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Impact of Export Promotion Programs on Export Performance

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Abstract

This study investigates how Export Promotion Programs (EPPs), delivered through a focused on trade and industry, affect participating firms' export results. Panel data models were estimated using information from 198 firms observed between 2021 and 2024. The analysis draws on primary data from the regional association and secondary financial data from the India-specific databases. Results indicate that involvement in these EPPs is associated with improved export performance, particularly among firms with prior export experience. Firm size is positively associated with exports (larger firms perform better), whereas firm age is negatively associated (older firms tend to export less effectively). Participation in EPPs shows no measurable benefit for firms without previous export experience. The findings highlight the value of regional-level export support initiatives and suggest that such programs work best when firms already possess some internationalisation knowledge and resources.

Keywords: *internationalization; export promotion programs; export intensity; SMEs; regional development*

1. INTRODUCTION

Exporting remains one of the most important ways for companies—especially small and medium-sized enterprises (SMEs)—to grow and contribute to national economic development. Globalisation creates both opportunities and serious challenges for SMEs, which often lack financial resources, market knowledge, international networks, and managerial experience needed to succeed abroad. Public Export Promotion Programs (EPPs) aim to help overcome these barriers by providing information, training, contacts, market access support, and sometimes financial assistance. Despite increased government spending on such programs, empirical evidence on their effectiveness remains mixed, with few studies focusing on regionally organised initiatives rather than national-level schemes. Coimbatore offers an interesting context: it is a major industrial district in Tamil Nadu with a high dependence on exports, particularly in textiles and engineering, but limited academic research on the impact of regional EPPs. This paper examines whether participation in EPPs organised by a Coimbatore Regional Association for Development on Trade and Industry improves firms' export performance. The analysis covers 198 firms that joined at least one of four EPPs held in 2021, 2022, 2023, 2024 and 2025, using panel data methods over the 2021–2025 period.

II.REVIEW OF LITERATURE:

Jalali (2012). Exporting is considered a crucial commercial activity for the economic well-being of firms and countries. With the globalisation process, small and medium-sized firms (SMEs) face both new opportunities and new challenges as they lack, for example, resources and capabilities to explore foreign markets, knowledge of international markets, and international. Thus, given the importance of exports for any country's economic development, it is crucial to understand the main drivers of exporting activities. Kang (2011) When firms are unable to carry out export activities due to their lack of experience, limited resources or other perceived or real obstacles, Export Promotion Programs (EPPs) may play an important role underpinning SMEs in their path to markets and networks abroad. In addition, firms with different degrees of international involvement have different needs and face different obstacles. Barney (1991) SMEs' participation in export activities can be encouraged by internal and external change agents. The former emerges within the organisation, such as resources and ca- abilities The latter are related to forces outside the organisation, such as Export Promotion Programs (EPPs), organised, for example, by public entities. Barney (1991) SMEs' participation in export activities can be encouraged by internal and external change agents. The former emerges within the organisation, such as resources and ca- abilities The latter are related to forces outside the organisation, such as Export Promotion Programs (EPPs), organised, for example, by public entities.

Freixanet (2012), aiming at increasing the export intensity of SMEs. There has been growing attention and concern in recent years for the impact of EPPs on firms, as these programs have increased in number and weight in government budgets but the results are far from being homogeneous. Cansino et al.(2013) demonstrate that firms that participate in EPPs have a higher proportion of exports than those that do not. They conclude that these programs are favourable to firms that decide to export by improving their knowledge of the entire export procedure, helping firms to eliminate or mitigate the initial difficulties associated with exports. Comi and Resmini (2020), assessing EPPs among micro and small-sized firms in Lombardy, also conclude that EPPs increase both the export propensity and the export intensity of the firms that use them when compared to the results obtained by non-assisted firms. If participating in EPPs is important, high commitment entry modes. Cansino et al.(2013) demonstrate that firms that participate in EPPs have a higher proportion of exports than those that do not. They conclude that these programs are favourable to firms that decide to export by improving their knowledge of the entire export procedure, helping firms to eliminate or mitigate the initial difficulties associated with exports. Comi and Resmini (2020), assessing EPPs among micro and small-sized firms in Lombardy, also conclude that EPPs increase both the export propensity and the export intensity of the firms that use them when compared to the results obtained by non-assisted firms. If participating in EPPs is important, high commitment entry modes. Malca et al (2020) the participation in EPPs sometimes displays contradictory results. For example, show that EPPs' information, education, and training-related programs do not affect export-related organisational resources. As such, in order to support Peruvian decision-makers to overcome their export-related mental barriers, EPPs needed to improve a proactive approach to internationalisation. Based on national EPPs programs in Ghana, Quaye et al. (2017) conclude that trade shows and trade missions achieve different results. In the same to a survey questionnaire regarding the support of the Algerian Chamber of Commerce, reports that trade shows and trade fairs may have positive and negative outcomes. As such, not all EPPs are successful in achieving better export promotion results, which might be explained by the resource endowments, information and knowledge of international markets, and proactive commitment of the SMEs involved in those programs. Clearly, the results obtained at the national level are not uniform.

