The Impact of Entrepreneurial Orientation, Reconfiguring Capability and Moderation of Environmental Turbulence on Export Performance of SMEs in Nigeria

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Abstract: Entrepreneurial orientation encapsulates the firm—level process, practice, and strategic orientation while dynamic capabilities view of firm consists of the structure, routine, and processes that constitute its ability to reconfigure its asset base to match the requirement of the changing environment. The aim of this research emanated from the fact that only a few studies examined how entrepreneurial strategic orientation and reconfiguring capability impact on export performance of SMEs in turbulent environment. In order to fill this vacuum, this study delineated relationship among these constructs and employed PLS-SEM on data collected from 201 exporting SMEs in Nigeria. The findings of the study suggest that entrepreneurial orientation, reconfiguring capability, and environmental turbulence significantly related to export performance. Environmental turbulence moderates the relationship between entrepreneurial orientation, reconfiguring capability, and export performance. This suggests that SMEs could benefit from reconfiguring and renewal of their asset base and act in response to opportunities and threats to realize first order transformation in growth and export performance. Besides, this study also provides research conclusion to the appropriateness of entrepreneurial orientation and reconfiguring capability when there is environmental turbulence and their lack of effectiveness when there is stability.

Keywords: Entrepreneurial Orientation, Reconfiguring Capability, Environmental Turbulence, Small and Medium Enterprises, Export Performance

1. Introduction

Across the globe today, Small and Medium Enterprises (SMEs) have continued to be relevant in the roles of development, industrialization, poverty reduction, wealth generation, employment provision and growth of many developed and developing countries (Ogunsiji, 2010). However, SMEs in developing countries have performed below expectation in their important roles of promoting and developing economic growth (Onugu, 2005). The major researchers in SMEs in Nigeria have concentrated on finance as the basic obstacle of SMEs, while some acknowledged the firms are operating in turbulent environment (Ogunsiji, 2002). Several studies also identified monumental challenges such as weak strategic orientations, poor infrastructure, inadequate capabilities, poor management and inadequate technological skills’ development and lack of export market knowledge/experience (Adegbite, Ilori, Irefin, Abereijo & Aderemi, 2007). Responses to this critical situation culminated in yearly budgetary allocation, favorable policies, favorable pronouncement, incentives and regulations giving by local government, state government and federal government in order to diversify the revenue base (Oyefuga, Siyanbola, Afolabi & Dada, 2008).

Surprisingly, the situation becomes more disturbing, confusing and critical when the degree of poverty, unemployment and hunger that SMEs supposed to reduce continue to increase at alarming rate, in spite of all intervention’s strategies, drastic measures and incentives provided yearly (Anger, 2010). A study carried out by Manufacturing Association of Nigeria (MAN) showed that just about 10 percent of industries run by its members are completely in operation. The vast majority of SMEs die before their first to five years of operation, while some disappear within sixth and tenth year of existence and the remaining ones that grow to maturity are less than five to ten percent (Onugu, 2005). Okpara (2009) revealed that the non-SMEs export at independence in 1960 provided 85% of total export earning and 63% of gross domestic earning. But today, the case is different, despite the fact that 90% percent of the total manufacturing industries in Nigeria are SMEs, up till this moment insignificant numbers or less than 20% are able to export their total output (Julien & Ramangalahy, 2003; Okpara & Koumbiadis, 2009).
Nevertheless, Teece, Pisano, and Shuen (1997) revealed that the major objective of the strategic management field is to make available philosophical and theoretical explanation of how a firm gains a competitive advantage. Dynamic capabilities’ frame work contained by strategic management argues that a firm that can build up innovative capabilities and resources crucial to addressing changes in the external environment by integrating updating its already available capabilities would achieve competitive advantages (Teece et al., 1997). The reviews on literature have shown that study on dynamic capability View have only focused on established organization, this neglects new ventures and SMEs, Hence, the skills and competencies of SMEs need to be reconfigured, upgraded and recombined to ensure successful adaptation for growth (Sapienza, Autio, George & Zahra, 2006; Zahra, Sapienza & Davidsson, 2006). Studies have shown successful entry and survival especially in exporting as a result of dynamic capabilities (Sapienza et al., 2006). Hence, the basic objective of this study is to employ strategic entrepreneurial orientation, reconfiguring capability and environmental turbulence as fundamentals to predict export performance in Nigeria under the guide of resources based view and dynamic capability view.

