

Entrepreneurial Orientation and Export Performance: Evidence from an Emergent Economy

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The purpose of this paper is to investigate the impact of entrepreneurial orientation on the export performance of SMEs in Nigeria. This study follows a quantitative research design using survey methods with statistical treatment. Several t-tests and correlation tests were used to ascertain whether relationships exist between high (proactive) and low (conservative) entrepreneurial orientation firms and selected performance indicators. Results show that firms that adopted proactive orientation achieved higher performance, profitability, and growth compared to those that adopted a conservative orientation. The study offers practical suggestions on how SMEs can improve growth, performance, and profitability by engaging in proactive export orientation behaviors.

Field of Research: International Business

1. Introduction

Many nations, particularly developing countries, have recognized the value of small and medium-sized enterprises (SMEs). SMEs are seen as the engine of growth for any economy. They play a vital role in the global economy (Kropp Lindsay, Shoham, **Contact Information**

2006). They have been characterized as dynamic, innovative, efficient, and their small size allows for flexibility and quicker decision-making. The benefits of SME's to an economy include: creation of jobs at a relatively low capital cost and the provision of a vehicle for reducing income disparities and the development of a pool of skilled and semi-skilled workers among others. Promoting (SMEs) is one of the best strategies for achieving national development goals and competitiveness (Kazem and Van der Heijden, 2006; Hallberg, 2000).

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Export development is of paramount importance because it contributes to the economic development of nations by influencing the amount of foreign exchange reserves as well as the level of imports a country can afford. Additionally, exports enhance societal prosperity and help national industries to develop, improve productivity and create new jobs. Exports enlarge consumers' accessibility to a diversity of goods and services, and improve the standard of living and quality of life (Lages and Montgomery, 2004). At the firm level, through market diversification, exporting provides an opportunity for firms to become less dependent on the domestic market. By reaching new customers overseas, the firm may also explore economies of scale and achieve lower production costs while producing more efficiently. The firm may also use the international experience to become a stronger competitor at home. Additionally, by operating abroad, the firms may learn from international competition to eventually explore new foreign markets and get involved in other international activities such as licensing, franchising, joint ventures or direct investment abroad. In sum, exporting may assume an important role within the firm as a means of reducing production costs, stabilizing cyclical demand, reaching new markets and gaining experience for other forms of internationalization (Czinkota, 1994; Lages and Montgomery, 2004).

There has been a great deal of research on SMEs and export orientation; however, these studies have been primarily conducted in the West. Specifically, research on this topic is disappointingly scarce in Nigeria. Since very little research has been conducted on this topic in Nigeria, undeniably there is a knowledge gap in the understanding of this issue with regard to the Nigerian environment. This study is an attempt to bridge that gap. For SMEs in Nigeria, an awareness of the characteristics of a proactive export orientation that results in superior export performance might encourage entrepreneurs to enter into the export market. Therefore, this study offers a significant contribution to both practitioners and researchers. The purpose of this paper, therefore, is to explore export entrepreneurial orientation and performance of exporters and non-exporter in Nigeria.

2. Literature Review and Hypotheses

Entrepreneurial orientation (EO) and performance

Entrepreneurial orientation (EO) is a significant factor for a firm's success (Wang, 2008). Entrepreneurial orientation has been conceptualized as the process and decision-making activities used by entrepreneurs that leads to new entry and support of business activities (Lumpkin and Dess, 2001; Kropp, Lindsay, and Shoham, 2006). Entrepreneurial orientation has been conceptualized as comprising three dimensions: innovativeness, "risk taking," and proactiveness (Naman and Slevin, 1993). These three components of entrepreneurship are argued by Miller (1983) to comprise a basic, unidimensional strategic orientation. Innovativeness involves seeking creative or

unusual solutions to problems and needs. This dimension includes product innovations, the development of new markets and new processes and technologies for performing organizational functions. The risk-taking dimension refers to the willingness of management to commit significant resources to opportunities in the face of uncertainty. Previous measures of a firm's EO have included proactiveness in the pursuit of new business opportunities, risk-taking, propensity, and innovativeness (Kropp et al, 2006; Marino et al., 2002, Miller, 1983).

