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**Organizational Characteristics and
Performance of Export Promotion Agencies:
Portugal and Ireland compared**

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Abstract:

Export Promotion Agencies (EPAs) have been in operation in developed countries since the beginning of the 20th century to improve the competitiveness of firms by increasing knowledge and competences applied to export market development. Several studies have focused on assessing the real effectiveness of the EPAs, mostly from the viewpoint of firms. There are also some quantitative studies on the influence of organizational characteristics on EPAs' performance, but, to the best of our knowledge, no case studies have yet been conducted that analyze, detail and explain which of the EPAs' organizational characteristics are associated to their differing levels of success. Therefore, our research aims to fill this gap by assessing whether certain internal traits of EPAs are associated to their distinct performance and which ones in particular. To accomplish this task, a case study analysis is performed comparing a laggard (Portuguese) and a highly efficient (Irish) EPA in terms of export promotion. In methodological terms, a detailed survey is applied to the employees of the two EPAs who deal directly with enterprises in terms of exports promotion, encompassing several dimensions of their organizational performance: strategy, innovation strategy, knowledge management, structure, human resources, processes, procedures, and systems. Using the non-parametric test of Kruskal Wallis, it was found that there are clear differences between the agencies for all the dimensions, except for Structure and Procedures. Furthermore, a factor analysis shows that the hidden factors found for each agency are different, revealing that greater importance is given to strategic decisions in the case of Enterprise Ireland (EI), and to internal matters such as communication and knowledge management in Agência para o Investimento e Comércio Externo de Portugal (AICEP). Consequently, AICEP emerges as an organization without any clear component of intentionality, being more concerned with internal matters rather than with actions directed at the market. In contrast, EI's philosophy is more market-oriented and taking the clients' needs into consideration is a priority.

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Keywords: Export Promotion Agencies; Organizational Performance; Portugal; Ireland

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1. Introduction

Export Promotion Agencies (EPAs) have been operating in developed countries since the beginning of the 20th century (Serinhaus and Botschen, 1991). Some literature, however, has questioned their efficiency (e.g., Keesing and Singer, 1991) and, mostly after the 1990s, a number of studies on their performance and impact on exports and trade were made (e.g., Cavusgil and Yeoh, 1994, Wilkinson and Brouthers, 2000, Calderón et al., 2005).

Most of the extant studies in the area have focused on the efficiency of EPAs from the viewpoint of firms (e.g., Calderón et al., 2005), although there are also several generic studies on the influence of the organization's characteristics on their performance (Lederman et al., 2010). Nevertheless, and according to Lederman et al. (2010), case studies have yet to be conducted that analyze, detail and explain how certain characteristics of EPAs influence or explain their differing levels of success (in terms of export performance). Thus, there seems to be a gap in the literature that needs to be explored. As such, a qualitative study is proposed here comparing two European EPAs, more specifically, in Portugal and Ireland. The first case was selected by two orders of reasons: its relative (low) performance in terms of export efficiency (Lederman et al., 2010) and the fact that internationalization has in recent years become a national imperative, being considered by the current Portuguese government (the 18th) of vital importance as a means to escape the crisis affecting the country (Portugal - Government, 2009). Indeed, the Council of Ministers' Resolution No. 3/2010 (Portugal - Government, 2010) mentions that the internationalization of the Portuguese economy is a fundamental strategy to sustained economic improvement, capable of stimulating economic growth in the mid-term, promoting the renewal of the productive base and reducing the external deficit. AICEP, the Portuguese EPA, is the public entity responsible for developing and executing support policies for the internationalization of the Portuguese economy. The second case contrasts with the Portuguese one with regard to its export efficiency dimension. The Irish EPA is one of the three EPAs (besides The Netherlands and Hong Kong) in Lederman et al.'s (2010) study that stands out as the most efficient in export promotion (even more so than the Dutch EPA), evincing a larger volume of exports per budget available. A member of the EU, as is Portugal, and facing similar challenges and budget constraints (The Economist, 2010), the Irish EPA, Enterprise Ireland, serves as an appropriate benchmark, since it is also publicly managed like the AICEP (the Portuguese EPA).

In this context, our research question is 'To what extent are organizational characteristics and dimensions associated to the EPAs' differing levels of performance?'

To answer our research question, a case study analysis of the two EPAs mentioned above is conducted, which includes applying a detailed survey in both organizations, to all the employees who deal directly with enterprises in promoting their exports. This survey aims to cover these organizations' internal characteristics, namely at the organizational, strategic and institutional levels, that may potentially explain the possible differences found in export performance.

The paper is structured as follows. The following section reviews the literature with regard to export promotion agencies in general. Section 3 describes the methodology followed in our research, and in Section 4, an analysis of the data is conducted. Finally, a few conclusions are put forward.

2. A review of the literature

The emergence of Export Promotion Agencies

Historically, governments have long been involved in setting and policing the framework for international trade and investment, as well as facilitating or encouraging exports (Alexander and Warwick, 2007). Export promotion support to the business community has been available in industrialized countries since the turn of the 20th century (Seringhaus and Botschen, 1991).

The first Export Promotion Agency (EPA), still existing, was created in 1919 in Finland (Lederman et al., 2010). EPAs are specialized public organizations with a clear mandate to develop and diversify trade and, in general, tend to be properly endowed in terms of personnel (Martincus et al., 2010). In the mid-1960s, they became a popular instrument to increase exports and reduce trade deficits, under the support of the International Trade Centre (ITC),¹ having tripled over the last two decades (Lederman et al., 2010).

Encouraging private sector export activity to exploit niches in the international marketplace contributes to a nation's economy by lowering the trade deficit, creating jobs, broadening the nucleus of business opportunities, encouraging technological developments, and leading to higher profits (Business America, 1988, in Cavusgil and Yeoh, 1994). The creation of EPAs is considered a crucial instrument to boost the exports of small and medium-sized firms (Lederman et al., 2010). In general, the objectives of EPAs are to help exporters understand and find markets for their products (Lederman et al., 2010). According to Seringhaus and Botschen (1991), the basic goals underlying export promotion can be defined as: 1) to

¹ ITC is a joint agency of the United Nations and the World Trade Organization (WTO) for business aspects of trade development. ITC's mission is to enable small business export success in developing and transition countries by providing, with partners, inclusive and sustainable trade development solutions to the private sector, trade support institutions and policymakers.

develop a broad awareness of export opportunities and to stimulate interest for export in the business community; 2) to assist firms in planning and preparing for export market involvement; 3) to assist firms in acquiring the required expertise and know-how to enter and develop export markets successfully; and 4) to support foreign market activity tangibly through organizational help and cost-sharing programmes. Diamantopoulos and Tse (1993) mention the importance of export support programmes from both the government's and the firm's point of view. For the government, they are intended to improve the international competitiveness of domestic firms and thus the country's trade balance, what makes the need for export promotion dependent on the degree of a nation's global trade expansion and its relative competitiveness with other trading nations; for the firms, they attempt to create a pro-exporting attitude, deal with specific problems and assist in making exporting a positive experience for the company.

But the economic justification for government involvement in export promotion is generally based on the theory of asymmetric information and other market failures (Gil et al., 2008). Market failures exist when free markets fail to generate an outcome that is efficient, and they typically arise when there are externalities (so that individual agents do not accept the full social costs or receive the full benefits of their activities), incomplete markets (for example, it may not be possible to buy insurance against some contingencies), or market power (where agents are able to exercise some monopoly power) (Copeland, 2007).

Imperfect or asymmetric information may lead to sub-optimal international activity by firms because inexperienced exporters, in particular, may underestimate the uncertain benefits of exporting and so, when faced with the costs of entering export markets, may decide not to take the risk (Alexander and Warwick, 2007). Although information incompleteness is an important barrier to trade, the severity of the problem varies across trade activities, depending on the number of new goods to export and the number of new markets that a firm wants to enter (as obstacles are expectedly larger when introducing new goods or adding new countries to the set of destination markets) (Martincus et al., 2010). For Lederman et al. (2010), the uncertainty associated with trading across markets with different regulations is a justification for export insurance schemes supported by the public sector.

Alexander and Warwick (2007) consider that there are also a number of arguments for government involvement in export promotion stemming from its unique role, such as: setting the rules of the system to enable international markets to function effectively (structures, laws, etc.); being a trusted intermediary; having better access to EPAs abroad to provide information that otherwise would not be available; and providing credibility to firms seeking

partners in a transaction. According to the same authors, for government intervention to be beneficial, it needs to satisfy several criteria: first, there must be a problem that the government can address more effectively than other parties; second, it must be clear that government intervention is effective, i.e., that the benefits outweigh the costs. Social benefits are likely to be larger than the social costs if there are large positive externalities associated with higher current exports across firms, sectors or time, and within the exporting country (Lederman et al., 2010).

In the next section, we review the literature that assesses the real effect of export promotion agencies on exports in general, and specific programmes or instruments in particular.

An overview of the impact of EPAs on firms

As highlighted earlier, export promotion policies can be rationalized as responses to market failures, associated with information spillovers originated in successful searches of business opportunities abroad and informational asymmetries between trading parties (Copeland, 2007). In this respect, export promotion programmes represent readily available external sources of information and experiential knowledge and, as such, they are believed to enhance a firm's competitiveness by increasing the knowledge and competence applied to export market development (Gençtürk and Kotabe, 2001). Whether these public interventions have been truly effective in correcting such market failures and allowing for increased trade, has been object of intense debate (Martincus et al., 2010). For Czinkota (1994), the measurement of the effectiveness of export assistance should not be based on the firm's export performance, which is mainly controlled by the firm, but should be based on its export involvement, focusing on the number of customers, transactions, and countries served.

Some studies (e.g., Head and Ries, 2010) have failed to find any positive impact of EPAs on exports, and others (e.g., Keesing and Singer, 1991; Calderón et al., 2005) have questioned their efficiency. In contrast, evidence on their positive effects is provided by several studies (e.g., Coughlin and Cartwright, 1987; Wilkinson and Brouthers, 2000; Gençtürk and Kotabe, 2001; Alvarez, 2004; Shamsuddoha and Ali, 2006). In the same line, more recently, several studies have found that EPAs play a positive and significant role in distinct dimensions of countries' economy. Specifically, Lederman et al. (2010) found that national export promotion agencies have, on average, a strong and statistically significant impact on exports. At a regional level, Gil et al. (2008) estimated the effect of Spanish regional trade agencies abroad on exports and showed that regional agencies increase trade. Focusing on Latin American and Caribbean countries, Martincus et al. (2010) found that having branch office of export promotion agencies abroad favoured an increase in the number of differentiated goods

that are exported from such countries. Finally, on more general ground, Shamsuddoha et al. (2009) concluded that government export assistance programmes play an important role in the internationalization process of Bangladeshi SMEs by contributing to a number of firm- and management-related factors (such as managers' perceptions of the overseas market environment and international marketing knowledge) that determine the international marketing performance of a firm.

In terms of specific export promotion instruments, the effectiveness of overseas branch offices, trade missions and trade fairs, has also been debated. Spence (2003) evaluated the impact of overseas trade missions in the UK, showing that this instrument had contributed positively to the generation of incremental sales in foreign markets. On the contrary, Head and Ries (2010) found that trade missions organized by the Canadian government have small, negative, and mainly insignificant effects.

With regard to trade fairs, the existent literature has mainly focused on evaluating their selling effectiveness to firms. For instance, Rosson and Seringhaus (1991) found that nearly one-half of a sample of Canadian firms participating at international trade fairs did not generate sales (neither at the fair nor within the following year). Focusing on evaluating trade fairs as part of export assistance programmes, Solberg (1991) reported that Norwegian firms participating in trade fairs with government support often do so ineffectively, whereas Hansen (1996) found the absence of significant differences between the perceptions of exhibitors and visitors regarding the beneficial impact of trade fair assistance programmes and noted that visitors paid greater attention to government stands. By making a comparative analysis of companies exhibiting with government support or independently at international trade fairs, Seringhaus and Rosson (1998) concluded that although there were indeed important marketing (learning) benefits obtained from government support, the ability to turn contacts into leads and convert the latter into sales is markedly greater among independents as compared to those supported by the government. According to these authors, companies invited to exhibit at the national pavilion can benefit from the organizational, logistical, and financial perspective, provided by their national organization.

The impact of overseas trade offices has also been assessed. For example, Cassey (2008) analyzed the overseas offices of each American state and estimated that their benefit probably ranged from \$90,000 to \$130,000 per billion in exports, depending on the country where they were located. Finally, Rose (2007), Nitsch (2007), and Gil et al. (2008) found that embassies or state visits contribute strongly to bilateral trade.