2. Entrepreneurial Orientation and export performance

An entrepreneurial firm is the one that engages in product innovation, always undertake risky ventures, and is always the first to come up with proactive innovation, beating competitors to a punch (Miller & Friesen, 1983). Several studies suggested that EO is the key to achieve competitive advantages and avenue to stimulate profitable performance (Zahra & Covin, 1995). Therefore, being proactive, innovative, and risk taking could lead to superior performance (Lumpkin & Dess, 1996). In the context of export venture, limited studies have investigated the roles of entrepreneurial oriented activities and its components in achieving superior performance. Management towards risk-taking was positively related to export performance and firms that are more open to innovation perform better in export business (Calantone, Kim, Schmidt & Cavusgil, 2006). Balabanis and Katsikea (2003) studied the relationship between implementation of entrepreneurial oriented behavior and export performance in UK and found out that EO has a positive relationship with export performance. In a nutshell, the argument of the statistically significant relationship between export performance and EO can be established on the following: First, prime mover advantage implied by EO (Wiklund, 1999; Zahra & Covin, 1995), where Pro-activeness, innovativeness and risk taking enable a firm to transform its economic performance (Naman & Slevin, 1993). In addition, the complex, unpredictable and turbulent nature of export market environment encourage and provide better avenue for higher performance (Balabanis & Katsikea, 2003). Adopting EO in exporting SMEs would boost SMEs’ export performance (Knight & Cavusgil, 2004). Thus being entrepreneurially postured or oriented would assist SMEs’ exporters to achieve success. Therefore the following hypothesis is posited:

H1: There is a significant relationship between Entrepreneurial orientation (EO) and export performance.

Reconfiguring Capability and Export Performance: Reconfiguring capability (RC) can be referred to as ability to redesign certain element or components of a system. Addition or deletion of product line from the boundary of the firm or movement of product line between the unit boundaries of the firm (Karim & Mitchell, 2004). Dynamic capabilities’ frame work contained by strategic management argues that a firm that can build up innovative capabilities and resources crucial to addressing changes in the external environment by integrating updating its already available capabilities would achieve a competitive advantage (Teece et al., 1997). Meanwhile, reconfiguring capabilities (RCs) are innovative capabilities that can be used to address changes of firms’ capabilities in dynamic environment in order to achieve competitive advantage. International entrepreneurship (export related activities) involves expanding the firm’s operations into new geographical market as well as presents opportunity for growth and value creation (Jantunen, Puumalainen, Saarenketo & Kyläheiko, 2005). This implies that reconfiguring capability is an appropriate mechanism that could impact on export performance. Secondly, Firm employs RCs to be familiar with environment and take action concerning opportunities and threat by extending, modifying, changing and creating firm’s ordinary capabilities to achieve first order change (Winter, 2003), and reconfiguring capability would have an impact on export performance through modification, change and recreation in order to improve the performance of the firm. Therefore a high level of activities in term of implementing organizational changes and proficiency in reconfiguring actions would have positive effect on export performance. Having considered the above discussion, this study hypothesizes that:
H2: There is significant relationship between reconfiguring capabilities and export performance

Environmental Turbulence and Export performance: A turbulent environment is an environment with high degree of inter-period change that causes dynamism and uncertainty. This type of environment is characterized with unfamiliar, hostile, heterogeneous, uncertain, complex, dynamic and volatile. Combined jointly, these descriptions amount to a measure of environmental turbulence (Covin & Slevin, 1989; Dess & Beard, 1984; Eisenhardt & Bourgeois, 1988; Glazer & Weiss, 1993). For an export firms to succeed and have sustainable competitive advantage would depend on its ability to find its feet to the varying environment through the support of tactical and strategic orientations. Hence, the complexity and turbulence nature of international environment would always increase the needs for strategic activities and planning. Cavusgil and Zou (1994) contended that this has a positive implication on export performance. This is practical to observe for firms that are operating in overseas marketing and vulnerable to vary and complicated environmental context both at industrial level, firm’s level and even in their host and home country. It is now left for such SMEs in turbulence environment to adopt the best strategic approach to face and challenge the situation at hand in order to succeed in foreign market (Kaynak & Kuan, 1993). It has been proposed that firms should align with environmental conditions in order to realize superior performance in abroad, accordingly environmental turbulence would have impact on export performance as environmental characteristics post specific challenges when the firm cross border (Sundqvist, Kyläheiko, Kuivalainen & Cadogan, 2012). This further implies that the more turbulent the market needs, the more creative firms would be even though explorative activities in turbulence environment are inherently risky, activities increase the likelihood of achieving higher performance level above historical average (Garcia & Calantone, 2002). Therefore this study proposes that:

