



Governance and Performance of Agri-Food Exporting SMEs

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Abstract

Moroccan SME's are involved in local development and are currently the subject of several studies. Furthermore, Moroccan SMEs are crucial to the country's economic growth since they produce value, create employment, and play an important role in local development. The goal is to identify the factors that influence its export performance. This performance can be influenced by the governance system, which is defined as a set of mechanisms that have the effect of limiting managers' powers and influencing their decisions. In this light, the purpose of this paper is to demonstrate, using a sample of food SME's in Agadir city, that a good governance system improves export performance and accelerates the process of SME internationalization. Based on the findings of this study, we can infer that SMEs with effective internal governance mechanisms, such as an internal control and consultation body and strong hierarchical control, may improve their export performance and, as a result, their internationalization potential.

Keywords: Board of directors, Debt, Capital structure, Hierarchical control, Control of the supplier, Control of subcontractor export performance, Internationalization.

JEL Classification: G30.

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Contribution of this paper to the literature

On the one hand, this paper will help to enrich theoretical aspects of governance mechanisms applicable to Moroccan exporting SMEs in order to identify them. This work, on the other hand, presents a methodology as well as an overview of the main findings from the research conducted to identify the corporate governance mechanisms that apply to SMEs.

1. Introduction

Since Berle and Means, the debate on corporate governance did not become the norm for organizational management researchers until the 1980s, particularly in the United States.

Starting from a conception of the firm as a node of contracts, Jensen and Meckling (1976) considered one of the levers of value creation to be the minimization of conflicts of interest between managers (agent) and shareholders in their seminal article on agency theory (principal). These tensions stem from the separation of risk-taking and management functions that characterized so-called managerial American firms.

Several empirical studies have since tried to examine this theory by attempting to establish links between the effectiveness of mechanisms for aligning interests in the firm (governance mechanisms) and performance. However, the results were only conclusive in the Anglo-Saxon context and were frequently mixed in other contexts. National systems of governance differ, according to La Porta, Lopez de Silanes, and Shleifer (1999); La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999), making some of the governance mechanisms from the agency literature unsuitable for countries where legal protection for shareholders is weak, financial markets are underdeveloped, and the economic fabric is highly concentrated in small and medium-sized enterprises (SMEs).

Morocco is one of the countries where more than 95 percent of businesses are small and medium-sized enterprises (SMEs). Control of these companies is exercised by families who own significant shares of the capital, explaining the concentration of ownership. These companies are frequently financed through the money market, and competition among them is fierce, making differentiation through human resources a critical success factor.

Moroccan SMEs are critical to the country's economic development. It generates value, creates jobs, and is a key player in local development. When confronted with globalization, SMEs must internationalize by implementing a globalization strategy. Access to international markets through export is one method of enhancing and hastening the internationalization process. However, this effort, which has traditionally been considered the prerogative of large corporations, necessitates significant efforts of modernization on several approaches and possibly on the level of governance by the SME.

The purpose of this paper is twofold:

- To begin, it is necessary to untangle the governance mechanisms applicable to Moroccan exporting SMEs.
- Second, to assess the effectiveness of these mechanisms in terms of this SME's export performance.

The following is how the paper will be structured:

- The first section will be devoted to a review of the literature in order to identify corporate governance mechanisms applicable to SMEs.
- The second section will be devoted to the presentation of the methodology as well as an outline of the main findings.

2. Transition from the Governance of the Large Companies to the Governance of the Small Companies

2.1. The Big Company's Governance

Corporate governance is defined as the set of mechanisms that limit managers' discretionary space or govern their behavior. These mechanisms are both internal and external in nature, and their structure varies depending on the type of firm (managerial with diffuse capital, family-owned, or controlled by a group) as well as the legal and institutional environment (La Porta, Lopez-de-Silanes, & Shleifer, 1999).

