\_EXPERF: Strategic Export performance; SAT\_EXPERF: Satisfaction with Export Performance; INTENSITY: Export Intensity.*

Table 5.

Means, Correlations and Squared roots of AVE of first order constructs

	Means	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. INF_GEPPs	2.2	<i>form</i>													
2. EXP_GEPPs	2.4	0.793	<i>form</i>												
3. IS_LB	2.6	0.433	0.411	<b>0.926</b>											
4. CQ_LB	2.6	0.466	0.443	0.796	<b>0.961</b>										
5. LT_LB	3.0	0.332	0.320	0.732	0.807	<b>0.905</b>									
6. SAT_LB	2.9	0.294	0.259	0.578	0.650	0.747	<b>0.901</b>								
7. IS_FB	3.3	0.413	0.460	0.297	0.242	0.239	0.177	<b>0.911</b>							
8. CQ_FB	3.4	0.349	0.418	0.243	0.282	0.229	0.193	0.704	<b>0.910</b>						
9. LT_FB	3.7	0.310	0.289	0.131	0.164	0.277	0.244	0.578	0.654	<b>0.863</b>					
10. SAT_FB	3.5	0.205	0.188	0.042	0.113	0.236	0.302	0.469	0.495	0.745	<b>0.895</b>				
11. FIN_EXPERF	3.6	0.327	0.324	0.255	0.198	0.185	0.104	0.458	0.496	0.448	0.335	<b>0.908</b>			
12. STRA_EXPERF	3.5	0.306	0.357	0.207	0.202	0.186	0.061	0.401	0.501	0.458	0.318	0.799	<b>0.928</b>		
13. SAT_EXPERF	3.6	0.306	0.293	0.159	0.153	0.179	0.068	0.449	0.458	0.446	0.347	0.805	0.732	<b>0.875</b>	
14. INTENSITY	2.6	0.142	0.178	0.087	0.106	0.101	0.032	0.233	0.279	0.237	0.285	0.555	0.566	0.450	<b>1.000</b>

*INF\_GEPPs: Informational GEPPs; EXP\_GEPPs: Experiential GEPPs; IS\_LB: Information Sharing with Local Businesses; CQ\_LB: Communication Quality with Local Businesses; LT\_LB: Long-Term Relationship with Local Businesses; SAT\_LB: Relationship Satisfaction with Local Businesses; IS\_FB: Informational Sharing with Foreign Buyers; CQ\_FB: Communication Quality with Foreign Buyers; LT\_FB: Long-Term Relationship with Foreign Buyers; SAT\_FB: Relationship Satisfaction with Foreign Buyers; FIN\_EXPERF: Financial Export Performance; STRA\_EXPERF: Strategic Export performance; SAT\_EXPERF: Satisfaction with Export Performance; INTENSITY: Export Intensity. Form: Formative construct.*

**Table 6.**

Composite reliability, Cronbach's Alpha, AVE and VIFs coefficients of 2nd order reflective constructs

	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>	<b>AVE</b>	<b>Full VIF</b>
<b>RQLB</b>	0.938	0.911	0.790	1.284
<b>RQFB</b>	0.906	0.861	0.707	1.580
<b>EXPERF</b>	0.920	0.882	0.744	1.467
<b>Firm Size</b>	1.000	1.000	1.000	1.348
<b>Firm Experience</b>	1.000	1.000	1.000	1.354

*RQLB: Relationship Quality with Local Businesses; RQFB: Relationship Quality with Foreign Buyers; EXPERF: Export Performance.*

We are very grateful to the anonymous referees and the Editor in Chief Prof. Matlay for their constructive comments and suggestions and giving us the opportunity to improve and resubmit the paper. We have revised the paper thoroughly in response to the issues raised by the referees and believe it is now a much stronger and more cohesive piece. Our detailed responses to the referees' comments are listed below. Please note that we have responded to all five reviewers (R1, R2, R3, R4 and R5). This document provides an overview of how the authoring team has addressed each issue. We have also identified on the resubmitted paper using a comment function where these changes have been made. Reference to these track change boxes are labelled as "A(number)" We hope you will find these changes satisfactory and look forward to hearing from you in due course.

