

*Lydia Nyankom TAKYI, Vannie NAIDOO, Courage Simon
Kofi DOGBE**

EXPLORING THE RELATIONSHIP BETWEEN GOVERNMENT INSTITUTIONAL SUPPORT AND EXPORT STRATEGIC PERFORMANCE

Abstract. The study presented in the article examined the mediating role played by internationalisation in both government financial support–export strategic performance and government non-financial support–export strategic performance relationships. The moderating role of a strategic alliance in the relationships between government financial support and degree of internationalisation, and between government non-financial support and degree of internationalisation, was also considered. The study entailed a cross-sectional survey and included 301 indigenous export firms in Ghana. The reliability and validity of the data was tested using confirmatory factor analysis, with structural equation modelling as the primary means of analysis, run using Amos (v.23). It was concluded that both government financial support and non-financial support had a direct positive influence on export strategic performance. These relationships were partially mediated by the degree of internationalisation. Strategic alliance positively moderated the relationships between government financial support and degree of internationalisation, and also between government non-financial support and degree of internationalisation.

Keywords: *government financial support; government non-financial support; strategic alliance; internationalisation; export strategic performance*

* Lydia Nyankom Takyi, PhD Candidate, School of Management, Information Technology and Governance, University of KwaZulu-Natal (UKZN), Durban, South Africa, and Lecturer, Department of Management Studies Education, Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development (AAMUSTED), Kumasi, Ghana; Vannie Naidoo, PhD, Professor, School of Management, Information Technology and Governance, University of KwaZulu-Natal (UKZN), Durban, South Africa; Courage Simon Kofi Dogbe, PhD, Department of Management Studies Education, Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development (AAMUSTED), Kumasi, Ghana.

DOI: 10.51936/tip.59.2.464-482

Introduction

Export Strategic Performance (ESP) holds many different meanings, including the benefits that firms derive by going international. The term also suggests the associated benefits a firm's degree of internationalisation (DOI) adds to its international performance. Benefits like an increase in foreign market opportunities, stronger foreign sales growth, an improved response to competitors' pressure, greater product/service visibility and expanding to new foreign markets mostly require a firm to gain government institutional support from the home country and enhance its competitive advantage due to relationships of alliance with its competitors. Government institutional support is classified as government financial support (GFS) or government non-financial support (GNFS) (Takyi et al., 2022). Exporting firms then leverage the associated benefits to position themselves in the market, including enhancing their market concentration and facilitating new market entry, increasing product/service visibility, and attenuating sales growth in the foreign market. The positives of alliance relationships and institutional support help to develop market intelligence and knowledge regarding the behaviour of customers and strengthen export performance, in turn increasing their strategic performance in the international market along with their export strategic performance in terms of a superior performance in sales growth, new market entry, product/service awareness, concentration in the export regions, and responding to competitor pressure (Morais and Franco, 2018; Marinova and Marinov, 2017). However, despite what is known about strategic performance, not many studies have examined it and how government support and DOI improve strategic performance in the international market.

In the internationalisation context, the roles of government support and strategic alliance are considered significant for increasing access to unique resources, enhancing the international experience, boosting market share, and improving market position in a foreign market (Anwar et al., 2020; Morais and Franco, 2018; Safari and Saleh, 2020). For example, Peter et al. (2018) established that government support is a central tool for stimulating firms' performance, especially in the international market. The government institutional support programmes and nature of the alliance relationship a firm engages in typically give exporting firms a competitive advantage in both a local and international market, thereby ensuring a stronger strategic performance in delivering products/services to meet customer specifications, responding among others to competitive pressure in the international market, and advancing in a new market.

Although studies like Takyi et al. (2022) focused on government support and internationalization, this present study made some unique contributions.

First this study assessed the mediating role of DOI between government support (financial and non-financial support) and strategic performance. In addition, the study investigates the moderating role of a strategic alliance in strengthening the relationship between government support (financial and non-financial) and DOI. This study examines how country-level institutional support and firms' extent of engaging in internationalisation influence the strategic performance of exporting firms in developing countries like Ghana. By building on results of previous research (Chung and Kuo, 2018; Peter et al., 2018), this study intends to show that a strategic alliance has a positive moderation effect on the relationship between GFNS, GNFS and DOI, while DOI mediates the relationship between GFNS, GNFS and ESP.

By exploring the institutional support and resource dependency theories with respect to the degree of international operations and strategic performance in an emerging economy, this study contributes to the literature in two ways. First, the new research area may be able to increase the generalisability of the overarching theories that underpin the study of government support (institutional-based view), strategic alliance and strategic performance (resource dependency theory). By exploring these theories in a developing economy, our research adds significantly to understanding of these theories from different perspectives (see Franco and Haase, 2016; Morais and Franco, 2018; Tse et al., 2021; Tian et al., 2021). Finally, by testing the mediation effect of DOI and the moderation impact of strategic alliance on export activities, our study adds to the literature by providing a comprehensive model for expanding export activities and increasing strategic performance in a developing country and as a basis for subsequent studies with a similar focus.

Theoretical Background and Hypothesis Development

Government support, Degree of Internationalisation, Strategic Performance

The institutional-based view states that successful internationalisation depends on a country's institutional support and the strategy adopted by firms (McGaughey et al., 2016). Moreover, institutional theory indicates that accessing government support programmes like venture-support programmes, firm growth initiative programmes, training, and trade fair programmes add to firms' network relationships while enhancing and increasing the strategic performance of their foreign market operations (Monticelli et al., 2017; Peter et al., 2018; Pollan et al., 2016)). In addition, resource dependency theory (RDT) views firms as entities that depend on favourable external environment factors such as ability to network with businesses and

associations (Chung and Kuo, 2018) to gain unique resources to overcome the failures/uncertainties associated with their environments (Pfeffer and Salancik, 1978). This helps a firm develop a comprehensive understanding of the market and customers' behaviour in the foreign market (Chung and Kuo, 2018).

Besides, RDT explains how firms increase their superior performance and competitive positioning in the international market through extensive (formal and informal) networking (Boafo et al., 2022; Galvo et al., 2019). This explains why institutional theory and the resource-based view were adopted in this study as the overarching theory while investigating the relationship between government support (financial and non-financial) and strategic performance through DOI and the moderating role of strategic alliance in strengthening the association of government support and DOI. In fact, by exploring how the individual government support, financial and non-financial components can interact with firms' degree of internationalisation and export strategic performance, and how a strategic alliance bolsters the relationship between government support and DOI, our study is able to comprehensively show how the institutional and resource dependency theories strengthen strategic performance.

