1. INTRODUCTION

Exporting is of extreme importance from the point of view of firms and nations. It is the most common strategy for small and medium sized enterprises (SME’s) to enter to the global markets and help to become less dependent on the domestic market. It is also a crucial business activity for nations’ economic health, as it contributes to employment, trade balance, economic growth, and higher standard of living (Lee & Habte-Giorgis, 2004).

The importance of exporting has been attracted many researchers. Majority of studies in the context of export performance has been undertaken in the United States and Europe and limited work focused on...
developing countries (Matanda & Freeman, 2009; Mura, 2011). So, this study devoted to the Iran and its commercial relationship with Eastern European countries. Over the last decade, Iranian firms have tried to expand their product’s market beyond the boundaries, especially in Europe. Eastern European countries like Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Romanian and Serbia are the main target of Iranian firms in this region. This study makes several contributions to the literature. First, this study extends previous researches about EO and its effect on export performance by considering the role environmental determinants. Second, the study focused on the Iranian SME’s, those engage in exporting to the Eastern Europe countries. So, both of origin and destination countries are from developing ones and the results could foster the literature on developing countries. Additionally, rather than sole financial performance measures, it is very important for a firm to assess its performance in comparison to other firms. Hence, current study employed the multidimensionality of export performance and the results are more reliable.

In light of the above, the purpose of the present study is to provide a comprehensive framework of interactions between environmental determinant, EO and export performance. To this purpose, the current study is organized as follows: first the theoretical background on the EO and its different dimensions are discussed; also highlighting the effects of EO on export performance, and its relationship with environmental determinants, are provided. Consequently, the conceptual framework of the study on the basis of the hypotheses is proposed. A methodology section describes the data collection process and measures utilized. Then, the results are presented and the paper ends with a discussion of the findings, their implications to theory and practice as well as future research directions.

2. THEORETICAL DEVELOPMENT AND HYPOTHESES

All international activities are entrepreneurial as they represent a combination of risk and innovation, which are characteristics necessary to create value in global market (Javalgi & Todd, 2011). Entrepreneurial behavior offers firms the capability to drive markets; it enables firms to seize new opportunities in the markets (Hughes et al., 2007). Scholars indicated that EO is especially helpful for achieving success in foreign markets (Luo & Tung, 2007; Yamakawa et al., 2008). Studies have shown that EO is crucial for superior performance, especially for firms which came from emerging markets (Liu et al., 2011).

Research in the field of EO has focused on two different analyze levels; first, the individual level, and second, the firm level in which managers uses methods and decision making styles to act entrepreneurially in the markets (Ripolle’s et al., In Press). It’s believed that the firm level of analyses is better predictor of EO effectiveness (Yeoh, 2000). Also there has been a debate about the definition of the EO construct at firm level (Lyon et al., 2000).

EO has been described as an antecedent to growth and performance differences in firms, in both domestic and foreign markets (Kuivalainen et al., 2007). The concept of EO is related with the new market opportunities and the renewal of existing areas of operation (Hult & Ketchen, 2001).
This terminology reflects the firm's philosophy of how to conduct business and align with its environment (Murray et al., 2011). Entrepreneurial orientated firms regularly scan their environment in order to find new opportunities and strengthen their competitive positions (Keh et al., 2007).

EO is one of the popular research topics in the field of international business. Studies investigate the link between EO and performance; positive and direct connection between EO and performance was proved by numerous studies (Lee et al., 2001; Wiklund & Shepherd, 2003). Keh et al. provided evidence that EO had both direct and indirect effects, through information utilization as a partial mediator, on firm performance (Keh et al., 2007). Knight stated that EO appears to drive key strategic initiatives intended to enhance organizational performance. In the model of his study, EO is an important driver of several parameters such as internationalization preparation, technology acquisition and strategic competence that resulted in international performance (Knight, 2001). Lisboa et al. indicated that positive relationships exist between EO with product development exploitative and explorative capabilities; also, overseas market-related exploitative and explorative capabilities. Two of them, the relationship between overseas market-related exploitative capabilities and product development explorative capabilities with EO resulted in new product differentiation that brings market effectiveness (Lisboa et al., 2011).

EO is often conceptualized as a latent construct comprising three dimensions: innovativeness, proactiveness and risk taking (Lisboa et al., 2011; Pérez-Luño et al., 2011; Javalgi & Todd, 2011; Li et al., 2011). Researchers have used these dimensions in the international context to examine the performance of SMEs (Todd & Javalgi, 2007; McDougall et al., 2003). Some researchers have suggested that the dimensions of EO should be viewed as separate but related components, rather than as one unifying characteristic (Naldi et al., 2007).