H3: Environmental turbulence is significantly related to export performance

Environmental Turbulence and Entrepreneurial orientation: Environmental turbulence is a potential contingent factor that may influence the effectiveness of the usage of the strategic orientations. Lumpkin and Dess (2001) contended that when the environment is turbulent, hostile, full of uncertainty, the qualities associated with entrepreneurial orientation can be justified for its ability to seize new market and opportunity in spite of unfriendly situation. Several scholars like Miller and Friesen (1983), Covin and Slevin (1989), Lumpkin and Dess (2001), Wiklund and Shepherd (2005), and Boso, Cadogan and Story (2012) subscribed to the fact that only through adopting an entrepreneurial orientations can exporting firms effectively deal with prevalent forces in turbulent, hostile and dynamic export market. Wiklund and shepherd (2005) declared that turbulent environment where demand regularly shift, opportunities turn out to be plentiful and performance level is expected to be at peak for firms that have special orientation in chasing after new opportunities since they possess a good fit/match between their orientation’s strategy and the external environment (Zahra & Covin, 1995). Hence, this study hypothesizes the following:

H4: Environmental turbulence moderates the relationship between entrepreneurial orientation and export performance

Environmental Turbulence and Reconfiguring Capability: Reconfiguring capability is ability to build, integrate and reconfigure both external and internal resources and routine to address rapidly changing environment (Teece et al., 1997; Zahra & George, 2002). While environmental turbulence is an environments with high degree of inter-period change that cause dynamism and uncertainty. Reconfiguring capabilities could help firms to reconfigure existing functional capabilities so that they can build products that better match emerging customer needs and take advantage of technological breakthroughs and impact on export performance. Consequently, when there is high degree of turbulent environment there would be higher risk and uncertainty and reinforcing high level of proactive approach would be needed in the strategic planning process (Lindelöf & Löfsten, 2006). Adaptive capability emphasizes on the reconfiguration of resources and processes to respond to external change (Gibson & Birkinshaw, 2004). Therefore, for an export firms to succeed and have sustainable competitive advantage would depend on its ability to find its feet to the varying environment through the support of tactical and reconfiguring capabilities. Hence, the complexity and turbulence of international environment would always increase the needs for strategic activities and planning. Turbulent environment which sometimes characterize with high-tech industries were established to promote entrepreneurial firm–level behavior and it is potential contingent factor that may influence the effectiveness
of the usage of the strategic and international capability (Miller, Dröge & Toulouse, 1988; Yeoh & Jeong, 1995). Therefore, this study hypothesizes that:

**H5: Environmental turbulence moderate the relationship between reconfiguring capability and export performance**

3. Methodology

A questionnaire survey was carried out among a population of SMEs that are participating in exporting in Nigeria. The sample of this study was selected from the population sampling frames; Manufacturing Association of Nigeria (MAN) Export promotion Group Directory. From this directory, about five industrial sectors were selected. About 2200 firms were identified as qualified because they met the criteria specified. To select a sample size for the population of 2200, Krejcie and Morgan (1970) sample size determination's table was used. The table showed that 331 sample sizes would be required for the population of 2200. In order to make provision for response bias an additional 40% of 331 was added making 457 sample size. Proportionate stratified and systematic samplings were employed. About twenty five days after the questionnaires have been emailed to the respondents, 118 completed questionnaires were received through e-mail and these 118 questionnaires were regarded as early responses which were further used to assess non-response bias on the actual variables. In order to improve the response rate, a follow-up phone calls and series of Short Message Service (SMS) were sent to remind the SMEs ‘managers who were yet to return their questionnaires. This effort yielded the largest numbers of response compared to the first response. About 120 questionnaires were returned. It was tagged as late responses which were later used to assess non-response bias. Out of 457 questionnaires that were emailed to the selected respondents, a total of 238 were returned, out of these, 2 were not usable due to excessive missing data, 2 were completely eliminated due to their selection of option ‘services/government’ and not ‘manufacturing’ as primary area of business, 2 were also removed for selection of option ‘total cost of business that above #200,000,000’ specified as a criteria for SMEs and 2 were also eliminated due to low level of knowledge on the topic of interest, remaining 230 usable questionnaire. Hence, the response rate was calculated as 50%, which is sufficient enough for the study (Sekaran & Bougie, 2013). In the course of preliminary analysis, 29 out 230 usable questionnaires were removed for being detected as multivariate outliers. The final data set for the study remained 201.