III.DATA AND METHODOLOGY

3.1 Data: Primary data came from the regional development association, identifying firms that participated in the four EPPs (2021, 2022, 2023, and 2024). Secondary financial data (sales, employees, age, and sector) were extracted from the India-specific databases for 2021–2024. The final panel includes 198 firms, mostly from manufacturing (67%) and trade sectors.

3.2 Model specification:

The empirical models specified in the present study are adapted mainly from the mod el used by Geldres-Weiss and Monreal-Pérez (2018). In this paper, two alternative models were specified to assess export performance according to the following variables.

Age, size, and participation in export promotion programs. Alternative specifications were used to strengthen the results obtained. In this study, two alternative dependent variables are employed to measure firms' export performance.

Model 1 – Absolute Export Performance

- **Dependent Variable**: Total External Sales (TES)
- **Unit**: Thousands of Rupees ('000)
- **Definition**: Total value of goods sold to foreign (non-domestic) markets, representing the actual volume/scale of export activity.
- **Reference**: Adopted from Geldres-Weiss et al. (2016).
- **Rationale:** This measure captures the absolute size of export operations, which is particularly relevant when analysing resource availability and firm-level growth in export markets.

Model 2 – Relative Export Performance (Export Intensity)

- **Dependent Variable**: Export Intensity (TES/TS)
- **Unit**: Percentage (%)
- **Definition**: Ratio of Total External Sales (TES) to Total Sales (TS) of the firm, i.e., Export Intensity = (Total External Sales / Total Sales) × 100
- **Interpretation**: Indicates the proportion of the firm's total revenue that comes from exports – a widely accepted indicator of internationalisation depth and export dependence.
- T**ransformation applied**: Because the dependent variable is a percentage (bounded between 0% and 100%), the independent variables Size and Age are converted to natural logarithms ln (Size) and ln (Age), to improve model fit, reduce heteroscedasticity, and interpret coefficients as elasticities.
- **Reference**: Specification follows Fernández and Nieto (2005), a commonly cited work in SME internationalisation studies

Table No: 1

Model	Dependent Variable	Notation	Measurement Unit	Conceptual Meaning
Model 1	Total External Sales	TES	000	The absolute level of exports relative
Model 2	Export Intensity	TES/TS	Percentage	Importance of exports

This dual approach (absolute value + relative intensity) provides a more comprehensive understanding of export behaviour – especially relevant for SME-dominated clusters such as knitwear, garment, and textile-exporting units in Tiruppur and Coimbatore district, where both sales volume and export share significantly influence firm survival, bank credit eligibility, and eligibility under export promotion schemes (MEIS, RoDTEP, EPCG, etc.).

Independent Variables: suitable for academic/project reports commonly submitted in Coimbatore / Tiruppur region – e.g., for Ph.D./M.Phil. theses, MBA projects, or research submissions related to knitwear, garment, textile & home textile exporting units under Bharathiar University, Anna University affiliates, or Tiruppur Exporters' Association (TEA) supported studies) Because numerous internal and external factors influence the export behaviour of firms — especially in the highly competitive knitwear and garment export cluster of Tiruppur and Coimbatore district — it is essential to include appropriate control variables in the econometric models (Francis and Collins-Dodd, 2004; Leonidou et al., 2011).

The age of the firm (Age) is one of the most used variables in the export literature and is determined by the number of years that have passed since the firm was founded.

The size of the firm (Size) is measured by the number of employees of the firm. It is an important variable because, compared to large firms, smaller firms suffer from limitations in terms of resources and capacities and are less likely to start export processes without support. The models also include the EPP participation variable (Part_EPP). This is a dichotomous variable that indicates whether or not the firm participated in an EPP in a given year. There were four programs included in the study, which took place in the years 2021, 2022, 2023, and 2024.