In a large managerial firm, no shareholder owns a significant portion of the capital and thus cannot exercise control over the manager. Under these conditions, the costs incurred by a shareholder to monitor the manager are prohibitively expensive to bear individually, and the manager can easily take root by capitalizing on the passivity of the shareholders who have become stowaways. The effectiveness of governance mechanisms is justified by their ability to protect shareholder wealth by limiting the manager's entrenchment (Shleifer & Vishny, 1989). As an internal governance mechanism, the board of directors is distinguished by a large number of shareholders, the majority of whom are independent and hold multiple mandates. The remuneration system is intended to stimulate managerial effort by extending the manager's status as a residual creditor through equity participation, granting him stock options, or indexing his remuneration to performance.

The financial, goods and services, and management markets have grown and now serve as external governance mechanisms that aid in the management discipline. The financial market, which is distinguished by a large number of listed companies and a high volume of stock trading, ensures both the mobilization of savings and the reduction of the cost of financing the economy, as well as the discipline of managers through hostile takeover bids, which occur as a result of shareholder dissatisfaction in response to poor performance.

The managerial market is a mechanism that motivates managers to develop the companies they manage to increase their reputation in this market, and the market for goods and services, which has always been regarded as the arena where companies compete, is set up alongside other governance mechanisms to control the behavior of managers by customers who govern in the face of managerial discretion by turning away from their products in favor of the competition.

However, studies and research have revealed that governance systems vary by country and that the model of the managerial firm that has so inspired authors such as Berle and Means, Jensen and Meckling (1976), is unique to Anglo-Saxon countries. In this regard, La Porta et al. (1999) believe that investor protection varies depending on the legal system. The protection of investors is weak in countries characterized by civil law, which justifies their mobilization in the form of shareholder groups, control coalitions, and concentration of capital in these countries.

Because of the differences in the legal and institutional environments in these countries, which is also the most common case, governance mechanisms will play a different role in resolving conflicts of interest between minority and majority shareholders or between majority shareholders and creditors.

The capital in a large family business is held by one or more people who are linked by family ties and succeed one another in controlling the business from generation to generation. Risk assumption and risk management are typically inseparable functions, and conflicts of interest arising from the shareholder-manager relationship appear to be strongly mitigated. Dissensions in visions between family members, between two successive generations, or between family shareholders and creditors can all lead to agency problems (in the case of increased recourse to debt to finance the company). The characteristics of such a structure give rise to mechanisms such as the financial market (concentration of capital in the hands of the family, which is hesitant to open it up), the board of directors (limited number of directors, most of whom are members of the same family chaired by the founding father); the financial structure (importance of equity); and the market for managers (the manager, who is frequently the founder, is not very sensitive to his reputation on the market for managers). Rather, it is the succession and the transmission of the power of control of the company between two generations that is apprehended as a perilous passage.

A significant portion of the capital in the controlled company is held by a company or group of non-family companies that appoint the managers. Agency conflicts between shareholders and managers are not ruled out in this structure, but the company's or group's control mitigates these conflicts. Conflicts between controlling shareholders (company or group) and minority shareholders are particularly common, necessitating the development of effective mechanisms to protect minority shareholders from obstacles to the right to vote, such as the reduction of the thresholds required to attend general meetings of shareholders, the facilitation of procedures allowing the latter to exercise it (voting by proxy or remote voting), and the transparency of information (poison pills, thresholds of control, the use of the non-voting shares).

While the large company, whether managerial, family-owned or controlled (Charreaux, 1997), can be governed by a variety of mechanisms whose structure varies depending on the political and institutional legal context, as well as the concentration/dilution of capital and the nature of control, the SME remains a little-studied research subject in the field of corporate governance.

2.2. The SMES, a Unique Business Model, and a Distinct Governance System

Authors frequently regard the SME model as a distinct model. On the one hand, the SME differs from the large enterprise in several ways, and on the other hand, there is a wide range of typologies within the category of SMEs. Indeed, SMEs are distinguished from large corporations and one another by their ability to compete, their informal organizational structure, an intuitive and reactive strategy rather than a proactive one with a cost and medium-term scope, a simple information system, and a central repository for the values and beliefs shared by its members. In the case of family SMEs, these are anchored in the course of existence and experience, or forged by the owner-manager.