Summing up, EPAs, through their overseas offices and export promotion instruments (such as trade missions, trade fairs or state visits), generally tend to contribute positively to the firms' international performance and countries' exports, although there are also some studies that found EPAs to have a negative or non-significant impact. Table 1 summarizes several authors' views about the positive and negative impacts of EPAs, and the dimensions in which they most affect countries and firms, namely: the countries' bilateral trade, the countries' exports, regional exports, firms' efficiency, firms' exports and firms' knowledge of internationalization.

Provided for free or at a nominal charge, export assistance contributes to these positive results as it offers a cost-efficient means of gaining knowledge and experience (Gençtürk and Kotabe, 2001). Another well-known and empirically supported financial benefit of export promotion assistance is the direct cost savings enjoyed by users through programmes such as subsidies, below-market rate loans, and reduced bulk rates on rental spaces at trade shows and on travel fares (e.g., Gronhaug and Tore, 1983). As such, usage of export promotion programmes enables a firm to reduce operating costs and become more profitable and therefore more efficient in its export activities (Gençtürk and Kotabe, 2001).

Table 1: The effects of EPA support according to several authors

Impact of EPAs and their instruments	General Effect	Studies
Positive	Increase of countries' bilateral trade	Rose (2007)
		Nitsch (2007)
		Gil et al. (2008)
	Increase of countries' exports	Coughlin and Cartwright (1987)
		Spence (2003)
		Lederman et al. (2010)
	Increase of regional exports	Martincus et al. (2010)
		Gronhaug and Tore (1983)
	Increase of firms' efficiency	Wilkinson and Brouthers (2000)
		Gençtürk and Kotabe (2001)
Increase of firms' exports	Gil et al. (2008)	
	Alvarez (2004)	
Improvement of firms' knowledge of internationalization	Shamsuddoha and Ali (2006)	
	Shamsuddoha et al. (2009)	
Negative	Increase of firms' exports	Rosson and Seringhaus (1991)
		Seringhaus and Rosson (1998)
		Wilkinson and Brouthers (2000)
		Alvarez (2004)
	Increase of countries' exports	Head and Ries (2010)

Source: Authors' compilation

In the next section, we analyze the extent to which the EPAs' different organizational characteristics may influence the nature of the support that is provided to firms and their impact on promoting the firms' exports.

Organizational characteristics of EPAs

A framework of analysis

Organizations are affected by external and internal factors. The external factors include (White and Bruton, 2007) politics, laws and public policy, suppliers, other societal and public groups, and external sources of new technology. Concurrently, and according to the same authors, the internal factors that interact to determine an organization's outcome are strategy, structure, human resources, processes, procedures, systems, technology and innovation strategy, information processing and knowledge management. Wettenhall (2003) also mentions the organization's property, since there is a vast range of organizations between the two polar positions of fully governmental and fully private: intermediate categories of quasi-governmental and quasi-non-governmental (structures with public purposes but outside the apparatus of central government).

With respect to the particular case of Export Promotion Agencies, we focus intentionally on internal factors given the gap in the literature uncovered by Lederman et al. (2010), in terms of an analysis of the organizational structures and strategies of given EPAs. Nevertheless, it is important to mention the two types of external factors that influence EPAs' effective export promotion: 1) firms' internal factors and performance (Reid, 1983; Shamsuddoha et al., 2009); and 2) the political context (Farnham, 2004). Besides the latter, Hogan (1991) also underlines the confidence the EPA enjoys from the government and the exporters.

In terms of the EPAs' internal factors, Lederman et al. (2010) mention organizational structures, strategies, and activities, such as those which affect their performance. Hogan (1991) also points out the following: human resources (they need to have the necessary international knowledge to provide sound support to exporters; more often than not, they are transferred from a ministry or a public organization, even though they may lack the required expertise); autonomy (EPAs should have the necessary independence to take decisions); the number of overseas offices (crucial to provide up-to-date information and guidance to exporters); the services offered to each type of exporter (a less sophisticated exporter will need more assistance than an established one), and the budget available (may be obtained by government grant, by tariffs on imports or exports, by membership subscriptions, by charging for services).

Figure 1 presents the main factors, internal and external, that may influence the EPAs' performance. There are three key internal factors that influence these organizations as a whole, namely strategy, technology and innovation strategy, and knowledge management, and

there are five more specific factors, such as structure, human resources, procedures, processes and systems, that influence and are influenced by the previous ones.

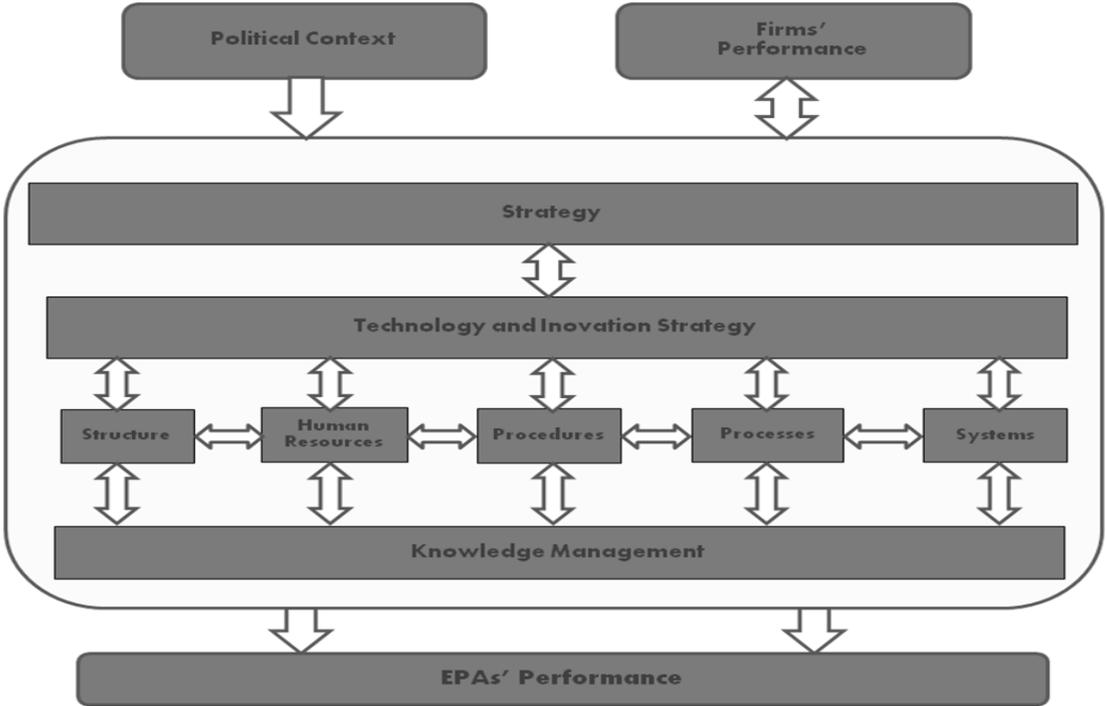


Figure 1: External and internal factors that potentially affect the EPAs' performance
Source: Adapted from White and Bruton (2007)

With regard to the first internal factor, ‘**Strategy**’, White and Bruton (2007) define it as a coordinated set of actions that fulfil a firm’s objectives, purposes and goals. For Chandler (1997), strategy can be defined as determining the basic long-term goals and objectives of an enterprise, and adopting courses of action and allocating the resources necessary to carry out these goals. Andrews (1997) disentangles business strategy from corporate strategy. For this author, business strategy consists in establishing how a company will compete, and corporate strategy is a pattern of decisions that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its stakeholders. It is important to recall, however, as argued by Andrews et al. (2009), that organizational strategies are messy and complex since a mix of strategies is likely to be pursued at the same time. For these authors, although strategic management approaches are likely to be durable, an organization may shift emphasis between different strategies when faced with different circumstances, resulting in the emergence of a new strategic management framework. Furthermore, Galbraith (1996) notes that different patterns of strategic choice lead to different organizational structures, management systems, and company culture.

As for '**Technologies and Innovation Strategy**', it is possible to state that, on the one hand, emerging technologies have the potential to remake entire industries and obsolete established strategies (Day and Schoemaker, 1996) and, on the other, that definitions of innovation strategy are rare and inconsistent (Strecker, 2008). One of the existing definitions considers that innovation strategy determines to what degree and in what way a firm attempts to use innovation to execute its business strategy (Gilbert, 1994, in Strecker, 2008). Strecker (2008) defines it as the sum of strategic choices a firm makes regarding its innovation activity.

Knowledge is the body of rules, guidelines and procedures used to select, organize and manipulate data to make it suitable for a specific task (Stair and Reynolds, 1998, in Busch, 2008). 50 to 90 percent of organizational knowledge is tacit, that is, implicit and not codified. On the contrary, codified knowledge exists in print or electronic form, is available either freely, free of charge but through restricted access, or at a cost. '**Knowledge Management**' aims to draw out the tacit knowledge people have, what they carry around with them, what they observe and learn from experience, rather than what is usually explicitly stated (Busch, 2008). It is heavily influenced by the culture (Syed-Ikhsan and Rowland, 2004, in Busch 2008). Although knowledge management is becoming widely accepted, many organizations have become so complex that their knowledge is fragmented, difficult to locate and share, and therefore redundant, inconsistent or not used at all (Zach, 1999).

'**Organization Structure**', the 'anatomy of the organization' as Dalton et al. (1980) put it, may be considered as providing a foundation within which the organization functions and which affects the behaviour of the organization's members. Pugh et al. (1968) mention six primary dimensions of organization structure: (1) specialization (the division of labour within the organization is the distribution of official duties among a number of positions), (2) standardization (defining a procedure and specifying which procedures in an organization are to be investigated), (3) formalization (the extent to which rules, procedures, instructions, and communications are written), (4) centralization (the locus of authority to make decisions affecting the organization), (5) configuration (the "shape" of the role structure), and (6) flexibility (the ability to configure and reconfigure a bundle according to the demands of a particular project (Galbraith, 1996)). Furthermore, a distinction between "structural" and "structuring" characteristics of organizations has been suggested by Campbell et al. (1974, in Dalton et al., 1980). Accordingly, the "structural" qualities of an organization are its physical characteristics, such as size, span of control, and flat/tall hierarchy. In contrast, "structuring" refers to policies and activities occurring within the organization that prescribe or restrict the behaviour of the organization members.

'Human Resources', another internal factor, assume an important role in all organizations since they are the major organizational resource and the key to achieving outstanding performance, depending on the way the organization manages them (Delaney and Huselid, 1996). In particular, employee participation, empowerment and job redesign, including team-based production systems, extensive employee training, and performance contingent incentive compensation, are widely believed to improve the performance of organizations (Pfeffer, 1994).

The formulation of **'Procedures'** can be defined as strategic or tactical (Chandler, 1997). Accordingly, strategic decisions are concerned with the long-term health of the enterprise. Tactical decisions deal more with the day-to-day activities necessary for efficient and smooth operations.

'Processes' refer to dynamic links among all elements, such as recruitment, budgeting, compensation, and performance evaluation (Galbraith, 1996).

Finally, **'Systems'** determine the distribution of authority, power and expertise within the firm and influence its willingness and ability to venture beyond its existing skills and competencies (Gedajilovic and Zahra, 2005).

Bearing other authors' views in mind (e.g., Galbraith, 1977, in Galbraith, 1996; Waterman et al., 1980), we can suggest that an organization consists of structure, processes that cut the structural line such as budgeting, planning, teams, reward systems such as promotions and compensation, and people practices such as selection and development (Galbraith, 1977, in Galbraith, 1996). Further, Waterman et al. (1980) consider that an organization consists of 7-Ss, namely, structure, strategy, systems, skills, style, staff, and softer attributes, such as culture. All of these models are intended to convey the same ideas. First, organization is more than just structure and, second, all of the elements must fit to be in harmony (Galbraith, 1996). An effective organization is one that has blended its structure, management practices, rewards, and people into a package that in turn fits with its strategy (Galbraith, 1996).

