P-ISSN: 2709-6254	Journal of Development and Social Sciences	July-Sep 2022, Vol. 3, No. 3
O-ISSN:2709-6262	http://dx.doi.org/10.47205/jdss.2022(3-IV)40	[408-417]

Journal of Development and Social Sciences
www.jdss.org.pk

RESEARCH PAPER

Relationship between Entrepreneurial Export Orientation and Export Entrepreneurship: Empirical Evidence from Pakistan

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ABSTRACT

This study aims to find the impact of entrepreneurial export orientation on export entrepreneurship in the Pakistani context. For this purpose, data were collected from 134 exporting firms in Pakistan by using a questionnaire. Collected data were analyzed with the help of Smart PLS. measurement model confirmed the validity and reliability of measures of variables. Additionally, the structural model provides the positive impact of entrepreneurial export orientation on export entrepreneurship. In particular, risk-taking, proactiveness, and innovativeness have a positive impact on export entrepreneurship. The export entrepreneurship framework of the study is helpful for managers and policymakers seeking a boost in exports.

KEYWORDS Entrepreneurial Export Orientation, Export Entrepreneurship, Export

Introduction

Exports play a substantial role in improving the level of balance of payments, economic growth, and employment of any economy. Moreover, exports of a country upturn the level of its foreign currency reserves and national productivity (Hessels & van Stel, 2011). Despite its utmost significance, exports in Pakistan has been declined from 25.3 Billion in 2011 to 22 billion in 2015. Similarly, exports of Pakistan have fallen to 11 percent in 2015 from 14 percent in 2011 as a percentage of GDP. Pakistan needs a continuous inflow of foreign exchange for coping with increasing foreign payment obligations to the International Monetary Fund (IMF), CPEC, and other creditors. However, imports continued to increase, and exports are declining which is resulting in an increased trade deficit. Moreover, Vision 2025 of Pakistan in the top 20 economies of the world is impossible without export growth and lowering the trade deficit (Ministry of Finance, 2016).

Export being a firm-level phenomenon is influenced by the success of individual firms in the overall export market (Cirera, Marin, & Markwald, 2015). However, business organizations are facing a turbulent business environment due to globalization and intense competition which is characterized by shorter life cycles and rapidly changing markets (McGee, 2015). Most scholars are of the viewpoint that exporters have to be proactive and aggressive in the international market to exploit export opportunities effectively (Bianchi & Wickramasekera, 2013; Boso, Cadogan & Story, 2012; Fernández-Mesa, & Alegre, 2015; Tinashe Kahiya, & Dean, 2014). Organizations that actively adapt and innovate according to changing trends tend to have higher export performance (Ibeh, 2004). In the same way, it is generally accepted that innovativeness provides a sustainable competitive advantage, particularly in the export context (Lachenmaier and Wößmann, 2006). Therefore, literature viewed entrepreneurship - in terms of innovativeness, pro-activeness, and risk-taking – as a key determinant of export performance (Huggins & Thompson, 2015; Veglio & Zucchella, 2015). A significant amount of evidence exists in the literature that the international market

no more exclusively belongs to established large corporations. The international market share is increasingly being captured by new ventures which exploit the opportunities in the international market (Knight & Cavusgil, 1996; McDougall & Oviatt, 2000; Turnbull, 1987).

Primitively, Morrow (1988) first time-related entrepreneurship to international business and introduced the term international entrepreneurship. To line with this, Ibeh (2003) defined export entrepreneurs as those who demonstrate to be proactive and aggressive in searching for export opportunities regarding product–market innovations.

Accordingly, organizations focus on developing organizational capabilities that will provide a competitive advantage and enable market survival. In this competitive environment, entrepreneurial capabilities ability to build, adapt, integrate and reconfigure resources & knowledge- are essential in gaining a competitive advantage in the international market (Peiris, Akoorie, & Sinha, 2012; Zehir, Köle & Yıldız, 2015). In accordance with this, the dynamic capability view provides that firms gain a competitive advantage through dynamic capabilities. These capabilities enable organizations to innovate and respond to the dynamic environment (Zehir et al, 2015).