### 2.1 Innovativeness

Innovation defined as the development and use of new ideas or behaviors in organizations manifested in terms of a new product, service, technology, or organizational structure (Damanpour & Wischnevsky, 2006). A firm adopting an innovative style relies on knowledge that is possessed by players of the market (Mahmood & Rufin, 2005). Innovativeness is the predisposition to support new ideas and favor change (Rauch et al., 2009). It embraces creativity in technology adoption, and internal processes (Baker & Sinkula, 2009).

Keh et al. defined innovativeness with a firm's tendency to engage in creative processes, experimentation of new ideas, which may result in the institution of new methods of production or bringing new products or services to current or new markets (Keh et al., 2007). As a firm-specific, valuable and socially complex resource that is neither easily transferable nor imitable by other firms, innovation could confer a unique competitive advantage to exporting SMEs (Hult & Ketchen, 2001).

### 2.2 Proactiveness

Proactiveness is a forward looking, opportunity seeking perspective (Ahuja & Lampert, 2001; Rauch et al., 2009). It reflects a posture of anticipating and acting
on future changes in the market and pioneering new processes and products (Li et al., 2010; Lisboa et al., 2011). Proactiveness defined by entrepreneurial willingness to dominate competitors through aggressive moves, such as introducing new products or services ahead of competition and acting in anticipation of future demand to create change and shape the environment (Keh et al., 2007). Demanding customers expect innovation, continuous improvement of the products and better understanding of customer requirements, together with enhanced products are becoming the nexus of competition for many firms (Yli-Renko & Janakiraman, 2008).

Proactiveness is associated with striving for first mover advantages. Proactive firms can be expected to devote effort to environmental monitoring in order to spot new trends and stay abreast of the competition (Sciascia et al., 2006). Evidences suggested that proactiveness is associated by the number of innovation generated. Hence, the greater the proactiveness of the firm, the greater is the tendency to favor innovation generation (Pérez-Luño et al., 2011).

2.3. Risk taking

Risk taking propensity involves the willingness to commit significant resources to exploit opportunities or engage in business strategies in which the outcome may be highly uncertain (Keh et al., 2002; Keh et al., 2007). A risky orientation is defined as the extent of riskiness reflected in various resource allocation decisions as well as choice of products and markets (Pérez-Luño et al., 2011). Risk taking behavior related with tends to underestimate of exporting obstacle and effort towards the pursuit of new opportunities in overseas market.

Rauch found that the risk taking dimension is positively related to performance, even if significantly smaller than other aspects of EO. So, the link between risk taking and performance is less obvious than the one between proactiveness or innovativeness and performance (Rauch et al., 2004). In the other study, risk taking considered as an independent dimension of EO in family firms that is positively associated with the other dimensions of EO (Naldi et al., 2007). Pérez-Luño et.al stated that risk taking is positively associated with the number of innovations generated by a firm and the greater the risk taking of the firm, the greater is the tendency to favor innovation generation (Pérez-Luño et al., 2011).

2.4. Environmental determinants

Export performance is influenced by several environmental factors. Despite their relevance for export activity, these factors have received rather limited research attention in the international business literature (Katsikeas et al., 2000; Wheeler et al., 2008; Stoian et al., 2011). The external environment has been conceptualized in a variety of ways. Three elements, dynamism, hostility and uncertainty are chosen as the environmental characteristics in this study. Environmental dynamism characterized by a high rate of change and newness as well as the unpredictability of the actions of competitors and customers. So, it appears that firms will have to introduce many new products to satisfy the constantly changing needs of customers (Pérez-Luño et al., 2011). Hostile environments are characterized by precarious industry settings, intense competition, overwhelming business
climates, and the relative lack of exploitable opportunities (Etchebarne et al., 2010). The information availability regarding potential export opportunities plays a crucial role for a successful export activity. (Stoian et al., 2011). Higher extent of information availability could decrease the uncertainty of the environment.

2.5. Framework of the study

Framework of the current study is presented in the figure 1. As can be seen, there are three sections and proposed relationships between these sections can be hypothesized as follow:

H1: Environmental dynamism is positively associated with a) Innovativeness; b) Proactiveness; c) Risk taking.

H2: Environmental hostility is positively associated with a) Innovativeness; b) Proactiveness; c) Risk taking.

H3: Environmental uncertainty is positively associated with a) Innovativeness; b) Proactiveness; c) Risk taking.

H4: EO's, a) Innovativeness; b) Proactiveness; c) Risk taking, is positively associated with export performance.

