

# Usefulness of Export Assistance Programs: The Canadian Evidence

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## Abstract

*Exporting is a vital activity for the health and dynamism of any modern economy. It is one of the most established forms of operating internationally. Among its benefits are improvement in the balance of payments and the standard of living of its residents. For individual firms, some of the potential benefits are corporate growth, capacity utilization, greater economies of scale, increased stability through market diversification and smoothing out business cycles. This is one of the main reasons why increasing export activity is a goal of many national governments. The goal of increased exports is pursued by introducing policies and programs designed to encourage and motivate companies to become active exporters.*

*The exporting field has been extensively researched in recent years. As a result of this research, a fairly large body of empirical export research has been published. An area that is currently attracting researchers' attention is government export support programs. These support programs have been in existence in industrialized countries since the turn of the century and have increased in past years. Almost all developed and most developing countries have initiated programs intended to enhance the export activities of domestic firms. Export support programs differ among countries as some programs are coordinated by the government, the private sector, or in some instances both the government and the private sector.*

*Exporting is a popular activity for Canadian firms. Specifically, about two-thirds of Canadian companies doing business in foreign countries use exporting while about one-quarter of Canadian exporters export to their foreign subsidiaries. Given the importance of exporting to Canadian firms, the Canadian government has initiated an export support program designed to facilitate the export activities of Canadian-based firms. The Canadian export promotion program is considered to be among the strongest export assistance program in the world.*

*The purpose of this article is to empirically investigate the usefulness of the export support program offered by the federal and provincial governments to small and medium-sized Canadian (SMEs) firms involved in exporting activities by surveying a number of Canadian exporting firms. Such knowledge will enable governments to assess the effectiveness of their export support programs and retain, modify or drop certain of these programs. Although there is some disagreement, studies show that assistance programs can be beneficial under various conditions. The ability to successfully get involved in foreign markets by SMEs hinges in large measure upon their possession of appropriate resources and capabilities. The resource-based view of the firm provides the theoretical underpinning that links the resources of exporting firms with export performance. This study extends the current research as it is one of a few studies to examine the usefulness of a number of export assistance programs.*

*One of the conclusions is that these programs are not equally useful to Canadian exporters. The paper also examines differences in the usefulness of these assistance programs to firms of different size, stage in exporting activities and percentage of sales from exports. The policy implications of these results are also discussed in the paper.*

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