Awojide (2015) defined government support as institutional support programmes developed to promote business activities. Li and Atuahene-Gima (2001) classified government support as including policies, incentives and programmes designed to stimulate growth in businesses. Recently, Safari and Saleh (2020) defined government support as a support system that encompasses training programmes and workshops, support for networking with local and international partners, support for participating in international trade fairs, missions and delegations, ensuring access to market information and capital resources for export activities and to give support for developing an export-related strategy and a plan specifically designed to facilitate and stimulate export performance (Safari and Saleh, 2020).

This led Alkahtani et al. (2020) and Ciszewska-Mlinaric (2018) to classify government support as public support programmes created to provide financial and non-financial assistance to increase firm competitiveness and stimulate internationalisation. Therefore, this study argues that government support includes financial and non-financial assistance developed to solve the capital and resource challenges of firms on both local and international levels, develop and sustain competitive advantage, and assure an increase in international activities which the firm can leverage to enhance its strategic performance with respect to sales growth, new market entry and market position etc.

It is established that being able to access government institutional support like tax exemptions, tax reductions, an export development fund, and

training programmes help firms in obtaining valuable market information. This ability reduces the uncertainties and risk associated with the business, especially foreign markets while also enhancing market knowledge to add to firms' competitive advantage and, in turn, consolidate their strategic performance. For example, in Nigeria, a survey of 360 owner/managers found that government financial support significantly influenced firms' performance, such that the firms' access to institutional financial support played a pivotal role in stronger performances. Similarly, institutional support boosts firms' performance. To obtain government financial support, Alkahtina et al. (2022) found that government financial support strongly enhances the business network relationship structure and positively improves sustainable competitive advantage. Moreover, it is observed that access to financial support improved firms' resource capability and significantly and positively influenced their performance and successes (Anwar et al., 2020) in the international market. In fact, obtaining or gaining access to government financial support was shown to positively influence firms' performance in improving their market intelligence in the international market, in turn impacting their strategic success and performance (Hanif et al., 2020; Chung and Kuo, 2015).

From an institutional-based view, studies reveal that government non-financial institutional support such as participating in trade fairs and shows, exhibitions, training programmes and specialised workshops increases understanding of the international market, which helps to build a strong international network and thereby enhance their international experience, develop their client base and expand activities to include a new market (Safari and Saleh, 2020). Studies have shown that when firms enhance their market intelligence, and develop strong network relationships in both local and international markets as a result of being able to access government non-financial support, they can leverage such capabilities and strength to increase their export intensity in terms of percentage sales and boost their international experience with regard to customer requirements.

More precisely, Bowen (2019) established that government support, including targeted export programmes of institutional support for networking with businesses, positively influences firms' DOI. In addition, Ciszewska-Mlinaric's (2018) study of European countries established that non-financial support significantly influenced firms' DOI in terms of export intensity and geographical diversification. Institutional support programmes such as business ties (local and international partners), participating in training programmes and international fairs has been shown to boost firms' international experience, market knowledge and information (Monticelli et al., 2017), thereby helping to build firms' international exposure with a differentiation strategy of expanding their products and services, while positively and significantly influencing their strategic performance (Chung and Kuo,

2015). Accordingly, a lack of government support affects firms' expansion, sales growth, and position in the foreign market (Eijdenberg et al., 2019; Love and Roper, 2015; Monticelli et al., 2017).

This study, therefore argues that government support (financial and non-financial) influences firms' degree of internationalisation. Based on the literature, the study argues from the institutional-based view and contends that:

H1a: Government financial support has a direct positive effect on export strategic performance.

H1b: Government non-financial support has a direct positive effect on export strategic performance.

The Mediating Role of Degree of Internationalisation between Government support (financial and non-financial) and Export Strategic Performance

It has also been established that the gains acquired from international experience give firms a good position in the foreign market, allowing them to exploit new market opportunities, increase sales growth, respond to competitors' pressure, make products/services more visible, and expand operations to new markets. In their study, Childs and Jin (2015) concur that the degree of firms' international experience determines their differences in foreign market operations. Further, Hsieh et al. (2019) found that firm international experience has a significant positive impact on export activities such that a firm's extensive international experience increases its speed and its international operations. This is particularly true as an increase in international experience decreases foreign market uncertainty and increases the DOI such as geographical scope and scale (Childs and Jin, 2015).

Johanson and Vahlnes (1977) study on "a model of knowledge development and increasing foreign market commitments" argued that as businesses gain experience they gather extensive market knowledge which they leverage to increase their geographical scale (number of export countries) and expand their export activities farther away from their geographical location. Therefore, a firm's international experience helps in building competitive advantage on both the local and international levels, thus helping to increase its international activities (Hsieh et al., 2019) and positively affecting its internationalisation (Oura et al., 2016). Firms then use the sustainable competitive advantage gained through their experiences with the foreign market, market intelligence, networking etc. to strengthen their market position and share, increase the customer base and sales growth and respond to any unexpected behaviour of their competitors. Government support therefore helps to improve firm competitiveness with a view to increasing

international activities (Boafo et al., 2022) and boosting their strategic performance in the international market (Chung and Kuo, 2015)- Accordingly, a firm's sustainable competitive performance is the driving force for enhancing its strategic performance in the international market. Thus, a lack of government support affects firms' expansion, sales growth and position in the foreign market (Eijdenberg et al., 2019; Love and Roper, 2015; Monticelli et al., 2017) and thereby impacts their business strategic performance in the international market. Based on the literature, we hence argue that:

H2a: Degree of internationalisation mediates the relationship between government financial support and export strategic performance.

H2b: Degree of internationalisation mediates the relationship between government non-financial support and export strategic performance.

The Moderating Role of Strategic Alliance between Government Support (financial and non-financial) and DOI.

According to Varadarajan and Cunningham (1995: 282), a strategic alliance is defined as "a manifestation of inter-organizational co-operative strategies, entailing the pooling of specific resources and skills by the co-operating organization to achieve common goals, as well as goals specific to the individual partners". Therefore, we defined strategic alliance as a collaborative relationship between two individual firms/entities that work together for mutual benefits. This explains the critical role of strategic alliances in strengthening firms' internationalisation.