3. METHODOLOGY

3.1. Data collection

This study aimed to investigate the effect of EO on export performance. The current study has focused on Iranian SME's which target Eastern European countries; so both of origin and destination countries are developing ones. For selecting the firms to which the study was aimed, the databases of Iran Ministry of Industries, Mines and Business and the Islamic Republic of Iran Customs Administration were used to find Iranian SME's that export their goods to Eastern European countries such as Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Romanian and Serbia. All the firms in the lists filtered by their industries and food exporters are chosen as one of the major export oriented industry in Iran. At the first step, firms were selected who had been active in food exporting for at least three

Figure 1. Conceptual Framework of the Study
years. Then, simple random sampling was used and a sample of 183 decision makers in charge of exports in their respective companies was identified and selected to participate in the survey. 154 usable responses were received of the 183 questionnaire dispatched, which representing an effective response rate of 84 percent.

A structured questionnaire was the main instrument used to collect data. To ensure that the questionnaire content and design would be easily and unambiguously understood by the respondents, it was pre-tested by 8 experts (Four academic professors in international business field, and four managers of respected exporting firms) and the questionnaire revised in according of their comments. Reliability analysis for the scale was run through Cronbach's alpha and the threshold was 0.941. So, scales of this study have a high level of internal consistency and are reliable.

### 3.2. Variable Measurements

The EO construct comprised from the three dimensions of innovativeness, risk taking, and proactiveness. Each dimension contains three items and items were measured using a seven point Likert scale ranging from 1 (Strongly disagree) to 7 (Strongly agree). Many researchers have used this construct, resulting in high levels of reliability and validity measures (Zahra et al., 2005; Zhou, 2007; Etchebarne et al., 2010). The environmental dynamism and hostility were measured by semantic differential scale of five items (dynamism) and three items (hostility) which used by Etchebarne et al. (2010). Also the scale of Matanda and Freeman (2009) was used to measure the environmental uncertainty. In assessing the export performance two broad groups; objective measures (economic) and subjective measures (strategic) were used. Objective measures are concerned with absolute performance indicators whereas subjective measures are concerned with the performance of a company compared to its major competitors, or relative to its expectations. In the current study export performance measured with export sales and profitability of export in the economic dimension and market share and international expansion of firm in the strategic dimension.

### 4. FINDINGS

To analyze the gathered data and test the relationships which proposed by the framework of the study, structural equation modeling (SEM) were conducted. The result of descriptive statistics is specified in Table 1. To determine whether univariate normality exists, the researcher examines the distribution of each observed variable for skewness and kurtosis. For the skewness index, absolute values greater than 3.0 are extreme. For the kurtosis index, absolute values higher than 10.0 suggest a problem and values greater than 20.0 are extreme. The values of skewness and kurtosis for all of variables are in the acceptable range. Hence, the univariate normality of the variables confirmed. This assumption is required for the optimality of parameter estimation method used in the path model. Additionally, table 1 includes the Cronbach's alpha (α) for each of the variables.

The study followed the two step approach of structural equation modeling (SEM) to analyze the data. It is recommended to first estimate a measurement model, usually on the basis of a confirmatory factor analysis.
(CFA) before testing any structural model. CFA was conducted using the LISREL (Version 8.7). The robust maximum likelihood method with asymptotic covariance matrix was followed to examine the covariance matrices of the subscales and to estimate the parameters.

Overall, the fit indices of the measurement and structural models obtained through SEM. The fit statistics indicate that the models provided an adequate fit to data for the sampling. The RMSEA equaled 0.042 which is lower than 0.08. In the meantime, the two GFI and AGFI were, respectively 0.964 and 0.944, which show good fitness of the model. The values of CFI and NNFI as the other indices were 0.960 and 0.925. The acceptance range of GFI, AGFI, CFI and NNFI are all above 0.9. Also, the ratio of χ² to degree of freedom equaled with 1.367 which is less than 3. So, it is concluded that obtained models had suitable fitness. Once the overall model fit was confirmed, focus moved to the testing of proposed relationships of the model. Table 2 contains the path coefficient and T-Value of the proposed relationship in the framework of the study. As can be seen, two relationships (H₂b & H₃b) between environmental hostility and uncertainty with proactiveness were not confirmed. Hence, while innovativeness and risk taking influenced by environmental hostility and uncertainty, there is no evidence about the linkage between these environmental variables and proactiveness.

Table 1. Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>α</th>
<th>Mean</th>
<th>SD</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Export Performance</td>
<td>0.90</td>
<td>4.66</td>
<td>0.59</td>
<td>-0.53</td>
<td>-0.49</td>
</tr>
<tr>
<td>Entrepreneurial orientation</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Innovativeness</td>
<td>0.88</td>
<td>4.83</td>
<td>0.55</td>
<td>-0.45</td>
<td>-0.36</td>
</tr>
<tr>
<td>3. Proactiveness</td>
<td>0.79</td>
<td>4.41</td>
<td>0.64</td>
<td>-0.39</td>
<td>0.04</td>
</tr>
<tr>
<td>4. Risk taking</td>
<td>0.89</td>
<td>4.52</td>
<td>0.68</td>
<td>-0.40</td>
<td>-0.50</td>
</tr>
<tr>
<td>Environmental Determinants</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Environmental Dynamism</td>
<td>0.91</td>
<td>4.46</td>
<td>0.66</td>
<td>-0.50</td>
<td>-0.72</td>
</tr>
<tr>
<td>6. Environmental Hostility</td>
<td>0.83</td>
<td>3.23</td>
<td>0.79</td>
<td>-0.33</td>
<td>-0.01</td>
</tr>
<tr>
<td>7. Environmental Uncertainty</td>
<td>0.81</td>
<td>4.50</td>
<td>0.69</td>
<td>-0.40</td>
<td>-0.40</td>
</tr>
</tbody>
</table>