EPAs' organizational characteristics: the evidence

Most industrial countries have their own export promotion systems in place. But while the concept and role of such support is similar across these countries, the organizational set-up and strategic approaches to export promotion may differ considerably (Seringhaus and Botschen, 1991). This caveat is important because cross-country generalizations of successful nationalistic export promotion programmes may not be equally applicable in all countries. For example, Canada and Austria can be viewed as pursuing maximally differentiated export

promotion policies (in Canada, export promotion is carried out by the government under a loosely coordinated approach, whereas in Austria, export promotion is handled by the private/quasi-private sector under an integrated strategic approach) (Seringshaus and Botschen, 1991).

In the development of effective export promotion programmes, consideration must be given to the type of organizational arrangements for promotion, as well as to an effective design and delivery system for export promotion activities (Cavusgil and Yeoh, 1994). Specifically, there are three important questions to consider: 1) who is responsible for export promotion (the private sector, public sector, or joint efforts); 2) what is an appropriate export promotion portfolio; and 3) who should provide what activities. The same authors (Cavusgil and Yeoh, 1994) conclude that a preferred model of export assistance is one with a comprehensive mix of consistent policies and organizations that are responsive to the market conditions, needs of business enterprises, and possibilities offered by new products and technologies. In addition, they argue that agencies should consider the scope of their export programmes because this eliminates the need for every agency to attempt to cover the full spectrum of export promotion activities. Czinkota (1994) also gives some advice to make export assistance more efficient, arguing that it should emphasize those areas where government can bring a particular strength to bear, such as contacts, prowess in opening doors abroad, or information collection capabilities. He further argues that programmes should start out by analyzing the current level of international involvement of the firm and then deliver assistance appropriate to the firm's needs.

In a descriptive analysis of export promotion and assistance activities in eight countries (Japan, South Korea, Singapore, Canada, France, Germany, Italy, and the United Kingdom), Elvey (1990) finds considerable differences as well as similarities in terms of the sophistication and comprehensiveness of the programmes offered. First, countries differ on how they organize export promotion. Second, they differ on the strategic approach they adopt to assist firms in exporting. Specifically, in Europe, and according to Cavusgil and Yeoh (1994), Germany and Austria have adopted a *laissez-faire* approach to their export promotion activities (both systems are largely private sector-based but Germany adopts a loosely coordinated approach in which an individual institution acts in its own interests, whereas the business community in Austria has a broad export promotion structure), while France traditionally has pursued government-led exporting programmes.

Finally, and in a more general study, Lederman et al. (2010) consider 103 EPAs from developing and developed countries and try to disentangle their effects, structure,

responsibilities, strategies, resources and activities in terms of overall exports in order to understand what works and what does not. They conclude that EPAs should have a large share of their executive board in the hands of the private sector, but a large share of their budget should be publicly funded, and the proliferation of small agencies within a country leads to an overall less effective programme. Although this is a very relevant study, since it evidences the organizational component of EPAs, it does not explain in detail the several internal dimensions that may be associated to their performance. Therefore, this stands as our research goal, focusing on two specific cases, Portugal and Ireland.

3. Methodological underpinnings

3.1. Research question and justification for the EPAs chosen

To assess whether the internal traits of EPAs are associated to differing levels of performance and, if so, which ones, we chose two European EPAs with different levels of performance: AICEP from Portugal and Enterprise Ireland from Ireland. Both organizations operate under the umbrella of the government, and their mission comprises export promotion. In Table 2 we detail some general characteristics of the two EPAs.

Table 2: General information on the Irish and Portuguese EPAs

Country	EPA	Date of foundation	No. of employees	No. of overseas offices	No. of countries with overseas offices	Annual Budget	Ownership
Ireland	Enterprise Ireland (EI)	1998	152 (data from 2004)	32	28	€160 million (data from 2008)	Public (Ministry for Enterprise, Trade and Innovation)
Portugal	Agência para o Investimento e Comércio Externo de Portugal (AICEP)	1982 ¹	411	50	44	€44 million	Public (Ministry for Economy and Innovation)

Source: Author's compilation based on Enterprise Ireland's (2009), "Annual Report and Account 2009", and AICEP's (2009), "Relatório do Conselho de Administração 2009".

Note: ¹In fact, AICEP was founded in 2007, the result of the merging of ICEP (founded in 1982) and API (founded in 2002), both Portuguese public entities.

Enterprise Ireland is the Irish government's trade agency in charge of the development and internationalization of Irish enterprises, whose prime purpose is to increase exports and export-led employment (Enterprise Ireland Annual Report and Accounts, 2009). EI supports Irish enterprises in the global markets by helping them get started, grow, innovate and win export sales. To accomplish these goals, EI's range of services include funding support (for start-ups, expansion plans, and R&D business plans), export assistance (including the provision of in-market services, local market information and the facilities of their international office network), support to develop competitiveness (helping companies to become leaner to make them more competitive in international markets), incentives to stimulate in-company R&D (new product, service and process development to ensure sustainability, and growth through the evolution of products and services), assistance with R&D collaboration (with research institutions, to develop and bring new technologies, products or processes to market), connections and introductions to customers overseas (access to a global network of contacts, from heads of government to end customers).

AICEP is the Portuguese government organization responsible for aiding Portuguese companies abroad in their internationalization processes or export activities, as well as encourage foreign companies to invest in Portugal (in Ireland this second function is developed by another agency, the IDA Ireland). Like EI, AICEP's range of services include funding support, export assistance (local market information and the facilities of their

international office network), connections and introductions to customers overseas (access to a global network of contacts), as well as promotional actions (international trade fairs, trade shows, trade missions, visits from importers).²

Given that the aim of the present research is to establish a parallel between the EPAs' performance and organizational characteristics, we turn to Lederman et al.'s (2010) empirical study which includes these two contrasting cases: a laggard player and a highly efficient one in terms of export promotion, AICEP and Enterprise Ireland, respectively (cf. Figure 2).

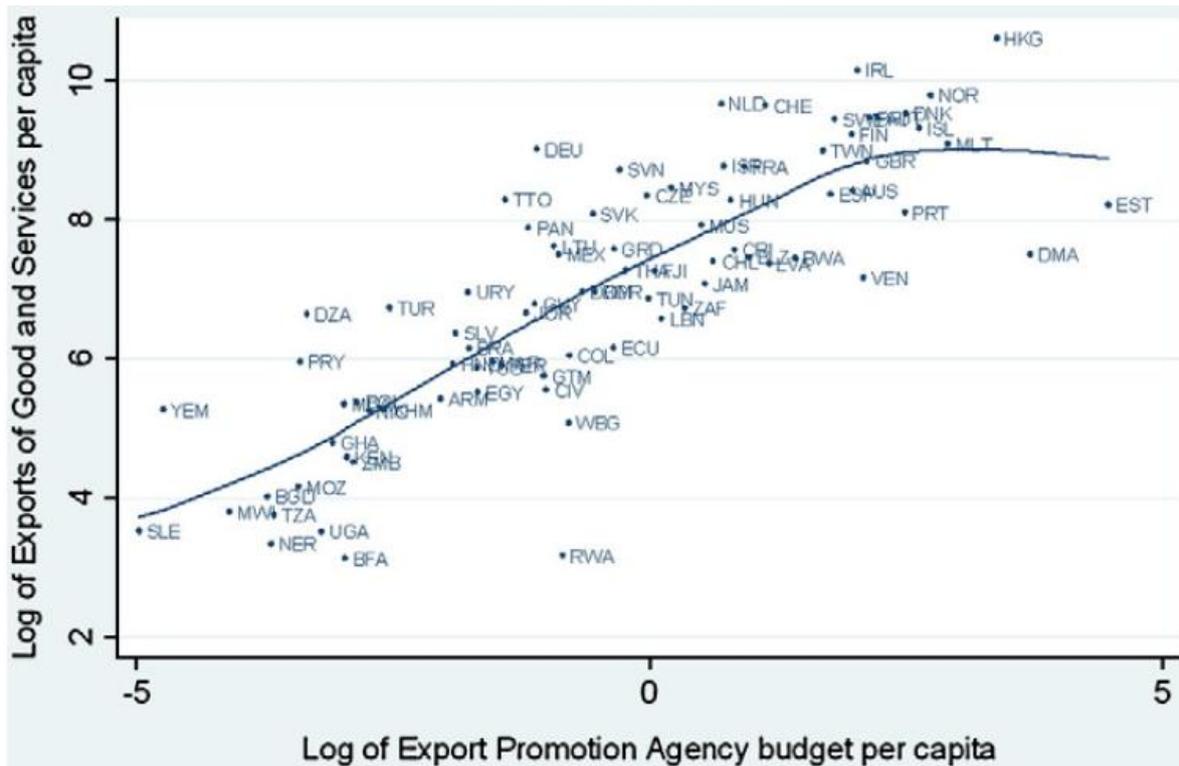


Figure 2: Efficiency of EPAs - Export Promotion Agency budgets and exports per capita
Source: Lederman et al. (2009: pp. 260)

The choice of the Portuguese case is further justified by the fact that internationalization has in recent years become a national imperative, being considered by the current Portuguese government (the 18th) of vital importance as a means to escape to the crisis affecting the country (Portugal - Government, 2009).

The Irish EPA is one of the three EPAs, besides The Netherlands and Hong Kong (see Figure 2), in Lederman et al.'s (2010) study that stands out as the most efficient in terms of export promotion, even more so than the Dutch EPA, evidencing a larger associated volume of exports per budget available. Hong Kong's agency is also (and more so than Ireland's) highly efficient; however given the wider cultural differences, we decided to opt for Enterprise Ireland.

² This information was adapted from AICEP's website - www.portugalglobal.pt, accessed on 2011-05-15.

As mentioned earlier, our aim is to investigate a contemporary phenomenon – export promotion efficiency and the EPAs’ organizational traits – in-depth and within their real-life context.

Given that the boundaries between phenomenon and context are not clearly evident, the relevant methodology is, as underlined by Yin (2009), the case study. This methodology is useful when we do not sufficiently understand the phenomenon in analysis and require more insights into it (Stake, 1995). In this line, the primary purpose of a case study consists in exploring the particularities, the uniqueness, of that particular case (Simons, 2009). Additionally, the case study analysis is the preferred research method when “how” and “why” questions are being posed, when the researcher has little control over the events, or the focus is mostly brought to bear on a contemporary phenomenon within a real-life context (Yin, 2009).

In this context, to assess the extent to which the type of internal organizational traits are associated to distinct performances between the Portuguese and the Irish EPA (i.e., the aim of our research), we undertake a case study analysis based on a detailed survey applied to the organizations, covering their internal characteristics, namely strategy, technology and innovation strategy, knowledge management, structure, human resources, processes, procedures, and systems.

3.2. Construction of the questionnaire

The key instrument underlying our empirical analysis is a purposeful questionnaire. It encompasses the eight dimensions identified in the literature (cf. Section 2) as those that may characterize or explain the organizational performance of EPAs’, namely strategy, innovation strategy, knowledge management, structure, human resources, processes, procedures, and systems.

In order to operationalize each dimension, a set of statements focusing on the main aspects associated to that dimension was specified, totalling 74 items. More specifically, the questionnaire includes 15 statements for strategy, 8 for technology and innovation strategy, 10 for knowledge management, 16 for structure, 13 for human resources, and 4 for processes, procedures, and systems (cf. Table 3).

Although there is a vast amount of literature on organizational matters, to the best of our knowledge, no empirical framework has yet been developed which enables the assessment and characterization of the entities’ organizational dimensions. Additionally, there are no

studies focusing on the EPAs' organizational characteristics in particular, and even less so relating these with their performance.

Given this shortcoming in information regarding the EPAs' organizational characteristics, our questionnaire was designed based on the innovation auditing framework developed by Tidd and Bessant (2009). This tool is basically a questionnaire focusing on a number of important areas in innovation management. We adapt the auditing framework to the study of the eight organizational dimensions in analysis. The aim is thus to collect the opinions of the agencies' employees on aspects conveyed by each organizational dimension. To accomplish this, employees from the two EPAs were asked to rate their responses (on a Likert scale from 1: Strongly disagree to 5: Strongly agree) to a set of statements which assessed each organizational dimension.

To construct the questionnaire, definitions available in the literature (cf. Section 2) were taken into consideration so as to determine which elements constituted each dimension.

With regard to '**Strategy**' as a coordinated set of actions that fulfil a firm's objectives, purposes and goals (White and Bruton, 2007), statements were included related to the way employees perceive those objectives, purposes, and goals. For example, "The goals of the organization are clearly defined" (Q.1) or "Objectives and milestones are both realistic and challenging" (Q.17). The way strategy is defined is also considered, as shown by Q.48 "Strategy takes the clients' needs into consideration". The influence that the Government may have on these organizations was taken into account as well, given that they are public. Thus, Q.57 and Q.61 state, respectively "The organization is autonomous in setting its strategy" and "The Government influences the strategy of the organization". At the same time, since strategy depends on the allocation of resources required to achieve their goals (Chandler, 1997), statements such as "The resources available allow the organization to pursue the defined strategy" (Q.67) were also included.