One study that considered alliance relationships acknowledged that the synergies developed due to the alliance relationship help improve firm competitive advantages and aid in securing new market knowledge (Tokman et al., 2020). Further, the Morais and Franco (2018) study proved that an alliance with an international company not only had a significant role in firms' entry to a new foreign market but also helped to: establish a strong market position; increase market information; make advances in geographical scope; achieve a bigger market share; produced a synergistic effect, and consolidated a firm's market. Similarly, Oyedele and Firat's (2020) state that strategic alliances create opportunities where firms come together to obtain critical expert knowledge, increasing their domestic and international capacity and competence in the foreign market, which they can leverage to increase their international activities. This led Franco and Haase (2016) in their study to surmise that strategic alliances enhances firm access to information and knowledge about the foreign market and adds to the risk and uncertainty associated with international business, in so doing strengthening the firms' international activities in terms of market competitiveness and business sustainability.

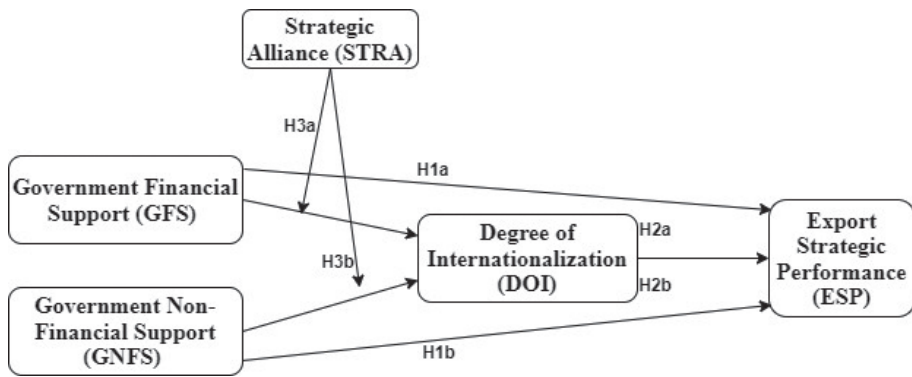
In fact, a prior study revealed that when a firm has a strong alliance relationship it is able to share the risks and costs related to the business, allowing it to increase its skills and capacity to develop new products for the international market (Martínez-Román et al., 2019; Vidal and Mitchell, 2013). It may thus be argued that the strategic alliance becomes the leveraging basis upon which businesses advance their creativity, skills and innovative capacity to increase their export activities. Moreover, it is also claimed that the benefits that accrue from strategic alliance relationships, such as financial and non-financial capital independence increasing international knowledge, among others, help businesses gather new market information to meet customers' specifications and expand to other foreign markets (Andriof et al., 2017; Morais and Franco, 2018). In effect, strategic alliances enhance firms' technical expertise and improve their capacity building (Oyedele and Firat, 2020), in turn increasing their international experience and export intensity.

Accordingly, in our study it was argued that firms which establish strategic alliance relationships with local and international businesses/agents produce a synergistic effect by improving their effectiveness and efficiency in product delivery, product quality and product diversification. This helps to strengthen the firms' commitment to the foreign market and mitigates against the uncertainties and risks associated with the international market, thereby increasing international operations (Morais and Franco, 2018). Thus, alliance relationships assist by reducing risk in operations, especially the risk and uncertainty associated with international business and hence strengthening the firms' degree of internationalisation (Igwe and Kanyembo, 2019; Kijkasiwat et al., 2021). Paul (2020) also argued that a strong alliance helped facilitate success in firms' performance, notably in advancing their international operations. It has also been shown that an alliance relationship reveals that relationships with local and international firms and institutions, in terms of government support for network involvement at trade fairs, can enhance access to distributing and supplying networks, thereby helping to improve firm innovativeness (Tse et al., 2021; Tian et al., 2021) and in turn boosting strategic performance in the international market. Therefore, we posited that:

H3a: A strategic alliance positively moderates the relationship between government financial support and degree of internationalisation.

H3b: A strategic alliance positively moderates the relationship between government non-financial support and degree of internationalisation.

Figure 1: CONCEPTUAL FRAMEWORK



Source: Own analysis.

Methodology

Population, Sample and Sampling Technique

472

The population of this study comprised indigenous exporting firms located in Ghana. Indigenous firms were defined as firms with at least 65% Ghanaian ownership (Takyi et al., 2022). The firms were drawn from a list provided by the Ghana Export Promotion Authority (GEPa). The list contained details of export firms, including the number of years in operation. This study therefore limited the selection to firms with at least 3 years' export experience by using the purposive sampling technique. The selected firms were contacted through personal visits, phone and by email. The respondents were top management members of export firms, and each firm was assigned one questionnaire. At the end of the data collection process, 301 questionnaires were assessed as usable.

Measurements of variables

The two main independent variables for this study were government financial support and government non-financial support. Government financial support was defined as financial resources made available by the government that facilitate the growth and expansion of export businesses. The measurement items were developed from Quaye et al. (2017) and Gnyawali and Fogel (1994). Government non-financial supports, defined as supports available from the government other than financial resources, which aid growth and foster firms' internationalisation. The measurement items were developed based on Gnyawali and Fogel (1994) and Safari and Saleh (2020).

Strategic alliance acted as a moderating variable and was defined as the manifestation of inter-organisational co-operative strategies. The measurement items for this were developed based on Varadarajan and Cunningham (1995). The mediating variable was degree of internationalisation (DOI). The DOI was defined as the percentage of foreign sales to total sales (export intensity), number of countries exported to (geographical scale) and number of continents exported to (geographic scope) (Hsieh et al., 2019). The measurement items were developed based on Childs and Jin (2015) and Hsieh et al. (2019). The main dependent variable was export strategic performance. Export strategic performance was defined as the benefits that firms derive by going international. The measurement items for export strategic performance were developed according to the study by Chung and Kuo (2018).

Responses to the measurement items for government financial and non-financial support, strategic alliance and export performance were expressed on a seven-point Likert scale (1-strongly disagree, to 7-strongly agree). The study controlled for four variables, namely: age of firm, size of firm (measured by number of employees), ownership distribution (foreign and local), and industry.

