The Impact of Entrepreneurial Orientation on Export Performance of New Zealand’s SMEs: The Mediating Effect of Networking Capability

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Abstract
Small and medium-sized enterprises (SMEs) play a significant role in New Zealand’s economic development since they comprise of the majority of private enterprises and are one of the main sources of job creation, innovation, and economic productivity growth. In this context, a significant determinant of the continuous economic growth of New Zealand is the development of SMEs, which is not only focused on the number of start-ups but also on the progressive advancement of the economic environment and entrepreneurial skills. Thus, successful expansion of business environment can be achieved through increasing SMEs’ international market share through entrepreneurial orientation (EO) strategy and international network connections, and these are important for the survival and success of SMEs venturing into the overseas markets which ultimately reflects on the economic situation of the participating nation. However, little is known about the roles EO and networking capabilities play in enabling New Zealand SMEs, in particular, to create and capture value in the international markets. Therefore, this study will contribute to the literature by determining the mediating role of networking capability on the association between EO and export performance of SMEs in New Zealand. This study will utilize samples of randomly selected SMEs situated in Auckland city, New Zealand, which is the nation’s largest city and commercial hub, and study data will be collected using a structured questionnaire. Additionally, the design of this study is an explanatory research and therefore, will employ Structural Equation Modeling (SEM) analysis to examine the study hypotheses.

1. Background of Study
Small and medium-sized enterprises (SMEs) play a vital role in the economic growth for most countries in the Asia-Pacific region, including New Zealand (Jin & Hurd, 2018). They contribute actively to the creation of jobs and innovation in both developed and emerging nations (Domínguez & Mayrhofer, 2018). The success of SMEs in New Zealand is paramount to the nation as they make up 97 percent of businesses, employ 29 percent of the working populace in addition to contributing over a quarter of the nation’s Gross Domestic Products (GDP) (Karami & Tang, 2019; Ministry of Business Innovation & Employment (MBIE), 2018).

New Zealand’s economy relies heavily on the export of primary products, with over 70 percent of merchandise exports coming from primary industries that are principally run by SMEs (Seidel-Sterzik, McLaren, & Garnevksa, 2018). In recent years, exporting has been made possible by globalization and open trading systems, which bridged various trading gaps that existed before (Rua, França, & Ortiz, 2018).
Increasing SMEs’ international market share is of pivotal importance for the improvement and replenishment of national economies (OCass & Sok, 2014). However, achieving a sustainable export performance is dependent on strategies adopted by these SMEs as these strategies ensure the survival and continuity of their businesses (Sahoo & Yadav, 2017; Zucchella & Siano, 2014). Many scholars have agreed that entrepreneurial orientation (EO) strategy is paramount for SMEs entering a foreign market as it contains resources and knowledge required for firms to succeed in a dynamic and turbulent environment (Hernandez-Perlines, 2018; Lumpkin & Dess, 1996; Sok, Snell, Lee, & Sok, 2017). EO is vital to the continued existence and success of any SME, as it is vital in strategic decision-making activities of a firm (Freiling & Schellhawe, 2014). Exporting is an entrepreneurial activity in the sense that EO is important in the discovery, assessment, and exploitation of opportunities across national borders to make a market entry (Karami & Tang, 2019).

In addition, to gain a deeper understanding of EO’s effect on the export performance of SMEs, it is imperative to comprehend other mediating factors that enable the process to take place. In this regard, international entrepreneurship (IE) literature suggests networking capability as an established factor leading to the successful internationalization of SMEs (Ajayi, 2016; Galkina & Chetty, 2015; Johanson & Vahlne, 2009). According to Ajayi (2016) networking capabilities entail strong relationships, connections, and trust amongst partners, which permits rapidly internationalizing firms to speed up their internationalization process by identifying and acting on market opportunities. In today’s societies, advancements in technology and communications have softened trade barriers, given rise to various networks that aid SMEs export performance (Acosta, Crespo, & Agudo, 2018; Covin & Miller, 2014). Therefore, this study will look at the mediating mechanism of networking capability on the relationship between EO and export performance of SMEs in New Zealand.

