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The mediating effect of reconfiguring capabilities on the relationship between entrepreneurial orientation and export performance of small and medium enterprises

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Abstract

The aim of this paper was to test the mediating effect of reconfiguring capabilities coupled with entrepreneurial strategic orientation on the export performance of SMEs. This is imperative due to weak recovery, and slows down in global economic growth; it becomes pertinent to employ fundamentals that can drive growth and employment creation in the short to medium term in uncertain environment. Building on prior researches which suggested that continuous improvement and regenerative dynamic capabilities of a firm would enhance firm performance, this study explored this objective through survey data from 201 manufacturing exporting SMEs in Nigeria. Our findings indicate that firm's reconfiguring capabilities mediate the relationship between entrepreneurial orientation and export performance and entrepreneurial strategic orientation also have positive and significant effect on export performance of SMEs. This re-established the fact that potential source of competitive advantage could always be achieved when reconfiguring capabilities are combined with entrepreneurship.

Keywords: reconfiguring capabilities, entrepreneurial orientation, Small and Medium enterprises, export performance.

1. Introduction 1

The roles of SMEs as a catalyst for change can be seen in their contribution to total numbers of industrial establishment, industrial employment, industrial production and contribution to total industrial values (Onugu, 2005, Okpara and Kabongo, 2009). Several studies have shown that SMEs account for more than half of the total portion of most nations' employment (Neupert et al., 2006, Okpara, 2012). National development goals are now being pursued and achieved by many countries through the strategies of promoting SMEs (Kazem and van der Heijden, 2006). Researches to understand the determinants of exporting activities of SMEs have received considerable attention (Julian and Ahmed, 2005, Karelakis et al., 2008). However, there is a grave implication with respect to the generalizability of these findings because most of these studies were undertaken in developed countries ((Tesfom and Lutz, 2006). This paper is proposed, based on the fact that prior studies have not given much attention to the process by which capabilities develop and evolve in most especially SMEs in developing countries that have limited resources, knowledge based and expertise in building and integrating diverse capabilities (Zahra et al., 2006).

2.1 Literature Review

Generally, there is no universally accepted definition of SMEs across the globe because the classification of businesses into either small or large scale is subjective or based on particular need of SMEs (Ekpenyong and Nyong, 1992). However, features that are prominent in most definitions are; size of capital investment, value of annual turnover and number of employee. In developed countries like United State of America, Canada and Britain, SMEs is defined in term of annual turnover and number of employee. While the definition of SMEs in developing countries such as Thailand- number of employees and fixed asset; Philippines – size of assets and number of employee; Malaysia- sales turnover and number of employee

(Osotimilehin et al., 2012). Nigeria at the 13th council meeting of National council on industry held in July 2001, Micro small medium and Medium Enterprises MSMEs was defined by the council as Micro/ cotttage industry, labour size should not be more than 10 workers, or total cost not more than #1.5Million, this includes working capital but excludes the cost of land. While Small scale industry is a labour size of 11-100 workers or total cost not exceeding #50million including working capital but excluding cost of land. And Medium scale industry is an industry with a labour size between 101 -300 workers or total cost of 50 million above, but not more than #200million including working capital but excluding the cost of land (CBN, 2003).

Akande and Ojokuku (2008) acknowledged that Nigerian government, in concert with international agencies at different levels have formed different policy, incentives, finance and provision of infrastructure aimed at boosting the performance of SMEs so as to reduce the level of poverty and improve economic development. Some of these incentives schemes and budgetary allocation for technical assistance programs are National Economic Reconstruction Fund (NERFUND), People Bank of Nigeria (PBN), World Bank Assisted Small- Scale enterprises loan Scheme, SMIEIS (that requires banks to set aside 10% of their profit before tax for participation as equity investment in SMEs in Nigeria), Nigeria Export and Import Bank (NEXIM) and Export Expansion Grant (EEG) (Oyefuga et al., 2008).

Small and medium Enterprises in developing countries particularly in Nigeria face monumental challenges despite the lofty objectives of policies, incentive and interventionist schemes stated above (Ogunsiji, 2010). SMEs have performed below expectation (Ihua, 2009). The aftermath effects of programs and policies are often disappointing which called for surgical entrepreneurial solution.

2.2 Entrepreneurial orientation and export performance.

Studies on entrepreneurial environmental fit suggest that entrepreneurial firms manifest quiet different characteristics in coping with their environment (Yeoh and Jeong, 1995). This SMEs' export environment that is typified of turbulence and uncertainty in market, technology, regulatory and competitive intensity encourage entrepreneurial firm level behavior (Ibeh, 2004).