Validity and Reliability Analysis

Table 1 presents the confirmatory factor analysis (CFA) for the study run using Amos (v.23). The essential purpose of the CFA was to assess whether the measurement items strongly loaded onto their respective constructs and thus measurement items with poor factor scores (below 0.5) were deleted from further analysis. CFA also helps to assess if a dataset appropriately fits the model estimated by assessing the model fit indices. The presented results show that all factor scores for the retained measurement items all exceeded 0.5, and were also statistically significant at 1%.

The measure of internal consistency (internal reliability) was assessed by calculating Cronbach's alpha (CA) for all variables. The results showed that all CAs were greater than the minimum expected value of 0.7, indicating high internal consistency. Similarly, the composite reliability (CR) was also expected to be greater than 0.7, which was achieved for all variables. Convergent validity was also assessed, noting Fornell and Larcker's (1981) suggestion that convergent validity is achieved when the average variance extracted (AVE) exceeds 0.5.

To achieve a model fit, CMIN/DF should be less than 3, GFI should be at least 0.8, TLI and CFI should all be greater than 0.9, while RMSEA and SRMR are also expected to be less than 0.08 (Hair et al., 2010). As shown in Table 1, the thresholds were all achieved, indicating the dataset appropriately fitted the estimated model.

Table 1: CONFIRMATORY FACTOR ANALYSIS

Model Fitness: $CMIN = 355.6$; $DF = 135$; $CMIN/DF = 2.634$; $GFI = 0.845$; $PClose = 0.418$; $TLI = 0.937$; $CFI = 0.955$; $RMSEA = 0.054$; $SRMR = 0.031$			Std. Factor Loadings	Critical Ratio (C.R.)
Financial Support (GFS): CA = 0.931; CR = 0.925; AVE = 0.676				
FS1	0.798	-		
FS2	0.774	9.453**		
FS3	0.892	10.502**		
FS4	0.902	19.141**		
FS5	0.862	16.431**		
FS6	0.683	15.709**		
Non-Financial Support (GNFS): CA = 0.898; CR = 0.914; AVE = 0.642				
NFS1	0.756	-		
NFS2	0.652	11.504**		
NFS3	0.952	10.557**		
NFS4	0.717	9.893**		
NFS5	0.801	13.403**		
NFS6	0.891	13.458**		
Strategic Alliance (STRA): CA = 0.843; CR = 0.856; AVE = 0.599				
SA1	0.841	-		
SA2	0.703	10.996**		
SA3	0.753	11.514**		
SA4	0.793	13.361**		
Degree of Internationalisation (DOI): CA = 0.844; CR = 0.828; AVE = 0.619				
INT1	0.849	-		
INT2	0.652	18.228**		
INT3	0.844	17.453**		
Export Strategic Performance (ESP): CA = 0.894; CR = 0.895; AVE = 0.632				
SP1	0.852	-		
SP2	0.833	13.687**		
SP3	0.733	14.777**		
SP4	0.738	17.543**		
SP5	0.812	17.521**		

** Sig. at 1%

Source: Own analysis.

Discriminant validity was assessed by comparing the square root of Average Variance Extracted (\sqrt{AVE}) with the respective inter-correlation coefficients. To achieve discriminant validity, \sqrt{AVE} s are expected to be greater than the correlation scores (Bamfo et al., 2018). Table 2 shows the highest correlation score was 0.692, which is less than the least \sqrt{AVE} s (0.774). Further, since the highest correlation score was less than 0.7 it was concluded that the dataset had no multicollinearity challenges.

Table 2: DISCRIMINANT VALIDITY

Variables	1	2	3	4	5
GFS (1)	0.822				
GNFS (2)	0.679**	0.801			
STRA (3)	0.434**	0.365**	<u>0.774</u>		
DOI (4)	0.332**	0.521**	0.477**	0.787	
ESP (5)	0.534**	0.548**	0.415**	0.692**	0.795

** Sig. at 1%

√AVE are bold and underlined

Source: Own analysis.

Path Estimates

Amos (v.23) was used for conducting the path analysis (Tables 3 and 4, Figure 2). This is covariance-based Structural Equation Modelling (SEM). The SEM estimation was based on the Bias-Corrected (BC) Percentile Method, with a bootstrap sample of 5,000 and a 95% confidence level. Results presented in Table 3 show that both firm age and firm size had a negative but not a statistically significant *influence* on export strategic performance. Industry was coded as 1=agriculture, and 0=others. The results demonstrated that industry had a significant negative influence on export strategic performance ($\beta = -0.115$; $p < 0.05$), implying that agriculture sector firms were less likely to achieve export strategic performance than those in other industries. Ownership was coded as 1=fully locally owned, and 0=both foreign and local ownership. The results showed ownership had a positive and significant influence on export strategic performance ($\beta = 0.100$; $p < 0.05$), implying that export firms with full local ownership are more likely to enjoy export strategic performance than firms with a mixed ownership.

The results in Table 3 reveal that government financial support had a direct positive influence on export strategic performance ($\beta = 0.489$; $p < 0.01$). Hypothesis H1a: “Government financial support has a direct positive effect on export strategic performance” is thus supported. Further, as seen in Table 3, government non-financial support had a direct positive influence on export strategic performance ($\beta = 0.674$; $p < 0.01$). Hypothesis H1b: “Government non-financial support has a direct positive effect on export strategic performance” is hence supported.

It was shown that government financial support had a significant influence on degree of internationalisation ($\beta = 0.341$; $p < 0.05$). On the other hand, degree of internationalisation also had a significant positive influence on export strategic performance ($\beta = 0.954$; $p < 0.01$). The indirect effect of government financial support on export strategic performance through

degree of internationalisation was 0.325 (Table 4). Since both the lower and upper BCs were positive (zero cannot be located in between), it was concluded that degree of internationalisation played a significant mediating effect. The fact the direct effect of government financial support on export strategic performance was statistically significant allows the conclusion that degree of internationalisation had a partial mediating effect. Hypothesis H2a: “Degree of internationalisation mediates the relationship between government financial support and export strategic performance” is thus supported.