1.1. Problem Statement

The globalization of the economy in New Zealand has transformed the way companies operate, and not less so the SMEs. About 57 percent of businesses in New Zealand are engaged in exporting (Ministry of Foreign Affairs and Trade, 2018). However, gaps exist in the percentage of exports between SMEs and larger firms. A recent export business operations survey found that while SMEs account for more than 95% of all firms and more than a quarter of employment, only about 25% of New Zealand SMEs are directly engaged in exports compared to 34% of large firms (Ministry of Foreign Affairs and Trade, 2018). Additionally, the New Zealand Trade and Enterprise (2018) stated that the majority of SMEs earn less than $5m a year in international revenue, while a smaller number of large firms earn over $25m per year, and it is these large companies that contribute the majority of New Zealand’s export earnings. In one of the government’s efforts to increase the value of SMEs exports to the Gross Domestic Product (GDP) from 30 to 40 percent by 2025, Business Growth Agenda (BGA) was launched in 2012 (Education New Zealand, 2017). This step was further reinforced by the signing Free Trade Agreements (FTA), which has seen most tariffs lowered or removed and enhancing access to financial support for SMEs (Business to Business, 2018; New Zealand Trade and Enterprise, 2019). Making the above agenda attainable should not be left for the government alone. Based on the figures above, it is evident that no significant improvement has been attained by SMEs in their exporting activities since 2012. Therefore, it is necessary for SMEs to assess their internal and external resources, such as EO strategies and networking capabilities to aid in achieving the aforementioned goal by 2025.

New Zealand heavily relies on these SMEs to achieve a competitive edge in the foreign market (Chetty, Karami, & Martin, 2018) and the way in which EO aids these SMEs develop and capture interest in international markets deserves more research focus. It is also important to note that not all EO strategies will turn out successfully because EO attributes sometimes lead to huge profits or catastrophic losses (Wales, 2016). SMEs with greater EO will readily overcome their shortcomings and compete effectively in international markets by improving the related networks and enhancing their networking capability (Brouthers, Nakos, & Dimitratos, 2015; Forsgren, 2016). Networking capability is a vital determinant of a firm’s global performance, especially at times of institutional upheaval and in unpredictable international environments because those with high EO depend heavily on similar networks to manage uncertainty (Danis, Chiaburu, & Lyles, 2010; Ojala, 2009). However, there is little information on how SMEs, principally those from smaller nations, develop network relationships to facilitate their internationalization (Kujala & Törnroos, 2018; Musteen, Datta, & Butts, 2014). Therefore, this study will close the literature gap by exploring the mediating role of networking capability in the relationship between EO and export performance among SMEs in New Zealand.

According to existing literature, both objective and subjective measures are interrelated and need to be considered together for a more comprehensive picture of export performance (Bloemer, Pluymaekers, & Odekerken, 2013; Boso, Story, Cadogan, Micevski, & Kadić-Maglajlić, 2013; Madsen & Moen, 2018). Therefore, this study will add to the literature by considering SMEs in other industries in New Zealand and also incorporating both measures of export performance, as suggested above.

Accordingly, the main objective of this study is to determine the impact of EO on the export performance of New Zealand’s SMEs and, furthermore, to analyze the mediating role of networking capability as an
integral mechanism for the export performance of SMEs by digging deeper into the link between these constructs. Therefore, this study will address the following research questions:

1. To what extent does every EO dimension influence networking capability among New Zealand’s SMEs?
2. To what extent does every EO dimension influence export performance among New Zealand’s SMEs?
3. To what extent does networking capability mediate the relationship between EO and export performance?

1.2. Research Objectives

The main purpose of this study is to determine the impact of EO on the export performance of New Zealand’s SMEs with the mediating role of networking capability.