**Measures:** Entrepreneurial orientation (EO) was measured in this study by nine items of Covin and Slevin (1989). Reconfiguring capability was measured by seven item employed by Jantunen et al. (2005) to assess the success of renewal activities carried out in the community innovation survey of the European Union. Environmental turbulence’s measure were adopted from Cadogan, Paul, Salminen, Puimalainen, and Sundqvist (2001) who employed measures originally used by Kohli, Jaworski, and Kumar (1993) and later adapted them in an export context. Jantunen et al. (2005) computed this scale as mean of seven items. Export performance was measured by Expert scale that was built on Cavusgil and Zou (1994) (Okpara & Kabongo, 2009; Zou, Taylor & Osland, 1998). The nine items adapted from Zou et al. (1998) called Expert scale was used to measure export performance in this study.

4. Results and Discussion

**Data Analysis:** The present study employed PLS path modeling (Wold, 1985), to assess and test the theoretical model. The suitability of PLS-SEM is based on the fact that the nature of the present study to some extent required explorative tool to extend some of the constructs used in the study. PLS-modeling has also been suggested as prediction oriented for an extension of any existing theory (Henseler, Ringle, & Sinkovics, 2009). Against this background, the present study employed a two step process to calculate and report the result of PLS-SEM path as suggested by Henseler, Ringle and Sinkovics (2009). These two - step processes are (1) the assessment of measurement model and (2) the assessment of a structural model (Henseler & Ringle, 2009).

**Assessment of measurement Model:** The PLS –SEM algorithm in the first stage; all the constructs scores are estimated to determine items reliability, internal consistency, convergent validity and discriminant validity. The indicators with outer loadings between 0.40 and 0.70 were retained, while some items below the threshold of 0.40 were deleted (Hair, Hult, Ringle & Sarstedt, 2013). About 7 items were deleted out of 32
items. The remaining 25 items were retained as they have loadings that range between 0.5879 and 0.9381, this shows individual item reliability. In Table 1 the composite reliability of each construct ranges between 0.817 and 0.929 which is considered satisfactory and AVE of each construct ranges between 0.533 and 0.794 which is also sufficient above the .50 threshold. This means internal consistency has been achieved in the present study. Table 1 depicts the items loadings, composite reliability and average variance extracted of the present study.

Table 1: Loadings, composite Reliability (CR) and Average Variance Extracted (AVE)

| Constructs                  | Items   | Loadings | AVE   | Composite R |
|-----------------------------|---------|----------|-------|-------------|
| Entrepreneurial Orientation | E001    | 0.6724   | 0.5237| 0.8454      |
|                             | E002    | 0.7003   |       |             |
|                             | E005    | 0.6717   |       |             |
|                             | E006    | 0.7619   |       |             |
|                             | E009    | 0.8026   |       |             |
| Reconfiguring Capability    | RCD01   | 0.5879   | 0.6568| 0.9297      |
|                             | RCD02   | 0.847    |       |             |
|                             | RCD03   | 0.8816   |       |             |
|                             | RCD04   | 0.86     |       |             |
|                             | RCD05   | 0.7716   |       |             |
|                             | RCD06   | 0.858    |       |             |
|                             | RCD07   | 0.8286   |       |             |
| Environmental Turbulence    | ET003   | 0.8447   | 0.5304| 0.8172      |
|                             | ET004   | 0.7265   |       |             |
|                             | ET005   | 0.6453   |       |             |
|                             | ET007   | 0.6811   |       |             |
| Finance                     | FIN01   | 0.8629   | 0.6924| 0.8702      |
|                             | FIN02   | 0.7304   |       |             |
|                             | FIN03   | 0.894    |       |             |
| Strategy                    | STG01   | 0.6978   | 0.6882| 0.8675      |
|                             | STG02   | 0.9001   |       |             |
|                             | STG03   | 0.8761   |       |             |
| Satisfactory                | SAT01   | 0.9381   | 0.7948| 0.9207      |
|                             | SAT02   | 0.8692   |       |             |
|                             | SAT03   | 0.8654   |       |             |

Some indicators were deleted and all the remaining indicator have high outer loadings on a construct indicating that the associated have much in common which shows this study achieved convergent validity. The average variance extracted was .50 and the square root of the AVE was greater than correlation among latent constructs which indicates discriminant validity was achieved (Hair, Sarstedt, Pieper & Ringle, 2012). Table 2 depicts the square root of the average variance extracted and the correlation of latent variables.

