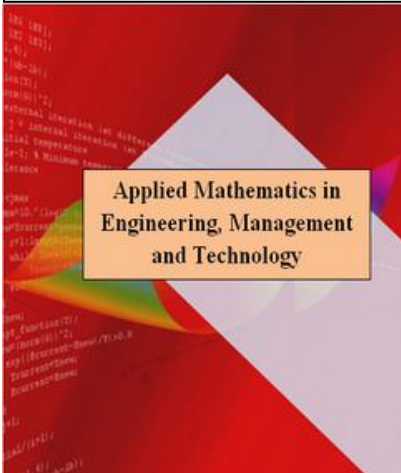


Investigation of the effect of entrepreneurial tendency on export performance (case study: small and medium-sized food companies of industrial estate of Abbas Abad of Tehran province)

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Abstract

Undoubtedly, small and medium-sized companies have an undeniable impact on the economic conditions of each country. Today, these companies play an important role in the country's non-oil exports. Therefore, considering the effective factors in improving their export performance could have a significant role in the country's economic boom. One of these effective factors is entrepreneurial tendency that the researcher has tried to study its effect on export performance with a practical research. Entrepreneurial tendency is adopted from Lampkin and Dess's model (1996) that includes 5 dimensions of innovation, nationalism, risk-taking, proactive and aggressive approach. Given that the statistical population of study comprises 62 companies, so the researcher hypothesized that the volume of society and sample is identical and among them, he could collect 48 questionnaires with complete information. Then the research hypotheses were investigated by multivariate regression test, in which it is turned out that entrepreneurial tendency has a positive

and significant effect on export performance which among them, risk taking, innovation and proactive was dimensions that have a significant impact on export performance.

Keywords: small and medium-sized companies, entrepreneurial tendency, entrepreneurship, export performance

Introduction

According to the special features of the world today, including rapid changes, increasing complexity and competition (Hadizadeh Moghadam, Rahimi Phil Abadi, 2005) and the weakness of traditional practices such as strategic planning, research and market forecast in administration of these changes made the consideration of new practices essential to cope with these changes (Mason, 2007). In this regard, entrepreneurship is one of the practices that today's organizations especially small and medium-sized companies (SME) pay attention to it. Although the role of this concept in economic growth for researchers is obvious and many definitions about it is provided (Baumil et al, 2007) but despite this, its main concept and nature is still unknown and a standard and comprehensive definition of it cannot be presented (Aghaee Samad, 2009). But generally, entrepreneurship has been defined as a process of creating value from the formation of unique set of resources to take advantage of opportunities (Pourdariani Ahmad, 2005). In this research, the purpose of entrepreneurship is entrepreneurial tendency that in 1996, Lampkin and Dess presented it which composed of 5 dimensions of innovation, risk-taking, nationalism, leadership and aggressive approach (In fact, this model is the developed form of Miller (1983) model (Quoted by Moazemi, 2012). The other hand, researchers have shown that considering the concept of entrepreneurship for organizations would have numerous benefits such as improving the export performance (Atchbrana, Goldrus, Garcia Cruz, 2010). Since researchers defined the performance assessment as a process of measuring executive programs to determine the distance of their results with organizational objectives (Asian, 1388) therefore the selection of appropriate criteria to assess the performance of organization is one of the most important steps (Imanipour, Zivardar, 2008). Previously, the export performance of small and medium-sized organizations was done by financial criteria. But with the change of attitude towards the export in these companies and turning it into a strategic concept, efforts to find appropriate criteria for assessing the export performance in different investigations increased (Busso, 2010), because the assessment of a concept with the wrong criteria can cause many wrong decisions. However, the researchers have not reached to a relative consensus about this concept. In the literature of this part, generally, researchers have presented two types of quantitative and qualitative criteria (financial and non-financial) to assess the export performance. In