Proactiveness

The idea of innovativeness is said to come from Schumpeter (1954) who describes innovation as a firm's preference to engage in and support new ideas and creative processes that may result in something new such as new (Lumpkin and Dess 1996: 142). Proactiveness as described by Kropp et al, (2005), is the opportunity-seeking and forward-looking perspective that involves introducing new products/services and acting in anticipation of future demand. This definition can include a firm's ability to enter the export market. Proactiveness has also been described as a wide variety of activities including identifying opportunities and market trends, assessing the strengths and weaknesses of opportunities, and forming teams capable of exploiting them (Kropp, Lindsay, and Shoham, 2004; Yeoh and Jeong, 1995). It implies for example, a willingness to participate in emerging markets, acting opportunistically and so forth (Kropp, et al, 2004).

While entrepreneurs are predisposed to the development of business to pursue specific objectives (Kouriloff, 2000), they still need to be proactive in seeking out an attractive niche and creating the necessary resources to facilitate new entry (Lumpkin and Dess, 2001). Entrepreneurs need to develop a vision and determine ways to combine previously unidentified components to capitalize on the perceived business opportunity (Bird 1989; Schumpeter 1954). Lumpkin and Dess (2001) found that proactiveness was more important to firms in the early stages of industry development than in more mature industries. This is of particular importance to export oriented entrepreneurs in Africa including Nigerian entrepreneurs the majority who operates small businesses and is often operating in early stages of new market entry. Whereas some exporters tend to be active, proactive, and aggressive in their pursuit of opportunities in overseas markets, other exporters tend to be reactive, passive, and conservative (Yeoh and Jeong, 1995).

Many domestic-oriented entrepreneurs have often been accused of tending to treat foreign markets as "stepchildren," considering them to be risky and problem laden because they differ from the domestic market with respect to competitive characteristics, rate of market growth, and other structural determinants of success. Export markets are often considered to be worth entrepreneurs' time and energy only when the domestic market thrives and other alternatives exist. Influenced by such perceptions, a reactive strategic orientation with less aggressive strategies and lower expectations of success would be predicted. In contrast, the extent to which entrepreneurs see foreign markets as an opportunity has been linked to export success (Lee and Brasch, 1978; Lee and Yang, 1990), and a less reactive, and more proactive,

pursuit of foreign markets leads, in theory, to higher expectations of success. Overall, this literature base leads to the hypothesis that an organization's export performance may be related to the proactive and conservative orientations held by managers/owners of a firm. Specifically, this study investigates the following hypotheses.

H1: There is a positive relationship between a firm's owner/manager's proactive orientation and performance.

Innovativeness

The idea of innovativeness comes from Schumpeter (1954) and includes fostering a spirit of creativity, supporting research and development, introducing new products/services and technological leaders (Lumpkin and Dess, 2001). Entry into new markets, typical for many African firms, can also be described as innovation. Innovativeness covers a range of activities from making marginal improvement to technological leadership (Lumpkin and Dess, 1996). Creativity and innovation are interrelated and innovation can be thought of as applied creativity in the business context (Kropp and Zolin, 2005). Harnessing creativity leads to innovation. This can involve combining different objects in different ways to produce new products and discovering new purposes for products or better ways to solve customer problems (Schumpeter, 1954). Many entrepreneurs tend to be non-conventional, creative, lateral thinkers, who can think outside the box, identify innovative business opportunities, and be adept at adapting to changing and uncertain environments (Timmons and Spinelli, 2004). More creative and innovative firms tend to outperform other firm types in more volatile situations (Miller, 1983). Entrepreneurial orientation reflects the firm's proactive, innovative and risk-taking characteristics (Jantunen and Hurmelinna-Laukkanen, 2006). In their study of entrepreneurial orientation, and innovation performance, they found that that entrepreneurial orientation is positively associated with innovation performance. Innovativeness, therefore, is necessary to triumph over the barriers that threaten SMEs export. Entrepreneurs that are more innovative will outperform those with lower levels of innovativeness. We therefore hypothesize that:

H3. There is a positive relationship between a firm's owner/manager's innovative orientation and performance.