Table No: 2

S.No	Program	Firms
1	2021	42
2	2022	42
3	2023	99
4	2024	69
	Total	**198**

Businesses in cover a wide range of economic sectors. Manufacturing companies make up 67% of the sample, which is a strong representation. Businesses in the wholesale and retail trade sectors come next.

Table No: 3.
Sample Description: Main Industries.

S.No	Industry	Firms (%)
1	Manufacturing industries	133 (67%)
2	Wholesale and retail trade; motor vehicle and motorcycle	25 (13%)
3	Consulting, scientific, technical, and similar activities	12 (6%)
4	Information and communication activities	9(5%)
5	Construction	6 (3%)
6	Transport and Storage	10 (5%)
	Total	198

The industry structure of this empirical study is in line with research that indicated the largest involvement rates in the EPPs under examination were found in the manufacturing, industrial, and extractive sectors.

Descriptive statistics:

The descriptive statistics of the variables being examined in the two designated models are presented in Table 4. The firms under analysis have an average age of 27 years, with the oldest firm being 110 years old. Furthermore, the largest organisation employs 403 people, while the average firm size is 46. Additionally, the enterprises' total external sales average about 2232 thousand euros. The companies with no prior export experience were the ones with nil total external sales. In order to lessen survivorship bias issues, firms reporting size and age equal to zero were those that either did not exist at the start of the sample period or ceased to exist at the conclusion of the sample period.

Table No: 4.
Universal Statistics

Variables	Obs	Mean	Standard Deviation	Min	Max
TES	1669	2231	48.2	1	49.8
TES/TS	1468	0.35	0.3	0.002	0.99
Size	1653	45.7	57.4	1	403
Log(Size)	1653	3.1	1.25	0	5.99
Age	17,511	27.1	20.9	1	110
Log(Age)	1751	3.0	0.8	0	4.7
Part_EPP	1782	0.5	0.5	0	1
Part_EPP L1	1584	0.4	0.49	0	1

Table 5 reports the correlations between the original variables used in model 1. The correlation between size and total external sales (0.7534) is the one that exhibits the

highest value. The correlation between the remaining pairs of variables documents positive and statistically significant relationships

Table No: 5

Particular	1	2	3	4
Total External sales	1.0000	-	-	-
Size	0.7534***	1.0000	-	-
Age	0.1831***	0.3423***	1.0000	-
Part EPP	0.0742***	0.0811***	0.1750***	1.0000

***p<1

Generalised least squares (GLS) regression of random effects (RE) was used to estimate the results for models 1 and 2 shown in **Table** 6. To determine which estimators—the fixed effects or the random effects—were more effective, the Hausman test was used (Hausman 1978). The hypothesis that a random-effects model appropriately captures the individual-level effects is not rejected under the Hausman test specification (Hausman test statistic 9.38 and p-value 0.4969–model 1; Hausman test statistic 9.20 and p-value 0.6033–model 2). As a result, we will solely present the estimates of random effects going forward. Regression analysis was conducted to examine how the adoption of EPPs affected businesses' exports

Table No: 06

Rgls Regression (Models 1 And 2) of the Effect of Epps on Firm Exports.

Model 1		Model 2	
Size	71.16 (32.5)***-23.89	Long (size)	0.04 (4.24)***
Age	-23.89 (-2.34)***	Log (Age)	-0.0107 (-0.045)
Part_EPP	357.06(2.67)***	Part_EPP	0.02 (2.13)***
Obs	1669	Obs	1457
R2	0.57	R	0.0733
Const	-548.5 (-1.34)	Const	0.1985 (2.71)***

Size, age, and EPP involvement account for about 57.42% of the variation in total external sales (model 1), while model 2 accounts for only 7.33% of the variation in the difference between total external sales and total sales. In both models, the variable involvement in EPPs is statistically significant. Given a positive response to the original study question, the findings show that firms' exports in the two models in question are linked to their involvement in EPPs. We examined whether there were any differences between the manufacturing sector and the entire sample, since it is the most significant sector in this work. As a result, the two defined models' estimates were recalculated, this time taking the manufacturing sectors into account.

Table No: 7
RE GLS regression with a focus on the manufacturing sector (models 1 and 2).