	Comments	Actions
	<b>Referee 1</b>	
R1.1	<p>Originality: Does the paper contain new and significant information adequate to justify publication?:</p> <p>This paper focuses on an important topic and encompasses some original angles.</p>	Thank you for your comment.
R1.2	<p>In terms of literature, most important studies are covered. Still, have a look at some new ones:  <a href="http://link.springer.com/article/10.1007%2Fs10708-016-9733-z">http://link.springer.com/article/10.1007%2Fs10708-016-9733-z</a>  and <a href="http://www.tandfonline.com/doi/full/10.1080/02255189.2016.1131671">http://www.tandfonline.com/doi/full/10.1080/02255189.2016.1131671</a> and also at these important articles:  <a href="http://www.sciencedirect.com/science/article/pii/S096959319900030X">http://www.sciencedirect.com/science/article/pii/S096959319900030X</a>  and <a href="http://www.sciencedirect.com/science/article/pii/S0969593104000186">http://www.sciencedirect.com/science/article/pii/S0969593104000186</a></p>	Thank you for these valuable additions. These 4 papers have now been included in the paper. Please see pages 5, 10, 11 and 22.
R1.3	<p>Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?:</p> <p>Figure 1 needs some explanation: whose models do you extend and how?</p>	Thank you for your comment. We have now added further commentary regarding Figure 1. Specifically, we have highlighted the models

		the present study expand and the way these models are extended. Please see section 4 on page 6 [see A3].
R1.4	<p>Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?:</p> <p>The results are discussed quite well. Still, try to stress even more what you added to the literature.</p>	<p>Thank you very much for your comment. We have stressed the contribution of the present findings to the existing literature. In A6 and A9 We have highlighted the contribution of the overall model, whereas in A7 we have emphasised the contribution of the first part of the findings (i.e. H1&amp;2), and in A8, we have stressed the contribution of the second part of the findings (i.e. H3 and 4). Please see section 8, pages 18, 19 and 20.</p>
R1.5	<p>Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?</p> <p>Many implications are provided based on the results</p>	<p>Thank you for your comment.</p>
R1.6	<p>6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the</p>	

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	<p>clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.:</p> <p>The paper is somewhat longer than allowed (more than about 10100 words without tables or figures while the journal’s requirement is 8500-9500 words, minus 280 words per each table or figure; see <a href="http://emeraldgroupublishing.com/products/journals/author_guidelines.htm?id=jsbed">http://emeraldgroupublishing.com/products/journals/author_guidelines.htm?id=jsbed</a> ).</p> <p>Use sub-headings in your abstract (Purpose etc.).</p> <p>Correct the language of some sentences: e.g. “The results of this research provides directions...”, “The data was analysed” (data is a plural form of the word datum), “evaluating the real impact on firms export performance” and “export promotion programmes helps firms”. Also, Johanson is the right name, not Johansson.</p>	<p>Thank you for your comment. The paper has been reduced to fit within the journal guidelines.</p> <p>Thank you for your comment. Sub-headings are now included in the abstract.</p> <p>Thank you for this comment and apologise for the spelling mistakes. We have conducted a thorough proof-read and addressed all these issues.</p>
<b>Referee 2</b>		
R2.1	<p>Originality: Does the paper contain new and significant information adequate to justify publication?: The authors investigate the role of export relationships as a mediator of the link between SME export promotion programmes and export performance.</p> <p>This paper needs to do a better job regarding the contribution and gap in the literature. Just because it ahsn't been done before does not justify a study.</p>	<p>Thank you for your comment. The rationale behind filling the identified gaps has been highlighted in both the introduction and theoretical implications section. Please see pages 2, 3 and 20.</p>