Risk-taking

Export markets tend to be more hostile than domestic one, and they differ to a certain level in market exuberance and multiplicity, it is usually necessary to take more risks when exporting than when doing business only in the domestic environment. Therefore it was expected that

firms that have better export performance would also have a higher level of risk taking propensity (Leko-Šimi and Horvat, 2006). According to Leko-Šimi and Horvat, (2006), risk propensity can be defined as a tendency to take or avoid risks and it is a relatively stable characteristic but can be modified through experience. While it is viewed as an individual characteristic, the positive relationship between risk propensity and risky

decision-making by individuals is expected to translate to organizations through top management teams (Panzano and Billings, 2005).

Although there are many ways of conceptualizing risk, Forlani and Mullins (2000: 304; cited in Kropp et al, 2005) described entrepreneurs' perception of risk as the "uncertainty and potential losses associated with the outcomes which may follow from a given set of behaviors." Exporting provides additional revenue to firms this will help firms to lower exposure to financial risks. It is a relatively stable characteristic but can be modified through experience. Although it is viewed as an individual characteristic, the positive association between risk propensity and risky decision-making by individuals is expected to translate to organizations through top management teams (Panzano and Billings, 2005). Risk taking depends on risk propensity and risk perception. The higher the risk propensity and the lower the risk perception, the more likely it is that risky decisions will be made. In hostile environments, such as the international markets (risk-taking initiatives is necessary in order to achieve good results. Or, in other words, owners/managers who dare to take more risks take actions that are more suitable and perform better. In their study, Abby and Slater (1989) found that owners/managers of firms which has an international vision, favorable perception and attitudes toward exports, is willing to take risk and has the capacity to engage positively in export activities is likely to lead a company to export success. In order to reduce risks, managers need to know which variables influence their export performance. From the foregoing analysis it can be concluded that that higher risk taking propensity results in better export performance. It is therefore proposed that:

H4: There is a positive relationship between a firm's owner/manager's risk-taking orientation and performance

Performance

The Lumpkin and Dess (1996) model identifies several performance measures including sales growth, market share, profitability, overall performance, and stakeholder satisfaction. Traditional measures of success include return on investment (ROI), return on equity (ROE), return on asset (ROA), or market share, have been used as a measure of firm's performance, these measures may not be appropriate or adequate for entrepreneurial SMEs (Kropp et al, 2005). According to Kropp et al, (2005), emerging businesses are essentially different from established firms: many emerging businesses are private and not required to disclose financial information; some measures, such as growth rates on a small base are misleading and erratic; and new firms may not yet have reached break-even. Failure rates for entrepreneurs are high (Timmons and Spinelli 2004). Given this high mortality of emerging businesses, survival is a key measure. We believe that survival is a key performance metric for export oriented entrepreneurs and explicitly add it as a performance measure of the revised model. We also believe that participation in export development programs will enhance the probability of survival for start-up entrepreneurs Kropp et al, (2005).

Therefore,

H5: Export performance indicators of high EO owner/managers firms will be higher than low EO owner/managers firms

3. Methodology

Sample

This study follows a quantitative research design using a survey method combined with a statistical treatment. The sample was composed of firms listed in the Manufacturers Association of Nigeria (MAN) Export Promotion Group Directory. A random selection of 143 firms from the list compiled from the directory was successfully contacted by means of letter, email, or fax requesting their participation in the research. To avoid losses and delays due to the unreliable communication and postal system in Nigeria, a drop-off and pick-up method was used. This method ensured reliable distribution and collection procedures, which were systematic and controlled by the researchers. Eight trained research assistants and four field supervisors were hired and charged with the responsibility of distribution and collection of the questionnaires. A total of 89 usable surveys were received, which provided a response rate of 62%. Of the 89 firms surveyed, 47 or (53%) are exporting firms and 42 or (47%) are nonexporting firms.

Measures

Entrepreneurial Orientation

We use the questionnaire developed by Covin and Slevin (1989) and Miller and Toulouse (1986) to measure the EO of a firm. Only the entrepreneurs/managers completed questionnaire. The response format of this eighteen-item questionnaire uses a five point Likert scale on which the entrepreneurs have to indicate the extent to which the items represent their firm's strategy. The EO questionnaire distinguishes three sub dimensions: innovativeness (6 items, $\alpha = .82$) example of the items included in this are: "we strongly emphasize on research and development (R&D), and technological leadership and innovation versus we strongly emphasize on marketing of our present products", proactiveness (6 items, $\alpha = .88$), example., "in dealing with our competitors, we normally initiate changes upon which our competitors react versus we normally react upon initiatives taken by our competitors", and risk-taking (6 items, $\alpha = .78$), example, in generally, our company has a strong tendency toward projects with low risk (with normal and secure yield) versus our company has a strong tendency towards getting involved in high risk projects with a chance for high yield. The overall reliability of the questionnaire is .90. Factor and reliability analyses were employed to assure construct validity of the measures for industries selected. All measures were also examined and verified for face validity by six industry executives who were experienced in exporting and international business and six university professors who were published authors and have extensive experience teaching and consulting in the areas of international management, marketing, and exporting.