1. To determine the effect of EO on the networking capability among New Zealand’s SMEs.
2. To determine the influence of every EO dimension on the networking capability among New Zealand’s SMEs.
3. To determine the effect of EO on export performance among New Zealand’s SMEs.
4. To determine the influence of every EO dimension on export performance among New Zealand’s SMEs.
5. To determine the mediating role of networking capability in the relationship between EO and export performance.

1.3. Scope of the Study

The location of this study will be in Auckland city, New Zealand. Auckland is the nation’s largest city and commercial hub with primary seaports as well as New Zealand’s largest airport. Therefore, this study will focus on SMEs in Auckland that have adopted export as their internationalization strategy, and the study data will be obtained from the top managerial officers, owners, and exporting departments of the selected SMEs. The choice of top management is because they exhibit EO characteristics and make strategic decisions regarding exporting in their firms.

1.4. Significance of the Study

This study aims to improve on the theoretical and empirical investigations by exploring how EO influences the export performance of SMEs on their global market entry, and also by exploring the role of networking as the key channel of acquiring complementary resources to maximize opportunities (Chen & Jaw, 2014; Johanson & Vahlne, 2009). This study will respond to Wales (2016) call for more comprehensive research on EO by recognizing how and why EO boosts export performance for SMEs in the light of internationalization and thus adds to the existing knowledge gap.

Furthermore, this study will analyze and assess the mediating impact of networking capability to capture the indirect association between EO and export performance. Prior entrepreneurship literature explained internationalization as a matter of overcoming the liability of outsidership and established the contributing roles of networking capability for exporting firms (Galkina & Chetty, 2015; Johanson & Vahlne, 2009; Schweizer, Vahlne, & Johanson, 2010). By utilizing the network theory, this study will highlight the relevance of networking as a tool for transforming initial opportunities into fruitful resources (Sarasvathy, Kumar, York, & Bhagavatula, 2014). Finally, this study will suggest new possibilities that will aid SMEs to manage the inconsistency in export performance by utilizing EO and navigates towards an effective exporting (Wales, 2016; Wiklund & Shepherd, 2011).

2. Literature Review

2.1. Small and Medium-Sized Enterprises (SMEs)

SMEs are pillars of economic growth in the technological, wholesale, production, housing, service, and science domains (Ismail, Alam, & Hamid, 2017). They assume a significant role in the economic development and growth of any country, generating employment and contributing to local growth through the use of available resources (Kumar & Reddy, 2019; Omer, van Burg, Peters, & Visser, 2015). Experts recommended various criteria (wages, total funds, market position, number of staff, and revenue) to describe the SMEs and their size (Okangi, 2019). In recent years, the quantity of staff and turnover are frequently used as the most legitimate quantitative criteria (Etuk, Etuk, & Michael, 2014). The New Zealand Ministry of Foreign Affairs and trade defines firms with 6 to 49 employees as SMEs (Ministry of Foreign Affairs and Trade, n.d.). In New Zealand, firm size is categorized as ‘small’ (6-19 employees), and ‘small to medium’ (20-49 employees) (Ministry of Foreign Affairs and Trade, n.d).

2.2. Export Performance

Export performance is “the most researched topic” in exporting in recent years (Panigrahy, Professor, & Patra, 2018). There is a little concession to a uniform meaning of export performance in writing (Abdullah &
Ibeabuchi, 2017; Leonidou & Katsikeas, 2010). Navarro, Losada, Ruzo, and Díez (2010) characterized export performance as a firm’s ability to meet its stated objectives when exporting goods to international markets. On the other hand, Chen, Sousa, and He (2016) contend that "export performance is the consequence of a business's export market activities." Export performance measures can be either objective or subjective (Chen et al., 2016; Lu, Quester, Medlin, & Scholz, 2012). Objective measures are generally absolute measures (e.g., export profit margin, export market share, export sales volume) while subjective measures are typically perceived values (e.g., the manager’s discernment of success and satisfaction with export sales) (Chen et al., 2016; Morgan, Katsikeas, & Vorhies, 2012). International business experts agree that objective and subjective measures complement each other and that these should be considered synonymous to provide a more accurate representation of export performance (Bloemer et al., 2013; Boso et al., 2013; Madsen & Moen, 2018) and this is a major consideration in this study.

