CHAPTER – II

AN OVERVIEW AND REVIEW OF LITERATURE
2.0 Introduction

This chapter has 2 sections; section A is an overview, that in this section, an attempt has been made to present different aspects of entrepreneurship, SME, strategies, export, agriculture and different definitions of them. Section B is review of literature on entrepreneurship, SME strategies and export barriers.

2.1 Section A

An overview of entrepreneurship, SME, strategies, export and agriculture are following in four parts:

2.1.1 Entrepreneurship

In the short history of modern business administration knowledge, entrepreneurship is a newcomer (Vesper and McMullan, 1987). Entrepreneurship is known as an effective strategy in social and economic development of countries. Entrepreneurship is the process of discovering and exploiting opportunities to create value in different economic, social and cultural areas and is considered as foundation of sustainable and comprehensive development. Therefore, entrepreneurship development has a desirable role to participate in global markets, dealing with competitors, sustainable employment, developing justice, decreasing poverty and solving problems of society, government and public sector. Entrepreneurship has always been foundation of human’s developments and advances and has various and wide definitions. Social sciences, physiological, economic and management scientist each have special definitions for entrepreneurs. There are two completely different approaches for definition of entrepreneurship. The first approach is that we define who is an entrepreneur. Then they should be observed and according to the results, the entrepreneurship would be identified. The second approach is to present an overall definition of entrepreneurship and its related behaviors so we would define the entrepreneur as the people who are involved with entrepreneurship (Yaghoubi, 2010).

What can be seen in most definitions is that entrepreneurs are driver of economic development and with destructing previous old and inefficient method and replacing it with efficient and modern method; we may destroy dynamics of the economy. Entrepreneurship is an important and main component of development. Promoting and fostering entrepreneurship is one of the fundamental measures
performed to expedite and accelerate economic and social development (Feili et al, 2011).

Undoubtedly, trend of economic development in developed countries indicates to this reality that economy is affected by entrepreneurship in a way that entrepreneurs have a central role in economic development of countries. Global economy is providing fundamental and essential changes for organizations and industries all over the world. These changes require commercial companies to investigate their goals carefully and pay abundant attention to select and follow strategies, which lead to increase the levels of activities. Many of the established companies in response to rapid and dramatic changes provided in their internal and external environment have provided a new foundation for their operation structure (Mostafavi, 2011).

In fact, the new century witnesses companies’ emphasis on entrepreneurship. This new emphasis on entrepreneurship thinking was developed during entrepreneurship economy in 1980 and 1990 decades (Histrich et al, 2005) and since then we can see it’s more prominent and fundamental role as a key factor in economic success of each country.

Entrepreneurship is a very important activity for a country’s competitiveness and growth and a significant source of social mobility. New ventures have become an important aspect of countries’ economic development, especially in terms of their contributions to new job creation (Birch, 1979). However, going beyond the relevant function of entrepreneurship in job generation, there is an important debate about the real impact that entrepreneurship has on countries’ economic and competitiveness development (Acs and Storey 2004; Stel et al, 2005; Acs and Amorós 2008).

“Entrepreneurship process” could be vital for competitive advantage because it nurtures the innovation process in an industrial sector. The new entrepreneurial businesses may serve new segments or try new methods that their rivals who have been on the scene longer failed to identify or respond for lack of flexibility (Amorós, 2011).
2.1.1.1 Definitions of Entrepreneurship

There are various definitions and conceptualizations of entrepreneurship. The mostly accepted definition belongs to Schumpeter (Morris and Sexton, 1996). He defines entrepreneurship as introduction of new goods or new quality of goods, introduction of new methods of production, opening of a new market, utilization of new sources of supply and carrying out new organizational forms (Morris and Sexton, 1996). This definition considers entrepreneurship as “the creation of new economic activity”. In this approach, any activity that makes changes in the market is “entrepreneurship”. The “new activity” varies from starting a new firm to internal activities that are new to the firm (Davidsson, 2003). According to this definition firm growth is also regarded as entrepreneurship because growth brings some changes to the external environment as well as to the internal environment. Moreover, Stevenson and Jarillo (1990) argue that growth is achieved through entrepreneurship. Davidsson et al, (2002) also claimed that especially in the small firm, growth means entrepreneurship because small firms mostly grow organically rather than acquisition-based growth. Furthermore, Davidsson (1991) argued that firm growth is the sign for continued entrepreneurship.

Entrepreneurship is mostly considered as a personal and organizational phenomenon. Studying entrepreneurship at the individual level is not an easy task because there are several contingencies that affect the success of individual entrepreneurs. It is difficult to these characteristics. Hence, it would be more beneficial when entrepreneurship is studied in terms of firm behavior (Covin and Slevin, 1990). Organizations can also create value for the society by making changes in the economic environment just like “individuals” (Covin and Slevin, 1991). Some authors argue that studying and conceptualizing entrepreneurship as an organizational behavior rather than an individual act is a better approach (Murray, 1984). Furthermore, entrepreneurship as an organizational phenomenon usually relates to larger established firms but it can also be applied to smaller organizations (Covin and Slevin, 1991; Wiklund, 1998).

Entrepreneurship is a dynamic process of innovation and new venture creation, and includes the assumption of the risks and rewards of the new venture (Hisrich and Peters, 1998). Entrepreneurial attitudes and behavior include: the motivation to
Achieve and compete; taking ownership and being accountable; being open to new information, people, practices, etc.; being able to tolerate ambiguity and uncertainty; creative and flexible thinking, problem-solving and decision making; the ability to see and capture opportunities; awareness of the risks attached to choices and actions; and the capacity to manage and ultimately reduce risks (Timmons and Spinelli, 1999).

Entrepreneurship as a field of study is relatively young (Cooper et al, 1997). The definition of entrepreneurship has evolved from a trait or supply side (who is the entrepreneur) to a context or demand side approach (the influence of firms and markets on how, where, and why new enterprises are founded) (Thornton, 2002). The literature on entrepreneurship and development defines entrepreneurship as the creation of new economic activity (Low and MacMillan, 1988; Shane and Venkataraman, 2000), often resulting in the creation of new organizations (Schumpeter, 1934; Reynolds et al, 2005), or the pursuit of innovation (Schumpeter, 1934; Wennekers and Thurik, 1999; Davidsson et al, 2002).

Entrepreneurship is considered to be an important mechanism for economic development through employment, innovation and welfare effects (Schumpeter 1934; Acs and Audretsch 1988; Wennekers and Thurik 1999; Baumol 2002). The dynamics of entrepreneurship can be vastly different depending on institutional context and level of economic development. There are considerable differences across countries in the orientation of entrepreneurial activities (Autio, 2007).

Entrepreneurial activity has for long been acknowledged as a significant contributing factor to the economic vitality of a nation or a region (Schumpeter, 1934; Kent, 1984). It is linked with individuals, new ventures, risk-taking and innovation (Jennings and Lumpkin, 1989; Lumpkin and Dess, 1996). It is very often associated with growth and job creation, and thus crucially important for emerging economies transitional countries.

Entrepreneurship is recognized as critical for social and economic development of many countries (Reynolds, et al, 2005). Yet, most of the past research on entrepreneurship is devoted to the accomplishments of small businesses and new business ventures without much focus on its roles in an international context.
As Richard et al (2004) stated, entrepreneurship is defined as self-employment of any sort. The entrepreneur is a bearer of uncertainty. Entrepreneurs usually are considered to bear risk while pursuing opportunities, and often are associated with creative and innovative actions. Entrepreneurs are always confronted, either voluntarily or compulsorily, the challenges of uncertainties and potential financial and social losses while running their business. Entrepreneurs are risk takers because it is risk-taking spirit that encourages entrepreneurs to have their attention and actions contributed to the exploration of profit realization.

Apart from its contribution to development, entrepreneurship is also considered as an important factor to the success of firms (Knight, 2000; Luo, 1999; Zahra and Neubaum, 1998). Hence, it seems worthwhile to investigate how entrepreneurship may enable firms to achieve superior performance.

2.1.1.2 Entrepreneurial Orientations (EO)

Many reviews and assessments of the entrepreneurship research field have concluded that the development of a cumulative body of knowledge has been limited and slow because there is lack of agreement on many key issues regarding what constitutes entrepreneurship (Shane and Venkataraman, 2000), because researchers fail to build upon each others’ results (Davidsson et al, 2002), and because measurements of key variables are typically weak. Although the larger field of entrepreneurship may be struggling with central conceptual issues, the development has been more promising in certain areas of entrepreneurship research. A large stream of research has examined the concept of Entrepreneurial Orientation (EO). EO has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention (Covin et al, 2006). More than 100 studies of EO have been conducted, which has led to wide acceptance of the conceptual meaning and relevance of the concept.

EO refers to the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions (Lumpkin and Dess, 1996; Wiklund and Shepherd, 2003). Drawing on prior strategy making process and entrepreneurship research, measurement scales of EO have been developed and widely used, and their relationships with other variables have been examined. Thus, EO represents one of the
areas of entrepreneurship research where a cumulative body of knowledge is developed.

In the entrepreneurship field, EO is one of the topics, that has attracted a range of researchers (Schildt et al, 2006). Originally from studies from Canadian School of Strategy, EO can be understood as an entrepreneurial management process, portrayed in methods, management practices and styles or decision making used to achieve a entrepreneurial way of doing (Lumpkin and Dess, 1996). Thus EO is a concept used to characterize an entrepreneurial organization. Covin and Slevin (2006) state that organizations with an entrepreneurial attitude show a particular standard conduct reflected in a global strategic philosophy in effective management practices.

It is important to note that across the 30 years of system-concept based EO, the economic and business landscape changed greatly, including economic and political merger or dismantling of large companies, workforce reductions and increasing mobility of employees, increases in technological sophistication and economic movement from base manufacturing to knowledge work and services, inflation, recession, and corrections that saw major industries disbanded and new ones were created (Wiklund and Shepherd, 2003; Wales and Covin, 2009; Yamada and Eshima, 2009).

EO has its roots in the strategy making process literature (Mintzberg, 1973). Strategy making is an organization wide phenomenon that incorporates planning, analysis, decision making, and many aspects of an organization’s culture, value system, and mission (Hart, 1992). Consistent with Mintzberg, Raisinghani and Theoret who noted that strategy making is “important, in terms of the actions taken, the resources committed, or the precedents set” (1976), EO represents the policies and practices that provide a basis for entrepreneurial decisions and actions. Thus, EO may be viewed as the entrepreneurial strategy making processes that key decision makers use to enact their firm’s organizational purpose, sustain its vision, and create competitive advantage(s).

2.1.1.2.1 Definition of Entrepreneurial Orientations

EO has been a topic of much debate in management and entrepreneurship literature for years. EO of a firm is defined as a firm that involves in technological
innovation (innovativeness), undertakes risky ventures (risk taking), and pursue opportunities proactively (pro-activeness) (Miller, 1983). Furthermore, a firm should consistently be taking risks, be innovative and be proactive in order to be labeled as “entrepreneurial” (Miller, 1983).

EO is the concept used to refer to the processes and endeavors of organizations that engage in entrepreneurial behaviors and activities (Lumpkin and Dess, 2001). Research on EO is increasing in the literature of business administration due to the fact that it has been recognized so far by many managers and scholars as a critical success factor for organizational survival and success. Business organizations that have high EO expose willingness to innovate, to take risks, to try out new and uncertain products and services, and to be more proactive than competitors toward opportunities in the marketplaces (Covin and Slevin, 1991; Wiklund and Shepherd, 2003).

EO describes consistent set of related activities or processes and provides a useful framework for researching entrepreneurial activity. EO is conceptualize as a firm-level strategy-making process that firms use to enact their organizational purpose, sustain their vision, and creates competitive advantages (Wiklund and Shepherd, 2003).

EO is a firm level, multidimensional, process construct that is closely linked to the strategic decision-making process (Richard et al, 2004), is distinguishable from “entrepreneurship” (business entry) and concerns the “methods, practices and decision-making styles managers use” (Lumpkin and Dess, 1995).

EO is the propensity of firms to be innovative, be proactive to marketplace opportunities, and be willing to take risks (Lumpkin and Dess, 1996).

Miller (1983) described a firm’s EO as a combination of risk taking, innovation, and pro-activeness. Covin and Slevin (1991) linked Miller’s dimensions to firm’s performance. Lumpkin and Dess (1996) expanded the EO model by adding the dimensions of autonomy, and competitive aggressiveness. Although there is general agreement that EO has an impact on firm performance (Lyon et al, 2000), the affect of each EO dimension on firm performance remains unclear.
The EO is a behavioral construct at firm level that is closely linked to strategic management and explains the processes, practices, and decision activities that lead to new entry in the quest of exploiting opportunities in the marketplace.

EO is a commonly used measure in entrepreneurship literature. EO is the presence of organizational level entrepreneurship (Wiklund and Shepherd 2005).

EO is a primary construct in the domain of Entrepreneurship (Lumpkin and Dess, 1996). It is used to assess the propensity of an organization to create, change, and improve (Wales and Covin, 2009). EO has traditionally been measured through subjective self-reports on behalf of the firm (Kreiser et al, 2002; Lumpkin and Dess, 1996).

EO is defined as the processes, methods, styles, practices, and decision-making activities employed by entrepreneurs that lead into new markets (Lumpkin and Dess, 1996). It is seen as a process reflected in recurring as organizational behavior rather than the actions of individual processing certain attributes or characteristics (Quince and Whittaker, 2003).

EO has recently been recognized as one of the most important factors for a firm’s growth and profitability. Research has shown that high growth correlates with a firm’s EO (Stevenson and Jarillo, 1990). Hence, growth can be associated with innovativeness, pro-activeness and risk-taking behavior of the firm, which refers to an EO dimension.

EO is a significant factor for a firm’s success (Wang, 2008). EO 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 et al, 2006).