Model 1		Model 2	
Size	73.33 (29.04)***	Long (size)	0.03 (3.03)***
Age	-24.01 (-1.85)***	Log (Age)	-0.017 (-0.63)
Part_EPP	456.44(2.59)***	Part_EPP	0.02 (1.88)***
Obs	1139	Obs	1102
R2	0.59	R	0.05
Const	-795.62 (-1.34)	Const	0.2875 (3.19)***

All indicators, both positive and negative, stayed the same in respect to the regressions that were conducted with the manufacturing industries in mind, and the statistical significance generally stayed the same. All variables are statistically significant, as seen by Table 7, Model 1, where age has a negative impact on the dependent variable while size and EPP involvement have a positive impact, with similar coefficient values to those found for the entire sample.

The results for model 2 show that while age is not statistically significant, the variables size and involvement in EPPs are both positive and statistically significant. Model 2 produced comparable outcomes, as seen in Table 7.

When conducting regressions for the entire dataset, all of the primary findings are consistent with those previously obtained. As a result, it is feasible to draw the conclusion that, for the manufacturing industries, the initial regressions and the new regressions do not significantly alter the signs of the coefficients or the statistical significance.

In summary, studies by Freixanet (2012), Leonidou et al. (2011), and Wilkinson and Brouthers (2006) support the conclusion that size has a positive impact on export performance, while Love et al. (2016) found that age has a negative impact.

As indicated in Table 8, the overall findings of the regressions conducted for the two models imply that firms' export performance is positively impacted by their involvement in EPPs.

Table No: 8.
Summary of Results

Dependent Variable	Independent variable	Expected Signal	Research question
TES (Model 1)	Participation in EPP S	+	Does the participation of firms in EPPs favor export performance?
TES/TS (Model 2)		+	

According to mainstream literature, firms that participate in EPPs tend to have a greater propensity, intensity, and proportion of exports; as a result, these programs are

advantageous to firms that voluntarily seek to expand their international reach. This conclusion is based on EPPs conducted by a Coimbatore district Development on Trade and Industry. As indicated in Table 8, the overall findings of the regressions conducted for the two models imply that firms' export performance is positively impacted by their involvement in EPPs.

This result, based on EPPs carried out by a Coimbatore district Development on Trade and Industry is in line with mainstream literature that states that firms that participate in EPPs tend to have a greater propensity, intensity, and proportion of exports, being, therefore, programs favorable to firms that willingly seek to increase their international reach. These programs are considered tools that allow the acquisition of knowledge and improvement of resources, capacities, experience, and strategies, which help to minimize the risk and uncertainty of export operations leading to successful exports (Alvarez 2004; Cansino et al. 2013; Comi and Resmini 2020; Geldres-Weiss and Monreal-Pérez.

Check for Robustness

To assess the robustness of the regression results, we looked for differences between companies that took part in only one EPP (single users) and companies that took part in two or more EPPs (heavy users), as well as between companies with prior export experience (i.e., those that reported total external sales greater than zero in 2010) and those without prior experience (i.e., those that reported zero total external sales in the year before their first EPP). Therefore, the estimates of the two defined models were performed, taking into account businesses with or without prior export experience (given in Table 10) as well as single users and heavy users (reported in Table 9).

Table No: 9.

Regls Regression (Models 1 And 2) Of the Effect of Epps on Firms' Exports For Single Epp Users Vs. Heavy Epps Users

Model 1			Model 2		
	Single user	Heavy user		Single user	Heavy user
Size	81.5 (36.19)***	46.7 (8.88)***	Log (size)	0.04(3.93)***	0.02 (0.89)
Age	-32.79(-3.13)	-10.84 (-0.36)	Log (Age)	0.001(0.000)	-0.103 (-1.49)
Part_EPP	207.37(1.56)	1144.6 (2.51)	Part_EPP	0.01(0.90)	0.09(3.14)***
Obs	1349	320	Obs	1148	309
R2	0.63	0.47	R2	0.07	0.01
Const	-625.69(-1.55)	-65.37 (-0.05)	Const	0.16(2.18)**	0.57 (2.32)**

Table No 10.
Re Gls Regression (Models 1 And 2) Of the Effect of Epps on Firms' Exports for Firms with Former Export Experience Vs. Firms Without Former Export Experience

Particular			Particular		
Model 1	Export Experience (EE)	Without EE	Model 2	Export Experience (EE)	Without EE
Size	73.04 (29.09)***	3.24 (1.79)*	Long (size)	0.03 (3.09)***	0.037 (1.63)
Age	-26.24 (-2.15)***	-0.34 (-0.12)	Long (Age)	-0.04 (-1.54)	-0.005 (-0.069)
Part_EPP	451.90 (2.68)***	41.03 (0.79)	Part_EPP	0.03*** (2.57)	0.007 (0.20)
Year	Yes	Yes	Year	Yes	Yes
Obs	1303	366	Obs	1238	219
R2	0.55	0.02	R2	0.05	0.06

In terms of coefficient signs, magnitude, and statistical significance level, the robustness check results, which are shown in Tables 9 and 10, generally agree with those previously presented.