this study, to cover both categories, a combination of the two will be used as a criterion to assess the export performance. Therefore, the criterion to assess the export performance in this study is a combinational criterion. On the other hand, since the main responsibility of small and medium-sized companies are with their owners and there is a strong relationship between the export performances with the value of entrepreneurial tendency of companies (Atchbrana et al, 2010), therefore, research in this area could determine which aspects of entrepreneurial tendency (components of innovation, risk-taking, nationalism, leadership and aggressive approach) is most effective on export performance; Because by planning to hold training courses from supporting organizations or adopting supporting policy from the government, the results of such researches could be considered in the prioritization of courses and policies. Also, the neglect of effective factors on the export of these companies causes the non-oil exports are confronted with reduction every day and make the country's reliance on oil more than ever. The problem which due to many disadvantages associated with itself (single product export) can be very dangerous and crisis-maker for the future of country. Also, about the researches which was conducted in Iran, most of them has been tried further to assess the impact of effective factors on export performance of these companies which according that the adoption of policies are generally done by the owners of these businesses, therefore, it seems that the assessment of entrepreneurial characteristics in these people is preferred to other effective parameters on the performance. The problem which is less considered in the internal researches; therefor, in terms of research, this part is also faced with the research gap. According to what was said, generally, this study seeks to determine whether entrepreneurial tendencies (and each of its aspects) have an impact on the export performance of small and medium-sized food companies of industrial estate of Abbas Abad of Tehran province?

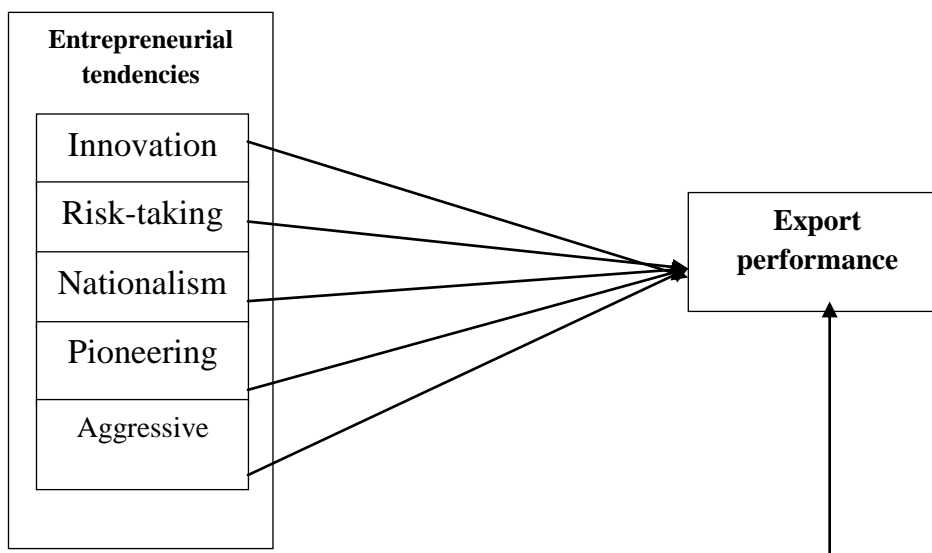


Fig1. Conceptual model of Busso's research, 2010

According to what was said and the research model, the following hypotheses were formulated:

- Innovation has a significant impact on export performance
- nationalism has a significant impact on export performance
- Risk tolerance has a significant impact on export performance
- Pioneering has a significant impact on export performance
- Aggressive approach has a significant impact on export performance

Literature review

In this research, researcher seeks to study the impact of entrepreneurial tendencies of small and medium-sized companies on the export performance. As previously mentioned, in this research, the Lampkin and Dess (1996) model which includes innovation, risk-taking, nationalism, pioneering and aggressive approach has been used. In fact, that model is the developed form of Miller's model (1983) which included 3 aspects of innovation, risk-

taking and pioneering. Also, the export performance was examined by financial and non-financial criteria. By studying the literature review, it can be claimed that the relationship between entrepreneurial tendencies and export performance has been studied by many researches that of course, in most of them, financial criteria are studied as indicators of performance evaluation. Therefore, the researcher developed this issue in this study and also used non-financial criteria along the financial criteria in evaluating the export performance that a summary of the research in this area is shown in Table 1:

Table 7-2 – the summary of literature review

| Researcher | Year | Title | Result |
|-------------------------|------|--|---|
| Atchbrana et al | 2010 | The impact of entrepreneurial tendency on the expert performance of companies | Entrepreneurial tendencies have a significant impact on the export performance. In this study, entrepreneurial tendency includes environmental dynamic, environmental aggressively operations, company age, size and structure of company that has the greatest effect on environmental dynamic |
| Sue and Adams | 2010 | Effective factor on export capacities of small and medium-sized companies | They concluded that managerial behavior of the owners of these businesses has an impact on export performance of these companies |
| Cavusgil and Xu | 1994 | The relationship between performance and marketing strategy: an experimental study on export markets | One of the most low-risk and popular strategies for entering to international marketing is export which its performance is positively and significantly related to companies' entrepreneurial tendencies. Also, in this research, it is found that innovation is the most important component of company's entrepreneurial tendency in export |
| Zahra and Garvys | 2000 | International organizational entrepreneurship and company performance | Organizational entrepreneurship and international performance of company has a positive and significant relationship. Also 3 aspects of organizational entrepreneurship (innovation, strategic renewal and business development) have a positive and significant relationship with the company performance. |
| Francis and Collins Dad | 2000 | Investigation of the impact of company's export tendency on export performance | Innovation and risk-taking are the most important aspect of companies' entrepreneurial tendencies in export performances. Also, generally, entrepreneurial tendencies have a positive and significant relationship with export performance |
| Dimitratus et al | 2004 | Investigation of the relationship between entrepreneurial and international performance | Having entrepreneurial tendencies have a positive and significant relationship with export performance. In this study, the export performance was evaluated by integrative criteria (quantitative and qualitative). |
| Balabany and Katsiky | 2004 | The impact of entrepreneurial tendency and performance of company | In one of the results of this research, it is presented that having entrepreneurial tendencies have a positive and significant relationship with export performance. |

Research methodology

The statistical population of this study includes small and medium-sized companies in the export food industry of industrial estate of Abbas Abad of Tehran province that according to the statistics of these companies, 68 companies are working in the field of food exports. Due to the limitation of this society, the researcher hypothesized that the volume of society and sample is identical which among them; he could collect 48 questionnaires with complete information. To collect the research data, the researcher evaluates the export performance through Xu and Estan (1998) questionnaire and the entrepreneurial tendency through Zahra et al (1996) questionnaire that based on five -fold Likert spectrum, he focuses on the evaluation of research variables.

Analysis of research data

In this study, the researcher has studied the normality of the data from questionnaire by Kolmogorov- Smirnov test at first. Then according to the normality of data, the researcher studies the research hypotheses from the multivariate linear regression test.

Table 2- Results from the multivariate linear regression test

| Research aspects | Regression coefficient | Standard regression coefficient | Sig |
|--------------------------------|------------------------|---------------------------------|------|
| | B | Beta | |
| Constant regression | 1.01 | --- | 0.00 |
| innovation | 0.39 | 0.28 | 0.02 |
| Risk-taking | 0.52 | 0.36 | 0.00 |
| independence | 0.14 | 0.18 | 0.25 |
| pioneering | 0.32 | 0.24 | 0.04 |
| Aggressive approach | 0.21 | 0.21 | 0.17 |
| Correlation coefficient | 0.78 | Coefficient of determination | 0.61 |

As can be seen in Table 2, the amount of coefficient of determination is equal to 0.61. It means that 61% of the existed changes in the variable of export performance are the result of aspects of entrepreneurial tendency. Also, the amount of correlation coefficient which shows the size of the strength of the bond between dependent and independent variables is equal to 0.78. It means that the intensity of relationship between dependent and independent variables is equal to 0.78 and there is a positive, direct and significant relationship between them. Also the results of Table 2 shows that according to the obtained sig in a regression constant (0.00) which is less than 0.05 (the amount of standard error), therefore, the constant amount (1.01) will be exist in the equation significantly.