Table 3: DIRECT EFFECTS

Direct Effects	UnStd. Estimates	S.E.	C.R.
GFS → DOI	0.341	0.082	4.159**
GNFS → DOI	0.483	0.091	5.308**
STRA → DOI	0.257	0.043	5.977**
SA_FS → DOI	0.182	0.077	2.364*
SA_NFS → DOI	0.226	0.101	2.238*
GFS → ESP	0.489	0.063	7.762**
GNFS → ESP	0.674	0.073	9.233**
DOI → ESP	0.954	0.055	17.345**
Firm_Age → ESP	-0.009	0.013	-0.692
Firm_Size → ESP	-0.001	0.001	-1.000
Owner → ESP	0.100	0.046	2.174*
Industry → ESP	-0.115	0.058	-1.983*

Bootstrap Bias-Corrected Confidence Interval at 95%

** Sig. at 1%; * Sig. at 5%

Source: Own analysis.

Government non-financial support had a significant influence on degree of internationalisation ($\beta = 0.483$; $p < 0.01$). Degree of internationalisation, in contrast, also had a significant positive effect on export strategic performance. The indirect effect of government non-financial support on export strategic performance through degree of internationalisation was 0.461 (Table 4). Since both the lower and upper BCs were positive (zero cannot be located in between), it was concluded that degree of internationalisation had a significant mediating effect. The fact the direct effect of government non-financial support on export strategic performance was statistically significant led to the conclusion that degree of internationalisation had a partial mediating effect. Hypothesis H2b: “Degree of internationalisation mediates the relationship between government non-financial support and export strategic performance” is hence supported.

Table 4: INDIRECT EFFECTS

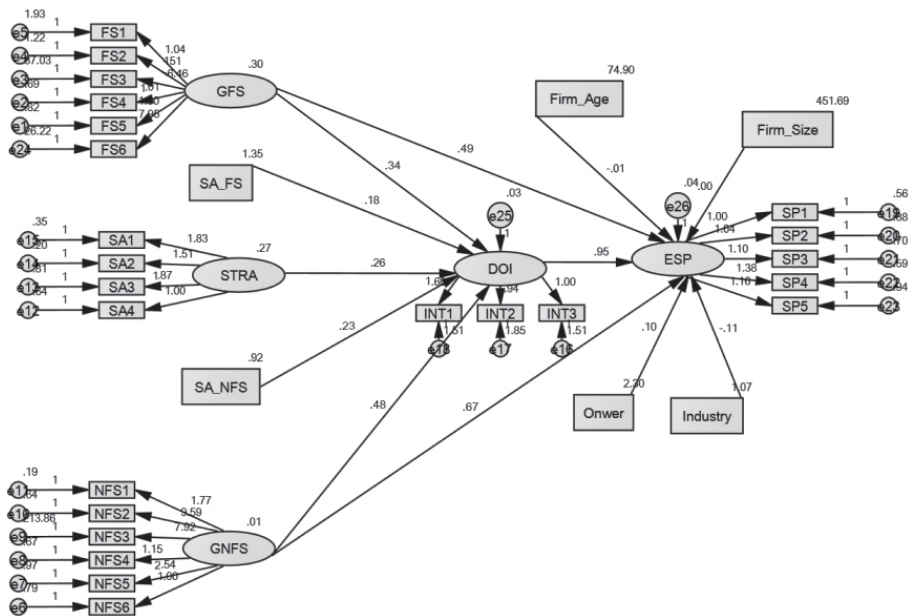
Indirect Effect	UnStd. Estimates	Lower BC	Upper BC
GFS → DOI → ESP	0.325	0.967	2.551
GNFS → DOI → ESP	0.461	1.720	4.154

Bootstrap Bias-Corrected Confidence Interval at 95%

** Sig. at 1%; * Sig. at 5%

Source: Own analysis.

Figure 2: STRUCTURAL EQUATION MODELLING

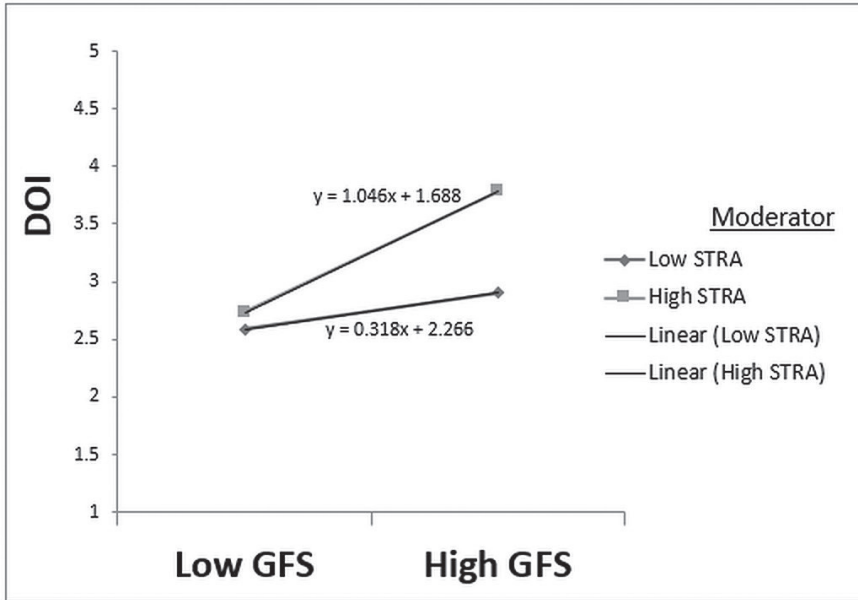


Source: Own analysis.

Strategic alliance had a significant positive influence on degree of internationalisation ($\beta=0.257$; $p<0.01$). A mean centring approach was adopted while calculating the interaction term for the moderation analysis. The results in Table 3 show the interaction between strategic alliance and government financial support (SA_FS) had a significant positive effect on degree of internationalisation ($\beta=0.182$; $p<0.05$). This implies that high levels of strategic alliance strengthened the relationship between government financial support and degree of internationalisation. These relationships are demonstrated in Figure 3. Figure 3 reveals that the degree of internationalisation was highest when strategic alliance and government financial support were all high (yellow line). It may also be seen that the degree of

internationalisation was at its lowest when strategic alliance and government financial support were at their lowest (blue line). Hypothesis H3a: “Strategic alliance positively moderates the relationship between government financial support and degree of internationalisation” is thus supported.