Export entrepreneurship (EE) is an emerging field and knowledge of export entrepreneurship is scarce (Hessels & van Stel, 2011). Despite its utmost significance, increased knowledge about export entrepreneurship is fragmented and does not provide a unifying theoretical direction to understand the process of export entrepreneurship (Keupp and Gassmann 2009). Additionally, most of the studies related to the entrepreneurial orientation of the organization provide evidence from developed western countries (Keskin, 2006). And therefore, little is known about the role of entrepreneurial orientations in the export context in the developing world. This study aims to address these gaps, this study aims to find the relationship between entrepreneurial export orientation with export entrepreneurship.

Literature Review

International Entrepreneurship

Although international entrepreneurship practices have been applied for centuries by entrepreneurs, the term is comparatively new in academia. The term International Entrepreneurship was introduced by Morrow (1988) in a short article in which he discussed the opportunity to access the untapped foreign markets due to advancements in technology and increased cultural awareness. As the term suggests, the amalgamation of international business and entrepreneurship provided an important research domain, namely international entrepreneurship (Oviatt & McDougall, 2000). Zahra (1993) defined international entrepreneurship as "the study of the nature and consequences of a firm's risk-taking behavior as it ventures into international markets" (p.9). This definition applies to different types of organizations having risk-taking behavior. In line with this, Wright and Ricks (1994) put forward that firms' behavior level and their relationship with the international market are reflected in international entrepreneurship. McDougall and Oviatt (2000) defined international entrepreneurship as "a combination of innovative, proactive, and risk-seeking behavior that crosses or is compared across national borders and is intended to create value in business organizations" (p. 903).

Dynamic Capability View

Environmental change is not considered by the traditional resource-based view. Resource-based view maintains that the environment is static and fails to consider the turbulent environment and organizational change to cope with this changing environment and build new forms of sustainable competitive advantage. To overcome this issue, Teece and his colleagues put forwarded Dynamic Capability View (DCV) as a dynamic dimension of modern Resource Based View, initially in a working paper in 1990, and then it was

formally published in the article with the title of Dynamic capabilities and strategic management (Teece, Pisano, & Shuen, 1997). Dynamic capabilities theory examines how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece, Pisano, & Shuen, 1997).

Entrepreneurial export orientation and Export entrepreneurship

Entrepreneurial orientation is characterized by risk-taking, proactiveness, and innovativeness (Lumpkin & Dess,1996). Organizations are facing a turbulent business environment and their survival depends on the ability to innovate and respond to the changing environment. Therefore, the entrepreneurial characteristics of the organization make the firm competitive, particularly in the export market. In other words, entrepreneurial orientation provides a sustainable competitive advantage to the firms in the export market (Monteiro, Soares & Rua, 2017; Okpara, 2009).

In particular, innovativeness is the organizational ability to introduce new products and services (Huarng and Yu 2011). According to Zahra (1993), innovativeness reflects a firm's commitment to organizational and process innovation. Additionally, proactiveness is referred to the aggressiveness in finding and exploiting opportunities. Risk-taking is referred to the organizational disposition in supporting innovative projects, especially when outcomes are not certain (Wiklund, 1993).

The three dimensions of entrepreneurial orientation improve the organizational ability to find and exploit opportunities in the international market. According to Taylor (2013), entrepreneurial orientation is critical in finding and exploiting opportunities in the international market. This enables the organization in finding and responding to the requirements of changing environment. Similarly, entrepreneurial orientation in the export context provides the organization with the propensity to identify and exploit opportunities in the international market in a timely, market-oriented, and innovative way. Furthermore, a plethora of studies provides that entrepreneurship set the ground for export operations, as the core elements of entrepreneurship (i.e. proactive stance, ready to take risks, and ability to innovate) determine the entry of a firm into the international market (Dimitratos and Jones, 2005 and Oviatt and McDougall, 2005).