According to the sig obtained in risk-taking (0.00), innovation (0.02) and proactive (0.04) which is less than 0.05 (the amount of standard error), therefore these three variables has a significant impact on export performance. Also, due to the sig obtained in two variables of independence (0.25) and aggressive approach (0.17) which is more than the standard error (0.05), therefor, there isn't any evidence about these two variables for rejecting the hypothesis H0. So, these two variables haven't any significant impact on the export performance.

Also according to the results of the regression coefficients of the variables that have a significant effect on the export performance, it can be concluded that:

$$\text{Exp} = 1.01 + 0.52 \text{ Risk} + 0.39 \text{ Invo} + 0.32 \text{ Pro}$$

In which:

Exp is export performance
Risk is Risk-taking
Invo is innovation
Pro is being proactive

Also according to the standard regression coefficient, the most impact on the export performance is performed by risk-taking, innovation and being proactive, respectively.

Discussion and Comparison

In this section, we review the results of this research with other research at first. Generally, in this study, the study found that entrepreneurial tendency has a positive and significant impact on the export performance. The results of this study comply with the researches of Yadollahi et al (2009), Akapra et al (2009), Atchbrana et al (2010), Xu and Adams (2010), Zahra and Garvys (2000), Dimitratus et al (2004) and Francis and Collins Dad (2000) which indicates that generally in the context of this section, entrepreneurial tendency has a positive and significant impact on the export performance. Also the result of this study showed that risk-taking, innovation and proactive, respectively, have the greatest impact on the export performance which in the same researches, it was found that Imanipour and Zivardar (2008) announced the innovation as the most important factors affecting on the export performance. Akapra (2009) has also introduced the proactive as the most important factors which effect on the export performance. Francis and Collins Dad (2000) introduced the risk-taking and innovation, respectively, as the most important factors influencing on the export performance.

The overall conclusion of research

According to the main goal of the research and the results of distributing the questionnaire among owners of small and medium-sized businesses, it was found that generally, the entrepreneurial tendency has a positive and significant impact on the export performance of these companies. Among the aspects of entrepreneurial tendency, risk-taking, innovation and proactive, respectively, have the greatest impact on the export performance. While the aggressive approach and independence in practice hadn't any significant impact on the export performance. Also, due to the not very high position of the export financial performance of these companies, it can be concluded that exports in the current situation is with relatively high risk that successful companies in the field of export try with an emphasis on innovation and proactive to achieve their goals. However, the neglect of these companies to aggressive approach means that small and medium-sized food companies located in the industrial estate of Abbas Abad of Tehran province don't have great tendency to the intense competition and precious war with their other competitions. This issue becomes clear when the financial performance of these companies achieve at an average level.

Recommendations

Recommendations to the relevant organizations

- According to the importance of non-oil export in the country and the amount and position of export in these companies and also the not very high position of the export financial performance of these companies, It is recommended to the relevant organizations such as Tehran industrial estates company, Province chamber of commerce, Industries and Mines Bureau to provide their supports in the following fields of these companies:
 1. The financial supports in the forms of long-term loans or export awards
 2. Calculation of costs such as electricity, water and ... in particular for encouraging more the companies to export
- According to the significant impact of entrepreneurial tendency on the export performance, it is suggested to the relevant organizations to attempt to hold the educational classes of entrepreneurial periodically in order to increase the export performance of these companies.

- Due to the lack of the effect of the two variables of “aggressive approach” and “independence” with the export performance, the researcher suggests to the relevant organizations to offer free advices on finding suitable markets and new advertising practices to these companies.

Recommendations to the owners of small and medium-sized companies

- According to the significant impact of risk-taking on the export performance, it is recommended to the owners of small and medium-sized companies to convert the amount of risk to a reasonable extent by collecting accurate information and also expert advices.
- According to the impact of proactive on the export performance, it is recommended to the owners of small and medium-sized companies to identify the needs and demands of target market before their competitors by a permanent researches and attempt to satisfy them.
- Due to the lack of the effect of aggressive approach in the export performance, it is recommended to the owners of these companies to avoid heavy competitions with foreign competitors.
- With regard to the impact of innovation in the export performance, it is suggested to the owners of these companies to attempt to the innovations in the product or service which is valuable from the view of customer certainly before the production and export of their products rather than rely on the previous successes.

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