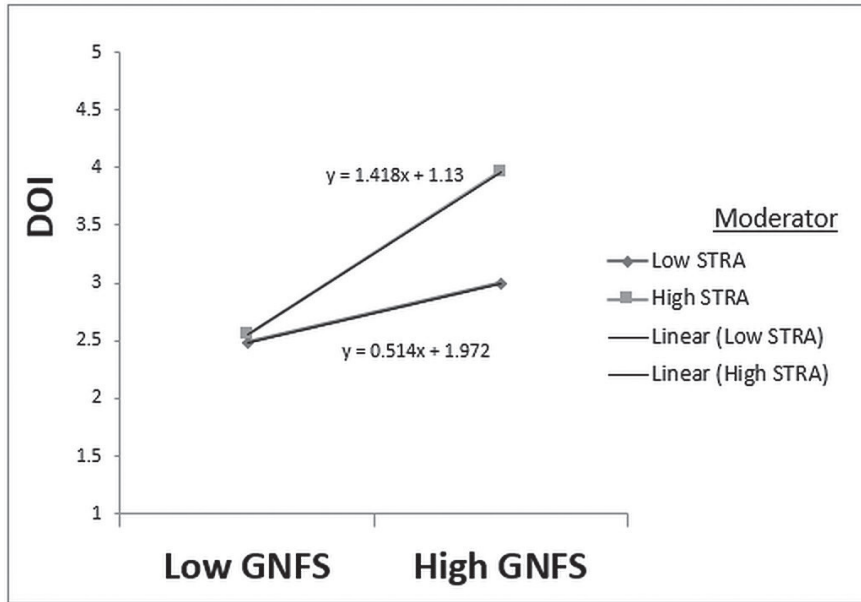
Figure 3: INTERACTION BETWEEN STRATEGIC ALLIANCE AND GOVERNMENT FINANCIAL SUPPORT



Source: Own analysis.

The results given in Table 3 reveal the interaction between strategic alliance and government non-financial support (SA_NFS) had a significant positive effect on degree on internationalisation. This implies that high levels of strategic alliance bolstered the relationship between government financial support and degree of internationalisation ($\beta = 0.226; p < 0.05$). These relationships are demonstrated in Figure 4, which shows that the degree of internationalisation was highest when strategic alliance and government non-financial support were all high (yellow line). It is also noted that the degree of internationalisation was at its lowest when strategic alliance and government non-financial support were at their lowest (blue line). Hypothesis H3b: “Strategic alliance positively moderates the relationship between government non-financial support and degree of internationalisation” is therefore supported.

Figure 4: INTERACTION BETWEEN STRATEGIC ALLIANCE AND GOVERNMENT NON-FINANCIAL SUPPORT



Source: Own analysis.

Discussions and Theoretical Implications

The findings reveal that government financial support had a significant effect on the indigenous firms' export strategic performance. Government financial support comes in the form of providing adequate venture capital companies and commercial banks, offering a credit facility to exporters, low-interest-rate loans for exporting firms, intervention funding for exporting firms, subsidies for exhibiting at international events, and tax holidays for exporters. This implies that the government of Ghana should focus on expanding and improving the institutional financial support for exporting firms with a view to helping to develop the firms' competitiveness in both the local and foreign markets, in turn enhancing their strategic performance in the international market. Such financial support is deemed to significantly add to export firms' ability to gain a foothold in the international markets they are present in, to increase product/firm awareness, make firms able to respond to the competitive pressure, more easily enter new international markets, and be able to increase their sales growth. The finding is similar to Ciszewska-Mlinaric (2018) who found that government financial support directly and positively influences firms' strategic performance in that firms

that had gone international helped increased their foreign sales and growth, and entry to new markets.

Similarly, it was ascertained that government non-financial support had a significant effect on export strategic performance. Government financial support such as the provision of consulting services to exporters, providing information on international trade development, the provision of transport and communication facilities, offering training and workshop programmes on export and international markets, giving support for research and development, and establishing friendly government policies, rules and regulations governing exporting are all deemed essential for export firms' strategic performance. This study is in line with Bowen (2019) who examined government non-financial support and observed that the non-financial support positively increases firms' strategic performance in the international market.

Degree of internationalisation was measured in terms of the percentage of a firm's exports in its overall sales, number of countries exported to, and number of continents exported to. This was found to mediate the relationship between government support (financial and non-financial) and export strategic performance. Namely, government financial support increased the firms' ability to go international. Firms need financial assistance to produce in large quantities for export, to invest in research and development to produce goods that meet international standards, to pay for shipping expenses etc. Financial support from the government therefore helped indigenous export firms engage in a higher degree on internationalisation. The degree of internationalisation further enhanced firms' export strategic performance. Here, a higher degree of internationalisation increased firms' ability to realise greater benefits associated with internationalisation. Moreover, government non-financial such as general consultancy services in international markets helped indigenous firms achieve a higher degree of internationalisation. The study is consistent with Michael et al. (2016) and Monticelli et al. (2017) who acknowledged that government non-financial support positively increases firms' internationalisation.

A strategic alliance with local and foreign agents or business partners enhanced the relationship between government support (financial and non-financial) and degree of internationalisation. It was established that financial support from the government added to firms' ability to achieve a higher degree of internationalisation. However, indigenous export firms with access to government financial support coupled with a high level of strategic alliance will achieve a far higher degree of internationalisation. Engaging in a strategic alliance provides firms with external resources which lie outside the government domain. Firms in a strategic alliance are able to tap into the rich resources (financial and non-financial) found within

the business networks or in collaboration (Dogbe et al., 2020; Pomegbe et al., 2020), which helps firms achieve a greater degree of internationalisation. It was similarly established that government non-financial support (such as the provision of export consultancy services) significantly enhanced firms' degree of internationalisation. This relationship was also strengthened by firms being in a strategic alliance. That is, firms with a high level of strategic alliance, that also have access to government non-financial support, can achieve a higher degree of internationalisation than firms which only have access to government non-financial support.

Managerial Implications

Our findings reveal that in addition to having a high level of strategic alliance firms that also enjoy access to government non-financial support are able to achieve a higher degree of internationalisation than firms only with access to government non-financial support. It could be argued that although institutional support increases firms' export activities, strong business cooperation in effect facilitates and advances their operations in international markets. Put differently, a strategic alliance offers a strong basis for exporting firms to lever as they build their competitiveness, international experience and market knowledge. This accumulated experience in turn helps them increase their foreign business (Morais and Franco, 2018; Tokman et al., 2020). Consequently, owner-managers and exporting firms in Ghana that wish to increase their export activities in foreign markets should not only focus on building a strong collaborative relationship to facilitate their export business but also on gaining access to the Ghana government's financial export promotion programmes. A collaborative relationship can be developed among local and foreign business partners. This will help advance their knowledge, competency and experience in foreign business which they can then leverage to increase their performance in the international market.