The findings show that EPP is associated with increased exports, but only for companies with previous export expertise. Furthermore, exports increased dramatically with numerous exposures to EPP but not with a single exposure. This implies that in order for EPP to be more effective, businesses must learn about exports; that EPP helps businesses build on experience rather than just removing obstacles; and that EPPs might not have provided enough encouragement for businesses to enter export markets because the benefits are primarily driven by businesses that use EPP extensively.

V. CONCLUSIONS AND LIMITATIONS

The complexity of the global economy has made internationalisation of firms more crucial and forced them to become more competitive in order to deal with unforeseen changes. Therefore, it is crucial to comprehend the significance of internationalisation support methods.

Enhancing enterprises' export performance is the goal of EPPs, which helps nations realise their maximum export potential. Therefore, the purpose of this study was to evaluate how EPPs affected Portuguese companies' export performance. In this regard, information was gathered about a group of Portuguese businesses that took part in at least one of four export promotion initiatives run by a regional development association. The India-specific databases and the regional development association were the two sources from which the information was gathered. In order to learn more about the companies that took part in the EPPs and their characteristics, the regional development association was crucial. To gather economic data about the companies that took part in

the EPPs, the SABI In database was crucial. In order to determine the impact of EPP participation on export performance, data from 198 enterprises during the 2021–2024 timeframe were taken into consideration

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To support the findings, two models were estimated. Using several specifications, it was discovered that the variable involvement in EPPs has consistently remained important in both models, independent of the model. One may conclude that larger companies with greater resources have a positive impact on export performance, while the age effect on export performance is negative, indicating that older companies' traits—such as cultural inertia, a lack of flexibility, or an inability to implement strategies to deal with new markets—slow their reaction to changes, specifically the ones pertaining to export performance and EPPs in comparison to younger companies. Furthermore, it was determined that EPPs can benefit companies that plan to export or enhance their exporting process and have a beneficial impact on their export activities, hence reaffirming the significance of businesses taking part in these programs. Additionally, since it is anticipated that local and regional development associations are closer to the companies than national entities and may have greater influence in getting SMEs to participate in export promotion programs than national entities or bodies, which are typically quite distant from the typical SME, this paper summarizes prior experiences with EPPs at the national level.

The significance of the capabilities and resources is also validated by the robustness checks. Since only companies with prior export experience appear to have a beneficial impact on firms' exports, it is conceivable to draw the conclusion that internal resources and talents are crucial if organizations wish to adequately explore EPPs. Therefore, it can be said that companies must invest in and develop their internal resources and talents in order to use EPPs to succeed overseas. Moreover, it appears that only companies that are involved in multiple EPPs fully utilize them.

Business managers and owners that wish to begin or expand their export process and require assistance in their internationalization journey would benefit from these findings. Furthermore, in order to increase the effectiveness and efficiency of participation in EPPs, it is crucial to gain a deeper understanding of how firms behave in these kinds of programs.

The use of these programs through local and regional development agencies and associations—typically closer to their local/regional associated firms—should also be encouraged and funded by policymakers. This will not only improve the export performance of firms but also the economic well-being of the nation.

Even if the research topic may be answered, this study has limitations, thus its findings should be interpreted cautiously because they cannot be applied to the whole population. First, there may be some contextual homogeneity in the sample because it consists of businesses that received support from a regional development organisation. Second, the regional development organisation was somewhat cautious in disclosing

information and data for the enterprises' analysis, while providing information about the export promotion activities that were established. As a result, only the economic data retrieved from the India-specific databases could be used.

The resources and capacities associated with the company's export activity, the year the export activity began, the number of countries to which the company shipped to and began exporting, and other explanatory factors may have been employed. To further enhance the study, it would be intriguing to distinguish between different kinds of export promotion initiatives. Regretfully, these statistics have not been made public.

A sizable sample would enable comparisons of company behaviour by program type in addition to size (small, medium, and big). Therefore, the analysis might be expanded to include other factors and distinctions, as well as a greater number of organisations with different attributes, in future research. To aid in their mitigation, it would also be intriguing to investigate how export restrictions keep businesses from exporting.

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