Table 2. Results of model testing

<table>
<thead>
<tr>
<th>Proposed Relationship</th>
<th>Path Coefficient</th>
<th>T-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁a Environmental Dynamism → Innovativeness</td>
<td>0.56</td>
<td>5.57</td>
</tr>
<tr>
<td>H₁b Environmental Dynamism → Proactiveness</td>
<td>0.33</td>
<td>3.18</td>
</tr>
<tr>
<td>H₁c Environmental Dynamism → Risk taking</td>
<td>0.50</td>
<td>5.12</td>
</tr>
<tr>
<td>H₂a Environmental Hostility → Innovativeness</td>
<td>0.48</td>
<td>3.01</td>
</tr>
<tr>
<td>H₂b Environmental Hostility → Proactiveness</td>
<td>0.11</td>
<td>1.10</td>
</tr>
<tr>
<td>H₂c Environmental Hostility → Risk taking</td>
<td>0.40</td>
<td>2.75</td>
</tr>
<tr>
<td>H₃a Environmental Uncertainty → Innovativeness</td>
<td>0.50</td>
<td>4.42</td>
</tr>
<tr>
<td>H₃b Environmental Uncertainty → Proactiveness</td>
<td>0.18</td>
<td>1.66</td>
</tr>
<tr>
<td>H₃c Environmental Uncertainty → Risk taking</td>
<td>0.47</td>
<td>4.11</td>
</tr>
<tr>
<td>H₄a Innovativeness → Export Performance</td>
<td>0.70</td>
<td>7.29</td>
</tr>
<tr>
<td>H₄b Proactiveness → Export Performance</td>
<td>0.36</td>
<td>3.14</td>
</tr>
<tr>
<td>H₅c Risk taking → Export Performance</td>
<td>0.42</td>
<td>6.48</td>
</tr>
</tbody>
</table>

P<0.05 level. Two-tailed test.
5. CONCLUSION

The main objective of this study was to examine the relationship between EO and export performance. More specifically, this study tried to investigate three dimensions of EO and provide empirical evidence about the effectiveness of each dimensions for SME's. Data for the current study were gathered from Iranian SME's in food industry, which regularly export their products to the Eastern European countries for at least three years. The analyze of data showed that environmental dynamism, hostility and uncertainty play an important roles as antecedents of EO and two dimensions of EO, innovativeness and risk taking influenced by environmental determinants and have a positive relationship with export performance, while the proposed linkages between environmental hostility and environmental uncertainty with proactiveness were not supported.

The relationship between innovativeness and export performance receive the most path coefficient in the model of study. As mentioned earlier, the nature of exporting is related with the concept of entrepreneurship and this concept has a close ties with innovation and risks. SME's must be able to refine existing products or offer new products and services to meet needs of export markets continuously. The importance of innovativeness is increased in turbulent environment, especially for markets which the adequate information is not available about the customer's needs. Innovation-in-place should be considered as the new paradigm, since the dynamics of market increased with an incremental rate and hyper competition doesn't allow retaining a competitive advantage resulted from innovation for a long time. Risk taking is also important for those SME's which want to expand their markets to global arena.

Volatile environment, where technologies and customer preferences change rapidly, imply higher risk, especially in international markets. The risk of engagement in international business could be a drive of innovativeness to respond to the changing markets. Results didn't support the relationship between environmental hostility and uncertainty with proactiveness; while the positive link between proactiveness and export performance confirmed. It seems that proactiveness could help SME's to overcome on export barriers in the turbulent environment, but according to Ripolle’s et.al (2011), implementation of proactive strategy for exporting needs to gain initial experience through reactive exporting.

Current study has some implications for SME's managers and holders which could use the results to improve their exporting performance in overseas markets. Additionally, this study has beneficial insights for developing countries based SME's, which face many obstacles in their international business operations. Naturally, this research has several limitations that suggest promising avenues for future research. Findings of the study cannot be generalized to fit all developing countries, to enhance further the generalizability of the model; future studies should apply it to the other developing countries. Future studies also could use different approaches like resource based view to provide more comprehensive understanding of the relationship between EO and export performance.
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