2.1.1.2.2 Dimensions of Entrepreneurial Orientation

Many studies have focused on dimensions that characterize an EO. Miller (1983) was one of the first to deal with this and he proposed three dimensions to characterize and test the entrepreneurship in the organizations: innovativeness, risk taking and pro-activeness. According to him, the entrepreneurial organization strives through these aspects while a non entrepreneurial organization innovates very little, it
is highly adverse to risks and it does not act in a pro-activity way towards its competitors, only being an imitating follower of market changes. Lumpkin and Dess (1996), which give sequence to the EO studies, propose that there are two more dimensions to characterize and distinguish the entrepreneurial process: competitive aggressiveness and autonomy.

Between three and five of the dimensions of autonomy, innovativeness, competitive aggressiveness, risk-taking, and pro-activeness have subsequently been used by researchers to measure the term ‘EO’, (Covin and Slevin, 2006; Naman and Slevin, 1993; Richard et al, 2004; Slater et al, 2006). Autonomy relates to the actions of individuals or teams in establishing new business concepts or visions (Lyon et al, 2000); innovativeness reflects a firm’s willingness to promote new ideas, novelty and creative solutions (Richard et al, 2004); competitive aggressiveness is concerned with the intensity of the combative posture adopted by firms reacting to competitive trends and market demands (Lyon et al, 2000); risk-taking concern is a firm’s propensity to take business-related chances with regard to strategic actions when faced with uncertainty (Richard et al, 2004), and pro-activeness refers to a firm’s initiative in seizing opportunities in the marketplace (Lumpkin and Dess, 2001). As these dimensions vary independently, firms may exhibit relatively high levels of some and at the same time relatively low levels of others (Richard et al, 2004).

Thus an EO is characterized by five key dimensions: innovativeness, risk taking, pro-activeness, competitive aggressiveness and autonomy. Altogether these five dimensions must permeate decision making styles and the organization staff practices (Dess and Lumpkin, 2005).

2.1.1.2.2.1 Innovativeness

Innovativeness, according to Covin and Slevin (1990), Lumpkin and Dess (1996) and Morris and Jones (1999), reflects a tendency of a firm to engage in and support new ideas, novelty, experimentation, and the creative process as well as the seeking of creative, unusual, or new solutions to problems and needs.

The innovativeness is considered as one of the most important EO dimensions. It reflects a trend in an organization to adopt and support new ideas, novelties, experiments, and creative processes (Lumpkin and Dess, 1996). According to
Wiklund (1999), a strategic innovative approach increases the chances of the organization to become aware of the advantages in moving first (before its competitors) and capitalize market opportunities.

Innovation refers to the ability of a company to create new products or procedures or to modify the existing ones in order to meet the changing market requirements. Innovativeness is important for company’s growth and development for several reasons: innovative products present opportunities for companies in terms of growth and expansion into new areas and allow companies to gain competitive advantage. Innovative policies and innovations themselves are important for both established and new companies. They allow established companies to gain dominant competitive positions and afford new-comer companies an opportunity to gain an edge in the market (Erdil et al, 2004).

2.1.1.2.2.2 Pro-activeness

The pro-activeness dimension can be crucial for an EO, because it suggests a forward view perspective which is followed by innovative activities or new businesses. It is related to the initiatives in order to anticipate and chase new opportunities and also join emergent markets (Lumpkin and Dess, 1996). Miller and Friesen (1978) characterize the pro-activeness as the act of modeling the environment through the introduction of new products and technologies. Lumpkin and Dess (1996) deal with the pro-activeness as a continuous aspect, in which its opposite would be the passiveness, considered as an inability to grab opportunities or to conduct the market.

The pro-activeness always seeks acting before the change in the environment cause, a direct impact in the organization and, in practice; it frequently involves reacting to symptoms that anticipate a change. Pro-activeness seen as part of the continuous, organizations can take different productivity levels as well as it can be analyzed separately in different functional areas. Some researchers like Miller (1983) and also Covin and Slevin (1990) for instance, have evaluated pro-activeness level of the organization considering the organization's tendency to be ahead in the development of new products and technologies and in the introduction of new products and services instead of simply following the market. Organizations which are considered proactive ones monitor trends, identify future clients’ necessities and
anticipate changes and demands or emerging problems that can turn out to be new business opportunities (Dess and Lumpkin, 2005).

### 2.1.1.2.3 Risk Taking

Risk-taking has been considered as one of the most important components of entrepreneurship since the 1800s. In that century, “John Stuart mill argued that risk taking was the paramount attribute of entrepreneurs” (Kreiser et al, 2002). Risk-taking behaviors of individuals or firms range from low-risk actions (for example, depositing at a bank, investing in public funds or making stock of goods) to high-risk actions (e.g. huge borrowing, investing heavily in unexplored technologies or putting new products onto new markets) (Lumpkin and Dess, 1996). Generally, firms having entrepreneurship orientation display risky behaviors by borrowing heavily or by allocating very huge resources to the opportunities in the market in order to get high yields. This can be viewed as the indicator or the measure of their risk-taking tendency. Firm-level risk taking requires acting quickly for seizing and valuing the market opportunities, making fast resource combinations and displaying bold actions. In fact, boldness for seeking or pursuing the opportunities and for the very new product or service attempts is considered as a reflection of EO (Lumpkin and Dess, 1996; Antonicic and Hisrich, 2001). Entrepreneurs and entrepreneurial firms are seen to manage the risks better by focusing on lower-risk market endeavors with developing various new product and service alternatives targeted to the different market segments or niches (Morris and Kuratko, 2002). Business risk taking involved venturing into new business arenas without knowing the probability of success or failure. This could be any uncharted business activity including new product development, new market segments, changing demographics, new services or processes, new organizational structures, new strategic directives, etc. However, change is constant and accelerating in today’s competitive landscape, and the firm’s focus must be on identifying and exploiting opportunities in the environment (Shane and Venkataraman, 2000). Drucker (1985) argues that successful entrepreneurs avoid focusing on risk and remain focused on opportunity. The fields of strategic management and entrepreneurship are both focused on how firms adapt to environmental change and both seek to exploit opportunities created by uncertainties and discontinuities in the creation of wealth (Venkataraman et al, 2012).
2.1.1.2.2.4 Autonomy

Dess and Lumpkin (2005) affirm that in autonomy the entrepreneurial thought must be encouraged. In a similar view, Lee and Peterson (2001) point out that, in order to make the dimension of autonomy strong, entrepreneurs must operate within the cultures that promote the independent acting and also seek opportunities.

Miller (1983) highlights that: the most entrepreneurial organizations have more autonomous leaders. In studies with organizations, researchers have examined an autonomous behavior, investigating the leadership centralization and the authority delegation. Thus, autonomy evidences in an organization can vary due to organization's size, management style or ownership. For example, in organizations which the main decision maker is the owner, the autonomy will be implicated in the strength of ownership. However, the extension in which the autonomy is exerted can depend on the centralization or delegation level and this can have a relation to the size of the organization (Lumpkin and Dess, 1996).

2.1.1.2.2.5 Competitive Aggressiveness

Finally, the competitive aggressiveness, which has a relation with the organization's propensity, intensely and directly challenges its competitors reaching better market position, seeking to overcome them. Chen and Hambrick (1995) deal with the competitive aggressiveness as being an organization's trend in responding aggressively to the competition actions, looking forward to reach competitive advantage, dominating it with responsiveness. Similarly, Lumpkin and Dess (2001) characterized it as threat responses. For Venkatraman (1989), the competitive aggressiveness is the position adopted by a company, through allocating sources in order to gain positions in a specific market faster than its competitors. It can be based on product innovation, market development, and high investment to improve market chart and to achieve a competitive position. Covin and Selvin (1990) point out that some evidences of competitive aggressiveness can be reached when evaluating the management attitude as far as competitiveness. This evidence can also reflect the use of non conventional competition methods instead of traditional or reliable ones (Lumpkin and Dess, 1996).
2.1.1.2.3 Entrepreneurial Orientation and Performance

In today’s dynamic business environment, SME firms must make competitive changes in order to move forward. Firms need to be alert of each possible opportunity in market. The capacity to seize on an opportunity depends on the level of EO that a firm possesses. This is because direct EO is associated with innovation, proactive and the willingness to take risk which is an important measurement to a firm when implementing a certain strategy to compete with opponents. This is proven through previous researches indicating that EO strategies have significant relationship with business performance (Miller and Friesen, 1978; Covin and Slevin, 1991; Lumpkin and Dess, 1996; Zahra and Covin, 1995; Becherer and Maurer, 1997).

In entrepreneurship research, EO has been found to have a positive impact on firm performance (Covin and Slevin, 1991; Smart and Conant, 2011; Wiklund, 1999). The relationship between EO and firm performance has become the main subject of interest in past literatures which are concerned with the positive implications that entrepreneurial processes have on firm growth and performance (Lumpkin and Dess, 1996; Wiklund, 1999; Zahra et al, 1999). EO is regarded as inevitable for firms that want to prosper in competitive business environment. However, Lumpkin and Dess (1996) suggested that the positive implications of the EO on firm performance are context specific and may vary independently of each other in a given organizational context.

EO has been acknowledged as a determinant for a firm’s growth and profitability. Certain studies relate high growth with a firm’s EO (Brown et al, 2001; Stevenson and Jarillo, 1990). The correlation between the EO of the firm and its performance has been widely discussed, conceptually (Covin and Slevin, 1991; Lumpkin and Dess, 1996) and empirically (Wiklund and Shepherd, 2005; Covin and Slevin, 1990; Lumpkin and Dess, 2001). However, a lot of questions remain unresolved (Moreno and Cassilas, 2008). Given the competitive conditions faced by firms in today’s global economy, EO performance relationship is multidimensional constructs as suggested by Lumpkin and Dess (1996). Further research to redefined measurements, exploring the underlying processes related with entrepreneurial activity and recognizing multidimensional nature of EO will contribute to the greater understandings of EO and its relationship towards firms’ performances.
Firms with high levels of EO tend to constantly scan and monitor their operating environment in order to find new opportunities and strengthen their competitive positions (Covin and Miles, 1999). As part of their environment scanning and monitoring activities, firms look for information that can help them better to meet the needs of their customers, manage their risk taking, as well as challenge their competitors. While large firms typically have the resources to conduct extensive market research to gather such information, it is not clear to what extent small and medium sized enterprises (SMEs) engage in information acquisition and utilization, and whether such activities influence firm performance.

An EO may contribute to higher performance by facilitating a firm’s capacity to identify innovative opportunities with potentially large returns, target premium market segments, and obtain first mover advantages (Lumpkin and Dess, 1996; Wiklund and Shepherd, 2005). Accordingly, an EO will only facilitate wealth creation when firms strategically acquire, develop, and leverage resources that foster both opportunity- and advantage-seeking behaviors (Ireland et al, 2003). The social capital that is embedded in executives’ external ties can be considered as a resource, one that is unique to each firm, largely invisible to competitors, and difficult for them to imitate (Galaskiewicz and Zaheer, 1999).

An EO may be more strongly associated with performance when it is combined with both high network centrality and extensive bridging ties. Bridging ties broaden the knowledge base of a highly central firm and increase its capacity to appreciate, recombine, and apply the knowledge that is accessible through its intra industry ties (Cohen and Levinthal, 1990). Highly central firms with diverse ties to other fields should also be a more attractive exchange partner, which enhances their ability to access resources controlled by other industry firms.

Finally, it has been thought by many researchers that the EO is considered as an important component of the successful organizations (Pinchot, 2009; Covin and Slevin, 1991; Lumpkin and Dess, 1996; Wiklund, 1999; Antoncic and Hisrich, 2001). EO was found to be closely associated to the growth and profitability of especially large organizations (Zahra, 1991; Zahra and Covin, 1995; Zahra and Garvis, 2000; Antoncic and Hisrich, 2001; Wiklund and Shepherd, 2005). Therefore, it can be said that firms involving in entrepreneurial activities get high performance than the firms
not involving in entrepreneurial activities. On the other hand, measuring absolute firm performance is very difficult because the concept is complex and multi-dimensional. For this reason, researchers suggest that multiple performance indicators should be used to measure such a complex construct (Lumpkin and Dess, 1996; Kaplan and Norton, 1992; Atkinson et al, 1997; Wiklund, 1999; Zahra and George, 2002). These authors note that financial performance measures and traditional accounting measures such as sales growth, profitability, and return on investment are not sufficient to measure overall performance of a firm. They suggest that indicators of both financial and nonfinancial performance measures, such as market share, sales growth, profitability, productivity, reputation, and consumer satisfaction have to be used in measuring performance.

**2.1.2 Small and Medium Sized Enterprises (SMEs)**

As predicted, Small and Medium Enterprises (SMEs) have come to play an increasingly important role in global economies (Hill et al, 2002). Carson et al, (1995) reveal that, in the past 20 years, SMEs have been identified by most Western governments as being significant economic contributors to job and wealth creation. 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 et al, 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).

Small and Medium Enterprises (SMEs) have been the backbone of economic growth of an economy in driving industrial development (Hoq et al, 2009). In fact, there are many statements which deal with the role, importance and contribution of SME existence towards the nation’s growth (Surienty et al, 2012; Arokiasamy, and Ismail, 2009; Smolarski and Kut, 2011; Saleh and Ndubisi, 2006).
The promotion and development of small and medium-sized enterprises (SMEs) is important for achieving national development goals such as economic growth, poverty alleviation, democratization of the economic participation, employment creation, and the promotion of pluralistic societies (World Bank, 1991; Heshmati, 2001). Since SMEs tend to be concentrated in relatively labour-intensive activities, they contribute significantly to the achievement of social and economic objectives, such as labour absorption, income distribution, rural development, poverty eradication and regional balance (Asian Development Bank, 1990).