Entrepreneurial orientation can be referred to as the strategy making process that provides organization with basis for entrepreneurial decisions and actions (Rauch et al., 2009).

Proactiveness demonstrates an opportunity- seeking, forward looking perspective, it entails introducing new product or services ahead of the competitors and acting in anticipation of future demand to generate change and shape the environment. While risk taking denotes a tendency to take courageous actions such as venturing into unfamiliar new markets, committing a huge portion of resources to ventures with tentative outcome or borrowing heavily (Lumpkin and Dess, 2001). Furthermore, Lumpkin and Dess (1996) suggested other important dimensions of EO, namely, autonomy and competitive aggressiveness. Autonomy can be described as independent action by an individual or team aimed at bringing forth a business concept or vision and carries it through to completion. Whereas, entrepreneurial competitive aggressiveness depicts the degree of the effort of a firm to do better than industry rivals, typical by combative attitude and a forceful response to competitors actions in order to achieve competitive advantage. Several studies have shown that EO leads to higher performance. Nonetheless, the majority of this relationship appears to be different across studies (Rauch et al., 2009). For instance studies like Hult et al. (2003) and Wiklund and Shepherd (2005) advanced that businesses that adopt a strong EO leads to higher performance, while some studies like Lumpkin and Dess (2001) Dimitratos et al. (2004) and Lee et al.(2001) reported a lower relationship between firm performance and EO. And studies like Covin et al. (1994), Slater and Narver (2000), Smart and Conant (1994) found no significant relationship between EO and firm performance. Entrepreneurial activities enhance the overall and foreign profitability and revenue growth of export firm (Zahra and Garvis, 2000). In the context of export venture, limited studies have investigated the roles of entrepreneurial oriented activities and its components in achieving superior performance, some of these studies contended that EO relate positively with export performance, for instance, Cavusgil (1984) posited that management towards risk- taking was positively related to export performance. Calantone et al. (2006) in a cross cultural study conducted in US, Korea and Japan, revealed that firms that are more open to innovation perform better in export business. Balabanis and Katsikea (2003) investigated the relationship between implementation of entrepreneurial oriented behavior and export performance in UK, the result of the research supported the postulation that EO has a significant positive relationship with export performance.

In a nut shell, 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 and

Covin, 1995). Pro-activeness, innovativeness and risk taking enable a firm to transform its economic performance (Naman and Slevin, 1993). Moreover, complex, unpredictable and turbulent nature of export market environment encourage and provide better avenue for higher performance (Balabanis and Katsikea, 2003). Adopting and practicing EO in exporting SMEs would boost SMEs' export performance (Knight and Cavusgil, 2004). Thus, being entrepreneurial would enhance the performance of small and medium enterprises. For the reason that it could be used as a tool to drive growth objective and exploit untapped opportunity (Baker and Sinkula, 2009). Thus, being entrepreneurially postured or oriented would assist SMEs' exporters to achieve success. All these studies supported and subscribed to this proposition; Boso et al. (2012), Kropp et al. (2006) and Wang (2008).

H1; There is a significant relationship between Entrepreneurial Orientatio (EO) and export performance of SMEs

2.3 Reconfiguring Capabilities and Entrepreneurial Orientation

The perception of this paper is that, it is an entrepreneurs's vision and intergration skills that make an important difference in directing the development of capabilities. Zahra et al. (2006) posited that there would be a need for managerial vision to think about the firm competitive advantages, that firms that develop its substantive capabilities that address current challenges and dynamic capabilities are the ones that are likely to achieve competitive advantages as thing changes.

An entrepreneur and other important decision makers are boundedly rational and undertake choices designed to maximize goals, hence firms with greater integration skills are more inclined to leverage these skills as the positive feed back encourages further use. For instance, the call for research on the reconfiguring capabilities in SME emerging ventures and in particular, the process where by these important capabilities are born and nutured necessitated the writing of this paper (Sapienza et al., 2006). Hence, entrepreneurial capabilities in the new venture context is the capacities that entrepreneurs use to identify, amass, integrate and pontentially reconfigure resources needed in creation of new venture. Reconfiguring entrepreneurial capabilities would play a greater role in creative process of exporting SMEs' product. Most especially, in context where markets are unformed, customers are unknown and product attributes are to be known (Santos and Eisenhardt, 2009).

