

Risk-Taking Propensity and Export Performance of Manufacturing SMEs in Kano, Nigeria

By

Abiodun Tope Samson (Ph.D)
Oladele OyetundeThomas (Ph.D)

Department of Management, Faculty of Art, Social and Management Sciences, Nigerian Army University Biu, PMB 1500, Borno State, Nigeria. samsontope@yahoo.com

Abstract

This study examined the influence of risk-taking as one important dimension of entrepreneurial orientation on export performance of SMEs in Kano, Nigeria. A survey design was conducted and structured questionnaire was used in the data collection. A total of 110 usable responses were received from the owners /managers of exporting manufacturing SMEs in Kano. Partial Least Squares-Structural Equation Modeling (PLS-SEM) was employed in the data analysis. The result of the analysis showed that risk-taking has significant effect on export performance of manufacturing SMEs. The managerial implication of this study indicated that risk-taking is a significant internal determinant of export performance. Thus, the study recommends that management of SMEs should take calculated risk by always investigating the result of various prospective investments and predicts scenario of likely outcome and thus, recognize key risk factors and their causal sources and then tries to manage or reduce these factors in international arena. While the extreme risk that involves reckless decision making that management identified should be avoided.

Keywords: Entrepreneurial orientation, risk-taking, SMEs, export performance, Resource Based View

1. Introduction

The economic development of emerging countries is heavily dependent on small and medium enterprises (SMEs) (Jin & Hurd, 2018). SMEs generate employment opportunities, accelerate innovation and rejuvenate market competition (Dominguez & Mayrhofer, 2018). Export plays an important role in country's economy, influencing the level of economic growth, employment and the balance of payments (Ahmad et al., 2017; Fatemah & Qayyum, 2018). Export performance is today one of

the most widely used measures of a firm's success, due to the globalization and market liberalization processes. SMEs which have risk-taking propensity are more likely to export successfully, and more likely to generate growth from exporting than risk-averse firms. European SMEs that export grow more than twice as fast as those that do not, while 'internationally active' SMEs are three times more likely to introduce products or services that are new to their sector than those which are entirely domestic in

orientation (Mbs & Mejean, 2010). There is therefore, a potential rationale for policy interest in exporting and risk-taking at the firm level. Doing business internationally becomes a crucial element of company survival and growth, but it also involves higher risk.

However, the contribution of the SMEs to total exports remains very low and changes only very little with less than 1% increase over a five-year period from 7.27% in 2013 to 7.70% in 2017 (SMEDAN & NBS, 2013; Chiemela et al., 2020). This compares very poorly with the average performance of the sector in Organization for Economic Co-operation and Development (OECD) and non-OECD countries. Despite' government various efforts to grow exporting SMEs, the growth performance of Nigeria's SMEs' exports is perceived to be very slow (Kromtit et al., 2017). For instance, the first phase of African Growth Opportunity Act (AGOA) lasted from October 2000 to September 2008. During this period, Nigeria's total exports which stood at US\$5.5 billion in 1999 rose to an all-time-high value of US\$34.8 billion in 2008, representing a 53.3% increase between 1999 and 2008. On the one hand, during the second phase, which ended in 2015, Nigeria's overall export to the USA declined

from US\$13.6 billion in 2009 to US\$2.0 billion in 2015, representing a decline of about 85%. On the other hand, the USA's overall export to Nigeria, which stood at US\$0.7 billion in 1991 increased to US\$ 2.3 billion, representing about 22.9% increase during the first phase of AGOA. Likewise, the USA's overall export to Nigeria increased by 70% during the second phase of AGOA (Osabohien et al., 2021).

SMEs from emerging economies face substantial challenges in an attempt to enter global markets; they face liabilities of newness as they are young/ new, partly small and somehow without a history of reliable performance (Senik et. al, 2014). Similarly, they suffer from not only liabilities of foreignness, country-of-origin effects, without operational history or established brands, such firms are not only foreigners, whose products may suffer from perceived negative country-of-origin effects with respect to quality and reliability and market indifference that sometimes accompany technological innovations, which is further compounded by assumptions about the low-technological nature of products from emerging economies (Jain, et al., 2015; Mathews 2006).

Islam et al. (2016) found that the industry faces a number of challenges that may create a significant level of risky business environment, for example, unskilled workers, improper infrastructure, and energy crisis, high cost of capital, high tax rate, intricate social compliance, political crisis, lack of market and product diversification, compliance pressure from buyers and lack of integration. Given the diverse range of risks faced by the industry, yet it remains unsure how the exporting firms manage the risks. The rather bad export performance of Nigerian SMEs' exporters can be explained by a number of factors, one of which is assumed to be the low level of risk taking propensity, which is one of the three major dimensions of entrepreneurial behavior (Keh et al., 2002). As export markets are by definition more hostile than domestic one, and they differ to a certain level in market dynamism and diversity, it is usually necessary to take more risks when exporting than when doing business only in the domestic market. Hostile environments, as are most international markets in comparison to the domestic one, speak in favor of using the entrepreneurial strategy (involving higher risk-taking willingness). Therefore, risk-taking initiatives should be more necessary in order to achieve good

results in hostile markets. Or, in other words, managers who dare to take more risks take actions that are more suitable and perform better. Abby and Slater (1989) found that management which has an international vision, favorable perception and attitudes toward exports, is willing to take risk and has the capacity to engage positively in export activities. Such exporter is likely to lead a company to export success. Therefore, it was expected that SMEs that have better export performance would also have a higher level of risk taking propensity. Risk taking as dynamic capability underpin the recent advances in international entrepreneurship, which suggest that imaginative inertial nature of established routines and new ventures hold an advantage in developing capabilities during internationalization (Ren et al., 2015).