Moreover SME sector has shown immense growth in current scenario as compared to the industrial sector. The potential of SMEs is the opportunity to invest. The importance of small and medium sized enterprises was not being considered in past history. Only the large firms were believed to take part significantly in the growth of the economy of the country as well as an important part in the struggle of gaining huge foreign reserves. But the situation changed when the developing Asian countries like Taiwan, Japan, and Korea developed on the basis of their small and medium sized businesses and economists started to believe in the potential of SMEs (Asian Development Bank, 1990).

It is also noticeable for those who think that only large firms are dependable for the economic growth that small merchants and small suppliers also play an important role in the production of large organizations. So the SMEs are very important for the worldwide economy (Altintas et al, 2007).

In total, SMEs represent the bulk of production in manufacturing and an even larger share in services, both in developed and developing countries. They contribute over 55% of GDP and over 65% of total employment in high-income countries. In developing countries, SMEs are responsible for most of the employment and income generation opportunities and can be identified as a main driver for poverty alleviation. The flexibility and specialization of SMEs can also contribute, in some cases, to the adaptability and diversification of national production systems (Altintas et al, 2007).

Finally there are multiple, interrelated reasons that these initiatives have been developed: most firms are small firms; most people work for small firms; small firms play a critical role in industry innovation; growth-oriented small firms benefit their
communities through economic development; and internationalization can provide firm-specific growth opportunities that exceed industry averages (Altintas et al, 2007).

### 2.1.2.1 Definitions of SME

Definitions of what constitutes an SME vary quite widely from country to country and even within single countries, depending on the business sector concerned. Thus, there is no universal determinant or criteria of an SME. Much depends on the character of the relevant host country, and the profile of its own particular corporate sector, from which a relative measure of an SME is then typically made, sometimes on a rather arbitrary basis. Some countries just use the number of employees as the sole criteria for determining whether a business is an SME or not. Other countries use this same criterion, plus an additional criterion based on either the value of the firm’s assets or the size of revenues, typically denominated in the local currency. In cases where a currency value is cited (either for assets or revenues), any marked inflation can pose a problem for the SME definition over time. The criteria for SMEs are updated in some countries from time to time. The forms of ownership profile, type of legal entity, or general provenance of the company are typically deemed irrelevant when creating the definition (Valor, 2005).

According to the Organization for Economic Cooperation and Development (OECD), the characteristic of SMEs not only reflect the economic patterns of a country but also the social and cultural dimensions. These differing patterns are noticeably reflected within different definitions and criteria of SMEs adopted by different countries: whereas some refer to the number of employees as their distinctive criteria for SMEs, others use invested capital, and some other use a combination of the number of employees, invested capital, sales and industry type (Dababneh and Tukan, 2007).

IFC defines SMEs as registered businesses with less than 300 employees. This category can be further narrowed by distinguishing SMEs from microenterprises by having a minimum number of employees. SMEs can be further divided into small enterprises (SEs) and medium enterprises (MEs). Alternative criteria for defining the sector include annual sales, assets, and size of loan or investment (Hammers-Wirtz et al, 2010).
SME’s are defined in different ways in different parts of the world. Some define them in terms of assets, while others use employment, shareholder funds or sales as criteria. Some would use a combination of revenue and employment to define SME’s. The definition of SME has been a contentious issue in the world. In fact, the term, SSI (Small Scale Industry) is more commonly used to refer to SME’s (Gupta and Khanna, 2011).

The European Commission (EC) defined SME’s largely in term of the number of employees as follows:

- firms with 0 to 9 employees - micro enterprises;
- 10 to 99 employees - small enterprises;
- 100 to 499 employees - medium enterprises.

According to the British Department of Trade and Industry, the best description of a small firm remains that used by the Bolton Committee in its 1972 Report on Small Firms. This stated that a small firm is an independent business, managed by its owner or part-owners and having a small market share (Treasury, 2001).

For wider coverage and applicability, definitions of SME’s will be based on two criterias, namely:

- Number of employees; or
- Annual sales turnover.

Therefore, an enterprise will be classified as an SME, if it meets either the specified number of employees or annual sales turnover definition (Bank Negara Malaysia, 2006).

The UNIDO also defines SMEs in terms of number of employees by giving different classifications for industrialized and developing countries (Elaian, 1996). The definition for industrialized countries is given as follows:

- Large - firms with 500 or more workers;
- Medium - firms with 100-499 workers;
- Small - firms with 99 or less workers.
The classification given for developing countries is as follows:

- Large - firms with 100 or more workers;
- Medium - firms with 20-99 workers;
- Small - firms with 5-19 workers;
- Micro - firms with less than 5 workers.

It is clear from the various definitions that there is not a general consensus over what constitutes an SME. Definitions vary across industries and also across countries (Abor and Quartey, 2010).

**2.1.2.2 Entrepreneurial Firm**

The competitive landscape of the twenty first century is dynamic, heightening the need for organizations to be entrepreneurial (Bettis and Hitt, 2007; Hamel, 2000). Indeed, scholars argue that entrepreneurial efforts are central to firms’ survival and prosperity (Ireland et al, 2003; Li and Atuahene-Gima, 2001). A significant amount of research has focused on firms’ entrepreneurial: their tendency toward product innovation, pro-activeness, and risk-taking behaviors (Covin et al, 2006; Lumpkin and Dess, 1996; Miller, 1983). With a few exceptions, the empirical evidence generally indicates that entrepreneurial improves firm performance, growth, and survival (Covin et al, 2006; Rauch et al, 2009; Wiklund, 1999; Wiklund and Shepherd, 2005; Zahra, 1991). Additionally, moderating factors, mostly external to the firm, have been found to influence these relationships (Covin and Slevin, 1990; Lumpkin and Dess, 2001; Zahra and Covin, 1995).

Entrepreneurship is essential for organizations regardless of their size. It is the entrepreneur who has an original idea and tries to make a difference for the market. However, even after the establishment, the firm has to continue this entrepreneurial spirit to protect its market share and survive in the market for a long period of time. Therefore, entrepreneurship has critical importance also for small established firms. In addition, more studies from different cultural settings on entrepreneurship are advised to be conducted in order to test whether theories are also applicable in different settings (Krieser et al, 2002).
The entrepreneurial firm is generally distinguished in its ability to innovate, initiate change, and rapidly react to change flexibly and adroitly (Naman and Slevin, 1993). “Entrepreneurial intensity” of the firms depends on their innovativeness, pro-activeness and risk-taking propensity in their strategic decision-making. A firm pursuing an innovation-based strategy encourages and accumulates specific capabilities, which distinguish the firm from its competitors and enable it to face the variability of the environment (Rizzoni, 1991).

Miller (1983) suggests that an entrepreneurial firm is one that “engages in product market innovativeness, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch. A non-entrepreneurial firm is one that innovates very little, is highly risk averse, and imitates the moves of competitors instead of leading the way”.

2.1.2.3 A Firm Entrepreneurial Orientation

Recent entrepreneurship research indicates that studying multivariate configurations of an EO and other important constructs may provide a more complete understanding of the EO–performance relationship than bivariate contingency models do (Wiklund and Sheperd, 2005). According to configural research, firms that are configured consistently with normative theory on multiple dimensions will achieve higher performance than firms that are consistent on only two dimensions (Dess et al, 1998).

A firm EO refers to the entrepreneurial activities, how the entrepreneur undertakes the methods, practices, and decision-making styles to act entrepreneurially. It is similar to what managers in big organization used to act managerially according to Mintzberg (1973).

Although a firm’s entrepreneurial processes may facilitate the pursuit of new entry opportunities that enhance its performance, adopting a strong EO is increasingly considered necessary but insufficient for wealth creation by new ventures (Covin and Slevin, 1990; Ireland et al, 2003; Lumpkin and Dess, 1996).
Whereas, performance is a yardstick by which founders (entrepreneurs) measure success (Chandler and Hanks, 1994). The performance of the firm is affected by the firm EO (Covin and Slevin, 1991; Dess et al, 1998; Rauch et al, 2009).

Performance measurement and assessment would provide information to firm which enables the firm to take relevant action and make alteration of strategic orientation to guarantee the future of the firm (Najmi et al, 2005; Chan et al, 2003), because of this interest, the performance measurement in the theoretical and practical areas has intrigued many researchers (Henri, 2006). Parker (2000) expressed several factors why organizations need to measure performance. Some of them are to enable the identification of the firm’s success, satisfy customer’s requirements, for the organization to understand its process, identify where problems arise and necessary action to correct deviation, ensure decision are taken based on facts, and to show whether there are improvements (Parker, 2000).

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 and Zolin, 2005). According to Kropp and Zolin (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, 1999). 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 and Zolin (2005).

2.1.2.4 SME Strategies

According to some study, strategies have a basic role in function of each SME, some enterprise strategies come in the following:
2.1.2.4.1 Export Strategies

Trade and investment have long been considered powerful instruments to promote development. They open new markets and permit the expansion of productive capacity and higher levels of income and employment. One of the main concerns of developing countries with respect to their participation in global trade is their lack of competitiveness. They need to solve supply-side constraints, to build up national productive capacity as well as an efficient trading and transport infrastructure, and to engage fully in a coherent export and investment promotion strategy (UNCTAD 2002).

Export strategy has become increasingly important for SMEs in recent years. To realize the full potential of export strategy, SMEs must be able to address challenges in export markets successfully. A firm must have adequate capabilities to meet unique challenges in such efforts. However, SMEs are limited by their access to resources and capabilities.

As firms that partake in export activity are entrepreneurial in nature, these firms would benefit by proactively seeking new markets, engaging in innovative action to meet local market needs, and be able and willing to take risks by venturing into previously unknown markets.

Global trading has become increasingly important. Due to the central roles of SMEs in the economy and in job creation, taking advantage of trading opportunities can have an impact beyond the performance of an individual firm. Exporting has become an increasingly important avenue for the growth of many firms. In fact, global exports have grown dramatically from approximately $40 billion in 1945 to $13.68 trillion in 2007, making it one the fastest-growing economic activities (UNCTAD, 2002).

2.1.2.4.2 Financial Strategies

Financial strategy is an important functional strategy for business. Ignoring of the financial strategy blocked the development in recent years. The financial strategy plays an important role in corporate strategy. The definition of the financial strategy should help the company to improve its position within the market. The company intends to invest into suitable properties to secure its expansion. In order to do so it is
essential to prepare financial strategy that would verify objectivity of the specific investment (Zhao, 2011).

The definition of the financial strategy runs from top to bottom, so that the superior level determines the basic strategic objectives for its subordinate levels. The subordinate levels then develop objectives into particular details on their level. This also secures feedback from bottom to top and verifies the objectivity of the strategic objectives determined on superior levels.

Financial strategy, as a functional strategy, is subject to the overall corporate strategy. Therefore, financial strategy includes profit distribution strategy, investment strategy, financing strategy and legal relations strategy (Kleinová and Mainzová, 2006).

Financial Strategies are the portfolio constituent of the corporate strategic plan that embraces the optimum investment and financing decisions required to attain an overall specified objectives (De Wit and Meyer, 2010).

A financial strategy is one that enables a business to determine the financial needs and sources of support; it requires meeting its objectives and fulfilling its mission, whilst also planning for continued growth to enable stability.

Why do small and medium enterprises need to have a financial strategy?

The answer simply lies on the fact that every SME is facing difficult challenges. An SME is up against many things:

- Striving to get a share of customer dollars
- Competing with business enterprises that offer similar goods or services
- Competing with all other businesses for customers’ buying preference
- Facing the risk of economic downturns that put the financial stability of the business in jeopardy
- Facing the risk of economic upturns that competitors can take advantage of and the business is not prepared for it
- Potential reverses arising from loss of key personnel or removal of vital financial support
The challenges that the business faces are difficult and sometimes intimidating. These are the reasons why one needs a financial strategy. A financial strategy is a key to financial success of the business. It improves the likelihood of meeting the company’s financial goals (Pavlíček, 2009).

2.1.2.4.3 Production Strategies

There are many widely recognized corporate strategies for production. Many manufacturing organizations adopt production strategies that influence a wide range of factors within the company. These strategies define policies, procedures and structures that affect the same areas as a software product line strategy. The production strategy is a high-level statement of how the organization expects to achieve the goals of the product line. The breadth and longevity of a product line requires a goal driven approach to keep the organization focused. The technique for defining the production strategy begins with the business goals of the product line organization (McGregor, 2009).

The production strategy is derived from the organization’s business strategy and is intended to coordinate the actions of the core asset and product developers. The strategy describes how the product line practices should be employed so that the product line organization will achieve its production goals.

The production strategy describes the production factors critical to the success of the product line and specifies an overall approach in addressing those factors. The production strategy is critical to the success of that product line. The production strategy is formulated as part of production planning, which balances the goals and constraints of a product line to ensure that the core assets effectively support product development. The production strategy determines how product development satisfies the organization’s goals for the software product line and integrates the goals, policies, and actions of the product line organization for product production (Chastek et al, 2009).

2.1.2.4.4 Marketing Strategies

The achievement of economic development and business benefits requires the development and management of sustainable partnership for SMEs (Onojaefe and Ukpere, 2009). With the large number of small and medium-sized firms in the
construction industry, Chew et al (2008) emphasizes that SMEs must have a strategic outlook, which includes proper marketing resources in finding opportunities that are advantageous to the company. Palmatier et al (2006) argues that marketing is to manage the firm’s market relationship where markets are customers, distributors and suppliers’ networks (Braendle et al, 2005; Wang, 2007; Liu et al, 2008).

In the last decade, markets had become more and more structurally turbulent (Kathandaraman and Wilson 2001) and network centered (Möller and Halinen 1999), because of a number of phenomena (the globalization of competition; the Internet and other electronic interfaces; the increasingly interdependence and connectedness of markets; the technological complexity and change), which can be considered as drivers of market-change. Therefore, rethinking the marketing concept has emerged as a necessity, in order to face market challenges coming from the new competitive scenario.