R2.2	<p>Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?:</p> <p>The literature seems adequate. However, I find that the literature on export promotion programmes is limited. ed in the export promotions literature that lead to an increase in export performance? Have relationships been considered in previous studies?</p>	<p>Thank you for your comment. Additional empirical studies supporting the link between export promotion and export performance have been included. These are: Lederman et al (2016), Alvarez (2004), Cansino et al (2013); Kalafsky (2016). Please see section 4.3, page 10.</p>
R2.3	<p>Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?:</p> <p>The methodology seems adequate. Regarding the sample, SMEs usually are firms with less than 250 employees. Is this study really about SMEs? Also, it would be interesting to see if there is a difference between firms larger than 250 employees.</p>	<p>Thank you for your comment. In the present study we used the 500 employee threshold to distinguish SMEs from their large counterparts. The reason we used such threshold is that firms with more than 250 and less than 500 do also use export promotion programmes. Approximately 18% of the current sample includes firms employing between 250 and 500 employees, to check whether there were differences between SMEs with +250 and SMEs with less than 250, we run a t-test to compare the variances across all constructs. The results revealed no significant differences in most constructs. Please see A4. Moreover, the full t-test results can be sent upon request.</p>

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R2.4	<p>Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?:</p> <p>I don't see table with the constructs and their items, reliabilities, etc. Results, correlations, etc should be presented in table formats.</p>	<p>Thank you for your comment. Tables 3, 4, 5 and 6 presents the correlations, validity, reliability and collinearity tests.</p>
R2.5	<p>Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?:</p> <p>Managerial implications are still weak.</p>	<p>Thank you for your comment. The managerial implications section has been revised to include current practices and how can these be improved. Please see pages 21 and 22.</p>
R2.6	<p>Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.:</p> <p>The paper is overall well written</p>	<p>Thank you for your comment.</p>

Referee 3		
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8	R3.1	Error in word behaviours - page 4
9		Thank you for your comment. The word
10		behaviour and all other typos were corrected
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12	R3.2	Page 5- give examples of relational resources
13		Thank you for your comment. Examples of
14		relational resources have been given. Please
15		see section 3 on page 5 [see A2].
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18	R3.3	Page 9- you should have a table with the examples of both types
19		informational and experiential GEPPs
20		Thank you for your comment. A table including
21		the types of GEPPs in included. See A1.
22		
23	R3.4	Page 13- table 1 should also report age of firms and No. of years
24		exporting
25		Thank you for your comment. Firms' age and
26		years of exporting have been included in Table
27		2.
28		
29	R3.5	Page 15- why AVE measure appears in both first and second order
30		variables?
31		AVE appears in both first order and second
32		order constructs as both are reflective and the
33		AVE needs to be reported for both levels.
34		However, experiential GEPPs and Informational
35		GEPPs shouldn't have been included in Table 6
36		since these are 1 <sup>st</sup> order variables. Hence,
37		these have been removed to avoid such
38		confusion.
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	R3.6	Page 21- should refer which are the present policies in UK towards exports because some suggestions you give from the results can be already implemented	Thank you for your comment. Our research aims at assisting EPOs in how to benefit the most from the network promotion role of GEPPs as such a role is currently not well exploited. We have highlighted current issues in the policy implications section.
16 17 18 19 20 21	R3.7	Originality: Does the paper contain new and significant information adequate to justify publication?:  Yes the paper contains significant information	Thank you for your comment
22 23 24 25 26 27	R3.8	Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?:  Yes, it has a good theoretical approach	Thank you for your comment
28 29 30 31 32 33 34	R3.9	Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?:  Yes it has a very consistent empirical framework	Thank you for your comment
35 36 37 38 39 40 41 42 43 44 45 46 47 48 49	R3.10	Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?:  Results are presented clearly	Thank you for your comment

R3.11	<p>Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?:</p> <p>The paper identifies implications for research and policy and also limitations</p>	Thank you for your comment
R3.12	<p>Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.:</p> <p>The paper has a good language quality</p>	Thank you for your comment
<b>Referee 4</b>		
R4.1	<p>Authors are suggested to make minor revisions of this paper:</p> <p>In the supplement data, please provide mean values of dependant variables</p>	Thank you for your comments. The mean values of all variables have been included in Table 6.
R4.2	<p>In a part "Measurement" in a few sentence, according to source authors, describe all dimensions (financial, satisfaction and strategic) and their subgroups and included variables which measure composite index "EXPERF".</p>	Thank you for your comment, the three dimensions of EXPERF have all been described according to the source authors. Please see A5.