Performance

In spite of numerous studies conducted in the entrepreneurial orientation and performance, no agreement has been reached among scholars on an appropriate measure of performance. However, it is important that studies examining the relationship between EO and performance recognize the various aspects of performance. This is necessary because entrepreneurial activity at times leads to different results on different performance measures. As a result, to rely on one performance measure may lead to false results. Previous studies however, have suggested that performance measures include growth and financial performance (Wiklund, 1999). It has also been generally recognized that objective measures of performance are more appropriate than subjective evaluation of performance by owners/managers of firms. However, collecting objective data is very difficult largely because owners/managers are generally unwilling to release sensitive company's information to outsiders (Dess and Robinson, 1984). On the other hand, owners/managers of firms are generally willing to provide biased evaluation of their firm's performance (Sapienza, Smith and Gannon, 1988).

Accordingly, we used performance measure developed by Zou, Taylor, and Osland (1998). Six items were used to measure the performance construct were profitability indicators (growth in sales, growth in profits, and growth in employment, overall performance, and additional facilities/offices). The items were measured on five-point Likert scale ranging from (5 = "strongly agree" to 1 = "disagree"). A factor analysis of the items resulted in one factors. Thus the items were averaged into a subjective form performance scale of (Mean = 3.70. SD = 0.94, and the Cranach's alpha was 0.90). Naman and Slevin (1993) and Beal (2000) have also used these measures.

4.Findings

Factor Analysis

Before differences on entrepreneurial orientations and performance of owners/managers could be assessed, some preliminary analysis was required to confirm the reliability of the scale. Application of the principal components factor analysis (Harman and Jones, 1966) factor extraction method resulted in single factor loading in each of the four scales ranging from 0.713 to 0.815(see Table 2). Coefficient alpha (Cronbach, 1951) for the scales ranged from 0.755 to 0.813 for the four scales, indicating a moderate to strong level of internal consistency and important indication of reliability (Kuratko, Montagno, and Hornsby, 1990).

Table 2: Item wording and results of Factor Analysis

| Item | Factor Loading |
|---|----------------|
| Factor 1: Proactiveness (alpha = 0.733) | |
| We normally initiate changes upon which our competitors react. | 0.782 |
| We are very often the first to introduced new products/services. | 0.773 |
| We normally try to avoid overt competition. | 0.791 |
| We normally take a very competitive oriented “beat the competitor approach”. | 0.764 |
| Factor 2: Innovativeness (alpha = 0.763) | |
| We strongly emphasize R&D, technological leadership and innovation | 0.713 |
| We search for new practices all the time. | 0.721 |
| We are among the first to implement innovative production processes | 0.774 |
| We actively observe and adopt the best practices in our sector. | 0.786 |
| Factor 3: Risk Taking (alpha = 0.774) | |
| We have a strong tendency toward projects with low risk. | 0.777 |
| We have a strong tendency towards projects with high risk. | 0.792 |
| In our business fearless measures are needed to be successful. | 0.786 |
| In our business it is better to explore it gradually to be successful. | 0.715 |
| Factor 4: Performance (alpha = 0.815) | |
| Our export market has been very profitable. | 0.761 |
| We have generated a high volume of sales from our export market. | 0.786 |
| We have achieved a rapid growth in our export activities in the last three years. | 0.871 |
| We have expanded our operations in the last three years. | 0.844 |
| Overall the performance of our firm has been very satisfactory. | 0.813 |