Woldesenbet et al. (2012) contended that entrepreneurial capabilities facilitates small firms entry into the main stream market, and dynamic capabilities in the other hand enable evolution and growth in such market. In this paper the ability to identify opportunities and develop the resource base of export firm to pursue the opportinity across border can be regarded as combination of entrepreneurial orientation and dynamic capabilities which is entrepreneurial capabilities (Arthurs and Busenitz, 2006). The ability of SMEs' exporters to carry out successful export operations in form of providing new products and services in unknown market inspite of the uncertainty, complexity, hostilities and turbulence in foreign market indicate entrepreneurial risk-taking's capabilities. Even though, scholars like Ambrosini and Bowman (2009) and Helfat et al. (2009) contended that dynamic capabilities might allow small firm to penetrate new product market in pontential effective way but may not necessarily ensure there success. This paper's perception of dynamic capability places the owner managers in the center of decision making and they are responsible for their actions. Thus Proactiveness of an entrepreneur coupled with reconfiguring capabilities would enable an export firm to demonstrate capability in opportunity- seeking and forward looking perspective. This entails introducing new product or services ahead of the competitors and acting in anticipation of future demand to generate change and shape the environment. Thus, proactive dynamic capability in export SMEs would enable export firm to actively search for new opportunities in market other than domestic market, implements formal export research in a systematic fashion, undertakes export planning activities, devotes significant amount of resources to information gathering activities, takes advantages of resources provided by various external sources and would likely not rely on unsolicited export orders but being motivated for proactive reasons (Walters, 1993, Cavusgil et al., 1993, Koh, 1991, Lee and Brasch, 1978).

While risk taking denotes a tendency to take courageous actions such as venturing into unfamiliar new markets, committing a huge portion of resources to ventures with tentative outcome or borrowing heavily (Lumpkin & Dess, 2001). The reconfiguring capabilities of entrepreneur in export firms would enable the firm to perceive competition in export market as less risky. It would exhibit a stronger international market orientation. Government rules and regulations would be considered less of an obstacle to exporting. The commitment of entrepreneurial export firm with dynamic capabilities to an investment in exporting opportunities would be greater as comparable to ordinary domestic counterpart without capabilities; risk taking culture would enable entrepreneurial export firm to view opportunities in overseas as attractive and

profitable than those in the domestic market and tend to perceive the distribution, service, delivery problems as less obstacle to exporting activities (Suzman and Wortzel, 1984, Reid, 1987, Namiki, 1989). Innovative entrepreneur coupled with dynamic capabilities in turbulent environment of export SMEs would enable export firms to emphasize on customer service and support overseas customer, pay particular emphasis on R & D, emphasize development of new products, expand export volume through market spreading, offer broader product lines and supply innovative, high-technology product to oversea markets (Suzman &Wortzel, 1984; Namiki, 1989; Reid, 1987).) Hence, this paper hypothesizes;

H2 **There is a significant relationship between entrepreneurial orientation and reconfiguring capabilities**

2.4 Reconfiguring Capabilities as mediator

Mediating variable is a mechanism that transfers the effect of the independent variables on the dependent variable and normally surface as a function of predicting and explaining the influence of independent variables on dependent variables (Hair et al., 2010). However, Teece, et al., (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. Reconfiguring 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 benefit (Teece et al., 1997).

Since reconfiguring capabilities are innovative capabilities that can be used to address changes of firms' capabilities in dynamic environment in order to achieve competitive advantage, hence, it is an appropriate mechanism that can mediate the effect of entrepreneurial orientation used in this paper on export performance. Secondly, Firm employs reconfiguring capabilities to be familiar and take action concerning opportunities and threat by extending, modifying, changing and creating firm's ordinary capabilities to achieve first order change (Winter, 2003). Here, in this paper entrepreneurial components can be regarded as some of the ordinary capabilities that reconfiguring capabilities mediate their effect on export performance through modification, change and recreation in order to improve the performance of the firm. The contribution of reconfiguring capabilities take place in so many ways; it can positively affect the firm performance by allowing the firm to identify and respond to opportunities through developing new processes, product and services (Chimielewski, 2007). Reconfiguring capabilities may also advance the tempo, effectiveness, and competence with which a firm function and act in response to changes in its environment and this would positively influence firm performance through taking advantages of revenue attractive opportunities and regulate its operation cost (Tallon, 2008). Another contribution is reconfiguring capabilities can develop upon the contribution of ordinary capabilities by extending already available resource configuration in ways that result to completely new set of decision alternative (Eisenhardt and Martin, 2000).