Limitations and Future Research Areas

The study presented in the article was a cross-sectional survey providing a snapshot of the internationalisation activities of indigenous firms in Ghana. The use of such data might not provide a true reflection of the causal relationship that could exist between the variables. Future studies could thus use longitudinal data to estimate the causal relationships in the present study.

Conclusion

The study presented in the article developed a model for investigating the export strategic performance of local firms engaged in export in a developing economy (Ghana), centred on the direct/indirect effects of both government financial/non-financial support for ESP. The study highlights the importance of mediator, such as internationalisation to help local firms leverage the benefits associated with engaging in international business, and the moderator like strategic alliance in strengthening the local firms' ESP in a context that needs more research. Our tested model is based on an institutional-based view and resource dependency theory. While there is extensive research in the area of government support and internationalisation, research focusing on how these variables improve export strategic performance is limited in the study area.

This study developed six hypotheses and scrutinised them empirically by considering Ghanaian data from 361 local firms in non-traditional exports. The data were scrutinised using confirmatory factor analysis and structural equation modelling techniques to explore the mediator and moderator role in influencing and strengthening the local firms' ESP. The study presented in the article concludes that government financial support had a direct positive effect on export strategic performance. This relationship was partially mediated scrutinized the degree of internationalisation. Government non-financial support also had a direct positive effect on export strategic performance. Degree of internationalisation was found to partially mediate the relationship between government non-financial support and export strategic performance. A strategic alliance positively moderated the relationship between government financial support and degree of internationalisation. Similarly, the government non-financial support–degree of internationalisation relationship was positively moderated by firms' strategic alliances.

BIBLIOGRAPHY

- Anwar, Muhammad, Kayhan Tajeddini and Ullah Rizwan (2020): Entrepreneurial finance and new venture success – the moderating role of government support. *Business Strategy and Development* 3 (4): 408–421.
- Alkahtani, Asem, Norfarah Nordin, Rizwan Ullah Khan (2020): Does government support enhance the relation between networking structure and sustainable competitive performance among SMEs?. *Journal of Innovation and Entrepreneurship* 9 (14): 2–16.
- Bamfo, Bylon Abeeku, Dogbe Courage Simon Kofi & Harry Mingle (2018): Abusive customer behaviour and frontline employee turnover intentions in the banking industry: The mediating role of employee satisfaction. *Cogent Business & Management* 5 (1): 1–15.
- Boafo, Christopher, Richard Afriyie Owusu, & Karine Guiderdoni-Jourdain (2022):

- Understanding internationalisation of informal African firms through a network perspective. *International Small Business Journal* 0 (0): 1-32.
- Bowen, Robert (2019): Motives to SME internationalisation: A comparative study of the export propensity among food and drink SMEs in Wales and Brittany. *Cross-Cultural & Strategic Management* 27 (1): 67-90.
- Childs, Michelle & Byoung-ho Jin (2015): Firm factors that influence internationalisation and subsequent financial performance of fashion retailers. *Journal of Service Theory and Practice* 25 (1): 95-114.
- Chung, Henry and Tsuang Kuo (2018): "When and how managerial ties matter in international competitive strategy, export financial and strategic performance framework: A standardized or customized approach?", *European Journal of Marketing* 52 (1/2): 260-278.
- Ciszewska-Mlinaric, Mariola (2018): Export Intensity, Geographic Diversification and the Role of Public Support: The Evidence from Old and New Europe SMEs. *Entrepreneurial Business and Economics Review* 6 (2): 45-69.
- Dogbe, Courage Simon Kofi, Hong-Yun Tian, Wisdom Wise Kwabla Pomegbe, Sampson Ato Sarsah and Charles Oduro Acheampong Otoo (2020): Effect of network embeddedness on innovation performance of small and medium-sized enterprises: The moderating role of innovation openness. *Journal of Strategy and Management* 13 (2): 181-197.
- Eijdenberg, Emiel, Neil Thompson, Karen Verduijn & Caroline Essers (2019): Entrepreneurial activities in a developing country: an institutional theory perspective. *International Journal of Entrepreneurial Behavior & Research* 25 (3): 414-432.
- Franco, Mario & Heiko Haase (2016): Internationalisation of born globals: the role of strategic alliances. *European Journal of International Management* 10 (2): 181-201.
- Fornell, Claes & David Larcker (1981): Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research* 18 (1): 39-50.
- Galvão, Anderson, Carla Marques, Mario Franco & Carla Mascarenhas (2019): The role of start-up incubators in co-operation networks from the perspective of resource dependence and interlocking directorates. *Management Decision* 57 (10): 2816-2836.
- Gnyawali, Devi & Daniel Fogel (1994): Environments for entrepreneurship development: key dimensions and research implications. *Entrepreneurship theory and practice* 18 (4): 43-62.
- Hair, Joseph, William Cormack Black, Barry Babin & Rolph Anderson (2010): *Multivariate Data Analysis: A Global Perspective* (7th Ed.). Pearson Education, Upper Saddle River, NJ.
- Hanif, Nadia, Noman Arshed & Hasan Farid (2022): Competitive intelligence process and strategic performance of banking sector in Pakistan. *International Journal of Business Information Systems* 39 (1): 1-25.
- Hsieh, Linda, John Child, Rose Narooz, Said Elbanna, Joanna Karmowska, Svetla Marinova, Terence Tsail Pushyarag Puthussery & Yunlu Zhang (2019): A mul-