Table 2: Square root of Average Variance Extracted and the correlation of latent Variables

| Latent Variable              | 1   | 2   | 3   | 4   | 5   | 6   |
|------------------------------|-----|-----|-----|-----|-----|-----|
| Entrepreneurial Orientation  | **0.7236** |     |     |     |     |     |
| Environmental Turbulence     | 0.2652 | **0.7282** |     |     |     |     |
| Reconfiguring Capability     | 0.2862 | 0.5399 | **0.8104** |     |     |     |
| Satisfaction                 | 0.429 | 0.6472 | 0.5349 | **0.8915** |     |     |
| Strategy                     | 0.3094 | 0.3843 | 0.5667 | 0.6488 | **0.8295** |     |
| Finance                      | 0.301 | 0.3722 | 0.4968 | 0.5832 | 0.6971 | **0.8321** |

Note: Diagonal elements (figures in bold) are the square root of the variance shared the construct and their measures. Off diagonal elements are the correlations among construct.
Assessment of structural Model: Having confirmed that the construct measures are reliable and valid, the next line of action in this study was to address the assessment of the structural model result. Standard bootstrapping procedure was used with a number of 5000 bootstrap samples and 201 cases to assess the significance of the paths (Henseler et al., 2009). Figure 1 depicts how bootstrapping of PLS-SEM Algorithm was used to assess the significance of the path coefficients.

Figure 1: Structural Model

![Structural Model Diagram]

Table 3: The Result of structural Model and Moderator

| Relationship               | β     | S. E. | T. S. | P. V. | Decision |
|----------------------------|-------|-------|-------|-------|----------|
| H1 Entrepreneurial O. -> Export P. | 0.2145 | 0.0786 | 2.729 | 0.003 | supported |
| H2 Environmental T -> Export P. | 0.2742 | 0.0851 | 3.222 | 0.000 | Supported |
| H3 Reconfiguring C. -> Export P. | 0.4033 | 0.0859 | 4.694 | 0.000 | Supported |
| H4 Entrepreneurial O. *Environmental T->Export P. | 1.0316 | 0.5358 | 1.9253 | 0.027 | Supported |
| H5 Reconfiguring C. *Environmental T- >Export P. | -0.9358 | 0.2993 | 3.1623 | 0.001 | Supported |

***p<0.001; **p<0.05

Table 3 summarizes the result of reflective measured constructs (Entrepreneurial orientation, Environmental Turbulence, Reconfiguring Capability and Export Performance) by showing the original outer weight estimates, the t values and the corresponding significance level marked in asterisks as well as the p values with the result of the mediating effect. Hypothesis 1 predicted that entrepreneurial orientation is significantly related to export performance, the finding on the relationship (β=0.2145, t=2.7278, P=0.003) supported the relationship. While hypothesis 2 predicted reconfiguring capability is significantly related to export performance, the estimates of PLS-SEM bootstrapping with 201 cases indicated (β=0.4033, t=-4.6938, p=0.00) support for the relationship. Hypothesis 3 also predicted that environmental turbulence is significantly
related with export performance, the finding of the study indicated support ($\beta=0.2742, t=3.222, P=0.000$) for the relationship. Similarly, hypothesis 4 predicted that environmental turbulence moderate the relationship between entrepreneurial orientation and export performance the finding of the study supported ($\beta=1.0316, t=1.9253, P=0.027$) the relationship. In the same vein hypothesis 5 predicted that environmental turbulence moderate the relationship between reconfiguring capability and export performance, the outcome of the bootstrapping PLS-SEM ($\beta=-0.9358, t=-3.1263, P=0.001$) support the relationship.

The $R^2$ value in this study is 0.48 which indicates that the predictive variables (entrepreneurial orientation, reconfiguring capability and environmental turbulence) explained 48% of the variance in endogenous variable (export performance) which is considered moderate (Hair, Ringle, & Sarstedt, 2011). In addition to the assessment of $R^2$ values of all endogenous variables, this study also evaluates effect size. Table 4 shows the effect of exogenous latent variable on endogenous latent variables through the means of changes in the $R^2$-squared (Chin, 1998).