Earlier on, the same Alexander (1960) defines marketing as the performance of business activities that direct the flow of goods and services from the producer to the consumer or user (The American Marketing Association Committee of Definition 1960). What this definition implies is that marketing starts only after the production of the goods and services, hence, it is an outdated one, and replaced by the one mentioned before it.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organization objectives (Keefe, 2004).

Marketing is a tool for a company to visualize its own capabilities, offerings and the brand for the export markets. Marketing strategy is defined as a dynamic system of decisions regarding product development, pricing, promotion and distribution that are formulated and implemented over time. The researcher follows aspects of Knight’s marketing strategy (Knight, 2000), that refers to marketing leadership, quality leadership, and product specialization.
2.1.3 Export

Export is an important phenomenon for the worldwide economic growth. The importance of export has remained a hot topic for centuries. Export is an international trade whereby goods are produced in a certain country and shipped to some other country. The action of export sales is really beneficial for the gross domestic production of an exporting country. Export phenomenon can also be used for the services. Export is one of the oldest kinds of economic transfer and between nations it takes place on a large scale whereas some legal laws and regulations are applicable.

In general terms, the progress of a nation’s exports has positive impact on the growth of the economy in total as well as on individual firms (Tesform and Lutz, 2006). Exporting activities increase profitability, create new jobs, improve capacity utilization, and improve trade balances (Morgan, 1997; Julian and Ahmad, 2005).

From an economic development perspective, many researchers highlight the positive effects of exports on the levels of employment, foreign exchange revenues, industrial development, and societal prosperity and its indispensable part of the overall economic development process (Morgan, 1997). Julian and Ahmad (2005) reported that the general objective in most countries today is to find ways to raise exports. This can be achieved either by encouraging exporting firms to export more or by instigating non-exporters to start on exporting.

Mpinganjira (2011) noted that besides foreign direct investment, exporting is one of the most important channels through which developing countries can link themselves with the world economy to their great benefit. At the macro-economic level, exporting helps national economies to enrich their foreign exchange reserves; help in creating backward and forward business linkages in an economy; stimulates development of new technologies; helps in generating jobs and leads to higher standards of living (Leonidou et al, 2007).

Okpara (2009) and Leonidou et al (2007) noted that exporting is often associated with increased sales, achievement of economies of scale, higher levels of profitability and business growth. Exporting can thus help firms to achieve commonly pursued goals. Exporting can also help in reducing risk associated with overdependence on a single (domestic) market. Exporting activities have become
more consequential for the survival, growth and long-term viability of business organizations since exporting is generally a less resource-laden approach as compared with alternative foreign market entry and expansion modes since it requires minimum business risk, needs low commitment of resources, and offers high flexibility of movements (Neupert et al., 2006).

2.1.3.1 Export of SMEs

Mostly, if not all countries around the world recognizes the importance of small and medium-sized enterprises (SMEs) and their increasing role in exporting activities. The importance of SMEs is demonstrated by their share of firms, gross domestic products, output shares, output composition, market orientation and their roles in helping to deal with the problems of poverty and unemployment (Bolton, 1972; Arinaitwe, 2006; Wenngel and Rodriguez, 2006; Westhead, 2008; Tambunan, 2008; Mutaleniwa, 2009).

SMEs are the largest group of industrial units in most of the developing countries and make a significant contribution in manufacturing output and employment. This is noteworthy given the inherent disadvantages of SMEs arising from a firm size and a lack of industrial experience. SMEs also have the potential to become a powerful engine of manufactured export growth and upgrading in the developing world. Much needs to be done by SMEs, SME associations, governments and donors to translate the export potential of SMEs into a development reality.

In recent years, however, SMEs have had significant success in international markets as more and smaller firms gain a competitive edge and contribute significantly to total exports. Their changing role in international trade has made them significant contributors to the economic growth and development of many countries (Birch, 1979; UNCTAD, 1998 and Weaver et al., 1998). Evidence from some of the fast growing Asian economies (Taiwan, Singapore and South Korea) suggests that many of the opportunities for economic growth have come from, among other things, encouragement of the export capabilities of SMEs (UNCTAD, 1998). In those economies, SMEs have made significant contribution to the export growth engine. For example, they account for about 35 percent of total exports, create between 40 and 80 percent of total employment, contribute between 30 and 60 percent of the Gross Domestic Product and constitute up to 95 percent of all registered enterprises.
Such significant contributions explain why SMEs have been regarded as kings in some of these economies (Flannery and Shapiro, 1992).

The internationalization of small and medium sized firms is the objective of many public policy initiatives world-wide (UNCTAD, 1998). Exporting is an important activity for SME’s at both organizational and economic level (D’Souza and McDougall, 1989; Edmunds and Khoury, 1986). However, involvement in international trade requires knowledge of the process of exporting, as well as the cultural context (Leonidou, 2004; Chen, 2006).

Nevertheless, there is a significant body of literature that deals with the uncertainties and risks that exist in international markets (Brouthers, 2002; Werner and Brouthers 2002), the process of SMEs internationalization (Westhead et al, 2001), and the factors influencing the decision to initiate, continue or discontinue exporting (Crick, 2004). Scharf et al (2004) states that Small and medium enterprises play a significant and critical role in development of export and economy of countries in every part of the world.

The key role of exporting in the growth of small-to-medium sized enterprises (Lu and Beamish, 2001) has led to a large number of investigations into the factors associated with export success, published in the literature over almost half a century (Tookey, 1964; Cunningham and Spigel, 1971; Joynt and Welch, 1985; Moini, 1995; Wolff and Pett, 2000).

Exporting has always been an important mode of doing business internationally and it is a “must” for small and medium sized companies and small countries in general, as it represents one of the most applicable opportunities for their growth. The exporting successes of small and medium-sized enterprises (SMEs) in industrialized countries have led to the increasing recognition of the potentially critical role of SMEs in export- and private sector-led economic growth in many developing countries. Policies to assist more SMEs to export must be informed by any systematic differences between current exporters and non-exporters. Although we understand the importance of exporting by SMEs, we are less clear about the impediments that they face to engage successfully in this wealth generating activity. To exploit successfully export opportunities, SMEs must reconfigure their internal routines and processes to
modify their products or cost structures as a way of increasing their exports (Scharf et al, 2004).

2.1.3.2 Export Performance

With increased opportunities for global trade and maturing home markets, enhancing the export performance of SMEs is important for economic and social welfare. It is difficult to find a precise definition of export performance. It is defined as “a composite outcome of a firm’s international sales, which includes three dimensions: export sales, export profitability and export growth.” (Rose and Shoham, 2002) but I would rather define export performance as the qualitative and quantitative level of export activity. The qualitative export performance refers to how the activity is perceived by the manager or the owner of the company, i.e. success, failure, improvement, decline. The quantitative export performance refers to the level of export intensity, sales and profitability of a company. The evolution of export performance will be observably thanks to the growth rates of these indicators.

Export performance is a multidimensional construct defined by Shoham (1996) as “the composite outcome of a firm’s international sales”, including three sub-dimensions: export sales, export growth and export profitability. It can be influenced by several internal (firm characteristics, management, export strategy) and external (macro and microenvironment) determinants, as highlighted by several literature reviews (Aaby and Slater, 1989; Zou and Stan, 1998; Sousa et al, 2008).

Most of the time, export performance is assessed through more than one single indicator. According to Sousa (2004), the most frequently used indicators of export performance are “export intensity (export-to-total sales ratio), export sales growth, export profitability, export market shares, satisfaction with overall export performance, and perceived export success.”

2.1.3.3 Export Entrepreneurial Orientation

Entrepreneurship has been referred to as the ‘parent of innovation’ (Meyers, 1986) because of a strong belief that ‘entrepreneurship’ serves as the change agent that stimulates economic activity at both the national and corporate level (Covin and Slevin, 1991).
As with entrepreneurship, a number of authors in the export behavior literature have thought of the decision to export as an innovation (Simmonds and Smith, 1968; Samiee et al, 1993). Indeed, Ibeh (2004) and Ibeh and Young (2001) suggest that exporting is an entrepreneurial act defined as “the process by which individuals either on their own or inside organizations pursue export market opportunities without regard to the resources which they currently control or environmental disincentives which they face”. However, research on small firm internationalization has been criticized for the lack of attention given to international entrepreneurship (Zahra, 1993; Oviatt and McDougall, 1997; Coviello and Munro, 1995) and international entrepreneurship is one of the emerging areas of international business research (McDougall and Oviatt, 2000). McDougall and Oviatt (2000) define international entrepreneurship as “a combination of innovative, proactive and risk seeking behavior that crosses national borders and is intended to create value in organizations”.

Export-EO has been recognized to influence a firm’s choice of internationalization and export involvement. For example, Ibeh & Young (2001) found that high export-entrepreneurial firms tend to be more innovative and proactive for exporting. They also found that export entrepreneurial firms are able to adapt and develop a higher penchant to initiate exporting. Kazem and Van der Heijden (2006) also found that there is a strong association between owners’ degree of EO and the firm's competitive export performance. They concluded that exporters are likely to be proactive and to take risks in their business and operational decisions than non-exporters. Additionally, Francis and Collins-Dodd (2000) argued for the effectiveness of a proactive export orientation and caution against a traditional approach in the unstable environment. They also indicted that the most export successful firms are those that use more proactive as well as less traditional approaches. They concluded that a stronger proactive orientation is associated with export success and that greater use of conservative strategies was associated with poor export performance. The negative association between conservative strategies and performance may be detrimental to export success (Francis and Collins-Dodd, 2000). In another study Wood and Robertson (1997) also found that, a proactive orientation was associated with export success. Several other studies have also concluded that a positive correlation exists between high EO and export performance (Ibeh, 2004; Kreiser et al, 2002). The EO of the owner/manager has also been found to have a sustainable
positive relationship with performance and competitiveness (Hult et al, 2003; Ibeh, 2004; Kickul and Gundry, 2002).

2.1.3.4 Benefits of SME’s Export

Katsikeas et al (2000) highlight the importance of exports from three perspectives. Firstly, for politicians, who analyze exports as a way to accumulate foreign currency reserves, increase levels of employment, productivity and social prosperity. Secondly, for managers since exports are a form of corporate growth that imply an increase in production capacity, an improvement in financial results and business competitiveness, also to ensure the survival of the company in a highly globalised marketplace and to gain experience. And thirdly, for researchers, who consider exports as a changing but promising area to develop theories. Tybout (2000) suggests that foreign competition drives inefficient domestic producers to exploit scale economies, eliminate waste, adopt best practice technologies or shut down. The result of the survey shows that the factors which influence SME’s export performances in Indonesia are competition and supply product on time (Siringoringo et al, 2009).

Rangarajan et al (2011) indicated that expanded markets and increased sales, decreased production costs and increased productivity due, in general, to economies of scale and better use of resources made possible by greater volume, decreased vulnerability to losing clients or even to economic fluctuations on the domestic market, increased useful life for products and services through the possibilities afforded by new markets, while demand is relatively satisfied on the domestic market, increased company expertise and experience, which will prove a valuable asset even on the domestic market, where it will often allow the company to assert its dominant position over its competitors are typical benefits that a company will gain from exporting.

Gilmore et al (2001) explained that SMEs decision to export was stimulated by external stimuli in most cases. Owners/managers realized that their home market was limited and business growth and survival depended upon the company’s success in exporting. Their primary reason to begin exporting was to initiate trade in emerging or established markets. Mahmood (2003) examined why companies started exporting? The result showed that continuous selling to existing customers who moved abroad,
initiate trade in an emerging or established foreign market, reduce manufacturing
costs for domestic markets, stabilize revenue fluctuations in domestic market, stay
competitive with rival firms are main reasons. To diversify business risk, to expand
production volume, to obtain hard currency necessary to import raw material, to
achieve higher profit margin, to sell products that do not match local taste, to avoid
bureaucracy in the local market, to avail various attractive export incentives offered
by the Govt are main reasons for a SME to decide on exporting (kazem and van der
Heijden, 2006).

Daud and Yazid (2009) believe that despite the risks involved, which are
actually part and parcel of any business, exporting brings a number of benefits to
small businesses. These benefits of export are the potential increase of sales and
profits, expanded markets, sales of products, better potential for long term growth and
lower cost of production.

2.1.3.5 Export Barriers

Many governments have in place measures aimed at stimulating many of their
small and medium-sized enterprises to get involved in exporting. SMEs with an
export potential face significant obstacles in gaining international competitiveness.