Hypothesis 1 was tested by comparing the mean scores of entrepreneurs on entrepreneurial orientation items on the questionnaires. As shown in Table 3, results indicate that firms with high owner/managers EO are more proactive in seeking export markets information and are more likely to attend international trade fairs and export seminars than nonexporters. Results also indicate that proactive entrepreneurs are more likely to initiate export business than low owner/managers EO firms. They are also more likely to develop new products or services for overseas markets than their conservative counterparts. On the basis of this comparison, Hypothesis 1 is confirmed. This finding is consistent with previous studies in developing countries (Ibeh, 2003; Kazem and Van der Heijden, 2006), which indicated that exporters are likely to be proactive and take risks in making decisions. Hypothesis 2 was tested by using the mean scores of proactiveness and performance measures. Results indicate that positive association exists between proactiveness and the four performance measures. The correlation results of all the four performance indicators and proactive components of the EO were positively correlated and statistically significant at ($p < 0.05$ and $p < 0.01$)

levels. These results support Hypothesis 2 and are consistent with previous studies and the general notion that proactive entrepreneurial orientation is associated with performance indicator measures.

Table 3: Differences in owners/managers entrepreneurial orientation (N = 89)

| Variables | N | Mean | SD | DF | t-value |
|---|----|-------|------|----|---------|
| We initiate changes upon which our competitors react. | 47 | 4.723 | .452 | 87 | .56* |
| • High EO firms | 42 | 1.309 | .467 | | |
| • Low EO firms | | | | | |
| First to introduced new products/services. | 47 | 4.122 | .278 | 87 | .45* |
| • High EO firms | 42 | 1.334 | .463 | | |
| • Low EO firms | | | | | |
| Take a very competitive oriented approach. | 47 | 4.122 | .327 | 87 | .48* |
| • High EO firms | 42 | 1.334 | .414 | | |
| • Low EO firms | | | | | |
| Strongly emphasis on R&D and innovation | 47 | 4.312 | .227 | 87 | .43* |
| • High EO firms | 42 | 1.434 | .311 | | |
| • Low EO firms | | | | | |
| Strongly emphasis on new product development. | 47 | 2.245 | .246 | 87 | .49** |
| • High EO firms | 42 | 2.112 | .249 | | |
| • Low EO firms | | | | | |
| First to implement innovative production processes | 47 | 4.328 | .245 | 87 | .47** |
| • High EO firms | 42 | 1.112 | .222 | | |
| • Low EO firms | | | | | |
| Actively observe and adopt the best practices. | 47 | 4.328 | .245 | 87 | .48** |
| • High EO firms | 42 | 1.112 | .222 | | |
| • Low EO firms | | | | | |
| Getting involved in high risk projects. | 47 | 4.595 | .496 | 87 | .57** |
| • High EO firms | 42 | 1.833 | .659 | | |
| • Low EO firms | | | | | |
| Explore our business environment carefully | 47 | 1.234 | .427 | 87 | .49* |
| • High EO firms | 42 | 4.666 | .477 | | |
| • Low EO firms | | | | | |

This hypothesis 3 was tested by correlating the scores on innovativeness component of EO questionnaire items and the scores on the questions on profitability, sales, growth, and performance on the instrument. As shown in Table 4, significant positive correlations exist between innovativeness component of EO and the four performance indicators. The findings in Table 5 show that there is significant positive relationship between innovation and profitability, ($r = .62$, $p < .01$), sales, ($r = .53$, $p < .01$), growth, ($r = .56$, $p < .01$), and performance, ($r = .52$, $p < .01$). The positive correlation between innovation and the performance measures suggests that the variables are significantly associated. Hypothesis 3 is therefore supported. This finding

is consistent with previous studies of (Zahara, 1993, Wilklund, 1999; Becherer and Maurer, 1997; Barrette et al., 2000; Mostafa, et al., 2006). Hypothesis 4 was test by correlating the scores on risk-taking component of EO questionnaire items and the scores on the questions on profitability, sales, growth, and performance on the instrument. The results of Pearson correlation are shown in Table 4. The results shown in Table 4 indicate that there is a moderate to strong association between risk-taking and profitability ($r = .69, p < .01$), risk-taking and sales ($r = .55, p = .01$), risk-taking and growth ($r = .57, p = .01$), and risk-taking and ($r = .54, p = .01$). These findings indicate that risk-taking is positively and significantly correlated to the four performance indicators of a firm. These findings therefore, support Hypothesis 4. These results are also consistent with earlier studies (Mostafa, et al, 2006; Rauch et al., 2004).