2.3. Entrepreneurial Orientation (EO)

EO is amongst the most thoroughly researched subjects in the literature on strategy and entrepreneurship, which can be directly attributed to the seminal work of Miller (1983). EO encompasses "the managers' techniques, attitudes, habits, and modes of decision-making to operate entrepreneurially" (Lumpkin & Dess, 1996). It represents how the business intends to respond directly or explicitly when presented with new opportunities (Rauch, Wiklund, Lumpkin, & Frese, 2009; Wales, 2016). Most studies indicate that three main dimensions of EO are innovativeness, proactiveness, and risk-taking (Miller, 1983; Wales, Patel, & Lumpkin, 2013). However, more recent literature has included autonomy and competitive aggressiveness as additional factors that measure EO (Hernández-Linares, Kellermanns, López-Fernández, & Sarkar, 2019). Based on these dimensions, EO is defined as the processes, strategies, and decision-making operations, leading to new entries (Covin & Wales, 2018; Lumpkin & Dess, 1996).

2.4. Networking Capability

In recent years, networking capability has been the focus of discussion in internationalization literature, with particular attention being paid to SMEs, given the importance of overcoming the "resource shortage" needed to compete in the international environment (Karami & Tang, 2019; Ripollés, Blesa, & Monferrer, 2012). In this context, Ripollés et al. (2012) consider networking capability as the ability of the firm to establish and leverage inter-organizational relationships in order to gain access to specific resources owned by other stakeholders. In the same manner, Farooqi, Miog, and Bengtsson (2012) define networking capability as a company’s ability to acquire resources from the environment by forming partnerships and social connections for utilization in its international trade. Consequently, networking capability has been considered as a dynamic capability, since it enables the organization to recognize possibilities and react promptly to them (Knight & Liesch, 2016). Networking capability is a crucial determinant of the achievements of entrepreneurial firms (Parida & Örtqvist, 2015). Particularly, controlling the internal and external flow of information will influence the productivity of entrepreneurial SMEs by promoting the sharing of knowledge, cost savings, speed of innovation, gains in credibility, and the recognition of opportunities (Lin & Lin, 2016).

2.5. Entrepreneurial Orientation (EO) and Networking Capability

EO literature suggests that in order to enhance our understanding of the internationalization process, the effect of the firm’s role and position within the network of relationships needs to be addressed (Acosta et al., 2018). Networking capability is a firm’s ability to establish and leverage inter-organizational partnerships and access resources owned by other players (Parida, Pesimaa, Wincent, & Westerberg, 2017). Raul, Isabel, and Marta (2016) consider business networks as the relationships a firm institutes with various players, including consumers, suppliers, and competitors. These relationships are made possible by the firm’s internal resources (Bucktowar, Kocak, & Padachi, 2015). Given that the evolving nature of network capabilities may permit or restrict the efficiency of cross-border resource acquisition the role of a firm's EO to the acquisition of network resources may be dependent on the social relations that the focal firm has formed with its network actors (Kim, Park, & Paik, 2018). The acquisition of resources from outside the business has long been seen as a vital entrepreneurial activity (Kim et al., 2018). Parida, Westerberg, Ylinnenpiäi, and Roininen (2010) argue that higher EO businesses are more likely to succeed in finding and obtaining resources from their associated network.

Emphasizing bold and exploratory practices, companies with high EO have the ability to build industrial structures and reshape business conditions to their benefit (Baker, Grinstein, & Perin, 2019). But EO is also regarded as a resource-intensive strategic orientation (Boling, Pieper, & Covin, 2016); without significant resource support, the output implications of EO can be hampered (Chin et al., 2016). Consequently, access to more resources, possibly from external networks, seems absolutely essential for accelerating EO. This suggests an immediate need to rethink EO's efficacy from a network point of view (Jiang, Chai, Shao, & Feng, 2018).