In the light of the views above, EO is considered as ordinary capabilities, being the resource of the firm, reconfiguring capabilities mediate by advance its effectiveness and efficiency and act in response to changes in its environment which would positively influence export performance. For instance scholars like Hu et al. (2009) found the mediating role of dynamic capabilities based on relationship of EO. New venture's EO has evident impact on reconfiguring capabilities and direct contribution on firm growth of new ventures in china. It established that new ventures EO is affected by characteristic of new ventures, economic structure and other factors; dynamic capabilities have part mediating effect. Another group of scholars Lu et al. (2009) Combined the resources-based view of the firm and the capability building perspective to illuminate light on the essential roles of firm specific capabilities that change major resources into performance outcome, having employed sample of Chinese entrepreneurial firm, it was realized that adaptive capabilities are the firm's ability to coordinate, recombine and allocate resources to meet different requirement of foreign market. This indicates the mediating roles of reconfiguring capabilities in the association between resources and international performance. Other studies that found the mediating roles between entrepreneurial orientation and firm performance are Yiu et al. (2007), Wu (2007)and Zhou et al. (2007). Hence, this paper proposes that;

H4; Reconfiguring capabilities mediate the relationship between entrepreneurial orientation and export performance of SMEs

3.0 MEASURES

3.1.1 Entrepreneurial orientation

Miller (1983) developed one of the valid scales of the entrepreneurial orientation and identified innovativeness, proactiveness and risk taking as the three underlying dimensions. Lumpkin and Dess (1996) added competitive aggressiveness and autonomy. This study for its peculiarity on export performance of SMEs adapted the three dimensions. For Innovativeness; Boso et al. (2012), five items; Proactiveness (Lumpkin and Dess, 2001 ; Boso et al. 2012) 5items and risk taking (Boso et al., 2012;Wang 2008) five items.

3.1.2 Reconfiguring Capabilites (RC)

These draw from Jantunen et al. (2005). All items were based on past researches and focused on how capabilities assist export firm to create new capabilities**.** This comprises of reconfiguring, recombining and renewal capabilities; this was measured by the amount of the reconfiguring, recombining and renewal activities from the past three years and the apparent success in carrying out the changes. The approach on reliance on the community innovation survey of the European Union was adopted. The list includes seven renewal types such as organization structure, business strategy and the manufacturing process. Therefore, the amount of the renewal would be considered as the total numbers of the activities carried out in the previous year.

3.1.3 Export Performance (EP)

The measurement of export performance has not be universally suggested among the scholars of export's researchers, therefore no particular measure that single out or specific construct's definition that dominate the field on how export performance should be measured (Francis and Collins-Dodd 2000). Many researchers have suggested multidimensional measure (Okpara 2009). This study employed Zou, Taylor and Osland's (1998) experf . This was built on Cavusgil and Zou's (1994). It comprises three basic dimensions that are rooted in export performance's literatures; financial, strategic and satisfaction's export performance measure.

3.2 Sample and population

Therefore, the sample of this study was selected from these population sampling frames; Manufacturing Association of Nigeria (MAN) and Export promotion Group Directory. In order to allow procedure to enhance observed variance and strengthen the generalizabiliy and external validity of the finding, multiple industry sampling was adopted (Morgan, Kaleka and Katsikea 2004; Smiee and Roth 992). Hence, from this directory, about five industrial sectors were selected. This is in conformity with storey's (1994) criteria for SMEs.

The directory provides the name, telephone and fax number of the executives/officers who are in charge of exporting as well as necessary information about the company, such as, the address, industry, product and services offer and current export market. This directory was used in the previous study (Okpara & Kabongo, 2009).

Generally, the basic criteria used to determine which firms were included in the sampling frame are: business should meet the definition of small and medium enterprises as defined by Nigeria National Council on Industry (200l). That is, business that employs between l0 and 300 employees, (2) business should be manufacturing its products, (3) business should be exporting its products, (4) such business should be manufacturing or exporting any of the following products: textiles/clothing, food and beverages, plastic and chemicals, leather and shoes (the product mentioned are within the group of labour intensive and light manufacturing goods that most of the scholars writing on exporting in developing countries focus their research), (4) business should have a total cost between and not more than #5 million to #200million. Prior studies in exporting have used some of these requirements for developing countries (Ibeh, 2004; Okpara , 2009).