Table 4: Correlation and descriptive statistics for the study variables

| Variable | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------|------|------|-------|-------|-------|-------|-------|-------|-------|
| 1. Proactiveness | 4.71 | 0.73 | 1.00 | .68** | .69** | .61** | .65** | .58* | .69** |
| 2. Innovativeness | 4.53 | 0.86 | .68** | 1.00 | .64** | .62** | .53** | .56** | .52** |
| 3. Risk -Taking | 4.62 | 0.71 | .69** | .64* | 1.00 | .69* | .55* | .57** | .54** |
| 4.Profitability | 3.78 | 0.74 | .61* | .62** | .69* | 1.00 | .68** | .69** | .67** |
| 5. Sales | 3.42 | 0.79 | .65** | .53* | .55* | .68** | 1.00 | .68** | .66** |
| 6. Growth | 3.81 | 0.68 | .58* | .56** | .57** | .69** | .68** | 1.00 | .59** |
| 7. Performance | 4.51 | 0.73 | .69** | .52* | .54* | .67** | .66** | .59** | 1.00 |

Note: * $p < 0.05$ and ** $p < 0.01$

In evaluating hypothesis five, we assume that there would be some differences between high EO owner/managers and low EO owner/managers firms with respect to export performance indicators. To test this hypothesis, t-test analysis was used. The t-test results in Table 5 show that there were significant differences between performance indicators of high and low entrepreneurial orientation firms. These findings indicate that firms with high EO owner/managers reported higher export sales, profitability, growth, and overall performance than firms with low EO owner/managers. This supports H5. This finding is consistent with previous studies by (Ibeh, 2004; Kaziem and Van der Heijden, 2006; Mostafa, et al, 2006).

Table 5: Difference in export performance of high/low owner/managers EO firms (N = 89)

| Variables /Export Measures | N | Mean | SD | DF | t-value |
|-----------------------------------|----------|-------------|-----------|-----------|----------------|
| Profitability | | | | | |
| • High EO firms | 47 | 4.30 | .71 | 87 | .53** |
| • Low EO firms | 42 | 1.51 | .74 | | |
| Sales growth | | | | | |
| • High EO firms | 47 | 4.52 | .69 | 87 | .48* |
| • Low EO firms | 42 | 1.24 | .72 | | |
| Growth. | | | | | |
| • High EO firms | 47 | 4.24 | .77 | 87 | .52** |
| • Low EO firms | 42 | 2.45 | .74 | | |
| Expansion/Market Entry | | | | | |
| • High EO firms | 47 | 4.31 | .76 | 87 | .57** |
| • Low EO firms | 42 | 2.34 | .74 | | |
| Overall performance | | | | | |
| • High EO firms | 47 | 4.42 | .70 | 87 | .47* |
| • Low EO firms | 42 | 2.31 | .68 | | |

Note: *p<0.05 and **p< 0.01

5. Discussion

The purpose of this exploratory study is to investigate the impact of entrepreneurial orientation (EO) on performance of SMEs in Nigeria. This study tests the relationship between EO and performance indicators of SMEs in Nigeria. Our findings suggest that high entrepreneurial orientation owner/managers are innovative, proactive, and risk-seeking; as a result, they are more likely to exploit export opportunities. The innovativeness dimension of an EO was associated with all the four performance indicators: profitability, sales volume, growth, and overall performance. We found that a stronger proactive orientation is associated with export success for the firms surveyed and conservative strategies had the opposite effect; a greater use of conservative strategies was associated with poor export performance, as indicated in Table 5. The negative relationship between conservative/low EO strategies and export performance indicates that conservative/ low EO actions are not just wasted efforts, but are detrimental to export success and overall success of the firm.

In general, most entrepreneurs in Nigeria are proactive and aggressive; however, based on the item analysis on the entrepreneurial orientation questionnaire, the majority of the nonexporters (conservative/low EO) view export markets as a risky business and

that they lack knowledge and expertise to participate in export markets. The risk factor and the lack of expertise in international business may be responsible for their low EO, thus focusing on domestic market activities. On the other hand, proactive orientation and the aggressive nature of most Nigerian entrepreneurs motivate them to actively look for export market information and opportunities offered by the export market. The risk of entering the export market has paid off for proactive-oriented entrepreneurs as they have outperformed conservative-oriented entrepreneurs (Table 3).