From the viewpoint of network, EO could be seen as a strategic stance that allows businesses to actively participate in environmental analysis and seek support from entities and establishments which they have or
wish to develop relationships with (Li, De Zubielqui, & O’Connor, 2015). These firms can be described as valuing an open system mentality that aims to undertake entrepreneurial initiatives proactively within developed and emerging networks (Udimal, Jincai, & Gumah, 2019). Jiang, Liu, Fey, and Jiang (2018) argue that high EO firms have a strong potential to draw and exploit external resources embedded in their networks to leverage emerging opportunities.

Previous studies also indicate that SMEs can address resource-oriented challenges through cooperation or exchange with external partners in the network (Avalos-Quispe & Hernández-Simón, 2019). These advantages from networking capability can, in turn, enable firms to be more entrepreneurially oriented (Parida et al., 2010). The capacity of high EO SMEs to perform better will be limited if they have insufficient network resources (Rezaei & Ortt, 2018). These firms tend to seek new resources, uphold the first-mover advantage and shape the direction of the market setting, and to enhance their competitive advantage (Huang, Wang, Tseng, & Wang, 2010; Hussain, Ismail, & Akhtar, 2015). According to this evidence, the following research hypothesis is proposed:

**H1: Entrepreneurial orientation (EO) has a significant effect on networking capability.**

### 2.6. Entrepreneurial Orientation (EO) and Small and Medium-Sized Enterprises (SMEs) Export Performance

Internationalization was studied by scholars as an entrepreneurial act to recognize and maximize global opportunities (Reuber, Knight, Liesch, & Zhou, 2018). Although there are various forms of internationalization, exporting is by far the most prevalent amongst SMEs, and very often the only way in which such firms operate abroad (Grandinetti & Mason, 2012). Keeping in mind that exports often happen in an unpredictable climate (Sarasvathy et al., 2014) EO speeds up the opportunity-seeking behaviors of a company in the export context, as it engages businesses to maneuver unpredictable circumstances in their entrepreneurial undertakings over time (Covin & Miller, 2014; Wales, 2016). Indeed, EO illustrates how finding and leveraging business opportunities drive firms’ growth objectives (Baker & Sinkula, 2009). Therefore, research into the relationship between EO and export performance would be especially essential (Brothers et al., 2015; Monteiro, Soares, & Rua, 2019).

A wide variety of research suggests that EO has a significant impact on firm development, competitiveness, innovation, and overall performance (Wales et al., 2013) principally for SMEs (Tang, Tang, & Cowden, 2017; Thanos, Dimitratos, & Sapouna, 2017). Prior studies, for example, provide proof that EO affects the extent of which firms achieve internationalization (Javalgi, Todd, & Granot, 2011) notably, export performance (Ajayi, 2016). Furthermore, Thanos et al. (2017) found that EO is of particular importance for businesses to leverage potential opportunities in increasingly harsh environments. Based on the above reasoning, this study proposes that EO increases the export performance of SMEs:

**H2: Entrepreneurial orientation (EO) has a significant impact on export performance.**

### 2.7. The Mediating Role of Networking Capability

Existing studies acknowledge that SMEs with strong EO are much more involved in searching for prospects for international market entry (Falahat, Knight, & Alon, 2018). Several theories have been used in the past to mediate the relationship between EO and export performance. One of these theories is network theory, which has been particularly influential and emphasizes the impact of business relationships upon the growth and internationalization of firms (Mort & Weerawardena, 2006). This theory represents a set of connected actors that may be either organizations or individuals, such as customers, suppliers, service providers, or government agencies (Coviello & Cox, 2007). The network theory ensures adequate utilization of SMEs resources in other to achieve internationalization (Sundermeier, 2013). Networking capabilities ensure SMEs are ready and prepared to identify opportunities (Johnson & Vahlne, 2006). As EO encourages businesses to take more chances and be transparent in their interactions, strong EO SMEs are keen to explore related networks in overseas markets in order to attain greater access to relevant resources, establish mutual trust and build partnerships, and this, in turn, allows them to explore cross-border opportunities (Johnson & Vahlne, 2006).