Due to a lack of resources, aversion to external financing, and, in particular, capital increase (for family SMEs), a small number of shareholders, and a conservative attitude toward transparency, the SME and family SME models require a unique governance system.

Before discussing the various governance mechanisms applicable to SMEs, it is necessary to distinguish between two types of SMEs: family SMEs and non-family SMEs. Internal or external mechanisms can be understood as a set of mechanisms (Charreaux, Daviet, Hau, Roe, & Saussois, 1999).

2.2.1. External Mechanisms

• The Financial Market

The financial market, an effective external governance mechanism in the managerial discipline in large managerial companies, is only as important for the SME if it is listed and owned by shareholders who delegate management to a non-partner or at least do not own a significant share of the capital. However, given the reality of SMEs, the majority of which have locked-up capital and do not rely on public savings, the financial market mechanism will continue to be limited to large corporations with open capital (Elfathaoui, 2018a, 2020).

• Bank Supervision

Bank control is an external governance mechanism whose effectiveness is determined by the amount of debt in the financial structure. Thus, when a company uses debt to finance its investments, the bank has control over the project's execution by the credit contract's commitments. Bank control is reputedly stringent, owing to the organizations' experience in auditing and risk management. The SME that does not have access to the stock market or is looking to expand its capital frequently resorts to debt as a second option after self-financing, highlighting the importance of this governance mechanism in the control of the manager (family member manager in the family SME or third-party manager in the non-family SME).

• The Goods and Services Market

The market for goods and services is the mechanism through which clients exert control over the manager's actions. In this sense, when the manager pursues personal goals that contradict the goal of maximizing the company's value, the company's commercial policy suffers, resulting in a loss of market share and a decrease in profitability. As a result, the market for goods and services is an effective governance mechanism for controlling managerial latitude in the SME (family and non-family), because survival is inextricably linked to market development.

- *Control of Suppliers and Subcontractors*

If Porter identified supplier bargaining power as one of the six forces that characterize the industry environment in which the firm evolves and determines its competitive potential, corporate governance has elevated it to the status of an external mechanism that can participate in manager control under certain conditions. Indeed, when a company is reliant on a supplier who has exclusive access to specific resources, the latter may decide not to do business with the company if it fails to meet its commitments (payment delay for example). This supplier detour could be the result of managerial latitude that is detrimental to value maximization.

To complete the value chain, the subcontractor can intervene at any stage of the company's production process. The SME that wants to maintain its flexibility but does not always have the resources to internalize everything will inevitably turn to this actor, who can contribute to the manager's control under the conditions of the company's long-term relationship, the possession of resources, and specific skills.

Although suppliers and subcontractors are rarely mentioned as sources of external governance mechanisms for large corporations, they can be critical components of the SME's governance system.

2.2.2. Internal Mechanisms

Charreaux et al. (1999) distinguishes between non-systematic or voluntary governance mechanisms (established by the firm) and systematic ones (to which it is subject). Thus, internal governance mechanisms can be either voluntarily created or imposed on the firm.

- *The Board of Directors*

The board of directors is, in the theory of corporate governance, an internal mechanism that protects the interests of the shareholders and other stakeholders (partnership governance system) by controlling the managers, fixing their remuneration, and elaborating the major orientations of the company.

The structure of this mechanism and the effectiveness of its intervention in the managerial discipline differs according to the type of firm (Charreaux & Pitol-Belin, 1991).

The boards of directors of managerial firms are large, with a significant proportion of outside directors who hold several mandates and are involved in management. In family businesses, the board of directors is smaller, and the directors are most often family members who are chaired by the founding father. The intervention of the board of directors of the family firm is passive (Charreaux & Pitol-Belin, 1991).

In the SME, the boards of directors are of modest size (limited number of directors). The latter is often the principal shareholders. Thus, in the non-family SME where management is ensured by a third-party manager, it is possible to assimilate the role of the board of directors to that played in the large company, insofar as there is a separation between ownership and management (managerial latitude). In the SME managed by an associate manager, the board of directors can limit the entrenchment of the associate manager who may seek to enrich himself at the expense of the other associates (Carminatti-Marchand & Paquerot, 2004). The effectiveness of this mechanism can be interpreted in the two preceding cases by its size and its independence.