Export is an important phenomenon for the worldwide economic growth too.
The importance of export has remained a hot topic for centuries. Export is an
international trade whereby goods are produced in a certain country and shipped to
some other country (Khattak et al, 2011), but there are many SMEs in developing
countries which are not exported in despite of the fact that export has a vital role in
the health and dynamism of a modern economy of SMEs (Dosoglu-Guner, 1999),
because SMEs face many hindrances in the exporting procedure and Studies show
that when companies are confronted with the decision whether or not to export, they
are generally reluctant to decide in favor of expanding and often decide to retain their
non-exporting status (Morgan, 1997). In order to effectively motivate local firms,
particularly SMEs, to enter foreign markets, it is necessary not only to understand the
factors stimulating SMEs to export but also the barriers they face to successfully enter
and operate sustainably and efficiently in foreign markets (Leonidou, 2004).
Today many SMEs are faced with problems of entering to international markets (Ozkanlı et al, 2006). SMEs report a range of barriers, which they are perceived to be detrimental as they seek to access international markets (Ghauri et al, 2003; Neupert et al, 2006). Studies have highlighted several obstacles faced by SMEs (Alrashidi and Baakeel, 2012). Barriers are different in nature but can be summed up into internal and external barriers. These barriers directly or indirectly have some effect on the exporting procedure (Leonidou, 2004). Alexandrides (1971) was one of the first to investigate the barriers to export. His research concluded that the major problems preventing firms from initiating exporting were the existence of intense competition in foreign markets, followed by a lack of knowledge of exporting, inadequate understanding of export payment procedures and difficulties in locating foreign markets (Ahmed et al, 2004). Classification of export barriers were undertaken by Leonidou (2004) who conducted a comprehensive analysis of 32 studies and came up with 39 export barriers which he classified into internal and external barriers. Tesfom and Lutz (2006) synthesize the export problems of small and medium-sized manufacturing firms by considering two major export barriers: internal and external. But studies relating to organizational variables to perceived importance of export barriers have found contradictory results. For instance, some studies found that exporters perceive export barriers as less important and difficult to overcome compared with non-exporters. The result of Neupert et al (2006) study after using the distinction between “internal” and “external” barriers noted by Leonidou (2004) revealed that most of the barriers encountered by the Idaho firms would be classified as “external” that is relating to the country’s differences in rules and regulations, as well as socio-cultural and procedural differences (Al-Hyari et al, 2011). Da Silva & Rocha (2001) observed that the most common obstacles perceived by exporters to the Mercosur were external to the firm. Also, according to Rauch and Watson (2004) external constraints were perceived to be more of a problem than internal constraints especially, Rowden (2001) confirmed that small businesses tend to react to the environment rather than predicting or controlling it. As well, Koksal (2006) found that the most important export barriers that firms encounter in his study of Turkish companies are generally related to macro environment in which they operate, such as the continuously changing Turkish Lira exchange rate, the economical instability, the extensive export documentation requirements from government bodies, and inadequate government export incentives (Al-Hyari et al, 2011). Indeed, Leonidou
(2004) suggests that internal barriers are those associated with an exporting organization’s resources, capabilities and approaches to export (information, functional and marketing barriers). In a survey applied in Turkey, the export problems of SME’s are lack of knowledge of foreign markets, lack of workers who have enough information about foreign markets, an incorrect belief that the size of the demand in the foreign markets are too high for the SMEs, mistakes made in pricing products for foreign markets, insufficient amount of government inducements, bureaucratic restrictions, and products with low quality and high production costs (Baykal and Gunes, 2004). SMEs face many hindrances in the exporting procedure. These barriers are different in nature and can be internal (informational, functional and marketing) or external (procedural, governmental, task and environmental). These barriers particularly affect the exporting in different manners. However internal barriers are easier to handle and manage but external factors are not convenient to tackle (Leonidou 2004). According to Ghauri et al (2003) and Tesfom & Lutz (2006), external export barriers are related to the industry, the export market, and the macro environment. Macro environment barriers are factors not in the firm’s control, such as the lack of suitable trade institutions, unfavorable exchange rates, lack of stimulating national export policy and international agreements. These problems are often classified as exogenous economic barriers for the firm (Leonidou, 2004). Koksal and Kattaneh (2011) narrated that generally there are two types of export problems such as internal and external. Internal export problems refer to the inside of the company and usually related to the company resources for export activities and they are generally related to the products characteristics for example low quality product, high prices, lack of information. The troubles originating from external factors such as export market competition, image of exporting country’s policies made by both host and home countries are referred to as external barriers (Khattak et al, 2011). For the most important identified variable in the area of export knowledge, we can refer to lack of knowledge and information about international markets and the disability of novices in recognition of the existed potentials of global markets (Abassi, et al, 2012; Katsikeas et al, 2009).

Julian and Ahmed (2005) explain that the export barriers are more severe and intense in the psyche of those non-exporters who have never tried export. So the cognitive dissonances of export barriers are more rigorous than in non exporters when
compared to the exporters. Non exporting firms consider the obstacles more severe if they were exporting. These differences between thinking of exporters and non exporters can be eliminated through exporting experience (Khattak et al, 2011). Kedia and Chhokar (1986) also studied the differences between non-exporters and exporters regarding perceived export barriers. Non-exporters were found to be inhibited more by factors associated with knowledge of overseas markets, export procedures, and foreign business practices, while marketing related factors dominated the perceptions of exporters. Cheong and Chong (1988) reconfirmed the conclusions of previous studies that perceptions of export barriers tend to differ between non-exporters and exporters (Ahmed et al, 2004). Their study found that non-exporters’ perceptions were associated more with future involvement issues (relating mainly to information needs, foreign contacts and management policy), while exporters encountered problems that were more closely connected with export procedures (such as lack of working capital to finance exports, confusing product specifications and keen competition in foreign markets) (Ahmed et al, 2004). Noticeably, in most of these studies, exporters perceived the barriers to internationalization to be less important than non-exporters or likely exporters (Shaw and Darroch, 2004). Other studies found that exporters perceived more barriers than non-exporters. Anyhow government programs are designed in most of the countries to reduce these barriers and improve domestic firms’ capabilities to compete internationally. So an understanding of the export barriers have become particularly important in today’s business environment. Thus, it should be expected that national governments would be interested in promoting and implementing the most effective mechanisms to stimulate the exporting of domestic firms (Da Rocha et al, 2008). If perceptions of export barriers and their causes can be identified, public policy officials and export assistance agencies could better target their efforts intended to alleviate such hindrances (McAuley, 1993). Doyle and Schommer (1976) found no difference between exporters and non-exporters in their perceptions of barriers to export yet Bilkey’s (1970) results suggest that exporters perceived more barriers to export than non-exporters (Bilkey, 1970). The existence of a difference in export barrier perceptions between exporters and non-exporters were also confirmed in a study by Yaprak (1985). Yaprak (1985) concluded that non-exporters’ perceived worries about export involvement which were due to a lack of information about exporting, limited foreign market contacts and personnel deficiencies. For non-exporting firms, Tansu and
Kaynak (1992) found that the lack of foreign contacts, high initial investment, trade barriers, lack of information about exporting, and insufficient personnel were their most important obstacles. Whereas, excessive red tape, trade barriers, transport difficulties, the absence of export incentives and lack of trained personnel for export operations were the most important impediments encountered by exporters (Ahmed et al., 2004).

2.1.4 Agriculture in the World

Agriculture plays an essential role in the world economy. In recent years the growth rates of world agricultural production and crop yields have slowed. This has raised fears that the world may not be able to grow enough food and other commodities to ensure that future populations are adequately fed. However, the slowdown has occurred not because of shortages of land or water but rather because demand for agricultural products have also slowed. This is mainly because of the world population growth rates which have been declining since the late 1960s, and fairly high levels of food consumption per person are now being reached in many countries, beyond which further rises will be limited. But it is also the case that a stubbornly high share of the world’s population remains in absolute poverty and so lacks the necessary income to translate its needs into effective demand. As a result, the growth in world demand for agricultural products is expected to fall from an average 2.2 percent a year over the past 30 years to 1.5 percent a year for the next 30. In developing countries the slowdown will be more dramatic, from 3.7 percent to 2 percent, partly as a result of China having passed the phase of rapid growth in its demand for food (Joint, 2002).

World’s agricultural production relies on 66 main agricultural products including 44 fruits and 22 domestic animals products, based on the FAO’s reports. Although there are not only 66 agricultural products in the world, these products are the main products in the agricultural productions in the world. Based on this data, among 231 countries in the world, about 1/3 of them are pioneers in agricultural productions such that they allocate 1st to 10th ranking in producing one or several agricultural products (Borimnejad, 2008).
2.1.4.1 Agricultural Trade

The Food and Agriculture Organization of the United Nations (FAO) highlighted the following trends in international agricultural trade (2005):

1. The global economy, including agriculture, is integrating rapidly through trade. The rate of growth in agricultural trade over the past decade was about 3% annually more than three times the rate of agricultural output growth.
2. Developing countries are much less dependent on agricultural exports now than in the past.
3. Developing countries are rapidly becoming their own best markets for agricultural exports.
4. Exports of processed agricultural products are expanding rapidly, driven by demographic, social and economic trends.
5. Supermarkets are emerging as a major force in developing countries.
6. The Least Developed Countries (LDCs) are not as integrated into the world economy as developing countries. This is particularly striking for their agriculture sectors. In contrast with the growing importance of processed agricultural exports in other developing countries, the LDCs saw the share of their processed product exports decline from around 30 percent of total agricultural exports in the 1960s to less than 20 percent in the 1990s (Moehl et al, 2005).

2.1.4.2 Trade in Fruits and Vegetables in the World

Fruits and vegetables are the most important and fast growing sub-sectors of the food processing sector, as fruits and vegetables form an indispensable part of healthy diet. China, India, Brazil, USA, Italy, Spain, Mexico, Iran, Philippines and France are the top ten aggregate fruit producers in the world. Asia dominates the world vegetables scene accounting for nearly 60% of global production, with China and India ranking as 1st and 2nd. European Union and U.S.A follow next. Over the last quarter of a century (1980-2004), the fruit and vegetable markets have been one of the fastest growing of all agricultural markets (Huang et al, 2007).

International trade in fruits and vegetables in particular, many new and newly traded commodities expanded rapidly over the past two decades, while also
undergoing a market change in the products demanded. International trade in fruits and vegetables has expanded at a higher rate than trade in other agricultural commodities, particularly since the 1980s. Not only has world trade in fruits and vegetables gained prominence, but the variety of commodities has expanded (Huang et al, 2007).

Although fruits and vegetables now claim a significant share of world agricultural trade, little research has been done on the global patterns and dynamics of this trade. The expansion of global trade in fruits and vegetables are related to supply and demand, institutional and economic factors, and national, regional, and international characteristics. In particular, in combination with changing consumer preferences as incomes rise, advanced technology and trade agreements have played large roles in allowing access to markets, breaking through old constraints of climate, location, and growing season to encompass what is truly a global market. In turn, globalization has fomented change in wholesale and retail markets around the world, providing consumers with an expanding array of fruit and vegetable varieties year-round (Huang et al, 2007).

Although the available data show that about 320 countries (roughly divided between importers and exporters) participate in global trade in fruits and vegetables, trade is not evenly distributed. A few regions basically high income regions dominate world commerce in fruits and vegetables. The largest importers of fruits and vegetables are the EU, the United States, and Japan (Huang et al, 2007).

The global fresh fruit and vegetable marketing system is increasingly focused on adding value and decreasing costs by streamlining distribution and understanding customer needs. According to the FAO, world fruit and vegetable exports in both processed and fresh form totaled $69.8 billion in 2001, up from $51 billion in 1990. World trade peaked in value in 1996 at $72.7 billion, in part reflecting lower demand in Asia resulting from the ongoing Japanese recession (Cook, 2004).

Global fruit and vegetables consumption increased by an average of 4.5% per annum between 1999 and 2009. This was higher than the world population growth rate, meaning that the global per capita consumption of fruits and vegetables have also increased (Cook, 2004).
2.2 Section B: Review of Literature

The literature search is a key starting point for any research process assisting the researcher to identify previous and present research projects, and provides valuable knowledge for the understanding of the theoretical and methodological issues surrounding the research topic.

In this part, the review on entrepreneurship, SME strategies and export barriers are presented according to year of publication.

2.2.1 Review of Studies Made on Entrepreneurship and EO

Tzokas et al (2001) Research investigated the competitive advantage of small firms which have consistently emphasized the importance of marketing, strategic positioning and entrepreneurship as key factors in business survival and growth. The analysis demonstrated that certain competencies were more strongly associated with a marketing orientation while others were associated with an EO. These results were linked to the performance of the firm.

Small and medium enterprises (SMEs) have begun to play a critical role in international trade. Knight (2001) performed a study about entrepreneurship and strategy in the international SME. He devised a structural model that revealed the role of international EO, key strategic activities, and the collective effect of these constructs on the international performance of the modern, international SME.

Swierczek and Ha (2003) examined the relationship between EO and firm performance in a sample of 306 Vietnamese SMEs and 172 Thai small and medium-sized enterprises (SMEs). Dimensions of EO including risk taking, pro-activity and innovativeness were explored. The results indicated that Thai SMEs are more innovative and proactive than their Vietnamese counterparts, while Vietnamese SMEs are inclined to be more risk taking. Thai SMEs have higher perceived business growth, job creation and net profit than Vietnamese SMEs.

achievement and risk taking orientation) as well as overall EO and business performance. In addition, confirmatory factor analysis supported a single factor construct of EO that consists of learning, achievement, and autonomy orientation, competitive aggressiveness, innovative and risk taking orientation, and of personal initiative.

Thoumrungroje and Tansuhaj (2005) proposed a conceptual model to investigate the effects of Entrepreneurial Strategic Posture (ESP), perceived environmental uncertainty and international diversification strategy on performance. The entrepreneurial strategic posture international diversification Performance relationship was investigated using a contingency framework. Entrepreneurial strategic posture was postulated to influence the use of international diversification strategy of entrepreneurial firms. Moreover, perceived environmental uncertainty was hypothesized to strengthen the relationship between a firm’s entrepreneurial strategic posture and international diversification strategy, which ultimately affect the firm’s performance. The result showed positive relationship between a firm’s entrepreneurial strategic posture and firm’s performance.

Jantunen et al (2005) explored the effect of an EO and a firm’s reconfiguring capabilities on international performance by using survey data from 217 manufacturing and service organizations. Their findings indicated that a firm’s EO and reconfiguring capabilities have an effect on its international performance and provide empirical support for the dynamic capability view of the firm. Entrepreneurial behaviors combined with organizational reconfiguring capabilities constitute a potential source of competitive advantage.

Darroch et al (2005) believed that patenting is regarded as an important area for firms wanting to capture the strategic value of intellectual property. Further, patents are often used as a proxy for innovation, a firm with a large number of patents is said to be innovative. At the same time, a firm that is innovative is also said to have an EO. Therefore they surveyed patenting strategy of entrepreneurial orientated firms in New Zealand. They found an apparent linkage between an EO and patenting, little empirical evidence strategically links the two constructs. Then they addressed this gap by providing one of the first studies examining the relationship between an EO and patenting.
Mostafa et al (2005) investigated links between EO, commitment to the Internet and export performance in small and medium sized firms. The results showed that firms with high EO are more committed to the Internet and have better export performance than firms with low EO.