From the above discussion, it is proposed that:

H1: Proactiveness is significantly associated with export entrepreneurship.

H2: Risk-taking is significantly associated with export entrepreneurship.

H3: Innovativeness is significantly associated with export entrepreneurship.

Material and Methods

This study targeted the exporting firms of Pakistan. The study is quantitative in nature in which a survey questionnaire was used to collect data for assessing the relationship between entrepreneurial export orientation and export entrepreneurship A total of 150 questionnaires were distributed to the top-level management of exporting firms including export managers, chief executive officers, managing directors and marketing managers who are having knowledge of exports. However, 16 questionnaires were contacting improper information and therefore were excluded from the final selection for data analysis. And therefore, one hundred and thirty-four questionnaires were used for data analysis.

Measures of the variables were followed from the previous studies. Entrepreneurial orientation was assessed with three dimensions, namely risk-taking, innovativeness and proactiveness. All three dimensions were measured with four items each followed by

Jambulingama, Kathuriab, and Doucette (2005). Additionally, export entrepreneurship was measured through three dimensions, namely scope, degree, and speed by following Garcia (2016).

The data was analyzed using Smart PLS. The validity and reliability were confirmed of the measures before finding the relationship among variables.

Results and Discussion

Measurement Model

To run the model in PLS-SEM two-step approaches as described by Hair et al. (2014) have been followed, In the first step measurement model or outer model has been evaluated. Figure (A) shows the measurement model of the study.

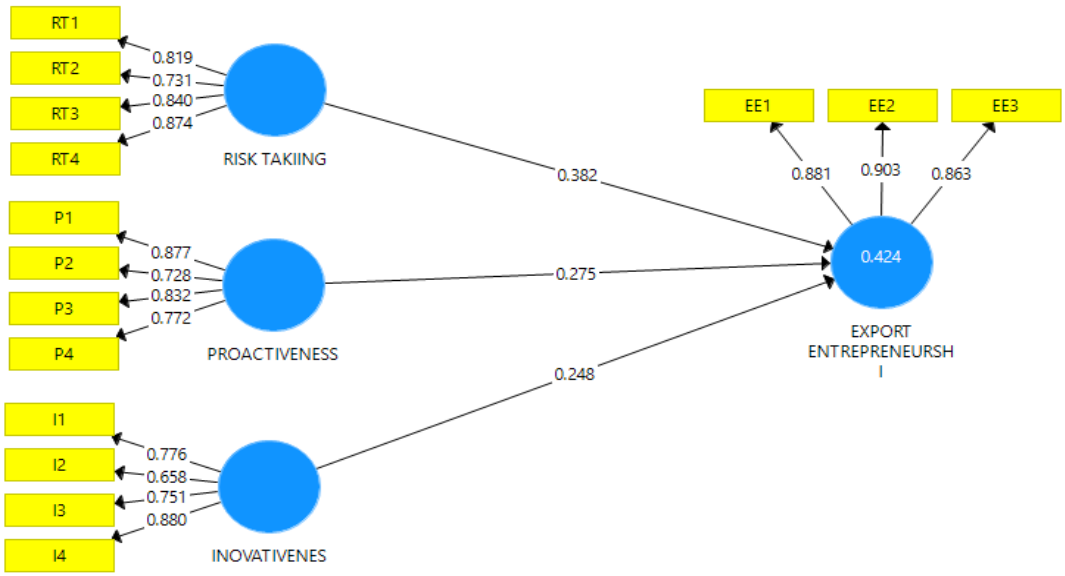

Figure A: Measurement Model

Table 1
Measurement Model: Convergent Validity and Reliability

Construct	Items	Loadings	AVE	CR
Proactiveness	P1	0.877	0.646	0.879
	P2	0.728		
	P3	0.832		
	P4	0.772		
Risk Taking	RT1	0.819	0.669	0.889
	RT2	0.731		
	RT3	0.840		
	RT4	0.872		
Innovativeness	I1	0.776	0.593	0.852
	I2	0.658		
	I3	0.751		
	I4	0.880		
Export Entrepreneurship	EE1	0.881	0.779	0.913
	EE2	0.903		
	EE3	0.863		