In terms of '**Innovation Strategy**', i.e., the extent to which a firm attempts to use innovation to execute its business strategy and in which way (Gilbert, 1994, in Strecker, 2008), we try to assess whether innovation is an attribute of the organization by asking whether "There is a clear system for choosing innovative projects" (Q.2) or "The organization systematically searches for new services to better promote exports" (Q.18). We also focus on the extent to which employees are involved in innovation and are encouraged and rewarded for their capability to be innovative (see Q.39, Q.44 and Q.49).

To evaluate the organizations in terms of '**Knowledge Management**', which aims to draw out the tacit knowledge people have and what people learn from experience, rather than what

is usually explicitly stated (Busch, 2008), the questions posed are related to communication and how information flows within the organization. For instance, “The employees’ knowledge is transmitted to others when they change functions” (Q.40).

To understand the organizational ‘**Structure**’, we focus on the "structural" qualities of an organization, i.e., its physical characteristics, such as size (“The structure of the organization helps to take decisions rapidly” - Q.71), span of control (“Employees can take their decisions autonomously” - Q.55), and flat/tall hierarchy (“Decisions are centralized at the top level” - Q.46), as well as the "structuring" qualities, namely policies and activities that prescribe or restrict the behaviour of the organization’s members (Dalton et al., 1980) (“Communication is mainly top-down” - Q.28).

Looking at another dimension, ‘**Human Resources**’, they can be, according to some authors (e.g., Delaney and Huselid, 1996), a major organizational resource and a key to achieving outstanding performance, depending on the way the organization manages them.

Table 3: Statements used in the questionnaire, by organizational dimension

Dimensions	Q.	Statements
Strategy	1	The goals of the organization are clearly defined.
	9	The strategy pursued by the organization is flexible.
	17	Objectives and milestones are both realistic and challenging.
	25	The organization makes strategic options that clearly show the path it wants to follow.
	33	Employees have a good understanding of the organization's mission, vision and strategic plan.
	38	Strategy is clearly communicated to everyone inside the organization.
	43	Strategy is clearly communicated to the outside (to clients, other organizations, press, people in general, etc.).
	48	Strategy takes the clients' needs into consideration.
	53	Strategy is defined on a short-term basis (1 to 3 years).
	57	The organization is autonomous in setting its strategy.
	61	The Government influences the strategy of the organization.
	64	Each department has its own strategy.
	67	The resources available allow the organization to pursue the defined strategy.
Innovation Strategy	70	The organization looks ahead in a structured way to see future threats and opportunities.
	72	Actions developed are in consonance with the strategy defined.
	2	There is a clear system for choosing innovative projects.
	10	Innovation/creativity strategy is a clear attribute of the organization.
	18	The organization systematically searches for new services to better promote exports.
	26	Innovative projects are usually completed on time and within budget.
	34	The organization works well with customers to develop new products/services that are best suited to their needs.
Knowledge Management	39	Employees are involved in suggesting ideas for improvements to products or processes.
	44	Employees are encouraged to be innovative and creative.
	49	Employees are evaluated by their ability to innovate and/or to be creative.
	3	The organization is good at learning from other identical organizations.
	11	The organization systematically compares its products and processes with other organizations.
	19	Once implemented, projects are reviewed to improve performance next time.
	27	When decisions or changes occur, leaders make a conscious effort to keep employees informed.
	35	What is learned is transmitted to everybody.
	40	Employees' knowledge is transmitted to others when they change functions.
	45	The organization learns with its mistakes.
Structure	50	Employees share information they capture in day-to-day work.
	54	There is a formal procedure to exchange information.
	58	The right information gets to the right people at the right time.
	4	Departments openly share information to facilitate each other's work.
	12	Senior managers frequently visit employees and engage in open conversations.
	20	Communication among the several departments and hierarchical levels must follow a formally defined path.
	28	Communication is mainly top-down.
	36	Rules, procedures, instructions, and communications are written.
	41	Employees have the ability to configure and reconfigure a bundle of working tasks according to the demands of a particular project.
	46	Decisions are centralized at the top level.
	51	Decisions are centralized at the middle level.
	55	Employees can take their decisions autonomously.
	59	Each employee performs a detailed number of duties.
	62	Each employee performs a diversified number of duties.
65	Each employee performs an excessive number of duties.	
68	Overseas offices are crucial to good performance in terms of export promotion.	
71	The structure of the organization helps to take decisions rapidly.	
73	The services offered to customers are suited to their needs.	
74	Most employees know each other among the several departments they work with.	

(...)

Dimensions	Q.	Statements
Human Resources	5	There is a strong commitment to the training and development of employees.
	13	Employees are evaluated and rewarded according to their performance.
	21	Evaluations take place at least once a year.
	29	Evaluations are top-down and bottom-up.
	37	People work well together across departmental boundaries.
	42	Employees work well in teams.
	47	Team work is encouraged.
	52	Most of employees have the appropriate know-how/competencies/knowledge suited to their work.
	56	Employees suggest improvements to procedures.
	60	Employees participate in the definition of the department's strategy.
Procedures	63	Needs are fulfilled with existent personnel and not by recruiting new people or subcontracting.
	66	The changing of functions across departments at the same hierarchical level is encouraged.
	69	Employees change functions frequently.
	6	Policies are made without input from employees.
Processes	14	Decision-making and control are given to employees doing the actual work.
	22	Procedures are known by everyone.
	30	Procedures are flexible enough to respond quickly to different requests.
Systems	7	There are processes in place to help employees in their daily tasks.
	15	There are long-term goals and short-term goals.
	23	There are clear reward mechanisms.
Systems	31	Employees are recruited by a defined procedure.
	8	Each department has autonomy to take its own decisions.
	16	Each department has autonomy in what concerns finance (has its own budget).
	24	Each department has its own strategic document and defined goals.
	32	Levels of authority are clearly defined.

Source: Author's compilation

This covers several important aspects such as employee participation, empowerment and job redesign, including team-based production systems, extensive employee training, and performance contingent incentive compensation, which are widely believed to improve the performance of organizations (Pfeffer, 1994). These wide definitions guided us in the design of 13 statements that focus on all the aspects brought up. More specifically, we can mention Q.13, related to incentive compensation, "Employees are evaluated and rewarded according to their performance", Q.42 related to team work "Employees work well in teams", and Q.60 related to employee participation "Employees participate in the definition of the department's strategy". Job redesign is captured in Q.66 "The changing of functions across departments in the same hierarchical level is encouraged" and Q.69 "Employees change functions frequently".

In relation to the last three dimensions, 'Procedures', 'Processes' and 'Systems', the literature is quite scanty. Therefore, not many definitions are available to guide us in formulating the relevant statements. Consequently, we put forward only 4 statements for each dimension, as described next.

'Procedures' refer to strategic decisions, which are concerned with the long-term health of the enterprise, and tactical decisions, which are related with the day-to-day activities necessary for efficient and smooth operations (Chandler, 1997). Considering this definition, the statements formulated try to evaluate whether procedures have been implemented and how, as shown by "Procedures are known by everyone" (Q.22) and "Procedures are flexible enough to respond quickly to different requests" (Q.30).

To assess whether **'Processes'** have been implemented, i.e., dynamic links among all elements, such as recruitment, budgeting, compensation, and performance evaluation (Galbraith, 1996), the following statements were included: "There are clear reward mechanisms" (Q.23) and "Employees are recruited by a defined procedure" (Q.31), for example.

Finally, **'Systems'** determine the distribution of authority, power and expertise within the firm which influence its willingness and ability to venture beyond its existing skills and competencies (Gedajilovic and Zahra, 2005). The statements related to this matter focus mainly on autonomy ("Each department has autonomy to take its own decisions" - Q.8) and authority ("Levels of authority are clearly defined" - Q.32).

The statements used in the questionnaire indicate the organizations' pattern of behaviour in each of the organizational dimensions, which, we surmise, may be associated to their different performances. Nevertheless, the organizational dimensions are not tight, and some characteristics from one dimension can be related to another dimension. For example, Q.36 - "Rules, procedures, instructions, and communications are written" - is included in the dimension 'Structure' because it indicates the level of flexibility or formalization of the organizational structure (according to Pugh et al., 1968), but it could also be included in 'Procedures' as it refers to it specifically. Similarly, Q.59, Q.62 and Q.65 could be included in 'Human Resources' instead of in 'Structure'.

All the dimensions were intentionally mixed in the questionnaire so that it was not evident to the respondent which dimension was being assessed by each statement. As mentioned earlier, the respondent had to rank his/her response to each statement on a Likert Scale from 1 (Strongly disagree) to 5 (Strongly agree).

The questionnaire was written in English and translated into Portuguese to be sent to each individual target in the two selected agencies.

3.3. Target population and data gathering

The aim of the study is to relate the EPAs' organizational traits with their respective efficiency in terms of export promotion. As such, the natural target population would be the individuals working in those agencies who deal directly with export promotion.

AICEP is organized into two main business areas, the SME Commercial Department (dealing with small and medium-sized enterprises) and the Large Enterprises Commercial Department (dealing with large enterprises), supported by a network of offices abroad and several back office services (see Appendix 2). The two commercial departments serve as the contact point for companies, thus providing access to all of the agency's available services.³ Accordingly, we selected the individuals from these two departments as our target population. They comprise 43 employees, specifically, 27 from the SME Commercial Department (1 Chief Executive Officer, 2 Managers, and 24 Officers) and 16 from the Large Enterprises Commercial Department (1 Chief Executive Officer, 2 Managers, and 13 Officers).

Similarly, in Enterprise Ireland (EI), a primary point of contact for companies is the Development Adviser, who carries out an assessment of their business development needs, presents the companies with all of EI's support mechanisms and services and, afterwards, directs the company to the relevant EI team, depending on each particular company's needs. There are Market Advisors, Technology Development Advisers, Human Resource Development Advisers, Investment Advisers, Technology Licensing Specialists and Information/Market Research Specialists (see Appendix 3). EI's Market Advisors are responsible for advising and assisting Irish companies in export sales. Based in international offices in over 30 countries, Market Advisors have important local knowledge and connections to access the market's major players.⁴ Therefore, in the case of EI, besides Managers and Directors, Market Advisors were also included in our target population, totalling 49 people.

Once the target population had been chosen, we contacted AICEP's and EI's Administration Board to explain the project and ask permission to send the questionnaires to their employees. This process started at the beginning of March 2011 and took place at the same time for the two EPAs, although progress was slightly different between them, as shown in Figure 3.

After obtaining permission from AICEP, the Manager with whom we had contacted provided the e-mail addresses of the target population, to whom we then sent the questionnaires. It was necessary to send two reminders because of a low response rate to the first e-mail round. We

³ Information adapted from AICEP's official website, www.portugalglobal.pt, accessed on 2011-05-20.

⁴ Information adapted from EI's official website, www.enterprise-ireland.com, accessed on 2011-05-20.

obtained 32 answers out of 43 (response rate of 74.4%) at the end of the process, which took approximately one and a half months.