Table 4: The Effect sizes of the latent Variable

| Variables       | Included | Excluded | F. squared | Effect size |
|-----------------|----------|----------|------------|-------------|
| Export P.       | 0.484    | 0.443    | 0.0795     | Small       |
| Entrepreneurial O. | 0.484    | 0.377    | 0.2074     | Medium      |
| Reconfiguring C. | 0.484    | 0.431    | 0.1027     | Small       |
| Environmental T. | 0.484    | 0.431    | 0.1027     | Small       |

Table 4 above depicts the effect sizes of the latent variables as small, medium and small respectively. In addition to evaluating effect sizes and magnitude of $R^2$ values as a criterion for predictive accuracy. This study employed cross validated redundancy as supplementary assessment of goodness -of-fit (Duarte & Raposo, 2010). A research model with $Q^2$ statistics (s) greater than Zero is considered to have predictive relevance (Henseler et al, 2009). Table 5 depicts the cross validated redundancy for export performance (endogenous variables).

Table 5: Cross Validated Redundancy

| Total | SSO  | SSE   | 1-SSE/SSO |
|-------|------|-------|-----------|
| Export Performance | 1809 | 1337.942 | 0.2604    |

As shown in the Table 5, the cross-validation redundancy measure $Q2$ for the endogenous latent variable is above zero, this suggests predictive relevance of the study model (Henseler & Ringle, 2009). Following the procedure recommended by Aiken and West (1993) and Dawson and Richter (2006), information from path coefficient was used to plot the moderating effect of environmental turbulence on the relationship between reconfiguring capability and export performance. The figure 2 below shows the interaction effect of reconfiguring capability and environmental turbulence on export performance. The moderating effect of environmental turbulence on the relationship between reconfiguring capability and export performance is shown. It shows a stronger positive relationship between entrepreneurial orientation and export performance for a firm with high environmental turbulence than for a firm with low environmental turbulence.

Discussion: The finding of this study indicated statistically significant relationship between entrepreneurial orientation and export performance. This is consistent with some earlier studies (Baker & Sinkula, 2009; Balabanis & Katsikea, 2003; Boso et al., 2012; Calantone et al., 2006; Cavusgil, 1984; Lechner & Gudmundsson, 2014; Wiklund & Shepherd, 2003; Zahra & Covin, 1995) which suggested relationship exists between entrepreneurial orientation and firm/export performance. The argument for the statistically significant relationship between export performance and EO was based on first prime mover advantage of EO (Zahra & Covin, 1995). Pro-activeness, innovativeness and risk taking were expected to facilitate a firm to transform its economic performance (Naman & Slevin, 1993). In addition, complex, uncertain and turbulent nature of export market environment was expected to encourage and provide better opportunity for better success (Balabanis and Katsikea, 2003). The result of hypothesized relationship between reconfiguring capability and export performance is also consistent with the available prior studies (Jantunen et al., 2005).
This study complements existing studies and the outcome suggests it is not only sufficient for SMEs to adopt an entrepreneurial behavior but more importantly its ability to create new asset configuration that have effect on export performance. The study specifically provide pragmatic support for dynamic capability view of the firm, emphasizes the ability to orchestrate change and organize efficiently in order to take advantage of new opportunities (Jantunen et al., 2005; Teece et al., 1997). The finding of this study implies that international organization capability is not only important for established companies and born-global but also more important for SMEs operating in foreign market. The Moderation of environmental turbulence on the relationship between entrepreneurial orientation and export performance is also consistent with the prior literature (Cadogan, 2009; Boso et al., 2012; Yeoh & Jeong, 1995; Lumpkin & Dess, 2001; Covin & Slevin, 1989; Wilklund & Shepherd; Boso et al., 2012; Sundqvist, Kylaheiko, Kuivalainen & Cadogan, 2012), that environmental turbulence is a potential contingent factor that could influence the effectiveness of the usage of the strategic orientations (Lumpkin & Dess, 2001). The significant moderating effect of environmental turbulence on the relationship between reconfiguring capability and export performance is consistent with the view that reconfiguring capability is most valuable when the external environment is changing. Teece et al. (1997) buttressed this view by describing reconfiguring capability as the firm's ability to address rapidly changing environment.