Scholarly view has shown that inability to identify the successful or unsuccessful strategies for international market participation has remained major challenge for most SMEs (Sahoo & Yadav, 2017). Export industry faces a number of challenges that may create a significant level of risky business environment, for example, unskilled workers, improper infrastructure, and energy crisis, high cost of capital, high

tax rate, intricate social compliance, political crisis, lack of market and product diversification, compliance pressure from buyers and lack of integration. Given the diverse range of risks faced by the industry, it remains unpredictable how the exporting firms manage the risks. No study so far has examined this issue (Islam et al., 2016).

Prior studies revealed that the risk-taking propensity has a positive impact on SMEs performance; in China, (Gou & Jiang, 2020) and Tanzanian (Okangi, 2019), while some studies found inconsistencies in the association between risk-taking and export performance. For example, in Bagladesh , Hossain and Azmi, (2021) and some studies found no significant effect of risk-taking on export performance (Younas & Zafar, 2019; Rezaei & Ortt, 2018; Kraus et al., 2018). Due to this mixed findings in the management and entrepreneurial literature, there is knowledge gap of understanding the importance of risk taking propensity for exporting SMEs with regard to Nigerian environment. Thus, this study examines the effect of risk-taking on export performance of the SMEs in Kano, Nigeria.

2 Literature Review

2.1 Export performance

Cavusgil and Zou (1994) posited export performance as "the extent to which a firm

accomplishes its financial and key intention and subjective actions for exporting" (Laitinen, 2002). Reijonen & Komppula, 2007) characterized performance as "the capacity of an item to create results in a measurement decided earlier, in connection to an objective". Shamsuddoha and Ali (2006) described the export performance as "the degree to which a company's exports are accomplished.

The critical issue in the mode of evaluating export performance is the subject of objective measure against subjective measure, where some scholars subscribed to objective measures, while some prefer subjective measures. For instance, scholars such as Katsikeas *et al.* (2000) argued that even though subjective examination of export performance might give rise to some problems, it appears to be more valid in determining long term aspect. More importantly, managerial decision making and action can be easily influenced by it. However, Zou and Stan (1998) created a measure of export performance that discussed the problem of objectivity and subjectivity of export performance. They came out with multidimensional scale named 'EXPERF', and the area of interest is export venture. The dimensions are financial, strategic and satisfaction with

export venture's performance. This study adopted this Zou *et al.*, (1998) called EXPERF.

2.2 Risk taking

Risk-taking is defined as “the degree to which managers are willing to make large and risky resource commitments i.e. those which have a reasonable chance of costly failures” (Miller and Friesen, 1978). Risk is the fundamental aspect of the entrepreneurial process; entrepreneurship is an uncertain activity (McMullen, & Shepherd 2006). It is the extent at which managers are ready to commit a large and risky resource into a project, which may constitute a reasonable change or expensive failure Yet, the risks are calculated risk, and extreme risk that involve reckless decision making that management identified is usually avoided (Ketchen & Short, 2012). Basically, entrepreneurial firms operate within hesitant environment, especially, when entering with new market into new products and they undergo testing, failure tolerance and naturally working under risky atmosphere. There is risk-taking when a substantial number of resources are invested into a project with uncertain outcomes and a potentially high prospect of failure (Grande *et al.*, 2011). Generally, management investigates the result of various prospective

investments, predicts scenario of likely outcome, recognize key risk factors- their causal sources and then tries to manage or reduce these factors (Dess & Lumpkin, 2005; Wales *et al.*, 2020).

Risk taking proclivity might lessen strategic stagnation and give rise to superior performance. Three types of risk that manager experience; business risk, financial risk and personal risk (Games, & Rendi, 2019). Business risks are the risks that are associated with uncertainty and likelihood of failure. A good example of business risk is committing to unproven technologies or entering untested market. High leverage from borrowing and heavy commitment of resources characterized financial risk, and personal risk is the risk that manager takes for granted in taking preference for any strategic decision. Hostile environments, as are most international markets in comparison to the domestic one, speak in favor of using the entrepreneurial strategy (involving higher risk-taking willingness). Moreover, marketing theory recognizes as whole set of so called foreign transactional risks: general stability risk, which refers to management uncertainty about the future viability of the host country's political system, ownership/ control risk, which reflects the management uncertainty about

host government actions affecting the entrant's ownership or control position, operations risk, which is defined as a possibility of sanctions that could constrain entrant's operations in the host country, and transfer risk that refers to the limitations of entrant's ability to transfer capital out of the host country (Leko-Simic & Horvat, 2006). Therefore, risk-taking initiatives should be more necessary in order to achieve good results in hostile markets. In other words, managers who dare to take more risks, take actions that are more suitable and perform better. Risk taking in this study is the capacity of the firms to view the foreign market as opportunity to be pursued despite the volatility of the perceived success (Adesanya et al., 2018).