Jogaratnam and Tse (2006) performed a study about EO and the structuring of organizations they survey. Performance evidence from the Asian hotel industry, the result showed that entrepreneurial strategic posture is positively associated with performance. Contrary to expectations, organic structures were negatively associated with performance.

Araújo and Concepción Varela Neira (2006) analyzed the role of managerial characteristics as influences on the choice and degree of internationalization in small firms. The results revealed that some personality traits of decision-makers affect the firm’s export intensity and the export intensity growth indirectly, through the export attitude.

Jantunen and Hurmelinna-Laukkanen (2006) investigated the relationship between a firm’s appropriability regime, its EO, and innovation performance using survey data collected among 299 companies. EO reflects the firm’s proactive, innovative and risk taking characteristics. The hypotheses were tested by means of hierarchical linear regression analysis. The empirical findings imply that EO is positively associated with innovation performance.

Kropp et al (2006) examines the interrelationships between aspects of entrepreneurial, market, and learning orientations, and international entrepreneurial business venture (IEBV) performance in South Africa. Results indicate that IEBV performance is positively related to the innovativeness component of an EO, a market orientation, and a learning orientation.

Li et al (2006) built a systemic conceptual model to describe the relationship among firm orientation, internal control systems and new product development, and to test empirically how market and entrepreneurship orientations affect the degree of improvement in new product development through personal control and/or output control in the Chinese transitional economy. Their research findings provided some valuable insights into new product development. Entrepreneurship orientation not only
had a direct positive effect on the degree of improvement in new product development, but also indirectly had a positive effect on it through personal control. At the same time, market orientation, through output control, had a negative indirect influence.

Chang et al (2007) investigated the effects of several identifiable aspects of EO on particular types of manufacturing flexibility. The data collected from 115 motherboard manufacturers, the study employs multiple regression analysis to examine the effects of entrepreneurial practices on manufacturing flexibility. The statistical results lead to the following conclusions: autonomy, innovativeness, risk taking and pro-activeness have significant positive effects on new product flexibility; autonomy, innovativeness, and competitive aggressiveness improve product mix flexibility; innovativeness, pro-activeness, and competitive aggressiveness determine volume flexibility.

Keh et al (2007) investigated the effects of EO and marketing information on the performance of small and medium-sized enterprises. They built and tested a causal model using data obtained from Singaporean entrepreneurs and find support for most of their hypotheses. The results indicated that EO plays an influential role on the acquisition and utilization of marketing information, and also has a direct effect on firm performance. The utilization of information regarding marketing mix decisions (particularly the Promotion and Place elements) positively affected firm performance, and it partially mediated the relationship between EO and firm performance.

Naldi et al (2007) focused on risk taking as one of the important dimension of EO and its impact in family firms. They found that risk taking is a distinct dimension of EO in family firms and that it is positively associated with pro-activeness and innovation. They also found that even if family firms do take risks while engaged in entrepreneurial activities, they take risk to a lesser extent than nonfamily firms. They indicate that risk taking in family firms is negatively related to performance.

Kuivalainen et al (2007) carried out a survey on Firms’ degree of born-globalness, international EO and export performance. The results of their empirical study on 185 Finnish exporting firms showed that those that qualified as true born-globals had better export performance. Furthermore, depending on the degree of born-globalness, different dimensions of EO were of importance.
Madsen (2007) focused on the importance of changes in EO over time for subsequent firm performance. Hypotheses were developed to test the effects that changes in EO level over a time period and resources have on subsequent firm performance. The study was based on data from 168 Norwegian SMEs, interviewed both in 2000 and 2003. The results show a focus on entrepreneurial activities which seem to be beneficial in the long run (increasing EO), while the opposite is the case if the EO level decreases. It is especially encouraging to see that firms focusing on EO (increased or the same) are positively associated with employment growth, one of the primary policy goals worldwide.

Literature revealed that an appropriate alignment between firm strategic orientation and market positioning is critical because of its impact on firm performance. The alignment is especially crucial for small businesses as a result of their limited resource base. However, studies have not adequately accounted for the joint effect of EO and Market Orientation (MO) on firm performance in different institutional environments, such as transitional economies. In this study, Li et al (2007) examined the moderating effect of EO on the linkage between MO and firm performance among small enterprises in China. They had found that MO, alone and in conjunction with certain EO dimensions, was positively related to firm performance. More specifically, innovativeness and pro-activeness had positively moderated the relationship between MO and performance.

Hughes et al (2007) examined exploitative learning and EO in emerging young high technology firms located within business incubators. Theoretical and empirical questions were raised herein with regard to the value of exploitative learning within a network context which might negatively influence the impact of EO on the firm. Using configuration theory, they demonstrated that firms cannot sustain dual dominant orientations of exploitative learning and EO. A strongly configured EO generates high performance returns. However, multi group analysis reveals that these effects are particularly strong for those firms whose exploitative learning is weak.

Tang et al (2008) hypothesized that the relationship between EO and firm performance is the best represented as curvilinear, as opposed to linear, in China. They used a two study approach to test the link between EO and performance, as
expressed in both perceptual and objective performance. Findings of both studies demonstrate an inverted U shape relationship.

Yang (2008) carried out a survey to examine how leadership style can affect the development and implementation of EO in small and medium enterprises in Taiwan. Result showed that EO is positively related to performance, and transformational leadership with higher EO can contribute to higher business performance.

Moreno and Casillas (2008) evaluated the effect of EO and growth of SMEs. This work has been carried out on a sample of 434 SMEs, and contributes two novelties with regard to previous research: (1) the analysis focuses on the EO growth relation; and (2) it uses a flexible method which allows the study of several simultaneous relationships. The results reveal the complexity of the relationships between EO, strategy, environment, resources and growth.

Runyan et al (2008) examined the constructs of EO versus small business orientation (SBO), their impact on small business performance, and whether these effects are moderated by longevity. A sample of 267 small business owners from 11 small medium downtowns were used in structural equation modeling (SEM) testing of the measurement, structural and moderation hypotheses. The measurement confirmatory factor analyses models of the two constructs revealed that EO and small business orientation are unique constructs. Then a structural model predicting performance was tested. Finally, a two group model split on “below 11 years” versus “11 years” demonstrated that the structural paths connecting EO and small business orientation to performance were not the same in these groups: for the younger group, only EO significantly predicted performance while for the older group, only small business orientation significantly predicted performance.

Zahra (2008) examined empirically the interaction between EO and market orientation and its effect on performance in both high and low technology industries. Data from 457 manufacturing firms show that the interaction effect is significant only in high technology industries. The paper shows that managers in high technology industries would benefit from developing capabilities and implementing systems that augment their firms’ market orientation. Market orientation provides an important
means to harness the firm’s EO, an important means of achieving growth and profitability.

Stam and Elfring (2008) studied EO and new venture performance. This study advanced research on EO and social capital by examining how the configuration of a founding teams intra and extra industry network ties shape the relationship between EO and new venture performance. Using an original data set of 90 new ventures in the emerging open source software industry, they found that the combination of high network centrality and extensive bridging ties strengthened the focal link. Among firms with few bridging ties, centrality weakened the relationship between EO and performance. Overall, these findings contributed to a better understanding of when network centrality represents an asset or a liability for entrepreneurial firms.

Fang et al (2008) studied acquisition of resources, formal organization and EO of new ventures. The purpose of this paper was to assess the impact of the acquisition of resources and formal organization on EO of new ventures. The research was conducted using an original data set of 199 new ventures in China. The data was analyzed through regressing models. It was found that the new ventures experiencing difficulty in acquiring resources have higher levels of EO; formal organization is associated with the pro-activeness dimension of EO significantly and positively.

Nguyen et al (2009) investigated the entrepreneurial role of the state and SME growth in Vietnam. The qualitative interview approach applied a conceptual framework of ‘enabling’ and ‘hindering’ factors to the relationship between the state and the market, and the impact on SME development. The findings indicated that where defective market factors and inadequate institutional support mechanisms are evident, it is vital that the state pursues a more entrepreneurial role to facilitate the development of SMEs. Further, the social networks and private credit for the development of SMEs in the early stages of Vietnam’s journey towards a market economy still plays a key role.

Arbaugh et al (2009) examined the role of EO in influencing firm behavior. They investigated two research questions: (1) Is the EO construct generalizable to countries beyond North America? (2) If EO is generalizable, what is its relationship to firm performance in international contexts? Using a sample of 1,045 firms from 17
countries on 4 continents, they found support for the uni dimensional entrepreneurial posture construct noting that it significantly predicted firm profitability and changes in net worth. Statistical comparisons to non respondents with regard to firm size and age did not reveal any significant differences. In fact although nearly all firms had positive scores on the sales growth index, over one fifth had negative returns on sales; and over one fourth had negative changes in net worth during the period of the study.

Okpara (2009) investigated the impact of EO on the export performance of SMEs in Nigeria. His study followed 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) EO firms and selected performance indicators. Results showed that firms that adopted proactive orientation achieved higher performance, profitability, and growth compared to those that adopted a conservative orientation. His study offered practical suggestions on how SMEs can improve growth, performance, and profitability by engaging in proactive export orientation behaviors.

Okpara and Kabongo (2009) studied the entrepreneurial export orientation and performance of small firms in a developing economy. This research used a quantitative research design using survey methods with statistical treatment. The study offered practical suggestions on how small firms can improve growth, performance and profitability by engaging in proactive export behaviors. This research also stressed the importance developing export markets because they enhance growth, performance and profitability.

Ziyae and Zainal Abidin (2009) believe that Entrepreneurship Engineering (EE) as an important component can play vital role for improving organizational performance. They hypothesized that more textile companies in Yazd city in Iran are encouraged to devote efforts towards identifying entrepreneurship engineering (here after acronym as EE), and determining which factors may affect the nature of this concept. The study employed the survey method using structured mail questionnaire. By quantitative methods, several textile companies in Yazd city in Iran were examined in relation to EE. Data from twenty five respondents in several carpet companies were analyzed.
Tonesakulrungruang (2009) demonstrated that globalization, EO, marketing strategy, and tactics are significantly and positively related to firm performance. Furthermore, age and male SME decision maker are also significantly and positively related to the adoption of EO. This survey research aims to investigate the inter relationship of globalization, EO, marketing strategy, tactics, and firm performance of Thai SMEs. The respondents were 449 SMEs in the various export oriented manufacturing industries.

Gürbüz and Aykol, (2009) investigated the relationship between EO and Entrepreneurial Management (EM) and their impact on small firm growth. The results showed that some factors were eliminated. The risk taking dimension of EO revealed negative results with growth. Therefore, some dimensions of these concepts have to be defined in accordance with culture.

A study of firms EO and export marketing performance in the Nigerian non-Oil sector by Ezirim And Nwokah (2009) showed that there was weak influence of the firms EO on their export marketing performance, export market knowledge, export risk and innovative behavior indicated weak influence on their growth in sales and negative influence on their growth in profit. Export market knowledge and export risk showed weak influences on growth in market share while Innovative behavior indicated negative influence on growth in market share. The study therefore concludes that the relationship between the firms’ EO and their export marketing performance is weak in the Nigerian non-oil sector.

Alarape (2009) examined the relationship between the perceived business environment and firm’s EO. It was found that environmental variables affect the EO of firms in Nigeria. The environmental variable of dynamism and hostility are positively related to EO and its dimensional variables of pro-activeness and risk-taking.

Rauch et al (2009) undertook a meta-analysis exploring the magnitude of the EO performance relationship and assessed potential moderators affecting this relationship. Analyses of 53 samples from 51 studies with an N of 14,259 companies indicated that the correlation of EO with performance is moderately large ($r^2=0.242$)
and that this relationship is robust to different operationalizations of key constructs as well as cultural contexts.

Pearce et al (2009) investigated EO and the performance of religious congregations as predicted by rational chaotic theory. They used a sample of 250 religious congregations in five different geographical markets, an EO is found to be positively associated with organizational performance. A hypothesized interaction effect between environmental munificence and EO is assessed.

Awang and Subari (2010) studied distinctive capabilities and EO on return on sales among Small and Medium Agro based Enterprises (SMAEs) in Malaysia. The study aims to establish pertinent factors influencing performance of small and medium agro based enterprises in northern states of Malaysia. The study utilizes 125 sample firms that operate in agricultural sectors. Direct and indirect effects of distinctive capabilities on EO and return on sales relationship among Malaysian agro based entrepreneurs showed the development imperative.

Helm et al (2010) discussed why EO and in particular risk taking behavior and proactivity is of particular importance in the context of high technology venture success. They analyzed data from 165 high technology spin off companies in Germany with structural equation modeling. The results suggest that especially in high technology sectors and in fast growing markets, such as biotechnology, healthcare, information technology and optics where innovation is necessary to endure a pronounced EO is important.

Hung and Chiang (2010) surveyed open innovation proclivity and EO on perceived firm performance. They develop a multi item construct to measure firm level open innovation proclivity. They found Taiwanese electronic companies’ proclivity to open innovation relates positively to managers’ perceived firm performance. They also found the EO of these companies positively moderated the relationship between open innovation proclivity and firm performance.

Ezirim et al (2010) assessed the relationship between the EO and export marketing performance of firms in varied economies also received its pride of place in Nigeria. He focused on the determination of the extent of the relationship between the stated variables above. A causal, non-contrived, survey research and paradigm
triangulation design study was conducted. Questionnaire data was generated from 205 firms export managers and personal interview was further conducted on 60 of these same export managers as key informants. Their integrated findings revealed that there was a weak influence of the firms EO on their export marketing performance also country image abroad showed insignificant influence on the relationship between the firms EO and their export marketing performance and export market knowledge, export risk and innovative behavior indicated weak influence on the firms growth in sales and negative influence on their growth in profit. Export market knowledge and export risk showed weak influences on growth in market share while innovative behavior indicated negative influence on growth in market share.