Networking capability is the ability of a firm to establish and leverage inter-organizational relationships (Zucchella, Strange, & Mascherpa, 2019). As posited by Johanson and Vahlne (2009) ‘opportunities would probably arise as a result of the privileged information developed during their interaction with other partners.’ By accessing related networks, SMEs may mitigate the liability of outsidership from these networks, as strong and sustainable connections within related networks act as a mechanism of social exchange that increases the combined efficacy of internationalization efforts by accumulating knowledge, building trust and developing commitment (Folzenszttein, Ciravegna, Robson, & Amorós, 2015). Overall, higher EO SMEs should aim to better respond to the international market by speeding up their networking ability by exchanging information on exports with other members in their networks (Noémie Dominguez, Mayrhofer, & Obadia, 2017; Karami & Tang, 2019). Based on the above reasoning, the study proposes the following hypothesis:

**H3: Networking capability mediates the relationship between entrepreneurial orientation (EO) and export performance.**
2.8. Conceptual Framework

The framework studies the relationships between the EO and export performance with the mediating effect of networking capability. From the journals and theories reviewed, the study recognized that the five variables stated below are essential in predicting SMEs export performance with networking capability as a mediating construct. So this framework is constructed as below.

![Figure 1](image)

**Entrepreneurial Orientation**

- Innovativeness
- Proactiveness
- Risk taking
- Autonomy
- Competitive aggressiveness

**Figure 1.** A proposed conceptual framework showing the relationship between the EO and export performance with the mediating effect of networking capability.

**Source:** Adapted from Ajayi (2016) and Karami and Yang (2019).

3. Proposed Methodology

3.1. Research Design

This study considers a quantitative approach by employing a descriptive correlational research approach to explaining the direction and strength of the relationships between EO, networking capability, and SMEs export performance. This study will draw data from the exporting SMEs in New Zealand to test the hypotheses. For this research, this study will consider SMEs with a presence in the international market. The research will also examine the companies' websites and telephone them to eliminate those with no current foreign activities. Furthermore, the explanatory research design will be needed to test the relationships and impacts of the study constructs. Structural equation modeling (SEM) analysis will be employed to examine the hypotheses. In this research, a questionnaire survey will be adopted as an instrument to assess the identified predictors of export performance.

3.2. Population

The target population of this study will be New Zealand SMEs involved in exporting. The population for this study will, therefore, be administrators, owners, or senior executives responsible for exporting, because they are the most informed about the foreign activities of companies.

3.3. Sample Size

This study will use a simple random sampling technique to determine the samples representing exporting SMEs in Auckland, New Zealand. The simplified sample table by Krejcie and Morgan (1970) will be utilized to determine the sample size of the study. Given the appropriateness of the sampling theory of Krejcie and Morgan (1970) using the simple random sampling method ensures representation of the population by making the sample size sufficiently random. The choice of simple random sampling is necessary to maintain a minimum amount of sampling bias compared to other sampling methods (Sharma, 2017).

3.4. Questionnaire

A self-administered questionnaire will be the research instrument in this study. The questionnaire from several journals will be adapted and modified to ensure that the items suit the current study. The questionnaires will be distributed directly to the firms selected for this study.