In the family SME, the board of directors plays the role of the consultative body allowing the members of the family to take stock of the management of the company and its situation in general. In this type of enterprise, it is more a mechanism for consultation than for control.

It should be noted that SMEs often tend to adopt a legal form other than the joint-stock company. The case of Morocco can be an example where SMEs, for reasons of limited financial resources, most often opt for the legal form of "limited liability company" where the board of directors gives way to bodies such as the advisory board or the family council.

- *The Family Council and the Advisory Board*

The establishment of an advisory board in non-family-owned SMEs with a legal form other than a limited company will play an important role in the governance system. The advisory board meets once or twice a year with the partners, the manager, and possibly an expert to review the company's management and future prospects. In a non-family SME with a third-party manager or partner, the advisory board is most likely a control and discipline mechanism. In this case, the frequency of its meetings, its independence (the presence of external experts), and the participation of its members (presence at meetings) can all be factors in its effectiveness.

In family-owned SMEs, the family council, which is a meeting of the family members who control the company to debate and discuss the company's situation, allows for a better involvement of the family in the company's management and control. The family council is an effective way to manage succession and control transfer between two successive generations. The number of meetings, the number of council members, and their management experience can all be important criteria for the council's effectiveness.

- *The System of Remuneration*

The remuneration system is a corporate governance incentive mechanism. This mechanism allows executives' objectives to be aligned with the maximization of value in large companies characterized by the separation of control-ownership and management functions. The granting of stock options, participation in capital, and the indexation of a portion of remuneration to sales are all characteristics of manager remuneration in large corporations (Carminatti-Marchand & Paquerot, 2004). The limited access to the financial market in the SME prevents the use of stock options; however, the indexation of remuneration to the result or participation in the capital can prove to be modalities of an effective remuneration system, particularly in the SME with a non-partner manager.

- *The Structure of Ownership*

Since Berle and Means, the ownership structure has remained the governance mechanism that has frequently been the source of disagreement and dissent among several authors. The results of the impact of this mechanism on

firm value remain mixed between Demsetz's neutrality thesis, Jensen and Meckling (1976) 's convergence thesis, and Shleifer and Vishny's entrenchment thesis.

Managerial ownership may be an active variable in the family SME, insofar as involving the non-member manager in the risk through access to the status of residual creditor (ownership of a share of the capital) may be one way to do so.

- *Hierarchical Control*

This is the power that employees wield over managers. This mechanism can be useful in-service SMEs where employees can develop specific human capital that gives them bargaining power with managers. Employees, for example, can object to practices that contradict the maximization of value by the manager of a non-family SME in collaboration with a partner or third-party manager.

To strengthen hierarchical control, it is necessary to provide employees with procedures such as trade unions, representatives on boards of directors or advisory boards, a private phone number to denounce managerial practices that are contrary to the company's interests... (Charreaux et al., 1999).

- *Trust*

A systematic internal governance mechanism (Charreaux et al., 1999), mutual trust among firm members, particularly the SME, is a mechanism that makes the other governance mechanisms less rigid. Indeed, when employees and shareholders have faith in their managers, the costs of control fall and managers have more leeway, which increases their potential for innovation.

3. SME Governance and Export Performance

3.1. Hypotheses and Methodology of Research

The first hypothesis we test in this section is about the relationship between the existence of an internal control body and the existence of an external control body (board of directors, family council and advisory board). The existence of an internal control body, as well as the structure of this body, positively influences the effectiveness of control, according to corporate governance theory. As a result, the first hypothesis:

H1: *The presence of a board of directors, advisory board, or family improves the SME's export performance.*

The second hypothesis concerns the role of debt as a governance mechanism. According to the agency theory, debt can positively influence firm performance if the agency conflicts of debt are resolved (conflicts between shareholder-managers and creditors exceed the agency conflicts between shareholders and managers that are due to self-financing). Given these arguments, it is difficult to forecast the impact of debt on a firm's export performance.