High EO was shown to be related to export performance. While all firms surveyed display, at some time, some degree of both high and low EO, it appears that those firms who were proactive oriented had greater levels of export success (and to some degree, greater levels of predictable future export success). Based on our findings, we can therefore speculate that firms who aggressively pursue export market information, and seek out to beat their competitors in terms of foreign and domestic competition, would perform better, and expect to perform better (Eshghi, 1992; Lee and Brasch, 1978). It is also worth mentioning that proactive orientation entrepreneurs reported that they achieve growth with exports. In other words, entering the export market was seen as accountable for their growth. The data in Table 3 indicate that in terms of growth, proactive-oriented entrepreneurs' average profitability growth and average sales growth were higher compared to conservative-oriented entrepreneurs. One may argue that owners/managers decision to enter export markets helped them to gain more market shares, generate more sales, and ultimately make more profits.

The perception that export markets are more risky than domestic markets can be misleading because domestic markets in developing countries tend to be unstable, with the noticeable hands of the government interfering with the market through excessive rules and regulations, and are characterized by inefficiencies. On the other hand, opportunities in export markets tend to be more stable, attractive, and profitable (Kropp et al, 2005; Dichtl, Koeglmayr, and Mueller 1990; Louter, Ouwerkerk, and Bakker, 1991).

6. Conclusions

Entrepreneurial orientation (EO) has been described as an important factor for a firm's success. A review of relevant literature shows that the majority of the literature on EO and performance has been conducted in the West; however, little research has been done on this topic in Nigeria. In an effort to bridge this gap, and increase our understanding in this important topic, our paper investigates the relationship among entrepreneurial orientation, and performance indicators in a non-western context. The results obtained in this research indicate that: (a) there are significant relationships among entrepreneurial orientation, profitability, sales, growth, and overall performance, (b) firms with high entrepreneurial orientation (EO) owner/managers are more proactive, innovative, and risk-seeking than firms with low (EO) owner/managers, (c) high (EO) owner/managers are engaged in exporting activities than low (EO) owner/managers, (d) firms with high (EO) owner/managers reported higher levels of sales, profitability, growth, and overall performance than firms with low (EO) owner/managers. These findings suggest that SMEs in developing countries like Nigeria can speed up their development, look for the opportunities of new technology, new products, niche market, and financial resources by entering foreign markets.

7. Implications

Results of this study show that in general, an entrepreneurial orientation was positively associated with performance indicators. Entrepreneurial-oriented firms have a tendency to be an industry leader with innovations, by doing things in better ways that better satisfy customers and give the company a competitive edge.

First, to be successful in export markets, owner/managers of small businesses should adopt proactive orientation. They should actively search for new opportunities in overseas markets; devote significant amounts of resources to information gathering activities, and they must be prepared to accept short-term losses to build long-term market share. Second, firms planning international market expansion should rely on doing their own primary market research. Product testing and market research conducted in foreign markets, as well as information from direct field contacts such as distributors and suppliers, are valuable sources of information. However, relying on secondary market information and attempting to conduct an evaluation from the home market may not provide the accuracy and specificity needed to make profitable export decisions in a rapidly changing environment. Third, to enhance owners' knowledge of export markets it will make sense to attend export market seminars, and trade fairs conducted overseas. They also should take advantage of resources provided by various external sources and government programs designed to promote export markets.

8. Limitations and future research

This is an exploratory study to investigate the impact of entrepreneurial orientation and export performance in selected SMEs in Nigeria, so the findings do not necessarily apply to all SMEs in Nigeria. In addition, the sample is not representative of the entire small business sector in Nigeria; therefore the results cannot be generally applied to small businesses that were not part of this study. The research was limited to four cities. Future research should involve collecting data on a longitudinal basis in order to help draw causal inferences and validate the findings of this study. Further research should also consider the relationship between the proactive and conservative orientations and other success factors, such as firm's competencies, and perceived obstacles to exporting. Further research should go beyond specifically studying the EO dimensions mentioned in this study and should incorporate other areas of an entrepreneurial orientation. Specifically, competitive aggression, organizational resources, educational level of owner/managers, leadership style of owner/managers, and autonomy were not included in this study, but deserve further research attention.

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