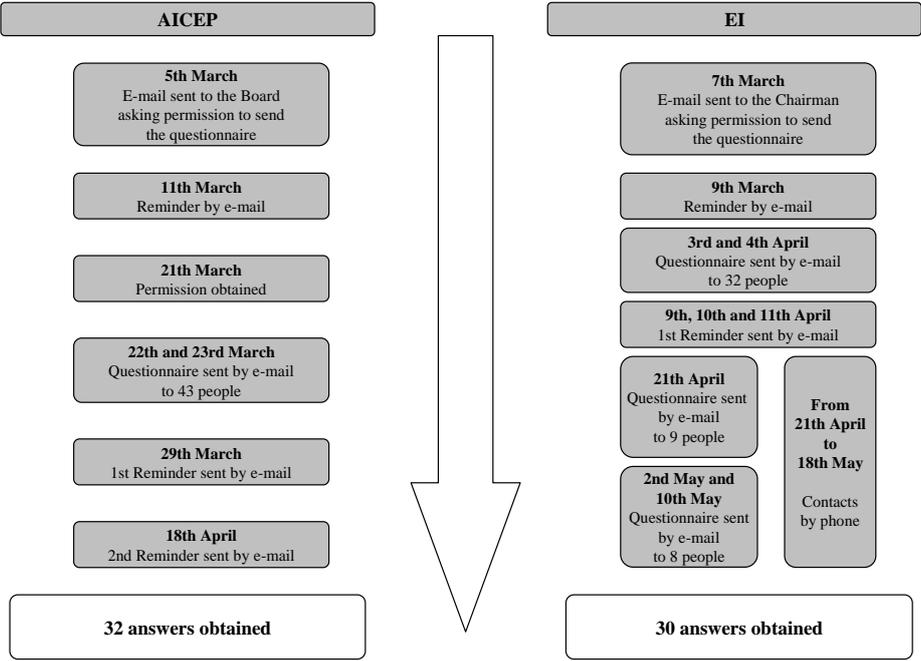


Figure 3: Data gathering procedure
Source: Author’s compilation

In the case of EI, we failed to obtain formal permission from the Board to send the questionnaire to its employees. Consequently, a different, more time-consuming strategy was followed, searching for the names of the target population and their e-mail addresses on the EI’s website. In a first phase, the response rate from EI was much lower than AICEP’s. Consequently, it was necessary to contact most of the target population by telephone to explain the project and ask for their collaboration. The whole process lasted almost 2 and a half months. At the end of the process, we obtained 30 answers (61.2% response rate).⁵

⁵ We got eight additional answers, in which the person informed us that it was not possible to collaborate – either because he/she was not allowed to participate, was not the most suitable person to do so, etc. The remaining 11 staff members did not reply at all.

4. Empirical results

4.1. Overall descriptive statistics and differences between organizational dimensions

As mentioned above, we gathered the perceptions of 32 Portuguese and 30 Irish EPA employees through the e-mail questionnaire. The questionnaire's main purpose consisted in comparing the perceptions of the agencies' workers regarding each organizational dimension and to assess which of these dimensions could justify their differing levels of performance. Figure 4 illustrates the (mean) scores of all the perceptions obtained from each agency, ordered by organizational dimension.

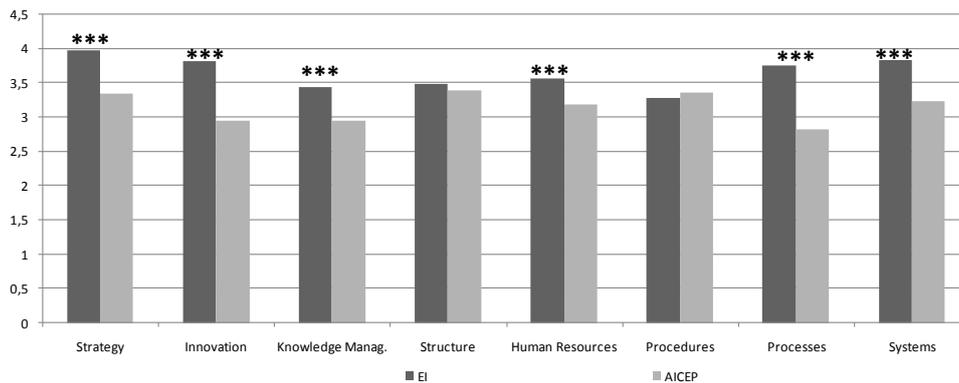


Figure 4: Perceptions of the EPAs' employees by organizational dimension

*Legend: *** differences are statistically significant at 1%.*

Source: Author's compilation

Using the non-parametric test of Kruskal Wallis, we find that there are clear differences between the agencies for all the dimensions, except for Structure and Procedures.⁶ This shows that although the respondents perceive the degree of centralization of decisions and communication between departments (i.e., Structures) and the knowledge about given procedures (i.e., Procedures) as relatively similar between the two agencies, in all the other dimensions perceptions differ substantially.

In the dimensions 'Innovation', 'Knowledge Management' and 'Processes' scores from AICEP's employees are below 3 (out of a maximum of 5). This reveals that the majority of AICEP's respondents does not consider that there is a favourable environment for innovative

⁶ The Kruskal-Wallis Test is the non-parametric alternative to a one-way between group analysis of variance and it allows us to compare the scores on some continuous variables for several groups. Scores are converted to ranks and the mean rank for each group is compared (Pallant, 2001). According to the same author, non-parametric techniques do not make assumptions about the underlying population distribution and they are ideal for use when the data is measured on nominal and ordinal scale or when the sample is very small, which is the case of our population, with a total of 62 observations. The null hypothesis (H0) of the test is that samples come from identical populations. If H0 is rejected (which means p-value<0.10), we conclude that there is a difference which is statistically significant, with 90% of confidence. Therefore, if H0 is rejected for a given organizational dimension, we can conclude that this dimension might be relevant in explaining the different performances among the two EPAs in analysis. Hypothetically, if H0 was accepted for all the eight organizational dimensions, we could conclude that AICEP and EI were similar in terms of internal factors and that the different performances were not justified by these organizational factors.

projects and creativity, do not see it as a learning organization and do not understand clearly the existing processes (namely, processes that define goals, reward mechanisms, help in daily tasks and in recruitment). Also, in comparison to EI, AICEP obtained a lower score in all the dimensions except for Procedures. This reveals a generally less optimistic perception at AICEP, which can be associated to its poorer performance.

On average, the dimensions which obtained higher scores in the two agencies are 'Strategy', 'Structure' and 'Systems'. Nevertheless, for AICEP, the scores are in all cases below 3.5, meaning a generally less optimistic perception. Considering EI separately, we found that 'Strategy', 'Innovation' and 'Systems' are the aspects on which the employees most agree. In AICEP, 'Strategy' also got the highest score (3.34). This shows that, in general, the employees from the two organizations consider that the goals and mission are clear to everyone and strategic options are taken in consonance. Further, EI seems to be more innovative regarding its projects and actions taken and to have clearer-cut systems, which means a higher autonomy by department and clear levels of authority.

'Processes', 'Procedures' and 'Knowledge Management' are the dimensions that, on the whole and for the two EPAs, achieve the lowest average scores. However, when analyzing each EPA separately, we find that the AICEP scores are worse for 'Processes' (2.83), following almost *ex-quo* by 'Knowledge Management' (2.95) and 'Innovation' (2.96). Regarding EI, the worst score is obtained in the dimension 'Procedures' (3.29), followed by 'Knowledge Management' (3.44) and 'Structure' (3.49). Nevertheless, EI's scores are always above 3, revealing a higher general level of agreement from the corresponding employees with regard to these aspects or brighter prospects regarding the EPA's internal organization. In sheer contrast with the results found in AICEP, 'Innovation' is one of the dimensions that obtained a higher score at EI, which is not certainly disconnected from the Irish EPA's higher level of performance.

The dimensions which reveal a more divergent path between the two EPAs are indeed 'Innovation' and 'Processes'. On the Likert scale, 'Innovation' scores 3.98 in the case of EI against 2.96 for AICEP, and 'Processes' scores 3.76 vs. 2.83, for EI and AICEP respectively.

From the results obtained, it seems apparent that EI promotes, to a greater extent than AICEP, a more innovative and creativity-fostering organizational environment by supporting new ideas and projects, and is more concerned with learning interactions among all the organization's members. In the same line, 'Processes' are better implemented and clarified at EI than at AICEP. With regard to the latter, it is conveyed that there are no clear reward

mechanisms, procedures for recruiting, defined goals for the short and long term and mechanisms to assist in daily tasks.

The differences in these two dimensions may explain the different performances observed in the two EPAs. Indeed, when an EPA supports the creative ability of its employees, the organization is using one of its richest resources – human resources –, which undoubtedly constitute a valuable contribution to the improvement of the organization's performance. Furthermore, having well-defined processes in place facilitates and enhances the human resources' work activities.

After identifying the (statistically) significant differences for the organizational dimensions as a whole, it is pertinent to go deeper and identify which items within each dimension may contribute more to those same differences. This is detailed in the next section using once more the non-parametric test of Kruskal-Wallis.

4.2. Differences within organizational dimensions: a comparative analysis by EPA

Starting with the two dimensions – 'Structure' and 'Procedures' – that emerged as the most similar between the selected EPAs (cf. Section 3.2), we found, notwithstanding, that some items stand as statistically distinct (cf. Table 4). Specifically, AICEP evidences a more centralized structure (as showed by the scores obtained for Q.20; Q.28; Q.46; Q.51; Q.55; Q.71), being an organization, according to the respondents, where information does not flow well (Q.20; Q.28; Q.73; Q.74). This obviously comprises a constraint to achieving a good performance and inevitably stands as a strong factor explaining the differences in performance found by Lederman et al. (2010) (cf. Figure 2).

With regard to 'Procedures', a worrisome indication gathered from our fieldwork is that for the Portuguese EPA's employees "Policies are made without input from employees" (Q.6), whereas their Irish counterparts do not seem to agree with this statement. Once more, such an unfortunate (significant) difference seems to be in line with the higher performance rates of EI, proving that organizations which adequately take into account all their available resources, including their human resources, tend to achieve higher levels of performance. Furthermore, Q.30, "Procedures are flexible enough to respond quickly to different requests", indicates that EI is (much) more flexible than AICEP, allowing it to quickly adapt to changes and the needs of clients.

Looking now at the remaining six organizational dimensions, which were found to be significantly different between the selected EPAs (cf. Section 3.2), EI seems to have a more defined or clearer 'Strategy' for the mid-term, with regard to goals (Q.1), mission and

strategic options (Q.25; Q.33), as well as the available resources to pursue it (Q.67), and is more efficient in communicating it (Q.38). In a nutshell, EI clearly looks to the future in a structured manner, effectively assessing threats and opportunities (Q.70), and taking the decisions (Q.72) accordingly, whereas AICEP fails to accomplish this.

One could argue that ‘Innovation’, ‘Processes’ and ‘Systems’ are the key distinguishing dimensions between EI and AICEP – in all items that compose these dimensions we found statistically significant differences between the two agencies. More specifically, and focusing on ‘Innovation’, it is clear that EI is (much) more committed to innovation than AICEP. Indeed, for EI’s respondents, “Innovation/creativity strategy is a clear attribute of the organization” (Q.10), the majority tend to feel “encouraged to be creative or innovative” (Q.44), and are “evaluated by their ability to innovate and/or to be creative” (Q.49), whereas at AICEP, this is not the case (the corresponding questions’ scores are 2.63 and 2.06, respectively). Therefore, EI seems to take advantage and foster the potential of its human resource the basis to achieve improvements in the services offered and, consequently, better organizational performance. This, in turn, feeds into the organization (virtuous circle), working as an incentive and a challenge to employees to get good evaluations and appropriate rewards.

In terms of the (statistically significant) differences in scores observed in the items included in ‘Processes’ and ‘Systems’, one could argue unambiguously that at AICEP the objectives are set for the short-term (Q.15) and employees are not recruited by defined procedures (Q.31). Moreover, AICEP’s departments reveal low(er) levels of autonomy (Q.8; Q.16; Q.24), where authority has not been clearly defined (Q.32).

The ‘story’ repeats itself in what concerns the last two organizational dimensions – ‘Knowledge Management’ and ‘Human Resources’. In particular, we observe that EI makes a greater effort to get information from the outside (namely, through benchmarking – Q.3; Q.11) and to capture information from the actions taken so as to improve future performance (Q.19; Q.45).