H2: *The relationship between the SME's debt and its export performance is not linear*

The impact of capital structure on performance varies according to theory. According to the agency theory, the greater the manager's stake in the capital, the more the latter will ensure value maximization. In this sense, we assume:

H3: *Managerial ownership is positively related to the SME's export performance*

Employees' discipline is represented by hierarchical control. This discipline is heightened when the company provides employees with the tools and procedures, they need to exercise control. A strong hierarchical control, on the other hand, can lead to internal conflicts that result in the destruction of value. As a result, it is reasonable to assume:

H4: *The level of hierarchical control and the SME's export performance have a linear relationship.*

The supplier and subcontractor can participate in the SME's governance system by pressuring the manager to honor his commitments, which can only be done if the latter manages the company profitably.

H5: *The stronger the supplier and subcontractor control, the better the SME's export performance.*

3.2. Research Methodology

3.2.1. Sample and Data Collection

The objective of this paper is to determine in a first step the governance mechanisms applicable to SMEs. Secondly, the impact of the structure of these mechanisms on the internationalization of SMEs through export. The data on governance structure and export performance was collected via a questionnaire based on a sample of 80 agribusiness SMEs in the Agadir region. This is a reasoned choice based on a parent population of 80 SMEs. To detect SMEs, we referred to the Moroccan law n°53-00 of July 23, 2002, which defines an SME as any company that is not 25% owned by one or more companies that are not SMEs, that has not made more than 75 million dirhams during the last two fiscal years and that has a balance sheet total that does not exceed 50 million dirhams.

Only 34 SMEs responded, representing a response rate of 42.5%. The information collected corresponds to the 2009 fiscal year.

The questionnaire incorporates 3 axes:

- Characteristics of the SME (size, capital, legal form, date of creation, nature of products manufactured).
- Characteristics of the governance mechanisms (existence of different mechanisms and their structure)
- Export performance.

a. *Operationalization of variables:*

— *SME governance: SME governance is represented by 7 variables*

- *Board of directors, family, or advisory board variable*
- *Variable debt*
- *Variable capital structure*
- *Variable hierarchical control*

- *Supplier control variable*
 - *Variable control of subcontractor*
 - *Export performance: Export performance is measured by the share of export sales and total sales. (Export sales/ total sales).*
 - *The control variables :We believe that the following variables are likely to influence the export performance ratio*
 - *Firm size (measured by the logarithm of total assets)*
 - *Age of the firm (measured by the number of years of existence of the firm)*
 - *Certification of the firm.*
- b. *Measurement of endogenous variables:*
- *The board of directors' variable is an indicator variable:*
Existence of a board of directors, advisory board, or family board: it takes 1 if the SME has a board of directors (the case of the joint-stock company) or an advisory board and a family board (respectively the case of the non-family SME and the family SME that does not have the joint-stock company legal form) and 0 otherwise.
 - *The debt variable:*
Measured by the debt ratio: Long-term debt/equity
 - *Capital structure variable:*
This variable is represented by the share of capital held by the manager: capital held by the manager/total capital
 - *Hierarchical control variable:*
This variable is an indicator, it takes 1 if the SME has a union or other structure allowing employees to denounce managerial practices that harm the company. 0 otherwise
 - *Supplier control variable:*
This variable is measured concerning the following question:
The materials offered by your supplier are:
Available(0); not readily available(1); rare(2)
The relationship with your supplier is
Very formal and defined by contract (2); formal(1) ; informal (0)
 - *Subcontractor Control Variables*
This variable is measured by referring to the following question:
The materials services offered by your subcontractor are:
Available(0) ; not very available(1) ; rare(2)
The relationship with your subcontractor is
Very formal and defined by contract(2) ; Formal(1) ; Informal (0)
- c. *Measurement of control variables :*
- *SME size variable:*
It is measured by the logarithm of total assets
 - *Variable age of the SME:*
It is measured by the number of years of existence of the SME
- PERFEXPOR: export performance*
EXSORCONT: existence of a control body
ENDETT: Indebtedness
PROPMANAG: Ownership of the manager
CONTRHIE: hierarchical control
CONTRFOUR: Supplier control
CONTRSOUT: Subcontractor control
SIZE: Size of the company
AGE: age of the company.