3.3 Data collection process and survey responses

This study employed survey instrument based on measures used in the exporting literatures that are available (Francis and Collins-Dodd, 2000, Ibeh, 2004, Okpara and Kabongo, 2009). Churchill Jr (1979) also supported adopting measure from the past literatures to the current research.

Each of the manufacturing SMEs identified in the directory were contacted by telephones to identify an appropriate key informant for the study and inform the firm about the research project (Morgan, Kaleka & Katsikeas, 2004). Almost 8000 firms were contacted in three most important industrial cites extend across the key geo- political zones in Nigeria (North Central-Kano, South East-Aba and South West-Lagos). About 700 firms were identified as qualified because they met the criteria specified for the survey. A cover letter with university Utara Malaysia letterhead copy of the survey was emailed to them. After one to two

weeks it was discovered that most of these export managers hardly check their mails and there was little or no response at all. The non respondents were contacted by telephone again to ensure that they receive and fill the questionnaires, yet the response was seriously insignificant. This informed the decision of this researcher to travel to Lagos and met with DG of Nigerian Association of Chamber of Commerce, Industry, Mines and Agriculture (NACCIMA). This body is the umbrella that covers Nigeria Export Promotion Council (NEPC) and Manufacturing Association of Nigeria. The DG announced the meeting of the exporter in Nigeria and told the researcher to come to the venue to locate the non responding exporters. On the meeting's date the researcher was introduced in the meeting as a PhD student from Malaysia who is writing on export performance of Nigeria. Cooperation of the respondents was solicited, thereafter; the researcher assistances located most of the respondents. Some claimed they have not seen the questionnaires. On spot the questionnaires were administered to them and collected before the close of the meeting.

3.4 **Response rate**: Out of 700 questionnaires that were emailed, posted and directly administered to the selected respondents, a total of 225 were returned, out of these, 4 were not usable due to excessive missing data, 6 were completely eliminated due to their selection of option 'services/government' and not 'manufacturing' as primary area of business, 3 were also removed for selection of option 'total cost of business that above #200,000,000' specified as a criteria for SMEs and two were also eliminated due to low level of knowledge on the topic of interest. Hence, the response rate is calculated as 30%. Cross sectional sample with response rate ranging from 12% to 20% are considered acceptable (Churchill, 1991). Moreover, this response rate is higher than strategic orientation's study - market orientation 15.7% for Rose and achieved by Knight (2000) for entrepreneurial orientation's study involving exporters.

4 .1 **Assessment of measurement model**

The study adopted two- step processes suggested by Hair et al. (2014) and Heseler et al. (2009).
Assessment of measurement model and assessment of structural model using PLS path model assessment. Assessment of measurement model in the table 1, 2, 3 and 4 showed individual items reliability, internal consistency reliability, convergent validity and discriminant validity

Table 1 **Cross Loadings**

	Financial	Strategic	Satisfaction	IOE	POE	RCD	ROE
EXP01	**.862**	.503	.504	.194	.179	.442	.274
EXP02	**.731**	.628	.439	.389	.403	.358	.343
EXP03	**.894**	.610	.509	.134	.201	.429	.206
EXP04	.580	**.699**	.274	.097	.072	.211	.286
EXP05	.584	**.900**	.599	.354	.285	.546	.315
EXP06	.588	**.875**	.679	.282	.269	.592	.323
EXP07	.636	.667	**.938**	.223	.207	.447	.449
EXP08	.445	.526	**.869**	.264	.266	.479	.416
EXP09	.459	.527	**.865**	.397	.092	.516	.511
IOE01	.056	.076	.031	**.651**	.399	.270	.233
IOE02	.225	.180	.125	**.722**	.350	.378	.434
IOE03	.162	.203	.306	**.810**	.456	.396	.584
IOE04	.301	.369	.343	**.808**	.467	.527	.448
IOE05	.293	.304	.358	**.783**	.473	.442	.486
POE01	.191	.279	.242	.376	**.742**	.220	.313
POE03	.442	.242	.238	.197	**.571**	.211	.158
POE04	.171	.090	.045	.491	**.818**	.167	.098
POE05	.210	.205	.145	.554	**.814**	.213	.176
RCD01	.304	.332	.255	.251	.126	**.586**	.263
RCD02	.401	.436	.451	.428	.199	**.845**	.331