Table 4: Organizational differences between EI and AICEP (Kruskal-Wallis Test of the differences in means of the statements included in each dimension)

Organizational Dimensions	Q	Variables (Questions)	Means		Sig.
			EI	AICEP	
Strategy ***	1	The goals of the organization are clearly defined.	4.53	3.78	***
	9	The strategy pursued by the organization is flexible.	3.60	3.34	
	17	Objectives and milestones are both realistic and challenging.	4.10	3.00	***
	25	The organization makes strategic options that clearly show the path it wants to follow.	4.00	3.06	***
	33	Employees have a good understanding of the organization's mission, vision and strategic plan.	4.23	3.41	***
	38	Strategy is clearly communicated to everyone inside the organization.	4.23	3.34	***
	43	Strategy is clearly communicated to the outside (to clients, other organizations, press, people in general, etc.).	3.97	3.66	
	48	Strategy takes the clients' needs into consideration.	4.40	3.53	***
	53	Strategy is defined on a short-term basis (1 to 3 years).	3.33	3.50	***
	57	The organization is autonomous in setting its strategy.	3.97	3.28	
	61	The Government influences the strategy of the organization.	3.63	3.88	
	64	Each department has its own strategy.	3.57	3.19	***
	67	The resources available allow the organization to pursue the defined strategy.	3.57	3.09	***
	70	The organization looks ahead in a structured manner to see future threats and opportunities.	4.03	2.88	***
72	Actions developed are in consonance with the strategy defined.	3.93	3.22	***	
Innovation Strategy ***	2	There is a clear system for choosing innovative projects.	4.00	3.03	***
	10	Innovation/creativity strategy is a clear attribute of the organization.	3.97	2.97	***
	18	The organization systematically searches for new services to better promote exports.	3.93	3.59	*
	26	Innovative projects are usually completed on time and within budget.	3.80	2.72	***
	34	The organization works well with customers to develop new products/services that are best suited to their needs.	3.97	3.44	**
	39	Employees are involved in suggesting ideas for improvements to products or processes.	4.00	3.22	***
	44	Employees are encouraged to be innovative and creative.	3.80	2.63	***
49	Employees are evaluated by their ability to innovate and/or to be creative.	3.10	2.06	***	
Knowledge Management ***	3	The organization is good at learning from other identical organizations.	3.37	2.75	***
	11	The organization systematically compares its products and processes with other organizations.	3.33	2.69	***
	19	Once implemented, projects are reviewed to improve performance next time.	3.77	3.16	***
	27	When decisions or changes occur, leaders make a conscious effort to keep employees informed.	4.07	3.41	***
	35	What is learned is transmitted to everybody.	3.40	2.94	*
	40	Employees' knowledge is transmitted to others when they change functions.	3.20	2.94	
	45	The organization learns with its mistakes.	3.33	2.53	***
	50	Employees share information they capture in day-to-day work.	3.27	3.13	
54	There is a formal procedure to exchange information.	3.43	3.38		
58	The right information gets to the right people at the right time.	3.27	2.63	***	

(...)

Organizational Dimensions	Q	Variables (Questions)	Means		Sig.
			EI	AICEP	
Structure	4	Departments openly share information to facilitate each other's work.	2.97	2.84	***
	12	Senior managers frequently visit employees and engage in open conversations.	2.50	3.88	
	20	Communication among the several departments and hierarchical levels must follow a formally defined path.	2.73	3.50	***
	28	Communication is mainly top-down.	3.07	3.63	**
	36	Rules, procedures, instructions, and communications are written.	3.90	3.66	
	41	Employees have the ability to configure and reconfigure a bundle of working tasks according to the demands of a particular project.	3.63	3.31	
	46	Decisions are centralized at the top level.	3.30	4.03	***
	51	Decisions are centralized at the middle level.	2.97	2.50	**
	55	Employees can take their decisions autonomously.	3.40	2.81	**
	59	Each employee performs a detailed number of duties.	3.23	3.28	
	62	Each employee performs a diversified number of duties.	3.80	4.06	
	65	Each employee performs an excessive number of duties.	2.70	3.31	***
	68	Overseas offices are crucial to good performance in terms of export promotion.	4.67	4.63	*
	71	The structure of the organization helps to take decisions rapidly.	3.40	2.72	***
	73	The services offered to customers are suited to their needs.	3.87	3.09	***
74	Most employees know each other among the several departments they work with.	3.67	3.16	**	
Human Resources ***	5	There is a strong commitment to the training and development of employees.	3.87	2.56	***
	13	Employees are evaluated and rewarded according to their performance.	2.87	2.09	***
	21	Evaluations take place at least once a year.	3.97	4.09	
	29	Evaluations are top-down and bottom-up.	3.37	2.78	**
	37	People work well together across departmental boundaries.	3.77	3.38	**
	42	Employees work well in teams.	3.80	3.72	
	47	Team work is encouraged.	4.27	3.28	***
	52	Most of employees have the appropriate know-how/competencies/knowledge suited to their work.	3.80	3.56	
	56	Employees suggest improvements to procedures.	3.87	3.66	
	60	Employees participate in the definition of the department's strategy.	3.70	3.09	**
Procedures	63	Needs are fulfilled with existent personnel and not by recruiting new people or subcontracting.	3.10	3.94	***
	66	The changing of functions across departments at the same hierarchical level is encouraged.	3.37	2.72	***
	69	Employees change functions frequently.	2.73	2.59	
	6	Policies are made without input from employees.	2.37	3.56	***
Processes ***	14	Decision-making and control are given to employees doing the actual work.	3.73	3.50	
	22	Procedures are known by everyone.	3.63	3.41	
	30	Procedures are flexible enough to respond quickly to different requests.	3.43	3.00	*
Systems ***	7	There are processes in place to help employees in their daily tasks.	3.83	3.28	***
	15	There are long-term goals and short-term goals.	4.30	3.38	***
	23	There are clear reward mechanisms.	2.87	1.88	***
	31	Employees are recruited by a defined procedure.	4.03	2.78	***
Systems ***	8	Each department has autonomy to take its own decisions.	3.50	2.94	**
	16	Each department has autonomy in what concerns finance (has its own budget).	3.90	2.75	***
	24	Each department has its own strategic document and defined goals.	4.00	3.41	***
	32	Levels of authority are clearly defined.	3.93	3.81	***

Legend: ***(**)[*] differences are statistically significant at 1% (5%)[10%].

Source: Authors' compilation

In organizational terms, this is extremely important as it may enable the agency to avoid errors and unnecessary costs. Moreover, the information seems to flow better in the Irish agency than in the Portuguese one (Q.27; Q.58). Summing up, EI can be classified as a more open organization in the sense that it tries (to a greater extent than AICEP) to learn by error and interacting with others organizations.

Interaction is indeed one of AICEP's Achilles' heels. Regarding the 'Human Resources' dimension, we observe a low(er) interaction between departments (Q.37), low scope for team work (Q.47) and changing of functions (Q.66), which could stimulate knowledge and know-how inside the organization. In general, EI's employees feel that their organization is more committed to their learning and evolution process (Q.5), which contributes to achieving a highly motivated, and more capable, staff.

Given all these (statistically) relevant differences between the EPAs under analysis, there seems to be enough support to contend that the higher scores obtained by EI in the internal organizational dimensions is in accordance with its higher (export) performance/efficiency.

4.3. Uncovering potentially hidden organizational traits between EI and AICEP through factor analysis

Factor analysis condenses a large set of variables down to a smaller number of dimensions, by summarizing the underlying patterns of correlation and looking for groups of closely related items (Pallant, 2001). We use this analysis to understand whether there are any hidden organizational traits in each EPA that can be associated with the differences in performance. To this end, we conducted the factor analysis in three ways for each agency and compared the results for both. First, we focus on the 8 organizational dimensions for each agency (Section 3.4.1.); second, we consider all the questions as a whole for each agency (Section 3.4.2.); and last, we look within each previously defined organizational dimension (Section 3.4.3.).

Factor analysis by organizational dimension

By applying factor analysis to all the organizational dimensions by EPA, a single component for each EPA is obtained (cf. Figure 5). This component includes all the organizational dimensions, revealing that the pattern of correlation is similar among them. Although the reduction exercise does not add significant added value in terms of analysis, focusing on the loadings for each dimension, we find that they are slightly different for each agency. In EI, 'Strategy' and 'Innovation' come in first and second place, respectively, showing that these two dimensions are more closely associated than in AICEP. In the latter case, although 'Innovation' also comes in second place, 'Strategy' only places fifth.

The fact that ‘Innovation’ in AICEP is more closely associated with ‘Knowledge Management’ than with ‘Strategy’ may indicate that the matter of ‘purpose’ and ‘market-applied innovation’ may be lacking, thus hampering AICEP’s as yet incipient innovation efforts (as shown in Section 3.3) from materializing into market value outcome, that is, performance.

EI		AICEP	
Strategy	0.908	Knowledge M.	0.960
Innovation	0.895	Innovation	0.889
Human Resources	0.875	Structure	0.861
Structure	0.864	Human Resources	0.861
Systems	0.863	Strategy	0.858
Processes	0.803	Processes	0.837
Knowledge M.	0.791	Systems	0.663
Procedures	0.619	Procedures	0.536

Figure 5: Factor analysis by organizational dimension for EI vs. AICEP
Source: Authors’ compilation

Factor analysis applied to all the statements, regardless the organizational dimension

Applying now factor analysis to all the questions without constraining them to our (8) organizational dimensions, the results convey more than 20 components for each EPA. Limiting our analysis to those that comprise the bulk of the variance explained, the first 6 major components for each agency are considered (cf. Table 5).

The size and elements that comprise the components obtained are different in the two EPAs and they do not match in terms of the composition of the originally defined organizational dimensions. Nevertheless, the rationale underlying the present factor analysis is to ignore the prior composition of the dimensions, and try to identify new ones based on the common (hidden) aspects that link the statements included in each component.

Therefore, regarding the factor analysis performed for EI, we obtain 6 components, which explain 62% of the total variance. We named them as follows, according to the aspects that emerge as more relevant: (1) Strategic management, (2) Formal decision procedures, (3) Centralization, (4) Learning organization, (5) Department’s autonomy and (6) Evaluation. Concurrently, the same exercise was applied to AICEP, from which the following components came up (accounting for 57% of the variance): (1) Knowledge management and communication, (2) Internal communication, (3) Department’s autonomy and competencies, (4) Miscellaneous (5) Flexibility and (6) Involvement of employees.

We will now align the components that emerged for the two organizations, and identify their main differences.

The 'Strategic management' component is the most relevant for EI as it explains 31.8% of the variance inside this organization, gathering 28 statements, from all the organizational dimensions except 'Procedures' (cf. Table 5). Since its range so vast, it is not immediately clear which aspect characterizes all of the statements and why they were gathered in one component. Nevertheless, undertaking a deeper analysis, we can identify a main group of questions related to the goals and strategic choices of the organization, including aspects related with macro decisions (for example, mission, strategic plan, the importance of having overseas offices or not, services offered to customers, long-term goals vs. short-term goals). This reinforces once more the relevance of strategic decisions inside EI (Q.1; Q.33; Q.17; Q.38; Q.70; Q.25; Q.53; Q.72; Q.48) in comparison to AICEP. Indeed, the first component for AICEP, with 17 statements, comprises 6 of the previously defined 8 organizational dimensions (leaving out 'Procedures' and 'Systems'), having predominantly more internal questions such as communication and knowledge management (Q.38; Q.58; Q.45; Q.4; Q.40). The strategic issues are also present but they do not bear as much weight as in EI (4 questions in AICEP vs. 9 in EI).

Regarding component 2, which we called 'Formal decision procedures' for EI and 'Internal communication' for AICEP, again the matter of communication comes up paramount in AICEP, revealing a more inward-looking organization (Q. 36; Q.12; Q.33; Q.42; Q.35; Q.50; Q.72). Indeed, good communication among employees usually means it is easier to work in teams and day-to-day information and knowledge can be better transmitted to others. But this is not enough to provide a better service to customers. It is necessary to develop consonant actions based on the strategy defined. In EI, at the organizational level, the second component reflects that there is a need for the formal decision and procedures required to achieve more efficient work. This means having a system to choose innovative projects, evaluating employees, meeting deadlines and budget, having well-defined working tasks and communicating knowledge in an effective manner among colleagues. These formal policies are essential in any organization to identify errors, choose the best practices and reward the best employees, in order to achieve a better performance.

The third component is to some extent related in the two cases, since it focuses on the organizations' autonomy and degree of centralization. For EI, it contains only 2 statements, both from the 'Structure' dimension. They are clearly related to the existence of a hierarchy and the organization's centralization. Although according to Lederman et al. (2010) strong and centralized agencies tend to work better, the scores for these statements in EI indicate that its employees do not agree that the organization is characterized by high levels of

centralization or that communication is mainly top-down, quite the opposite. In the case of AICEP, the component embraces the autonomy of departments (Q.24; Q.16), and also the employees' know-how and organization's competencies (Q.37; Q.52; Q.18).

Component 4 in EI gathers 5 statements, mostly related to the organization's learning capacity, where knowledge management issues gain relevance in comparison to the other dimensions. Curiously, this dimension was evident in AICEP in component 1, whereas in EI it is only the fourth, revealing the greater importance these matters attain in the former. Additionally, knowledge management at AICEP is more related to the transmission of information internally, whereas for EI it is more guided by a logic of benchmarking (Q.13; Q.11). We labelled component 4 in AICEP as 'Miscellaneous' because it embraces a very diversified set of questions which we were not able to connect and classify based on a common subject.