The above table shows the individual item reliability, convergent validity, and internal consistency reliability. All the variables of the study have individual item loading

greater than 0.4. Similarly, the average variance explained by AVE is also greater than 0.50. Moreover, composite reliability is also greater than the cut-off value of 0.70.

Table 2
Discriminant Validity (Fornell and Larker, 1981 Method)

Construct	Proactiveness	Risk Taking	Innovativeness	Export Entrepreneurship
Proactiveness	0.804			
Risk Taking	0.318	0.818		
Innovativeness	0.367	0.123	0.770	
Export Entrepreneurship	0.488	0.500	0.396	0.882

Similarly, discriminant validity by using Fornell and Larker Method (1981), Cross loading, and HTMT was also performed. The below mentioned tables depict the discriminant validity by using Fornell and Larker Method (1981), Cross loading, and HTMT.

Table 3
Discriminant Validity (Cross loading)

Items	Proactiveness	Risk Taking	Innovativeness	Export Entrepreneurship
P1	**0.8773**	0.246	0.343	0.475
P2	**0.728**	0.198	0.309	0.348
P3	**0.832**	0.268	0.372	0.358
P4	**0.772**	0.316	0.153	0.368
RT1	0.311	**0.819**	0.063	0.406
RT2	0.202	**0.731**	0.004	0.317
RT3	0.296	**0.840**	0.180	0.427
RT4	0.230	**0.874**	0.219	0.468
I1	0.311	0.109	**0.776**	0.281
I2	0.293	0.0068	**0.658**	0.198
I3	0.235	0.067	**0.751**	0.276
I4	0.308	0.123	**0.880**	0.411
EE1	0.446	0.395	0.315	**0.861**
EE2	0.418	0.407	0.359	**0.903**
EE3	0.427	0.511	0.371	**0.863**

Table 4
Hetrotrait Monotrait Ration (HTMT)

Construct	Proactiveness	Risk Taking	Innovativeness	Export Entrepreneurship
Proactiveness				
Risk Taking	0.387			
Innovativeness	0.467	0.152		
Export Entrepreneurship	0.576	0.579	0.463	

Structural Model

The next stage after evaluating the measurement model is the structural model which is known as the inner model. The structural model depicts the relationship between the constructs under observation. Figure (B) shows the structural model of the study.