RCD03	.346	.428	.429	.423	.144	**.882**	.360
RCD04	.445	.431	.454	.416	.217	**.858**	.336
RCD05	.460	.472	.450	.409	.203	**.771**	.352
RCD06	.483	.560	.477	.475	.246	**.856**	.312
RCD07	.344	.513	.470	.585	.339	**.836**	.393
ROE01	.176	.159	.235	.396	.088	.132	**.752**
ROE02	.290	.249	.491	.511	.177	.366	**.797**
ROE03	.315	.410	.464	.415	.211	.301	**.809**
ROE05	.177	.273	.308	.430	.265	.422	**.615**

This table above shows how discriminant validity was ascertained by comparing the indicator loading with cross loading. Researchers have suggested that the entire indicators should be greater than the cross loading (Hair et al., 2014; Chin, 1998). Table 4.1 compares the indicator loading with other reflective indicators. All the available indicators are greater than the cross loading, this means the requirement of discriminant validity has been achieved.

Table 2. Square Root of AVE and correlations of latent variables

	Financial	IOE	POE	RCD	ROE	Satisfaction	Strategic
Financial	**.832**						
IOE	.282	**.757**					
POE	.310	.569	**.743**				
RCD	.494	.539	.268	**.810**			
ROE	.327	.590	.250	.416	**.747**		
Satisfaction	.583	.325	.212	.535	.513	**.892**	
Strategic	.698	.310	.266	.566	.370	.648	**.830**

Note: Diagonal elements (figures in bold) are the square root of the variance (AVE) shared between the constructs and their measures. Off diagonal elements are the correlations among constructs

Table 3. Square Root of AVE and correlations of latent variables for the first-order constructs

Construct	Indicators	Loadings	AVE	Composite Reliability
Financial Performance	EXP01	.862	.692	.870
	EXP02	.731		
	EXP03	.894		
Strategic	EXP04	.699	.688	.868
	EXP05	.900		
	EXP06	.875		
Satisfaction	EXP07	.938	.795	.921
	EXP08	.869		
	EXP09	.865		
Innovativeness	IOE01	.651	.573	.870

	IOE02	.722		
	IOE03	.810		
	IOE04	.808		
	IOE05	.783		
Proactiveness	POE01	.742	.552	.829
	POE03	.571		
	POE04	.818		
	POE05	.814		
Reconfiguring C	RCD01	.586	.657	.930
	RCD02	.845		
	RCD03	.882		
	RCD04	.858		
	RCD05	.771		
	RCD06	.856		
	RCD07	.836		
Risk-taking	ROE01	.752	.558	.833
	ROE02	.797		
	ROE03	.809		
	ROE05	.615		

Table 4.2 depicts the composite reliability coefficient of the latent construct. The composite reliability of each construct ranged from .829 to .921. This connotes internal consistency of the scale. The composite reliability of all constructs is above the threshold of .70.

Table 4. Overview

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
EO	.374	.883		.854	.374	
EP	.550	.916	.400	.896	.550	.076
Financial	.692	.870	.740	.773	.692	.510
IOE	.573	.870	.864	.813	.573	.493
POE	.552	.829	.512	.726	.552	.280
RCD	.657	.930	.280	.910	.657	.180
ROE	.558	.833	.574	.730	.558	.315
Satisfaction	.795	.921	.749	.870	.795	.592
Strategic	.688	.868	.796	.770	.688	.545

4.2 Structural model and hypothesis testing

Having established the validity and the reliability of the measurement model, the next line of action was to test the hypothesized relationship by running algorithm and bootstrapping algorithm in smart PLS 2.0. Predictive relevance of the model: the quality of the structural model can be assessed by R2. This depicts the variance in the endogenous variable. Based on the result reported in table fig 1, the R2 was found to be 0.400, indicating that EO can account for 40% of the variance in export performance of SMEs. Considering the assessment criterion suggested by Cohen (1988), 0.40 is really substantial, 0.13 moderate and 0.02weak.

This shows the predictive power of EO in explaining export performance of SMEs.