3.3. Analysis of Results

3.3.1. Descriptive Analyses:

In this part we will try in a first step to determine the governance mechanisms of the agri-food SMEs in the Agadir region, and in a second step their characteristics.

Table-1. Descriptive statistics.

	N	Minimum	Maximum	Mean	Std. Deviation
Perfexpor	34	0.000	12.210	1.59819	2.409910
Exsorcont	34	0	1	0.47	0.507
Endett	34	0.000	0.510	0.28068	0.152925
Propmanag	34	0.00	1.00	0.6416	0.34970
Contrhie	34	0	1	0.18	0.387
Contrfour	34	0	4	2.26	1.163
Contrsout	34	0	4	1.29	1.292
Taill	34	13.12	17.66	15.9550	1.24452
Age	34	6	28	14.50	6.657
Valid N (Listwise)	34				

Table 1 provides descriptive statistics on export performance (PERFEXPOR), indebtedness (ENDETT), managerial ownership (PROPMANAG), hierarchical control (CONTRHIE), supplier control (CONTRFOUR), subcontractor control (CONTRSOUT), size (SIZE) and age (AGE) for the 34 SMEs in the study.

On average, the SMEs studied have an export turnover that exceeds by 60% that achieved on their national territory. This result shows the importance of exports for SMEs in the Agadir region. However, there is a very significant difference between SMEs in terms of export, insofar as some do not export, while others achieve a turnover in exports that exceeds 12 times the turnover achieved on the national territory. On average, almost half of the SMEs surveyed have a controlling body (board of directors, advisory board, or family council).

Debt represents, on average, 28% of financial resources. This low level of debt can be explained by the reluctance of families, which control the majority of the SMEs studied, to take on debt. Indeed, family businesses prefer to finance themselves first by equity (self-financing), then by debt, and finally by capital increase as a last resort (Myers, 1984; Myers & Majluf, 1984).

The ownership of the SMEs studied is concentrated. Indeed, the results show that, on average, more than 60% of the capital is held by the manager. This result is explained by the high proportion of family SMEs where the founder holds the majority of the capital.

The hierarchical control is an indicator variable. It takes the value 1 if the company sets up mechanisms allowing the employees to control the manager, otherwise it is cancelled.

In view of the results in Table 1, hierarchical control in the SMEs studied is on average weak.

Control of the supplier and the subcontractor are two index variables. Thus, the control of the supplier and the subcontractor is considered strong when this variable is higher than 3, average when it is equal to 2 and weak when it is lower than 2. In the studied SMEs, the control of the supplier is average, whereas that of the subcontractor is weak. However, it should be noted that the degree of control between the supplier and the subcontractor differs significantly from one SME to another.

Finally, the size and age of the SMEs studied differed significantly. The average age of these SMEs is 14 years.

Table-2. Exporting SME's.

	N	Minimum	Maximum	Moyenne	Ecart Type
Exsorcont	20	0	1	0.70	0.47
Endett	20	0.100	0.510	0.34280	0.12368
Propmanag	20	0.00	1.00	0.5488	0.3048
Contrhie	20	0	1	0.25	0.44
Contrfour	20	0	4	2.20	1.06
Contrsout	20	0	3	1.45	1.28
Taill	20	14.73	17.66	16.7155	0.8961
Âge	20	7	28	16.95	6.64
N Valide (Listwise)	20				

Table-3. Non-exporting SMEs.