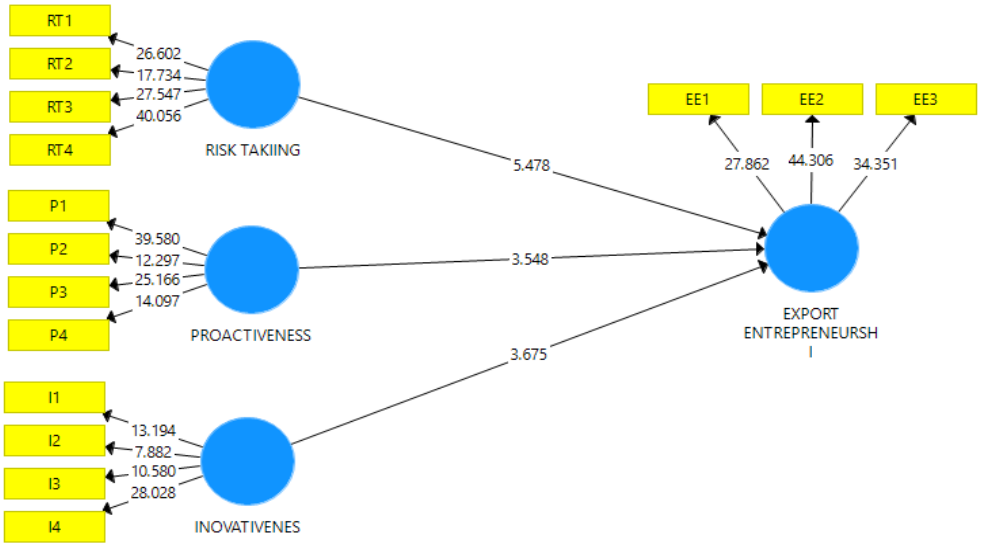

Figure A: Structural Model

Table 5
Relationship between Independent and dependent variable

Hypotheses	Std Beta	Std error	T value	P Value	Decision
P→EE	0.248	0.0688	3.548	0.000	Supported
RT→EE	0.275	0.077	5.478	0.000	Supported
I→EE	0.382	0.070	3.675	0.000	Supported

Results from PLS Bootstrapping show the path coefficient between IVs and DV. The table above shows that all the independent variables have a significant positive path coefficient with the dependent variable. Thus, it supported the hypotheses H1, H2, and H3 of the study. Regarding the relationship between Practiveness and Export Entrepreneurship results show that there is a significant positive relationship between them (β=0.248, T=3.548, and P<0.000). Similarly, results for H2 show that Risk taking has a significant positive relationship with export entrepreneurship (β=0.275, T=5.478, and P<0.000). Likewise, H3 results depict that there exists a significant positive relationship between innovativeness and export entrepreneurship (β=0.382, T=3.675, and P<0.000).

Conclusion

This study found a relationship between entrepreneurial export orientation and export entrepreneurship. For this purpose, data were collected from exporting firms from Pakistan. The data were analyzed with the help of Smart PLS through two models i.e. measurement model and the structural model. The measurement model confirmed the validity and reliability of the measures of variables. Furthermore, the structural model provides the relationship between the variables i.e. entrepreneurial export orientation (proactiveness, risk-taking, and innovativeness) and export entrepreneurship. The findings provide that entrepreneurial export orientation is positively and significantly associated with export entrepreneurship. More specifically, risk-taking, innovativeness, and proactiveness significantly regress export entrepreneurship.

The findings put forward that the entrepreneurial nature of the firms facilitates in identifying and exploiting opportunities. In other words, the entrepreneurial behavior of firms provides a competitive position in the international market (Felzensztein, Ciravegna, Robson & Amorós, 2015). In particular, innovativeness leads to introduce new products and services in the international market. The introduction of new products and services attracts

the attention of customers and therefore increases the sales volume. Similarly, the adoption of innovation provides new ways to access the market and compete with rival firms. Innovation also attracts the attention of customers by providing innovative solutions to their problems. In the same way, innovation provides a competitive advantage to firms by creating a distinct position in the market (Covin and Miller, 2014).

Additionally, proactiveness is significantly associated with export entrepreneurship. Firms that are proactive in finding and exploiting opportunities perform better in the international markets than reactive firms. This finding is in line with the results of the study of Frishammar and Andersson (2009). The international market is characterized by a turbulent environment and survival depends on the ability to respond to changing environments proactively.

Furthermore, risk-taking is positively associated with export entrepreneurship. Risk-taking is the willingness to deploy resources in projects having uncertain outcomes. International markets are uncertain and entry decisions require the ability to take risks (Fernández-Mesa & Alegre, 2015).

The findings of the study have practical and theoretical contributions. The results explain the export entrepreneurship framework in the Pakistani context. The findings are helpful for managers seeking an increase in the export level. The study suggests that export is no more exclusively related to established large organizations. New and small-sized firms can enter and succeed in the international market by showing entrepreneurial behavior.

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