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6	R4.3	If it is possible in the paper provide table with mean results of these variables on the survey sample.
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10	R4.4	This minor correction will provide much more knowledge and information for further readers and scholars.
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14	R4.5	Originality: Does the paper contain new and significant information adequate to justify publication?: Yes, this paper made novel findings about influence of "network promotion" on SMEs' export performances.
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35	R4.7	Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Methodology of this paper is appropriate.
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All the means have been provided in table 6.

Thank you very much for these valuable additions.

Thank you for your comment

Thank you for your comment

	<p>Research is well defined and the survey sample is satisfying. The authors of this paper used sophisticated statistical methods.</p>	<p>Thank you for your comment</p>
R4.8	<p>Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: All statistical results of research are analyzed appropriately. Tables of statistical results are well prepared and organized.</p> <p>Only minor additions for presenting results will be suggested in part of "Comments to the authors". Conclusions are well tie with main results in paper.</p>	<p>Thank you for your comments. These have been addressed as highlighted above.</p>
R4.9	<p>Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?:</p> <p>All findings in the paper are important for theory and practice. Firstly the authors made a very comprehensive conceptual model which improves theoretical level; secondly this conceptual model was tested through the research on real enterprises. Paper findings point out on the mediating role of SMEs' relationship in the impact of Export promotion programs and SMEs' export performances.</p> <p>Findings of this paper approve that only experiential forms had positive</p>	<p>Thank you for your comments.</p>

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	<p>indirect effect on export performances through relationships with foreign buyers. This result provides practical knowledge and information for export promotion organization in utilizing such a support.</p> <p>Therefore this research improved theoretical and practical knowledge in the field of small business development.</p>	
	<p>6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Quality of communication is satisfied.</p> <p>Technical language of the paper is appropriate and also understandable. Readability of the paper and sentence structure is appropriate.</p>	<p>Thank you for your comment</p>
<b>Referee 5</b>		
R5.1	<p>I am not sure I think H1 and H2 are particularly useful. Both are pretty self evident. I also wonder about the formulation 'improves SMEs relationships'. The word 'improves' here hides a multitude of sins and the language could be tightened up significantly.</p>	<p>Thank you for your comment. The hypotheses have been reworded with a more accurate terminology.</p>
R5.2	<p>I feel size and exporting experience are rather inadequate controls. Export patterns vary markedly by industry and I would have expected a more robust set of control measures.</p> <p>Occasionally we find the term 'stronger effects on' or similar. This implies causality which surely cannot be claimed here. A little more care in necessary in describing these relationships.</p>	<p>Thank you for your comment, the causality issue is indeed a limitation of this study, this has been recognised and added to the limitations section. Please see A11 on page 22. .</p>
R5.3	<p>Finally, it would be useful to add some discussion of limitations etc. and possible next steps – both are currently missing from the final sections.</p>	<p>Thank you for your comment, limitations and future research have been included</p>



R5.4	Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?:	
R5.5	No. There are gaps in the existing literature review. This leads to only using size and exporting experience as rather inadequate controls. Export patterns vary markedly by industry and I would have expected a more robust set of control measures.	Thank you for your comment. The study includes various manufacturing sectors to ensure generalisability. Export behaviour can indeed vary across sectors and future research may conduct a sectorial study to uncover this. We have highlighted this as a limitation of the study. Please see A10.
R5.6.	Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed?  Are the methods employed appropriate?: No.	Thank you for your comment. We believe that for a paper of this type an appropriate methodology is deployed. The methodology is underpinned with reference to the appropriate methodology literature and draws precedent from the prior methodological approaches used within the extant literature. While reviewers 1-3 seemed satisfied with this section, we have still further edited the Methodology section to enhance its sophistication and underpinning. We believe it is now fit for purpose.
	Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?:  The analysis itself seems thoughtfully done and I have no specific issues	Thank you for your comment

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	with the measurement approaches used	
	Occasionally we find the term 'stronger effects on' or similar. This implies causality which surely cannot be claimed here. A little more care is necessary in describing these relationships.	Thank you for your comment. This issue has been addressed in the limitations section.
	<p>5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?:</p> <p>It would be useful to add some discussion of limitations etc. and possible next steps – both are currently missing from the final sections.</p>	Thank you for your comment. This section has been included.
	<p>6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.:</p> <p>Yes. This is generally fine.</p>	Thank you for your comment.