Figure 2: Interaction Effect of reconfiguring capability and Environmental Turbulence on Export Performance

5. Conclusion

This study makes contribution to the literature of SMEs’ export performance in international entrepreneurship and strategy research by examining the impact of the firm’s reconfiguring capabilities and entrepreneurial strategic orientation under environmental turbulence on export performance. To the best knowledge of these researchers, this effect has not been empirically investigated previously in this manner. Even though there have been studies on the relationship between strategic orientations and export performance (Cadogan, Kuivalainen & Sundqvist, 2009; Cadogan et al., 2001; Cadogan, Sundqvist, Puumalainen & Salminen, 2012; Knight & Cavusgil, 2004). This study in particular complements existing studies. The outcome suggests that it is not only strategic entrepreneurial and export marketing behavior but more importantly the ability to create new asset configuration that have an effect on export performance of SMEs. One of the major contributions of this study is to use reconfiguration to provide a view into slogan of
innovation within SMEs. This study refers to the ability to manage resources and structure as reconfiguring capability (Karim and Mitchel, 2004). Therefore, firms with advanced reconfiguring capabilities bundled with strategic orientations might be expected to seize opportunity through new resources combination and well organized process and structures. The contribution of this study also extends resources based view (RBV) as an appropriate theoretical perspective for emerging market by providing evidence for export performance of SMEs. In this study EO is considered as resources which have potentials to enhance export performance.

Furthermore, the moderating effect of the relationship was statistically significant for entrepreneurial orientation, reconfiguring capability with export performance for exporting SMEs in high turbulent environment than for exporting SMEs in low turbulent environment. This suggests that, SMEs’ exporter could derive greater benefit in investing in research into reducing cost, better efficient distributing system, innovative products, good technologies and all activities that can improve and drive export market and thereby increase sales and growth. Moreover, under environmental turbulence, this study provides support for the usage of entrepreneurial orientation and reconfiguring capability, the finding depicts that RC and EO would be more valuable when there is environmental turbulence and could become less effective when there is stability in the environment. Hence, SMEs should invest more in research and development to offset environmental turbulence which would yield better performance than the competitor that has not taken the same measure.

**Recommendations:** Based on the findings of this study, the following course of actions are suggested; First, SMEs who pays relatively more emphasis on profitability, growth and satisfaction could invest more in reconfiguring their assets. Such export manager of SMEs should emphasize reconfiguration of capabilities development and market penetration in their exporting activities (Abiodun & Rosli, 2014; Jantunen et al., 2005). Second, Government agencies and stakeholders in exporting SMEs, particularly in the context of the sample in this study should leverage renewal strategy on incentives giving to SMEs and reconfigure contribution in the following dimensions; revamping all old Industrial Development Centre and establish new ones (IDCs); establishing SMEs clusters ; upgrading rural urban road. Government in attempt to develop and reconfigure capabilities should introduce entrepreneurial studies; emphasize science, practical and technological studies at all level of educational system. There should be education department to be responsible for public enlightenment and training of exporting entrepreneurial SMEs most especially on required technological and marketing skills to enable them to have appropriate linkage to source raw materials, plant machines and spare parts that would give rise to standard products that can penetrate to the global market. Third, exporting SMEs managers could consider risk taking decision in turbulent environment as it improves performance (Calantone, Garcia & Dröge, 2003). SMES should be pro-active, innovative, risk seeking posture to mitigate the uncertainty of turbulent environment (Cadogan et al., 2009). Fourth, this study was conducted within one of developing countries, Nigeria, there would be serious implication in making general inference from this explorative study and caution must be taken in concluding that the outcomes of the study are valid for all entrepreneurial exporting SMEs in general. As such, the findings should be validated at different setting to find whether the findings apply to SMEs exporters in different countries and emerging markets. Fifth, this investigation focuses on the elements of reconfiguring capabilities as one of the processes of dynamic capabilities, however, scholar like Zollo and Winter (2002) perceived dynamic capabilities as a set of complicated processes and operating routines that reflects a learned and stable pattern other than narrow description of how SMEs should be reconfigured. Further study could therefore consider thorough reflection of learning and stability during deletion, recombination and general consolidation’s reconfiguring processes. Sixth, the measures of reconfiguring capabilities ‘items that we adopted from Jantunen et al. (2005) are too broad about the industry and market change as it narrowly focused on SMEs. Future research could develop more refined measures of reconfiguring capabilities by considering specific aspects such as resources reconfiguration and resources recombination.

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