3.5. Measures

**Export performance:** The export performance measures can be either objective or subjective (Chen. et al., 2016; Lu et al., 2012). Objective measures are generally absolute measures (e.g., export profit margin, export market share, export sales volume) while subjective measures are typically perceived values (e.g., the manager’s discernment of success and satisfaction with export sales) (Chen. et al., 2016; Morgan et al., 2012). This study will utilize both objective and subjective measures of export performance. International business scholars concur that objective and subjective measures are complementary and that both should be used together to provide a more accurate picture of export performance (Bloemer et al., 2013; Bosso et al., 2013; Madsen & Moen, 2018). The subjective measure of export performance will be assessed using 3-items
(managers' rating of companies export performance as relates to profitability, profit growth, and margins relative to the industry average) adapted from Cadogan, Kuivalainen, and Sundqvist (2009) and Morgan et al. (2012). The objective measure of export performance will be assessed using 2-items (finance managers' self-reported average export profit (before tax) and average export sales turnover) adapted from Cavusgil and Zou (1994) and MatthysSENS and Pauwels (1996). Each item will be measured on a seven-point Likert scale (1 = “below average,” and 5 = “above average”).

Networking capability: This construct will be measured using the 7-item measure from Chen., Zou, and Wang (2009). To measure networking capability, the respondents will be asked about the capacity of their business to identify, interact, organize, and proactively improve ties with potential partners (Chen., et al., 2009). It will be on a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree." A sample question is, “We depend on close partnerships to obtain personnel and financial resources.”

Entrepreneurial Orientation (EO): The study will adapt the scale to measure EO from Covin and Wales (2012) and Covin., and Slevin (1989). This study aims to use 22-items to measure EO construct representing the five dimensions (autonomy: 3-items, proactiveness: 4-items, innovativeness: 6-items, risk-taking: 4-items, and competitive aggressiveness: 5-items), which is a reflective measure that captures the degree to which EO affects SMEs export performance. All items will be rated on a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree." A sample question is, “We take calculated risks with new ideas to achieve exporting.”

3.6. Reliability and Validity

This research will utilize Cronbach's alpha to determine the items that are suitable to assess the internal consistencies of the constructs in the questionnaire. Rovai, Baker, and Ponton (2014) recommended using Cronbach’s Alpha for reliability testing. Overall, the reliability coefficient that is below 0.6 is said to be weak, whereas the reliability coefficient in 0.7 ranges is said to be acceptable, and ultimately ones above 0.8 are said to be good (Rovai et al., 2014).

Furthermore, face and content validity will be employed for this study. Validity is the ability to accurately measure a concept in quantitative research (Heale & Twycross, 2015). Content validity deals with making sure that the measures in the study are appropriately measuring what they should be measuring (Oluwatayo, 2012). Content validity ensures that the questionnaire comprises a sufficient number of items that represent the concept (Mohajan, 2017).

4. Conclusion

The aim of this research, as mentioned above, is to investigate the relationship between EO and export performance with the mediating effect of network capability amongst exporting SMEs in New Zealand. Since EO influences SMEs' export performance in a number of ways, further research is needed to establish the practical and theoretical significance of these constructs. Also, by using this knowledge, it would increase the awareness both objective and subjective measures of export performance. This research will also contribute to the knowledge base in the aspect of networking among SMEs, both locally and internationally. There are still insufficient empirical studies supporting the mediating function of network capability on the relationship between EO and SMEs export performance. Therefore, this study aims to contribute to filling the research gap existing in the literature and hopefully be beneficial to the nation's economy.

5. Limitations and Suggestions for Future Research

This research is still at the developmental stage, and therefore, empirical research work is required to validate the relationships between the EO, networking capability, and export performance. This research will concentrate on SMEs' export performance without paying too much attention to other crucial aspects of internationalization (Conconi, Sapir, & Zanardi, 2016). Future research could investigate other forms of internationalization, such as joint ventures and foreign direct investment (FDI), to get a comprehensive look at other forms of international performance.

Furthermore, this study will be limited to only five items to measure both objective and subjective export performance because of time and resource constraints. Other measures of export performance, such as export sales efficiency, export profit margin growth, market diversification, and loyalty of employees, customers, and shareholders could be investigated in future research to understand better foreign market diversity and foreign sales margin growth (Sousa, 2004).

Lastly, this study will focus on one country due to resource limitations. It recommends that future research could incorporate other nations of similar economic size to compare the outcome and to add to the knowledge base in the study of export performance.

References


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