STRATEGIC ORIENTATIONS, RECONFIGURING CAPABILITY, ENVIRONMENTAL TURBULENCE AND EXPORT PERFORMANCE OF SMES IN NIGERIA

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By

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ABSTRACT

The objective of this study is to investigate the relationships between entrepreneurial orientation (EO), export market orientation (EMO), learning orientation (LO) and export performance (EP) of SMEs in Nigeria. The study also aims at determining the mediating effect of reconfiguring capability (RC) as well as the moderating effect of environmental turbulence (ET) on those relationships. This study emanated from the fact that only few studies have examined how the integration of strategic orientations and RC in the turbulent environment can drive the SMEs’ export performance, and subsequently give rise to growth and employment creation. Based on a theoretical consideration a model was proposed and nine hypotheses were formulated. Survey questionnaires were used in the data collection and a total of 201 useable responses were received from the owner/managers of exporting SMEs in Nigeria. Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed in the data analysis. The findings suggest that significant relationship was found to exist between EMO and EP, and between LO and EP, while RC mediates both the relationships between EO and LO on EP. In addition, ET was found to moderate the relationship between EO and EP, and between EMO and EP. The significant of this study can be seen in the incorporation of RC as a mediating tool to explain the relationship between EO, EMO & EO and EP. This suggests that SMEs could benefit from reconfiguring and renewal of their asset base and act in response to opportunities and threat to realize first order transformation in growth and employment creation. Besides, this study provides research conclusion on the appropriateness of LO and EMO when there is environmental turbulence. The study concludes with the discussion on the contributions, limitations as well as the suggestions for future research.

Keywords: entrepreneurial orientation, export market orientation, learning orientation, reconfiguring capability, export performance
ABSTRAK


Kata kunci: orientasi keusahawanan, orientasi pasaran eksport, orientasi pembelajaran, kecekapan pengaturan semula, prestasi eksport
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<td>EP</td>
<td>Export Performance</td>
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<td>EO</td>
<td>Entrepreneurial Orientation</td>
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<td>EMO</td>
<td>Export Market Orientation</td>
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<td>MO</td>
<td>Market Orientation</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>RC</td>
<td>Reconfiguring Capability</td>
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<td>DCs</td>
<td>Dynamic Capabilities</td>
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<td>ET</td>
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<td>LO</td>
<td>Learning Orientation</td>
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<td>MAN</td>
<td>Manufacturing Association of Nigeria</td>
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<td>RBV</td>
<td>Resources Based View</td>
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<tr>
<td>AVE</td>
<td>Average Variance Extracted</td>
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<td>SEM</td>
<td>Structural Equation Modeling</td>
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<td>SPSS</td>
<td>Statistical Package for the social science</td>
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<td>VIF</td>
<td>Variance Inflated</td>
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<td>CBN</td>
<td>Central Bank of Nigeria</td>
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<td>NEPC</td>
<td>Nigeria Export Promotion Council</td>
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<td>SMEDAN</td>
<td>Small and Medium Enterprises Development Agency of Nigeria</td>
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<td>AGOA</td>
<td>African Growth Opportunity Act</td>
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<tr>
<td>SMIEIS</td>
<td>Small and Medium Industry Equity Investment Scheme</td>
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<tr>
<td>EEG</td>
<td>Small and Medium Industry Equity Investment Scheme</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The global economy faces a number of significant challenges that could hamper a genuine upturn after the economic crises. This development coupled with the risk of weak recovery in advanced economies such as Europe and America, and more importantly, the slowdown in economic growth of countries like China, India and emerging market, it has become a herculean task to know which country can drive growth and employment creation in the short to medium terms (Schwab, 2013). Consequently, it remains critical for countries to establish the fundamentals that underpin economic growth and development for the long term.

Small and medium enterprises (SMEs) constituted the vast majority of business establishment in the world today. The existence of these enterprises is usually felt in all the sectors in any given economies. Even though they are small in term of size, yet, when combined together they become a significant component of nation’s business community (Esuh, 2012). Small and medium enterprises’ attraction and interest have been increased across the globe (Ayyagari, Beck and Kunt, 2003). This popularity is evident in developed and developing nations and developed economies like United States of America, Japan and Germany have benefited immensely from SMEs’ contributions (Analoui & Karami, 2003). In Nigeria SMEs constituted more than 90% of the enterprises in the country (Ogunsiji, 2010). SMEs’ significant roles have been recognized in many nations, most especially, developing countries that
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