Analyzing component 5, the departments' autonomy surfaces as a major issue for the two agencies, as already noted with component 3. For EI it is consolidated in the participation of employees in the strategic decisions of their department and in the management of their own budget per department. This autonomy can be relevant because it enables the departments to use their better understanding of the clients' needs in the actions taken. For AICEP, the basis for action is the necessary flexibility to respond quickly to changes. In this line, the department's autonomy is essential so that strategy can be changed and decisions made as fast as possible to adapt to the clients' new needs or changes in foreign markets, for example.

Finally, component 6 focuses on 'Human Resources'. 'Evaluation', explaining only 4% of the variance in the answers, highlights the importance of evaluating and rewarding employees based on their performance at EI. The human resources are the basis of any organization and for this reason they should be stimulated to use their skills, know-how and talent as much as possible to the benefit of the organization. In contrast, this does not seem to be a concern for AICEP, which certainly affects performance negatively. Concurrently, the involvement of employees is the main aspect surfacing in component 6 for AICEP. This contribution, besides the usual work of the employee, should be considered of extreme importance by the organization since employees can gather very useful information from their day-to-day work. Their participation can take place, for example, by giving input to the definition of department's strategy or by evaluating higher levels of the hierarchy, and can be facilitated when leaders make an effort to inform employees about the relevant changes taking place. This aspect can be closely related to the matter of centralization brought up by component 2,

since in a more centralized organization the participation of employees is not considered as significant as it is in a decentralized one.

Thus, when focusing on the hidden dimensions that emerged from the factor analysis conducted, it is clear that they are all quite different for the two EPAs, even though there are some similarities, namely in components 3 and 5, related with questions of autonomy (and flexibility) and centralization.

Table 5: The new organizational dimensions (components) obtained per EPA

AICEP				EI			
Component	Factor Loadings	Question	Dimension	Component	Factor Loadings	Question	Dimension
Component 1: Knowledge management and communication (28.68%)	0.855	Employees are evaluated and rewarded according to their performance. (Q. 13)	HR	Component 1: Strategic management (31.83%)	0.898	The goals of the organization are clearly defined. (Q.1)	Strategy
	0.852	There are clear reward mechanisms. (Q.23)	Processes		0.860	Employees have a good understanding of the organization's mission, vision and strategic plan. (Q.33)	Strategy
	0.739	Employees are evaluated by their ability to innovate and/or to be creative. (Q.49)	Innovation		0.854	Objectives and milestones are both realistic and challenging. (Q.17)	Strategy
	0.696	Objectives and milestones are both realistic and challenging. (Q.17)	Strategy		0.852	Overseas offices are crucial to good performance in terms of export promotion. (Q.68)	Structure
	0.576	Strategy is clearly communicated to everyone inside the organization. (Q.38)	Strategy		0.850	Team work is encouraged. (Q.47)	HR
	0.568	There is a strong commitment to the training and development of employees. (Q.5)	HR		0.836	Employees are involved in suggesting ideas for improvements to products or processes. (Q.39)	Innovation
	0.562	Employees are encouraged to be innovative and creative. (Q.44)	Innovation		0.827	Strategy is clearly communicated to everyone inside the organization. (Q.38)	Strategy
	0.536	The right information gets to the right people at the right time. (Q.58)	Knowledge		0.803	When decisions or changes occur, leaders make a conscious effort to keep employees informed. (Q.27)	Knowledge
	0.526	Employees are recruited by a defined procedure. (Q.31)	Processes		0.779	The organization looks ahead in a structured way to see future threats and opportunities. (Q.70)	Strategy
	0.491	The organization learns with its mistakes. (Q.45)	Knowledge		0.769	The organization systematically searches for new services to better promote exports. (Q.18)	Innovation
	0.484	The services offered to customers are suited to their needs. (Q.73)	Structure		0.763	The organization makes strategic options that clearly show the path it wants to follow. (Q.25)	Strategy
	0.483	There are long-term goals and short-term goals. (Q.15)	Processes		0.756	Employees are encouraged to be innovative and creative. (Q.44)	Innovation
	0.480	The organization makes strategic options that clearly show the path it wants to follow. (Q.25)	Strategy		0.733	Employees are recruited by a defined procedure. (Q.31)	Processes
	0.467	The organization looks ahead in a structured way to see future threats and opportunities. (Q.70)	Strategy		0.709	Strategy is defined on a short-term basis (1 to 3 years). (Q.53)	Strategy
	0.462	Departments openly share information to facilitate each other's work. (Q.4)	Structure		0.691	Actions developed are in consonance with the strategy defined. (Q.72)	Strategy
0.422	Once implemented, projects are reviewed to improve performance next time. (Q.19)	Knowledge	0.689	Most of employees have the appropriate know-how/competencies/knowledge suited to their work. (Q.52)	HR		
0.397	Employees' knowledge is transmitted to others when they change functions. (Q.40)	Knowledge	0.671	Employees suggest improvements to procedures. (Q.56)	HR		
0.885	Rules, procedures, instructions, and communications are written. (Q.36)	Structure	0.662	Employees work well in teams. (Q.42)	HR		
0.833	Senior managers frequently visit employees and engage in open conversations. (Q.12)	Structure	0.637	Levels of authority are clearly defined. (Q.32)	Systems		
0.728	Levels of authority are clearly defined. (Q.32)	Systems	0.633	Departments openly share information to facilitate each other's work. (Q.4)	Structure		
0.600	Employees have the ability to configure and reconfigure a bundle of working tasks according to the demands of a particular project. (Q.41)	Structure	0.630	Each employee performs a diversified number of duties. (Q.62)	Structure		
0.595	Employees have a good understanding of the organization's mission, vision and strategic plan. (Q.33)	Strategy	0.620	Strategy takes the clients' needs into consideration. (Q.48)	Strategy		
0.552	Employees work well in teams. (Q.42)	HR	0.618	People work well together across departmental boundaries. (Q.37)	HR		
0.499	What is learned is transmitted to everybody. (Q.35)	Knowledge	0.611	The services offered to customers are suited to their needs. (Q.73)	Structure		
0.481	Employees share information they capture in day-to-day work. (Q.50)	Knowledge	0.599	The organization works well with customers to develop new products/services that are best suited for their needs. (Q.34)	Innovation		
0.443	Actions developed are in consonance with the strategy defined. (Q.72)	Strategy	0.592	Each department has its own strategic document and defined goals. (Q.24)	Systems		
0.766	People work well together across departmental boundaries. (Q.37)	HR	0.569	There are processes in place to help employees in their daily tasks. (Q.7)	Processes		
0.738	Each department has its own strategic document and defined goals. (Q.24)	Systems	0.555	There are long-term goals and short-term goals. (Q.15)	Processes		

(...)

AICEP				EI			
Component	Factor Loadings	Question	Dimension	Component	Factor Loadings	Question	Dimension
Component 3: Department's autonomy & Competencies (6.84%)	0.730	Most of employees have the appropriate know-how/competencies/knowledge suited to their work. (Q.52)	HR	Component 2: Formal decision procedures (9.82%)	0.714	Procedures are known by everyone. (Q.22)	Procedures
	0.585	Each department has autonomy in what concerns finance (has its own budget). (Q.16)	Systems		0.646	Innovative projects are usually completed on time and within budget. (Q.26)	Innovation
	0.436	The organization systematically searches for new services to better promote exports. (Q.18)	Innovation		0.596	There is a clear system for choosing innovative projects. (Q.2)	Innovation
	0.855	Decision-making and control are given to employees doing the actual work. (Q.14)	Procedures		0.481	Rules, procedures, instructions, and communications are written. (Q.36)	Structure
	0.568	Overseas offices are crucial to good performance in terms of export promotion. (Q.68)	Structure		0.478	Evaluations take place at least once a year. (Q.21)	HR
Component 4: Miscellaneous (5.35%)	0.416	Each employee performs a diversified number of duties. (Q.62)	Structure	0.418	Employees have the ability to configure and reconfigure a bundle of working tasks according to the demands of a particular project. (Q.41)	Structure	
	0.411	Procedures are known by everyone. (Q.22)	Procedures	0.414	Employees' knowledge is transmitted to others when they change functions. (Q.40)	Knowledge	
	0.405	Strategy is clearly communicated to the outside (to clients, other organizations, press, people in general, etc.). (Q.43)	Strategy	Component 3: Centralization (6.26%)	0.862	Decisions are centralized at the top level. (Q.46)	Structure
0.851	The strategy pursued by the organization is flexible. (Q.9)	Strategy	0.833		Communication is mainly top-down. (Q.28)	Structure	
Component 5: Flexibility (4.83%)	0.744	Each department has autonomy to take its own decisions. (Q.8)	Systems		0.860	The organization is good at learning from other identical organizations. (Q.3)	Knowledge
	0.595	Procedures are flexible enough to respond quickly to different requests. (Q.30)	Procedures	0.736	The organization systematically compares its products and processes with other organizations. (Q.11)	Knowledge	
Component 6: Employees' involvement (4.36%)	0.727	Employees participate in the definition of the department's strategy. (Q.60)	HR	Component 4: Learning organization (5.27%)	0.508	Needs are fulfilled with existent personnel and not by recruiting new people or subcontracting. (Q.63)	HR
	0.716	Evaluations are top-down and bottom-up. (Q.29)	HR		0.490	Senior managers frequently visit employees and engage in open conversations. (Q.12)	Structure
	0.427	When decisions or changes occur, leaders make a conscious effort to keep employees informed. (Q.27)	Knowledge		0.368	The organization learns with its mistakes. (Q.45)	Knowledge
				Component 5: Department's autonomy (4.98%)	0.779	Employees participate in the definition of the department's strategy. (Q.60)	HR
					0.609	Each department has autonomy in what concerns finance (has its own budget). (Q.16)	Systems
				Component 6: Evaluation (4.22%)	0.882	Employees are evaluated and rewarded according to their performance. (Q.13)	HR
					0.527	Employees are evaluated by their ability to innovate and/or to be creative. (Q.49)	Innovation

Source: Authors' compilation

The main differences occur primarily in components 1 and 2. The aspects that emerge as more relevant for AICEP are knowledge management and communication, and for EI, they are strategy and formal decision procedures. This is in line with the findings presented in Section 3.4.1 where ‘Knowledge Management’ emerged as a more relevant dimension (and ‘Strategy’ as less relevant, in fifth place), whereas in EI ‘Strategy’ was the first dimension. This reveals that there is no clear component of intentionality at AICEP, being more concerned with internal matters than with actions directed at the market. In contrast, EI’s philosophy is more market-oriented and taking the clients’ needs into consideration is a priority.

Q.73 (“The services offered to the customers are suited to their needs”) clearly substantiates this fact, since it appears in EI’s first component but not in AICEP’s. Given these differences, it seems that AICEP is at a less developed stage than EI in terms of organization. EI is one step ahead of AICEP, having already solved internal matters and is currently more concerned with the outside (i.e., market needs).

Thus, knowledge and communication, although important, do not alone lead to high levels of performance in terms of export promotion. Paying attention to defining a clear ‘Strategy’ in consonance with the market’s needs is essential to achieving a better performance, which the case of the Irish agency exemplifies.

Factor analysis within each of the originally proposed dimensions

Given the findings put forward in the previous section, it seems relevant to go better explore each original dimension to understand where the main differences lie in the two EPAs under analysis.

The ‘Procedures’, ‘Processes’ and ‘Systems’ dimensions have been left out here, since they are merely composed of 4 statement each. Additionally, and applying factor analysis to each of the other (5) remaining organizational dimensions, only the components that allow us to explain a minimum of 30% of the variance have been included. Therefore, one component has been considered for all the 5 dimensions under analysis, except for ‘Structure’, since it becomes necessary to consider two components to obtain the required minimum of 30% (cf. Table 6).

First, we notice once again that ‘Strategy’ is more important to the Irish agency than the Portuguese one, as shown by the 45.8% of explained variance in EI vs. 31.5% in AICEP. In AICEP strategic aspects seem to follow a more upstream logic, being focused mostly on internal matters such as communication (Q.38; Q.33; Q.43).