Casillas and Moreno (2010) examined relationship between EO and growth. Their work proposed the degree of family involvement comprising a moderating variable in the relationship between EO and company growth. This paper pursues to analyze the influence of family involvement on the relationship between EO and company growth. The empirical study was developed using a sample of 449 small and medium-sized companies in Spain. The proposed hypotheses were tested using hierarchical linear regression. The results obtained reveal the influence of innovativeness and pro-activeness on the growth of a company. However, when family involvement was included as a moderating variable in the equation, a new influence on growth is born from the interaction between innovativeness and family involvement and the interaction between risk taking and family involvement.

Zampetakis et al (2011) examined the relationships among EO, access to financial resources, and broadcasted product performance using survey data from Greek television enterprises. Data were based on companies’ chief executive officers. Results of Bayesian path analysis indicate that access to financial resources fully mediates the effect of EO on product performance.

Zhao et al (2011) examined the relationships among EO, Experimental Learning (EL) and Acquisitive Learning (AL), and Firm Performance (FP). They tested a model in China as EO is the engine that is driving firms to take advantage of opportunities in an increasingly market oriented transitional economy. From the responses of 607 firms, they found that EO was positively related to EL but had an inverse U-shaped relationship with AL. Both EL and AL enhanced FP although the
effects from AL were weaker and became no significant when external knowledge was embedded into the firm's internal private knowledge.

Grande et al (2011) investigated how firm specific resources and EO of the firm may influence performance in small farm based ventures. Research within these fields indicated that these relationships might be dependent on the context within which the firm operates. Hypotheses were developed to test the possible effect of entrepreneurial efforts and resources (financial position, farm size, location, network and unique competence) on short and long term performance. Data gathered in 2003 and 2006 from farms engaged in innovative ventures were used to test the hypotheses. The results showed that the financial capacity, unique competence and entrepreneurial efforts influence performance in the investigated firms. Thus, entrepreneurial activities and attitudes represent an important factor enabling firms to create, reconsider and apply their resources in more efficient ways.

Buttar and Kocak (2011) studied relationship between EO dynamic capabilities and firm performance. To explore this relationship study used a qualitative case study approach. In this explorative study, ten case studies were conducted on high technology firms. Their findings reinforced the existing insights in literature that EO had a positive influence on small firm performance. An interesting finding of their study indicated that EO is fundamental for development of Dynamic Capabilities DCs. Further, study revealed that EO has a positive impact on building of DCs that, in turn, positively affects firm performance.

There is abundant literature demonstrating that EO has an impact on performance indicators including economic results and relative market share. Moreover, EO interacts with market orientation to improve performance. Human Resources Information Management (HRIM) is a critical component of market orientation. So Rodrigues and Raposo (2011) tested a structural model of relationships among EO, human resources information management and firm performance using a sample of small and medium sized enterprises (SMEs) from the manufacturing sector of Portugal. EO had a positive direct effect on both performances. HRIM also had a positive effect on firm performance and EO indirectly impacted firm performance through HRIM.
Hassim et al (2011) examined the relationships between EO, market orientation, innovativeness and firm performance on the moderating effect of external environmental factors on the market orientation and firm performance relationship. This paper represented an attempt to do so from the Malaysian perspectives. A response rated of 398 SMEs in Malaysia and the findings showed that the EO and innovativeness exert a positive effect on firm business performance; market orientation exhibits a negative effect on firm performance. The external environmental factors did have a moderating effect on the relationship between market orientation and firm performance.

Amorós et al (2011) demonstrated relationship between entrepreneurship and competitiveness development stages in Latin America. They used a discriminate analysis to identify various countries' competitiveness subgroups and showed how each country's entrepreneurship rates have weight in different stages of competitiveness, placing a special emphasis on Latin America. Their results suggest that Latin American countries need to gain entrepreneurial dynamics and economic (and competitiveness) development by transforming their typical self-employment or low value added new ventures for local markets into strong, innovative networked firms competing globally. Some management and policy implications are also discussed.

Suliyanto (2011) explained the influence of EO and marketing reward system toward customer orientation and competitor orientation also to explain customer orientation and competitor orientation toward marketing performance. To test this work of the empirical models, Structural Equation Modeling (SEM) was used. Sample size of this research was 200 owners and/or managers of Small and Medium Enterprises (SMEs) running food and beverage sector in the residency Banyumas areas. The results showed that EO has a positive effect on customer orientation and competitor orientation, marketing reward system has a positive effect on customer orientation and competitor orientation, customer orientation has positive affect marketing performance, but the competitor orientation has no positive effect on marketing performance.

Zainol and Ayadurai (2011) provided an analysis on the relationship between EO and Firm Performance. The research examined EO in Malay family firms by
taking personality traits as the antecedent. In Malay firms, the relationship between personality traits with firm performance was not mediates by EO. Their studies provided the empirical test in understanding indigenous entrepreneurship in Malay family firms in Malaysia towards developing a more holistic entrepreneurship theory. It showed that an EO the propensity for a firm to be innovative, risk taking and proactive has a direct relationship with the firm performance of a firm. Business owners / managers must seriously think about implementing policies and procedures to promote an EO.

Razak (2011) surveyed EO as a universal remedy for the receding productivity in Malaysian small and medium enterprises. His aim of this survey was that EO is the universal remedy to this receding productivity. Therefore, he provided deeper understanding of the cross functional activities in the behavior embedded nature of EO construct with the dimensions namely; innovation, pro-activeness, competitiveness, risk taking, competitive aggressiveness and autonomy.

Su et al (2011) probed into the difference in the EO performance linkage between new ventures and established firms. They find that the relationship between EO and performance is inverse U-shaped in new ventures but positive in established firms.

Ma et al (2012) investigated relation between entrepreneurship (innovation, progressiveness and risk-taking), market orientation and social performance of social enterprise via analysis. In order to achieve the objectives of the study, 107 effective responses were statistically analyzed using Smart PLS 2.0 and SPSS 15.0. The analysis revealed that social’s entrepreneurship; progressiveness and risk taking had a positive effect on their market orientation while innovation did not. It was also found that market orientation of social enterprise improved their social performance such as their public performance and job creation.

Boso et al (2012) analyzed Complementary effect of entrepreneurial and market orientations on export. This study investigated the joint impacts of these two resources on export new product performance under differing levels of competitive intensity and financial capital. Using a survey of 212 British exporters, the study showed that seeking complementarily between entrepreneurial oriented and market
oriented behaviors was a useful strategy for exporting new product success, especially when there was a suitably high level of competitive intensity in the export market environment, and when the export unit has greater access to financial capital.

D’Angelo (2012) evaluated the influence of innovation measures on the export intensity of Italian high technology small and medium firms. He used a sample of Italian firms operating in the High Tech Settings within the Manufacturing Enterprises (HTSMEs). His empirical results revealed that: (1) R&D employees do positively and significantly impact the export intensity of HTSMEs, whereas R&D expenditures do not; (2) the use of ‘Universities’ as external R&D partners have a positive influence on the export intensity of HTSMEs; (3) ‘Product innovations’ and the ‘Turnover derived from innovative activities’ positively and significantly affect the export intensity of firms in our sample.

2.2.2 Review of Studies Made on SME Strategies

Suzman and Wortzel (1984) defined four different profiles which reflect the nature and level of a firm’s technological involvement in exporting and foreign sales. It was also possible to characterize a firm’s export marketing strategy along a reactive proactive continuum. Technology profiles and marketing strategies were then linked together to suggest the optimal approach in developing overseas markets for a given type of firm. A number of essential requirements for successful export marketing were also described. It was suggested that success requires a combination of innovation, adaptation, and an appropriately selected marketing strategy.

In an exhaustive examination of the new product strategies and performances of 122 industrial products firms, Cooper (1984) found that the strategy that a firm elects for its new product program is closely linked to the performance results that firm achieves.

Sarris (1985) analyzed food security and agricultural production strategies under risk in Egypt. He showed that the under low degrees of national risk aversion Egypt should specialize its agricultural production more towards cash and export crops, while under high degrees of national risk aversion the country should produce more basic staple foods.
Koh and Robicheaux (1988) examined the impact of differential export marketing strategies on export performance in an industrial setting. Out of ten export marketing variables investigated, only three variables export pricing, direct buyer, and channel strategies were found to impact on export performance.

Lee and Yang (1991) investigated the relationship between the choice of an export market expansion strategy and the subsequent performance of exporting firms. A sample of 52 small and medium sized US high technology manufacturers showed significant differences among three strategic groups in export level and growth measures, but no significant differences in export profitability measures were found.

Naidu and Prasad (1994) mentioned that market position in an industry is a significant input to multinational enterprise’s (MNE’s) internationalization decision and subsequent performance. The transaction cost models considered the characteristics of a MNE’s industry and requirements of location as most relevant to the internationalization decision. The Strategic Management (SM) model considered strategy and resources as factors which were firm-specific that exert influence on performance.

Shoham and Albaum (1994) evaluated the effects of transfer of marketing methods on export performance. They proposed that adaptation of strategies enhances performance, whereas transference reduces performance.

Haar and Buonafina (1995) investigated Marketing strategies and the development process. This study revealed some important insights into the success of export activities. It appeared that one of the important aspects of export competency is financial flexibility, the ability to handle export sales in different currencies. Secondly, assessing the country’s external environment was equally important when determining success in export markets.

Hornby et al (2002) showed that the small and medium sized enterprises have embraced E-Commerce to strengthen their competitive position. In this research, they discussed findings from a study comparing Australian and UK small exporters’ perception of export barriers and the impact of E-Commerce. In addition, they highlighted how exporters might be faced with cultural issues during the process of marketing internationally across different cultures, by examining factors within an
Leonidou et al (2002) in their study on marketing strategy determinants of export performance, revealed that: (a) although many marketing strategy variables demonstrated positive effects on overall export performance, the relationship was not always significant; (b) of the export performance measured examined in various studies, stronger effects were observed in relation to export proportion of sales; and (c) time of study, geographic focus, and product type had a limited impact on the effect of marketing strategy elements on export performance.

Akyol and Akehurst (2003) explored the nature and dimensions of market orientation in an international context by using empirical data from a sample of companies to rigorously test hypotheses regarding market orientation as applied to export operations in the context of the Turkish clothing industry. The results of this study draw conclusions showing that the hypothesized relationship between export market orientation and export performance does exist, and in the case of Turkish clothing exporters, improving an export market orientation level is a significant contributor to the company’s export performance. The results of this study also show the dimension of export market orientation that has the strongest relation with each dimension of export performance, and identifying the other export market orientation dimensions that make a significant contribution to the explanation of export.

O'Cass and Julian (2003) examined the impact of specific firm characteristics, environmental characteristics and marketing strategy on export marketing performance. Data was gathered via a mail survey of firms engaged in exporting. The results indicate that firm characteristics and environmental characteristics impact significantly on both overall performance and marketing mix strategy adaptation by exporting firms.
Lages and Montgomery (2004) investigated export performance as an antecedent of export commitment and marketing strategy adaptation. Using survey data of over 400 managers responsible for the main export ventures of Portuguese SMEs, they showed that past performance plays a crucial role in building SMEs’ commitment to exporting and to the determination of their current marketing strategy. Findings also showed that marketing strategy adaptation to the foreign market is particularly noted in firms exporting to the most developed markets, rather than in firms exporting to the most competitive environments.

Sharma (2004) investigated the degree of emphasis put by the Australian manufacturing industry on marketing strategy. The study found that the emphasis on marketing strategy had a third place after operations and R&D strategy in the past few years. The research also investigated the relationship between marketing strategy and organizational performance. The results suggested that the increase in efforts for the development of new market segments/customers is found to be positively associated with the increase in sales growth in domestic and export markets.

The relationship between export marketing strategies and export performance was examined in Korea under the strategy-environmental co-alignment theoretical perspective put forth previously by Lee and Griffith (2004). A sample of managing directors of electronics exporters in Korea was used to test the hypotheses. Results indicate that the adaptation of products to foreign customers’ tastes, adjustment of export prices to foreign market conditions, direct exporting, and trade promotions toward overseas distributors positively influence the performance of Korea exporters.

Julian (2004) investigated the key factors influencing the export marketing performance of Thai export firms. The results of the factor analysis identified firm specific characteristics, export marketing strategy, and the level of competition in the export market as the key factors influencing the export marketing performance of Thai export ventures.

Markeset and Kumar (2005) investigated product support strategy. Their research was based on a case study of a manufacturer of advanced durable industrial production systems. They found that the product strategies are a source of income for
the manufacturer. In a functional product scenario, the needs for product strategies are a liability and a cost driver for the manufacturer.

Williams (2006) surveyed a purposive sample of small exporters in one region of the UK, measuring the frequency of their use against levels of export commitment, involvement, and experience. Results contradicted the traditional view that the longer a company has been exporting, the more likely it is to do well. The study provided evidence to encourage ambitious exporting SME’s to develop active and ongoing marketing and information-gathering activities, and to dedicate specific financial and human resources for exporting.

Peng et al (2006) in their study on behind make or buy decisions in export strategy, a replication and extension of Trabold showed that market distance and product complexity are the two primary driving forces behind exporters’ decision to “buy” by engaging export intermediary firms.

Tambunan (2007) examined the current developments of SMEs in the Indonesia. The result showed that SME’s were of overwhelming importance in Indonesia, as they accounted for more than 90 percent of all firms outside the agricultural sector, and thus was the biggest source of employment. Second, the representations of women entrepreneurs were low. Third, women entrepreneurs were less educated than their men counterparts. Fourth, the main constraints faced by small entrepreneurs were lack of working capital and marketing difficulties. Finally, the majority of existing studies suggested that the effectiveness of government programs to support SME development programs was low. The research concluded that in national efforts to develop high competitive entrepreneurship, owners of small enterprises should be given the first priority as they have some previous experience of running a business or of how to survive in competitive markets, and the emphasis should be to promote modernization, capacity building and size upgrading.

