

Leveraging Entrepreneurial Orientation to Enhance SME Export Performance

An Office of Advocacy Working Paper by

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Note

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Purpose

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

While prior studies have looked at the importance of organizational learning in export strategy, they have overlooked the firm capabilities that facilitate the use of the learning. As firms that partake in export activity are entrepreneurial in nature, these firms would benefit by proactively seeking new markets, engaging in innovative action to meet local market needs, and be able and willing to take risks by venturing into previously unknown markets.

The authors of this paper propose that SMEs make use of capabilities such as entrepreneurial orientation in an attempt to reduce impediments to exporting, which in turn could lead to enhanced export performance.

Overall Findings

This study finds that proactivity and risk-taking play a role in enhancing export performance of SMEs. However, it did not find support for innovation as a factor that enhances export performance. These findings could mean that firms that are proactive in nature are better at reducing export impediments. This is because these firms are able to bring new products quickly into the marketplace, and are better able to anticipate future demand, creating a first mover advantage. The results of the study also suggest that risk-taking firms might choose strategies that move away from the status quo, thereby increasing the firm's engagement in process enhancements, new product services, innovative marketing techniques, and the like.

Scope and Methodology

The data for this report were collected for the National Federation of Independent Business by the executive interviewing group of The Gallup Organization. The survey focused on international trade efforts of small manufacturers and small employers in all industries. The survey only considered SMEs employing no less than one individual in addition to the owner(s) and no more than 249. For purposes of this analysis, the authors focused exclusively on firms in the manufacturing sector. They used a structural equation modeling approach to analyze the data.

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