	N	Minimum	Maximum	Moyenne	Ecart Type
Exsorcont	14	0	1	0.14	0.36
Endett	14	0.000	0.450	0.19193	0.15029
Propmanag	14	0	1	0.77	0.38
Contrhie	14	0	1	7.14e-02	0.27
Contrfour	14	0	4	2.36	1.34
Contrsout	14	0	4	1.07	1.33
Taill	14	13.12	16.03	14.8686	0.7727
Âge	14	6	20	11.00	5.05
N Valide (Listwise)	14				

Tables 2 and 3 shows the characteristics of the governance mechanisms, retained in this study, for exporting SMEs Table 2 and non-exporting SMEs Table 3. The data in the tables shows that:

- The majority of exporting SMEs (70%) have an internal control body (board of directors, family council, or advisory board), while a minority (14%) of non-exporting SMEs have such a body (variable EXSORCONT).
- Exporting SMEs are on average more indebted than non-exporting SMEs (variable ENDETT)
- The managerial ownership (variable PROPMANAG) shows that the ownership of the capital of the managers of the non-exporting SMEs is higher than that of the non-exporting SMEs.
- Hierarchical control (variable CONTRHIE) in exporting SMEs is significantly stronger than in non-exporting SMEs.
- The control of the supplier (variable CONTRFOUR) and that of the subcontractor (variable CONTRSOUT) are on average similar between exporting and non-exporting SMEs.
- The size (variable TAILL) of the exporting SME is, on average, relatively larger than the non-exporting SME.
- The age (variable age) of the exporting SME is on average higher than that of the non-exporting SME.

The results of the descriptive analysis show that among the governance mechanisms applicable to SMEs, those that seem significant for agribusiness SMEs in the Agadir region are : The capital structure ; the control of banks; the control of the supplier; and the internal body of control and consultation (board of directors, advisory board, family council)

In addition, the study of the characteristics of the governance mechanisms, separated from the exporting SMEs and non-exporting SMEs shows that:

- The capital structures of exporting SMEs are less concentrated than those of non-exporting SMEs.

- The control exercised by banks over exporting SMEs is stronger than that of non-exporting SMEs.
- Supplier control is relatively similar for exporting and non-exporting SMEs.
- The majority of exporting SMEs have an internal control and consultation body.
- To confirm these results and test the hypotheses, we will proceed to multivariate analyses in the following.

3.3.2. Multivariate Analyses

First, we will analyze the correlations between all the variables retained in this study.

Table-4. The matrix of correlations between variables.

		Perfexpor	Exsorcont	Endett	Propmanag	Contrhie	Contrfour	Contrsout	Taill	Age
Perfexpor	Pearson Correlation	1	0.377*	0.316	-0.316	0.341*	-0.048	0.206	0.568**	0.537**
	Sig. (2-tailed)		0.028	0.069	0.069	0.048	0.789	0.242	0.000	0.001
	N	34	34	34	34	34	34	34	34	34
Exsorcont	Pearson Correlation	0.377*	1	0.270	-0.450**	0.336	-0.115	0.245	0.484**	0.341*
	Sig. (2-tailed)	0.028		0.123	0.008	0.052	0.517	0.162	0.004	0.048
	N	34	34	34	34	34	34	34	34	34
Endett	Pearson Correlation	0.316	0.270	1	-0.455**	0.362*	-0.033	0.304	0.652**	0.309
	Sig. (2-tailed)	0.069	0.123		0.007	0.035	0.852	0.080	0.000	0.076
	N	34	34	34	34	34	34	34	34	34
Propmanag	Pearson Correlation	-0.316	-0.450**	-0.455**	1	-0.535**	0.002	-0.275	-0.492**	-0.206
	Sig. (2-tailed)	0.069	0.008	0.007		0.001	0.990	0.115	0.003	0.243
	N	34	34	34	34	34	34	34	34	34
Contrhie	Pearson Correlation	0.341*	0.336	0.362*	-0.535**	1	-0.040	0.378*	0.403*	0.306
	Sig. (2-tailed)	0.048	0.052	0.035	0.001		0.824	0.027	0.018	0.079
	N	34	34	34	34	34	34	34	34	34
Contrfour	Pearson Correlation	-0.048	-0.115	-0.033	0.002	-0.040	1	0.390*	-0.075	-0.053
	Sig. (2-tailed)	0.789	0.517	0.852	0.990	0.824		0.022	0.674	0.767
	N	34	34	34	34	34	34	34	34	34
Contrsout	Pearson Correlation	0.206	0.245	0.304	-0.275	0.378*	0.390*	1	0.305	0.169
	Sig. (2-tailed)	0.242	0.162	0.080	0.115	0.027	0.022		0.079	0.339
	N	34	34	34	34	34	34	34	34	34
Taill	Pearson Correlation	0.568**	0.484**	0.652**	-0.492**	0.403*	-0.075	0.305	1	0.541**
	Sig. (2-tailed)	0.000	0.004	0.000	0.003	0.018	0.674	0.079		0.001
	N	34	34	34	34	34	34	34	34	34
Age	Pearson Correlation	0.537**	0.341*	0.309	-0.206	0.306	-0.053	0.169	0.541**	1
	Sig. (2-tailed)	0.001	0.048	0.076	0.243	0.079	0.767	0.339	0.001	
	N	34	34	34	34	34	34	34	34	34