- tidimensional perspective of SME internationalization speed: The influence of entrepreneurial characteristics. *International Business Review* 28 (2): 268–283.
- Igwe, Paul Agu & Frederic Kanyembo (2019): The Cage Around Internationalisation of Smes and The Role of Government. In H. Mohamed Yacine, J. Paul, & O. Adah-Kole Emmanuel (Eds.), *International Entrepreneurship in Emerging Markets: Nature, Drivers, Barriers and Determinants* 10: 161-176. Emerald Publishing Limited.
- Kijkasiwat, Ploypailin, Nirosha Hewa Wellalage & Stuart Locke (2021): The impact of symbiotic relations on the performance of micro, small and medium enterprises in a small-town context: The perspective of risk and return. *Research in International Business and Finance* 56, 101388. Accessible at <https://doi.org/10.1016/j.ribaf.2021.101388>, 17. 8. 2021.
- Li, Haiyang & Kwaku Atuahene-Gima (2001): Product innovation strategy and the performance of new technology ventures in China. *Academy of management Journal* 44 (6): 1123–1134.
- Love, James & Stephen Roper (2015): SME innovation, exporting and growth: A review of existing evidence. *International Small Business Journal* 33 (1): 28–48.
- Johanson, Jan & Jan-Erick Vahlne (1977): The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies* 8 (1): 22–32.
- Marinova, Svetla & Marin Marinov (2017): Inducing the internationalisation of family manufacturing firms from a transition context. *European Business Review* 29 (2): 181–204.
- Martínez-Román, Juan A., Javier Gamero, Maria de Loreto Delgado-González & Juan A. Tamayo (2019): Innovativeness and internationalization in SMEs: An empirical analysis in European countries. *Technological Forecasting and Social Change*, 148, 119716. Accessible at <https://doi.org/10.1016/j.techfore.2019.119716>, 10. 11. 2021.
- McGaughey, Sara, Arun Kumaraswamy & Peter W. Liesch (2016): Institutions, entrepreneurship and co-evolution in international business. *Journal of World Business* 51 (6): 871–881.
- Michael, Maris Stella, Gluma Saban & Abang Zainoren Abang Abdurahman (2016): Factors affecting non-exporting small and medium enterprises' intention to export: Resource based approach. *Procedia-Social and Behavioral Sciences* 224: 199–206.
- Monticelli, Jefferson Marlon, Cynthia Vilasboas Calixto, Silvio Luis de Vasconcellos & Ivan Lapuente Garrido (2017): The influence of formal institutions on the internationalization of companies in an emerging country. *Revista brasileira de gest o de negócios* 19 (65): 358–374.
- Morais, Flávio & Mário Franco (2018): The role of cooperative alliances in internationalization strategy: Qualitative study of Portuguese SMEs in the textile sector. *Journal of Strategy and Management* 11 (4): 461–482.
- Andriof, Jörg, Sandra Waddock, Bryan Husted, and Sandra Sutherland Rahman (2017): *Unfolding stakeholder thinking: Theory, responsibility and engagement*. Routledge.

- Oura, Mauricio Massao, Silvia Novaes Zilber, and Evandro Luiz Lopes (2016): "Innovation capacity, international experience and export performance of SMEs in Brazil." *International Business Review* 25 (4): 921-932.
- Oura, Mauricio Massao, Silvia Novaes Zilber, and Evandro Luiz Lopes (2016): "Innovation capacity, international experience and export performance of SMEs in Brazil." *International Business Review* 25 (4): 921-932.
- Oyedele, Adesequn & Fuat Firat (2020): Institutions, small local firms' strategies, and global alliances in sub-Saharan Africa emerging markets. *International Marketing Review* 37 (1): 156-182.
- Peter, Fred, Omotayo Adegbuyi, Maxwell Olokundun, Adeshola Oluwaseyi Peter, Augusta Bosede Amahian & Ayodotun Stephen Ibidunni (2018): Government financial support and financial performance of SMEs. *Academy of Strategic Management Journal* 17 (3).
- Paul, Justin (2020): SCOPE framework for SMEs: A new theoretical lens for success and internationalization. *European Management Journal* 38 (2): 219-230.
- Pfeffer, Jeffrey & Gerald Salancik (1978): *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.
- Pollanen, Raili, Ahmed Abdel-Maksoud, Said Elbanna & Habib Mahama (2017): Relationships between strategic performance measures, strategic decision-making, and organizational performance: empirical evidence from Canadian public organizations, *Public Management Review* 19 (5): 725-746.
- Pomegbe Wisdom Wise, Kwabla, Wenyan Li, Courage Simon Kofi Dogbe, & Charles Oduro Acheampong Otoo (2020): Enhancing innovation performance of Small and Medium-sized Enterprises through network embeddedness. *Journal of Competitiveness* 12 (3): 156-171.
- Quaye, Daniel, Kwame Ntim Sekyere, and George Acheampong (2017): Export promotion programmes and export performance: a study of selected SMEs in the manufacturing sector of Ghana. *Review of International Business and Strategy* 27 (4): 466-483.
- Safari, Arsalan & Ali Salman Saleh (2020): Key determinants of SMEs' export performance: a resource-based view and contingency theory approach using potential mediators. *Journal of Business & Industrial Marketing* 35 (4): 635-654.
- Takyi, Lydia Nyankom, Vannie Naidoo & Courage Simon Kofi Dogbe (2022): Government support, strategic alliance and internationalization: Evidence from indigenous Ghanaian exporters. *Journal of International Entrepreneurship*, 1-20.
- yun Tian Hong, Courage Simon Kofi Dogbe, Bylon Abeeku Bamfo, Wisdom Wise Kwabla Pomegbe & Prasad Siba Borah (2021): Assessing the intermediary role of relationship ending capability and dark-side between network Embeddedness and SMEs' Innovation Performance. *Journal of Competitiveness* 13 (1): 146-163.
- Tokman, Mert, Fariss Terry Mousa & Pat Dickson (2020): The link between SMEs alliance portfolio diversity and top management's entrepreneurial and alliance orientations. *International Entrepreneurship and Management Journal* 16 (3): 1001-1022.

- Caleb, Tse, Chi Kin Bennett Yim, Eden Yin, Feng Wan, and Hao Jiao (2021): R&D activities and innovation performance of MNE subsidiaries: The moderating effects of government support and entry mode. *Technological Forecasting and Social Change*, 166. Accessible at <https://doi.org/10.1016/j.techfore.2021.120603>, 17. 8. 2021.
- Varadarajan, Rajan & Cunningham Margaret (1995): Strategic alliances: A synthesis of conceptual foundations. *Journal of the Academy of Marketing Science* 23 (4): 282.
- Vidal, Elena & Will Mitchell (2013): When Do First Entrants Become First Survivors? *Long Range Planning* 46 (4): 335-347.

SOURCES

- Awojide, Awojide (2015): We need more government support for SME's in Nigeria. Accessible at <http://www.movebacktonigeria.com> right angle bracket, 17. 6. 2021.