Gilmore et al (2007) examined the impact of the internet on small to medium sized enterprise marketing activities. A qualitative research approach was adopted using one-to-one, in depth semi-structured interviews with the marketing managers or IT professionals of ten small and medium sized enterprises (SMEs) who were directly involved in introducing the internet and e-marketing activities within their respective
company. The all encompassing role of the internet in today’s business world and the findings of this study raised some serious issues for the future of SMEs operating in a peripheral location and their e-marketing provisions. The outcomes of the study illustrated the specific barriers and implementation issues encountered by SME’s, identified the consequences of implementing e-marketing on the SME businesses, and identified how SMEs within regional economies could better use e-marketing and facilitate better implementation in the future.

Lages et al (2008) surveyed measure of marketing strategy adaptation to international business markets. They studied a sample of small and medium sized industrial. Findings revealed that all four dimensions of marketing strategy adaptation are positively associated with the amount of the firm’s financial resources allocated to export activity.

Racic et al (2008) explored the main processes and determinants of the internationalization of the Small and Medium sized Enterprises (SMEs) in Croatia and empirically explored the data generated through the SME exporters survey covering the period between 1999 and 2004. The paper showed that the ‘ideal type’ of a Croatian export oriented SME tends to operate in medium high-technology manufacturing and services, produce specialized capital and consumer goods servicing specific market niches, export independently, sell products directly to specialized customers of special products, cooperate with foreign enterprises, perform intramural Research and Development (R&D) activities, innovate product mix by including products with a higher value added and introduce new technologies, but without limiting their innovation activities on the acquisition of technology.

Okpara and Kumbiadis (2008) investigated the impact of export orientation on performance of SMEs in Nigeria. A survey method was used to collect data from respondents. Results showed that firms with higher export orientation are exporters and outperformed those with low export orientation.

Although marketing strategy is considered to be one of the major determinants of export performance, little attention has been paid to the factors affecting export marketing strategies. Direct empirical evidence pertaining to factors influencing export marketing strategies is lacking not only for developed western countries, but
also for the transition countries of Europe. Brodrechtova (2008) in his study on Determinants of export marketing strategies of forest products companies in the context of transition. The results suggested that generally the physical and relational resources and domestic formal institutions have the most relevant bearing on export marketing strategies. In addition, company history reveals that the years of the transition process are still having an effect.

Sousa and Lengler (2009) investigated psychic distance, marketing strategy and performance in export ventures. A sample of senior managers of industrial firms in Brazil is used to test the hypotheses. The results reported indicate that the degree of international marketing strategy adaptation is affected by the manager’s psychic distance towards the foreign markets. Product and promotion adaptation were found to have a positive effect on export performance while surprisingly, distribution and price adaptation were found to influence export performance negatively.

Dejo Oricain and Ramírez Alesón (2009) examined different patterns of export behavior of SMEs as determined by three groups of factors: 1) the business sector in which the company operates; 2) some organization related characteristics; and 3) the destination market. Our results showed that there are five different export profiles that reflect varying degrees of commitment in their international expansion and different strategies.

Begalli et al (2009) focused on the web-marketing strategies adopted by the Italian Specialty Wineries (ISWs). The case study concerned a sample of 272 high quality wineries that have been selected to help investigate the level of Internet marketing in use. The results showed that Internet allows SMEs to be more competitive. Internet was an important option also for Italian Specialty Wineries (ISWs). Internet permitted wineries to utilize the possibility to implement globalization strategies and the opportunity to maintain efficient after-sale customer services. However the low rate of e-business implementation was not encouraging ISWs to move from product to market orientation.

Export strategy has become increasingly important for SME’s in recent years. Patel and D’Souza (2009) found that pro-activity and risk-taking play a role in enhancing export performance of SMEs. They did not find support for innovation as a
factor that enhances export performance. These findings could mean that firms that are proactive in nature are better at reducing export impediments. This was because these firms are able to bring new products quickly into the marketplace, and are better able to anticipate future demand, creating a first mover advantage. The results of their study also suggested that the risk-taking firms might choose strategies that move away from the status quo, thereby increasing the firm’s engagement in process enhancements, new product services, innovative marketing techniques, and the like.

Filatotchev et al (2009) examined factors affecting the export orientation and export performance of high technology small and medium enterprises in an emerging economy. It argued that export orientation and performance depend not only on the development of capabilities through R&D and technology transfer, but also on entrepreneurial characteristics, such as the founder’s international background and global networks. It was also shown that both export orientation and performance are positively associated with the presence of a “returnee” entrepreneur.

Percy et al (2010) explored the tactical and strategic challenges, which small and medium sized service firms may face in their bid to successfully practice and implement relationship marketing. They found well conceived and properly managed strategies combined with the willingness to invest in relationship building could provide small to medium sized service firms’ managers with the gradual momentum to achieve sustainable competitive advantage. The characteristics of SMEs were different from those of large firms. Therefore, they implied that the requirements for the successful practice of relationship marketing discussed in their paper may apply to large firms and may not be generalized to small firms.

Maurel and Viviani (2010) carried out a surveyed about export performance and financial constraint in French wine SMEs. The aim of this study was to test whether there was a relationship between financial constraint and export performance. Exporting wine firms appeared as financially constrained as domestic ones. Moreover, even if financial constraint and financial fragility were positively linked, export performance was not linked to the financial fragility of exporting firms whereas exporting firms having a higher export margin and a lower export intensity and financial performance were less financially constrained.
Yan and Chew (2011) investigated how construction SMEs in China competes for success via the use of marketing strategy in the post WTO era. They integrated the environmental management perspective, strategic choice approach and resourced based view which has been emerged in the literature related to marketing strategy. The statistical analysis of marketing competitive strategy showed that marketing differentiation and innovation strategy are key competitive marketing strategies used by construction SMEs in the post WTO era. They appeared that construction SMEs could develop the institution mechanism and adopt new technology and process as important means to achieve competitive advantage and success.

The relationship between innovation and exporting has been investigated for many countries. However, Anh et al (2011) examined whether innovation performed by Vietnam’s small and medium enterprises (SMEs) enhance their exporting likelihood. They found that innovation as measured directly by ‘new products’, ‘new production processes and ‘improvement of existing products’ are important determinants of exports by Vietnamese SMEs.

Zaiem and Zghidi (2011) examined the relationship between the product adaptation strategy and the export performance, taking into account the impacts of the business segment and the internal characteristics of the company. The findings of a questionnaire investigation near 120 industrial exporting companies demonstrated that the business segment, the type of the exported product as well as the number of served countries affect the adaptation strategy of the exported product. The results also showed that the companies can improve their performance at the international markets level, thanks to the implementation of an adequate export marketing strategy.

Ruzo et al (2011) analyzed the influence of the resources available for the export activity and the international marketing strategy on export performance. A sample of Spanish companies is analyzed using legit modeling. The results show that the resources available are essential antecedents of the type of export strategy chosen by the firm to compete in international markets and of its export performance.

Murray et al (2011) focused on the internal process through which market orientation influences performance in export markets, and develops a model of market orientation marketing capabilities competitive advantages performance relationships.
Using survey data of 491 export ventures based in China, they found that marketing capabilities mediate the market orientation performance relationship, while competitive advantages partially mediate the marketing capabilities performance relationship.

MokhtariMughari (2011) analyzed and investigated the role of brand and guerrilla marketing in keeping and increasing purchasing portfolio of customer in Iran’s SME. The sequences of priorities in brand awareness were marketing budget, perceived quality of main product of one brand, perceived proportion of main product of one brand. There was a significant relationship between guerrilla marketing and brand awareness in Iran’s SME.

Stoian et al (2012) investigated whether the degree of standardization / adaptation of the overall international marketing strategy influences the export performance in SMEs, taking into account the moderating effect of internal and external variables. A sample of Spanish exporting SMEs showed that a more adapted international marketing strategy appears to be preferable for smaller SMEs as well as for companies which belong to low-technology industries.

Chung et al (2012) studied a contingency approach to international marketing strategy and decision making structure among exporting firms. They focused on four strategy and structure combinations. The interactive effect of the four approaches and a set of contingent factors were examined based on the experience of 151 exporting firms operating in the EU region. It was revealed that market share and sales growth, dependent on the relevant marketing program elements.

### 2.2.3 Review of Studies Made on Export Barriers

Da Silva and Rocha (2001) analyzed the perceptions of export obstacles to the Mercosur by top executives of Brazilian companies located in the state of Rio de Janeiro. Self administered questionnaires were sent to top executives of Rio de Janeiro companies that had recently exported to Mercosur countries. A total of 69 companies returned the questionnaire, representing a total response rate of 50.36 per cent. Data was analyzed using factor analysis and stepwise linear discriminate analysis. Results confirmed the hypothesized relationships.
Leonidou (2004) offered a comprehensive analysis of 39 export barriers extracted from a systematic review of 32 empirical studies conducted on the subject. These have been classified into internal (incorporating informational, functional, and marketing) and external (comprising procedural, governmental, task, and environmental) barriers. The impact of export barriers was shown to be situation specific, largely depending on the idiosyncratic managerial, organizational, and environmental background of the firm. However, certain barriers, such as those relating to information inefficiencies, price competitiveness, foreign customer habits, and politico economic hurdles, seem to have a systematically strong obstructing effect on export behavior.

Ahmed et al (2004) explores the barriers to export that Lebanese entrepreneur’s face when engaging in international business. The data was gathered from a survey of 61 Lebanese manufacturing firms. Statistical analysis was carried out using T-Tests, one way analysis of variance and the Tukey Kramer multiple comparison procedure. Results show that the most manufacturers perceive lack of government assistance, competition from firms in foreign markets, the need to modify pricing and promotion policies, high foreign tariffs in export markets, and the lack of capital to finance expansion into foreign markets as the major barriers to export.

Pinho and Martins (2010) identified some of the major barriers that may hinder potential exporters and non-exporters from exporting their operations. Both parametric and semi-parametric binary choice models were used to analyze the data with the aim of assessing which of the major barriers detected can better explain the surveyed SMEs’ decision to export or not. In summary, results from the study revealed that non-exporters consider the lack of knowledge of potential markets, lack of qualified export personnel, lack of technical suitability, degree of competition in the sector, lack of financial assistance (governmental and financial institutions), and lack of qualified human resources as the main export barriers. By comparison, exporters perceived warehousing and control of the physical product flow in the target market to be the biggest barrier.

Kneller and Pisu (2011) provided fresh evidence on the actual barriers to export which firms face and how they vary with firm-level characteristics. Their results indicate that the higher the export experience of firms the lower are the trade costs
they face. These barriers are not related to other firm-level characteristics, such as productivity and size, found by the literature to be associated with export market entry.

Mpinganjira (2011) investigated perceived benefits and barriers of exporting among small and medium sized non-exporting firms in Malawi. Data was collected from 100 owner managers of non-exporting small and medium sized firms in Malawi using a structured questionnaire. The findings of the study showed that managers regard steady growth of their firms, increased sales and profitability as well as development of new markets as very important. The managers agreed to the fact that exporting can significantly help their firms to achieve their business goals. They however perceived many barriers to export involvement. The most important barrier was related to personnel problems, in that they felt that they lacked sufficient knowledge about export opportunities and personnel knowledgeable in exporting. Significant differences were found in the extent to which firms in the three industries studied, regarded different barriers as important.

Khan Khattak et al (2011) explored the current export challenges for SMEs in Pakistan and how these barriers affect the SMEs. One industry (textile) was selected for this study. 25 textile SMEs were selected for data collection. Findings of this study showed that internal barriers are more influential than external barriers.

Al-Hyari et al (2011) investigated the external exporting barriers that Jordanian’s SMEs face when engaging in international environment and to concentrate on the issue of export performance and its determinants among indigenous firms in Jordan. Based on the aim of this study, a questionnaire based survey method was conducted among 250 Jordanians manufacturing SMEs using random sampling method with usable response rate of 54 percent. Governmental, economic, political, and legal barriers were identified as being significantly important. Also, the results show that exporters and non exporters largely agree in their views of the various barriers. Moreover, it was found that SMEs’ performance strongly related to the external exporting barriers with negative relationship considered by way of their level of export activities.
Alrashidi and Baakeel (2012) explored the exporting barriers perceived by the Saudi Arabian small and medium sized businesses considering (or engaged in) exporting within manufacturing. A total of fifteen interviews with Saudi SMEs managers/owners within manufacturing industries were completed. The results suggest that SMEs managers’ perceived a total of 17 exporting barriers, influence their exporting decision and commitment.

2.3 Summary

This chapter involved 2 sections, section A and B. Section A involved four parts, first part was about Entrepreneurship: Definitions of Entrepreneurship, Entrepreneurial Orientations, Definition of Entrepreneurial Orientations, Dimensions Entrepreneurial Orientation, Innovativeness, Pro-activeness, Risk Taking, Autonomy, Competitive Aggressiveness, Entrepreneurial Orientation and Performance. Second part was about SMEs: Definitions of SME, Entrepreneurial Firm, A Firm Entrepreneurial Orientation, SME Strategies (Export Strategy, Financial Strategy, Production Strategy and Marketing Strategy). Third part was about Export: Export of SMEs, Export Performance, Export Entrepreneurial Orientation, Benefits of SME’s Export and Export Barriers. Fourth part was about Agriculture: Agricultural Trade, Trade in Fruits and Vegetables in the World.

Section B involved a review of literature in 3 parts. First part was related to Entrepreneurship and Entrepreneurial Orientations. Second part was related to SME Strategies. Third part was related to Export Barriers. A review of literature reveals that there exist many studies on Entrepreneurial Orientation and issues relating to it. The researcher’s name who worked on the EO, SME Strategies and Export Barriers and the year of publications is shown in tables 2.1 and 2.2.
### Table 2.1
The Researcher’s Name Who Worked on the EO and the Year of Publications

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### Table 2.2
The Researcher’s Name Who Worked on the Strategies and Export Barriers

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