Note: *. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

The matrix of correlations between variables Table 4 offers the following results:

- The export performance of agribusiness SMEs in the Agadir region, is positively and significantly associated (at the error threshold of 5%) with the existence of an internal control and consultation body (board of directors, family council or advisory board). In other words, SMEs with a control and advisory body have a higher export turnover. **Hypothesis H1 is validated**
- The export performance of the agri-food SMEs studied is positively and significantly associated (at the 5% error threshold) with the level of hierarchical control. The SMEs that put in place mechanisms that allow employees to control management are more successful internationally.

Hypothesis H4 is validated.

- There is no significant relationship between export performance and the level of debt, the level of managerial ownership, the level of supplier and subcontractor control.

Rejection of hypotheses H2, H3 and H5

- The variable: export performance, is positively and significantly associated (at the 1% significance level) with the variables Size and age of the SME. This result is consistent with results obtained with large companies (Charreaux, 1991). Thus, the more experienced and the larger the firm, the easier it is for it to export its products.
- The variable: existence of an internal control body, is positively and significantly correlated (respectively at the error threshold of 1% and 5%) to the variables Size and age (similar result for large companies: Alexandre and Paquerot (2000); Conyon and Peck (1998). This result shows that the oldest and largest

SMEs tend to choose the legal form of a limited company which provides for the existence of a board of directors (or supervisory board) or, failing that (in the case of the adoption of another legal form) establishes an internal control and consultation body (advisory board or family council).

- Managerial ownership is negatively and significantly correlated with debt (at the 1% error threshold). This result shows that the more the manager of the SME holds an important part of the capital (case of the family SME), the less he is willing to go into debt (result similar to those obtained with large companies by Antoniou, Guney, and Paudyal (2002); Stulz (1988); Elfathaoui (2018b)).
- Managerial ownership is negatively and significantly related to the level of hierarchical control (at the 1% error threshold). Indeed, the more control the manager has, the more he will tend to annihilate any mechanism allowing employees to control him.
- Managerial ownership is negatively and significantly associated with size. To meet its financing needs, the SME is forced to open up its capital, which reduces the share held by the initial owner.

4. Conclusion

The goal of this article was to determine the impact of governance, as perceived by various mechanisms, on the internationalization of the SME as measured by export performance. The findings of descriptive analyses conducted on a sample of 34 agri-food SMEs in the Agadir region show, on the one hand, that the governance mechanisms applicable to SMEs are: ownership structure, debt, the internal control body (board of directors, advisory board, or family), and supplier control. On the other hand, only exporting SMEs are the best governed.

According to the multivariate analyses, only the existence of an internal control body and hierarchical control can positively and significantly influence the international performance of the SMEs studied. As a result, we can conclude that the effectiveness of SMEs' internal governance mechanisms (which is dependent on the presence of an internal control and consultation body as well as strong hierarchical control) improves their export performance and, as a result, their internationalization potential.

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