Table 6: The major components obtained inside the 5 broader organizational dimensions

AICEP			EI			
% of the explained variance	Question	Dimension	% of the explained variance	Question		
31.5%	0.800	Strategy is clearly communicated to everyone inside the organization. (Q.38)	Strategy	45.8%	0.909	Employees have a good understanding of the organization's mission, vision and strategic plan. (Q.33)
	0.752	Employees have a good understanding of the organization's mission, vision and strategic plan. (Q.33)		0.863	Strategy is clearly communicated to everyone inside the organization. (Q.38)	
	0.741	Strategy is clearly communicated to the outside (to clients, other organizations, press, people in general, etc.). (Q.43)		0.855	The organization looks ahead in a structured way to see future threats and opportunities. (Q.70)	
	0.739	The organization makes strategic options that clearly show the path it wants to follow. (Q.25)		0.850	Objectives and milestones are both realistic and challenging. (Q.17)	
	0.650	The goals of the organization are clearly defined. (Q.1)		0.850	The organization makes strategic options that clearly show the path it wants to follow. (Q.25)	
	0.566	Strategy takes the clients' needs into consideration. (Q.48)		0.825	The goals of the organization are clearly defined. (Q.1)	
52.9%	0.847	Employees are evaluated by their ability to innovate and/or to be creative. (Q.49)	Innovation	54.1%	0.779	Strategy is defined on a short-term basis (1 to 3 years). (Q.53)
	0.776	Employees are encouraged to be innovative and creative. (Q.44)		0.763	Actions developed are in consonance with the strategy defined. (Q.72)	
	0.749	The organization works well with customers to develop new products/services that are best suited to their needs. (Q.34)		0.723	Strategy takes the clients' needs into consideration. (Q.48)	
	0.723	Employees are involved in suggesting ideas for improvements to products or processes. (Q.39)		0.640	Strategy is clearly communicated to the outside (to clients, other organizations, press, people in general, etc.). (Q.43)	
	0.717	The organization systematically searches for new services to better promote exports. (Q.18)		0.869	There is a clear system for choosing innovative projects. (Q.2)	
	0.826	The right information gets to the right people at the right time. (Q.58)		0.788	Innovative projects are usually completed on time and within budget. (Q.26)	
39.9%	0.811	What is learned is transmitted to everybody. (Q.35)	Knowledge Management	40.1%	0.710	Employees are evaluated by their ability to innovate and/or to be creative. (Q.49)
	0.750	Employees share information they capture in day-to-day work. (Q.50)		0.606	Employees are encouraged to be innovative and creative. (Q.44)	
	0.631	Employees' knowledge is transmitted to others when they change functions. (Q.40)		0.813	The organization learns with its mistakes. (Q.45)	
25.3%	0.863	Rules, procedures, instructions, and communications are written. (Q.36)	Structure	27.6%	0.784	The right information gets to the right people at the right time. (Q.58)
	0.857	Senior managers frequently visit employees and engage in open conversations. (Q.12)		0.779	What is learned is transmitted to everybody. (Q.35)	
	0.642	Employees have the ability to configure and reconfigure a bundle of working tasks according to the demands of a particular project. (Q.41)		0.624	Once implemented, projects are reviewed to improve performance next time. (Q.19)	
13.5%	0.842	Employees can take their decisions autonomously. (Q.55)	Structure	16.2%	0.932	Communication is mainly top-down. (Q.28)
	0.723	The structure of the organization helps to take decisions rapidly. (Q.71)		0.881	Decisions are centralized at the top level. (Q.46)	
	0.480	Decisions are centralized at the middle level. (Q.51)		0.581	The services offered to customers are suited to their needs. (Q.73)	
34.3%	0.867	Employees are evaluated and rewarded according to their performance. (Q.13)	Human Resources	35.0%	0.862	Each employee performs a detailed number of duties. (Q.59)
	0.727	Team work is encouraged. (Q.47)		0.745	Most employees know each other among the several departments they work with. (Q.74)	
	0.710	Evaluations are top-down and bottom-up. (Q.29)		0.659	Rules, procedures, instructions, and communications are written. (Q.36)	
	0.697	Employees participate in the definition of the department's strategy. (Q.60)		0.595	Each employee performs an excessive number of duties. (Q.65)	
					0.574	Senior managers frequently visit employees and engage in open conversations. (Q.12)
					0.873	Team work is encouraged. (Q.47)
					0.840	Employees suggest improvements to procedures. (Q.56)
					0.639	Most of employees have the appropriate know-how/competencies/knowledge suited to their work. (Q.52)
					0.598	People work well together across departmental boundaries. (Q.37)

Source: Authors' compilation

At EI, although communication is also taken into consideration, the focus is mainly on downstream matters, that is, analyzing the market and defining actions to implement accordingly (as shown by Q. 70; Q.17; Q.25; Q.53; Q.72; Q.48). This targeting of the market seems to be the key to achieving effectively high performances levels.

Also, in ‘Innovation’ the main component obtained highlights an element of efficiency and efficacy for EI that is not as evident in AICEP (cf. Q.2 and Q.26), which is obviously closely related with EI’s better performance (that is, completing innovative projects on time and within budget). In AICEP, there is more concern with the existence of innovation (Q. 18) rather than with its implementation (i.e., accomplishment of time and budget constraints, evaluation).

In what concerns ‘Knowledge Management’, we find that the more relevant aspects for AICEP are again (as mentioned above in ‘Strategy’) those related with the internal transmission of information, whereas in EI there is also a focus on the organization’s learning ability and course of action (Q.45; Q.19).

Regarding ‘Structure’ in general terms, it should be noted that the importance of market requirements is again present in component 1 for EI (cf. Q.73), particularly the services offered to customers. This is in contrast to AICEP, whose core relies once again on internal matters rather than external ones. Also, aspects of centralization appear together in EI but the average scores obtained in Section 3.3 (cf. Table 4) were below AICEP’s, showing a less centralized organization.

The main component of ‘Human Resources’ for AICEP covers essentially matters related with employees’ evaluation and reward (Q.13; Q.29), whereas for EI, it contains the importance of skills and know-how of employees (Q.52).

The evidence obtained in the present section is in line with the findings put forward in Section 3.4.3, as to the importance of strategic matters directed at the outside and based on an effective attitude of action for EI, whereas in AICEP focus is still at an earlier stage, that is, solving internal issues such as communication and knowledge management.

Conclusions

The purpose of this study consisted in assessing whether internal traits of Export Promotion Agencies can be associated to distinct performances and which ones in particular, based on the 8 main organizational dimensions identified in the literature ('Strategy', 'Innovation strategy', 'Knowledge management', 'Structure', 'Human resources', 'Processes', 'Procedures', and 'Systems'). To this end, we selected two EPAs that have shown divergent levels of performance, the Portuguese AICEP and the Irish EI (cf. Lederman et al., 2010). Using a questionnaire targeting employees in the two agencies who deal with export promotion, we compare their perceptions regarding each organizational dimension so as to determine which of these dimensions can justify/be associated with the agencies' distinct performances.

Based on the data collected (32 answers from AICEP and 30 from EI) and based on the Kruskal Wallis non-parametric test, we found that for 6 of the 8 organizational dimensions (more specifically, 'Strategy', 'Innovation strategy', 'Knowledge management', 'Human resources', 'Processes' and 'Systems'), the employees' perceptions are quite different between the EPAs.

'Innovation', 'Processes' and 'Systems' are the key distinguishing dimensions between EI and AICEP, as statistically significant differences were found in all the items that compose these dimensions. In fact, 'Innovation' and 'Processes' are the dimensions which reveal the most divergent path between the two EPAs. Therefore, it seems clear that EI promotes, to a greater extent than AICEP, a more innovative and creativity-fostering organizational environment by supporting new ideas and projects, and being more concerned with learning interactions among all the organization's members. In the same line, 'Processes' are better implemented and clarified at EI than at AICEP. In this latter case, it is conveyed that there are no clear reward mechanisms, procedures for recruiting, defined goals for the short and long term and mechanisms for helping in daily tasks. We argue therefore, that the differences in these two dimensions may explain the different performance levels observed in the two EPAs. Indeed, when an EPA supports the creative abilities of its employees, it is using one of its richest resources – human resources –, which undoubtedly constitute a valuable contribution to the improvement of the organization's performance. Furthermore, having well-defined processes in place facilitates and enhances the human resources' work activities.

Complementing the Kruskal Wallis test, another exploratory statistical technique was employed, factor analysis. Considering all the organizational dimensions, it is clear that 'Strategy' and 'Innovation' are more closely associated at EI than at AICEP. In this latter

case, 'Innovation' is more closely associated to 'Knowledge Management'. This may indicate that aspects such as 'purpose' and 'market applied innovation' may be lacking, hampering the still incipient innovation efforts at AICEP from materializing into market value outcomes, that is, performance.

Additionally, the factor analysis performed on all the statements led to six distinct dimensions for EI: (1) Strategic management, (2) Formal decision procedures, (3) Centralization, (4) Learning organization, (5) Department's autonomy, and (6) Evaluation. The same analysis for AICEP also yielded six dimensions – (1) Knowledge management and communication, (2) Internal communication, (3) Department's autonomy and competencies, (4) Miscellaneous, (5) Flexibility, and (6) Involvement of employees – which highlights the relevant role of human resources and communication inside the organization along with strategy and main goals.

A good management of human resources, including evaluations, rewards and motivation policies, along with effective internal communication are certainly important to obtain more innovation and better performance. The main differences for the two agencies occur in dimensions 1 and 2 as they explain more than 35% of the variance. In these dimensions, the aspects which emerge as most relevant for AICEP are knowledge management and (internal) communication, and for EI, they are strategy and formal decision procedures. This reveals that a component of intentionality is not clear at AICEP, being an organization that is more concerned with internal matters rather than with actions directed at the market/clients' needs. In contrast, EI's philosophy is more market-oriented and taking the clients' needs into consideration is a priority.

Given the two agencies' differing levels of performance (according to Lederman et al., 2010), and the evidence gathered, we suggest that knowledge and communication, although important, do not alone lead to high levels of performance in terms of export promotion. Paying attention to defining a clear 'Strategy', in consonance with the market's needs, is essential to achieving a better performance, which the case of the Irish agency exemplifies.

Furthermore, the factor analysis conducted within each of the main original dimensions confirms again the importance of strategic matters directed at the market and based on an effective attitude of action for EI, whereas for AICEP, focus is still in an earlier stage which involves dealing with internal matters such as communication and knowledge management.

Summing up, we put forward that EI is a 'Learning Organization', being open to the outside (clients and other organizations, through benchmarking) and more connected to the market. AICEP contrasts with EI since it is much more inward-looking, being more concerned with

internal communication and knowledge management issues than with market ones. Consequently, for the Portuguese agency, it has been more difficult to understand the real needs of its clients and to develop a consonant strategy, which explains, at least to some degree, its distance from a good performance in terms of export promotion as shown in Lederman et al.'s (2010) study.

Recalling that the present dissertation aimed to fill the gap identified by Lederman et al. (2009: pp. 265) as to the absence of case studies that capture the heterogeneity of environments and structures in which EPAs operate, we analyzed and explained how certain characteristics of Export Promotion Agencies (EPA) influence or explain their distinct levels of success (in terms of export performance), and in this way, we have contributed to fostering knowledge on EPAs, specifically at the level of the relationship between their organizational characteristics and performance.

Our in-depth case study analysis highlights that the EPAs' performance is associated to certain organizational characteristics, namely 'Strategy', 'Innovation strategy', 'Knowledge management', 'Human resources', 'Processes' and 'Systems'.

Thus, if the quest is to achieve high performance levels in terms of export promotion, EPAs should change their attitude towards each of the above-mentioned dimensions. The 'effective' organization is that which has blended its structure, management practices, rewards, and people into a package that in turn fits with its strategy (Galbraith, 1996).

In this context, the laggard EPA, AICEP, should 'open-up' to the outside world and assume a more purpose-based/strategic-led behaviour by analyzing market needs and defining the most appropriate, concrete actions, providing clients with more suitable services and learning with them. The parallel between action versus opportunities and threats that the organization faces needs to be more evident in AICEP. Moreover, it would be advisable to perform some benchmarking exercise with other EPAs in order to learn and improve from international best practices. Internally, encouraging innovation among employees, promoting the search for new services, and a better use of human resources through team work, more autonomy, changing of functions, incentives and rewards, is a quest that should not be ignored if higher performance is to be achieved. Despite the novelty of the approach associated to the present research, it presents some limitations, which are likely to constitute paths for future research. First, the reduced size of the samples (32 answers from AICEP and 30 from EI) may be considered a limitation to our study. Second, in order to broaden our research, it would be pertinent to study other EPAs, adding more objective data characterizing each EPA to the respondent's perceptions.

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