Table 5. Hypotheses Testing

Hypotheses	Relationship	Std Beta	Std Error	t-value	p-value	Decision
H1	EO -> EP	0.189	0.092	2.057	0.020	Supported
H2	EO -> RC	0.529	0.091	5.811	0.000	Supported
H3	RC -> EP	0.512	0.112	4.582	0.000	Supported
H4	EO -> RC -> EP	0.271	0.059	4.569	0.000	Supported

**: P<0.01; *: p<0.05

The result above has achieved the objectives of the study. For instance, HI stated that EO is significantly related to export performance of SMEs. This can be shown with indicators of the table above (β=0.189, t-value=2.057, p=<0.020). This showed HI was supported. Secondly, EO and RC relationship was supported and also found to be significant (β=0.529, t-value=5.811, P=<000). Thirdly, H3 that stressed on the positive significant relationship between RC (reconfiguring capability) and EP (export performance) was supported (β=0.512, t value=4.582, p=<000). The last and most important mediating relationship hypothesized has been supported. That is, in H4, RC mediated the relationship between EO and EP (β=0.271, t-value=4.569, 0.000).

Table 6.

RC Mediating the Relationship between EO and EP			**Decision**
Inputs			
N	201	(Sample size)	
A	.529	(Path coefficient calculated by WarpPLS)	
B	.512	(Path coefficient calculated by WarpPLS)	
Sa	.091	(Standard error calculated by WarpPLS)	
Sb	.112	(Standard error calculated by WarpPLS)	
Outputs			
Sab	.076	(Sobel's standard error for mediating effect)	
Ab	.271	(Product path coefficient for mediating effect)	
Tab	3.561	(T value for mediating effect)	
Pab	.000	(P value for mediating effect, one-tailed)	
Pab'	**.000**	**(P value for mediating effect, two-tailed)**	**Supported**

**: P<0.01; *: p<0.05

Table 7

Template for Mediation Calculation

					Bootstrapped Confidence Interval	
Path a	Path b	Indirect Effect	SE	t-value	95% LL	95% UL
					0.155	0.387
0.529	0.512	0.271	0.059	4.569		

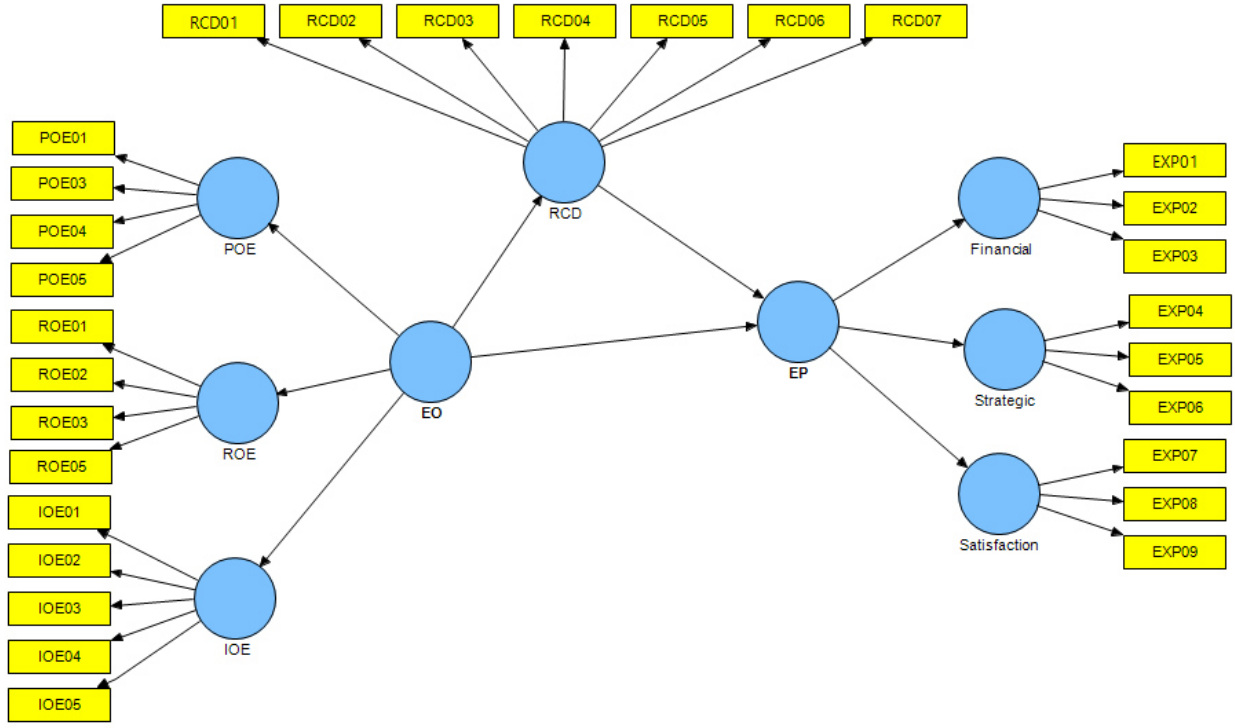

Fig. 1
The structural model

Discussion and Conclusion

This study has made contribution to entrepreneurial SMEs' export performance literature by investigating the mediating effect of reconfiguring capabilities in the relationship between EO and export performance. Reconfiguring capability is an ability to reconfigure a firm's resources and routines, in the manner envisioned and deemed appropriate by the firm principal decision maker (Zahra et al., 2006). The result has also indicated the firm's entrepreneurial orientation and its reconfiguring capabilities have positive effect on export performance, which buttressed the assertion that EO relate to a firm enthusiasm to be innovative, proactive, aggressive, autonomous, and engage in risk taking behavior in order to achieve its strategic objectives (Madsen, 2010, Covin and Slevin, 1989). More importantly, the definition of Zahra et al. (2006) quickly bring to mind a useful connection about entrepreneurship as it stressed on active agency in developing and using reconfiguration capability. The ownership perception of opportunities is used to underpin changes in existing routines or resources configuration, their willingness to undertake such changes and their ability to implement the change. (Woldesenbet et al., 2012). Hence, the outcome of this study denotes that reconfiguring capabilities enable firm to adapt and evolve (Helfat et al., 2007). EO can give explanation on how a firm exploits its resources (Wiklund and Shephered, 2003). While reconfiguring capabilities is the ability to focus on structural changes, business unit reconfiguration, and deletion of unit from the firm and recombination of unit within the firm such that resources and activities are still retained by the firm (Karim, 2006).Thus environment and firm can be seen as important in the relationship between reconfiguring capability and EO. Newey and Zahra (2009) contended that it is not just endogenous shocks which causes changes, but more importantly reconfiguration can also be driven by internal entrepreneur

The result from this study has confirmed, even though, EO desires to reflect its five qualities and always suppose to be forward looking, yet, the firm modifies its entrepreneurial orientation through reconfiguring capability (Borrch & Madsen, 2007; Lumpkin and Dess (2001). Therefore, it is the capability of re arranging the resources into resources configuration supporting the chosen strategies that are critical (Grant, 1991). Thus reconfiguring capability does not only have direct effect on the output of the firm in which they reside, but also have indirect effect on the basic, operational resources (Helfat and Peteraf, 2003). Hence, reconfiguring capability possessed by an exporting entrepreneur in a firm would identify new combination of productive resources within the firm and extend the frontiers of capability, and connecting

several ventures with different resources and enhance the ongoing adaptation of exporting since the linkage improves overall innovation management that would enable the firm to reconfigure its resources and provide way to experiment new idea (Dougherty, 1995; Borch and Madsen 2007)

Managerial implication

Considering and paying attention to the result of this study, manager who put relatively more emphasis on profitability, growth and satisfaction could invest more in reconfiguring their assets; emphasize capabilities development and market penetration in their exporting activities in order to benefit from strategic entrepreneurial orientation. Based on the outcome of this study, it could be suggested that there is a need for a firm to effectively reconfigure its asset base as well as being proactive, strategic risk-taking and innovative to be relevant in international context, even though developing an entrepreneurial culture seems to be complex or time consuming, yet, they may culminate to huge benefits, most especially, for a firm that is operating in turbulent international environment.

The Limitation of the study

The sample for this study covers only exporting SMEs from Nigeria. Generally, homogenous culture is always assumed to reduce the likelihood of culturally induce variation in perception of abstract construct (Spender and Grant, 1996), nevertheless, the genralizability of the finding can be subjected to further test.

Another limitation is the use of cross- sectional data, the empirical result of this finding stand for only a pictorial view of firm's activities and the use of cross sectional data might not allow strong conclusion about causal relationship to be drawn. Nonetheless, a future research may consider a cross-national study of how reconfiguring capabilities mediate the relationship between EO and export performance. This study has examined the impact of reconfiguring capabilities and Entrepreneurial orientation on export performance in one of the Third World countries. It would be worthwhile for future study to examine how reconfiguring capabilities affect export performance in munificent or turbulent environment. It would at the same time be fruitful for future research to examine the relationship between entrepreneurial orientation and some organizational capabilities such as learning capabilities, coordination and replication with firm performance in the context of changing market. Future researches could also use longitudinal data for sustainability performance advantage.

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