2.3 Risk-taking and Export Performance

In order to identify the gap in the literature, this study carries out empirical review on the relationship between these two constructs (risk-taking and export performance). Cannavale and Nadali (2019) conducted a study to examine risk-taking impact on firms' performance in the Iranian knowledge based industry. An empirical analysis of data from 155 Iranian knowledge-based firms was performed by employing the PLS method of structural equation modeling. Research revealed the

positive and significant effects of risk-taking on firm performance. However, the study was conducted in different context and moreover, the sample was not the owners/managers participating in export. Hence, thorough examination of effect of risk-taking on export performance could have produced different result. Moreover, Okangi (2019) analyzed the impacts of risk-taking, on the profitability growth of local Tanzania's construction firms. They carried out a survey to 132 Tanzanian construction firms using a questionnaire. With the help of STATA 13.0 Software, data collected was analyzed by using a multiple regression analysis. The study found the positive impact of the risk-taking dimension on firms' profitability growth of 132 Tanzanian firms. Different context and different sample could have produced different findings

In addition, Ajayi (2016) conducted a study to find the impact of risk-taking on export performance of 235 Nigerian SMEs. Having employed a quantitative research design, the outcome of the research revealed a positive and significant relationship between risk-taking and export performance. Even though this study was conducted in the same context with the current study and using export performance as dependent variable, the study focused on agricultural sector not

the owners/ managers of SMEs that are dealing with textiles/clothing, food, beverages, plastic, chemicals, leather and shoes (the product mentioned are within the groups of labour intensive and light manufacturing goods).

However, there are studies with contrary findings; some prior studies found negative and insignificant effect of risk-taking on firm performance. Hughes and Morgan (2007) examined the impact of risk-taking on performance of young high-technology, having used a mail survey to collect and analyzed the data with multiple regression, risk-taking has a negative effect on firms' performance. Nevertheless, the sample of the study focused on high-technology firm. Owners/managers of SMEs that are participating in export could have shown significant effect.

Similarly, Yang and Ju (2018) conducted their study on EO and firm performance. They selected 153 new ventures as samples and used product quality as mediating effect between the EO and performance relationship. The study revealed that the risk-taking decreases product quality, which impacts on the firms' sales performance. Nonetheless, the study did not use the sample of SMEs participating in export. Besides, the study was conducted in China

and moreover, satisfaction or strategy as non economic could have been used as performance measure. Furthermore, Kraus *et al.* (2018) having employed a structured literature review to explain the relationship between risk-taking and firm performance, they found no direct influences of risk-taking on firms' financial performance. This is a qualitative study. Quantitative study could have collected much data from larger sample. Moreover, financial measure as a performance measure might not be sufficient, subjective measure should have been included to capture the entire attributes of performance.

Also, Chin *et al.* (2016) examined the unique links and complicated interrelationships between the individual risk-taking and firm performance. Using structural equation modeling, the study found that during reverse internationalization, *risk taking* is not statistically associated with performance. However, the study was carried out from different context from the current study. Study from developing economy, in a turbulent/dynamic environment could have shown statistical significant effects. Also, Hossain and Azmi (2021) examined the impact of risk-taking on export performance. The study employed a cross-sectional survey to collect

339 primary data and analyzed the data with partial least squares (PLS-SEM) technique. The findings of this study revealed that risk-taking dimension does not affect export performance. Sample from developing economy like Nigeria could have produced significant effect on export performance.

In a nut shell, prior studies confirmed the effects of risk-taking on export performance of SMEs, but most of these studies were carried out in different context with peculiar internal/external environmental factors. Besides, the statistical tools employed were not appropriate, and sample selected differ from the owners/managers participating in export. Conducting a thorough quantitative research is also important based on the fact that most of the prior studies reviewed in this study were to be found negative, insignificant with a lot of discrepancies in the effect of risk-taking on export performance. These mixed findings have created a knowledge gap. Hence, this study proposes a null hypothesis that:

Risk-taking does not have significant effect on export performance of SMEs in Kano

2.4 Theoretical Model

The underpinning theory that serves as a foundation, support or basis for this study is Resource Based View (RBV). RBV anticipates a firm to be an embodiment of

distinctive package of concrete and intangible resources, such as assets-resources, capabilities-resources, processes-resources, management's attributes, information-resources and knowledge-resources that are controlled by a firm (Barney,1991).

RBV perceives firm definite resources such as asset and capabilities as the stimuli of an organizational strategy (Kropp *et al.*, 2006). Managerial skills and knowledge determine the ability and capability that culminate better organizational performance (Song, Di Benedetto, & Nason, 2007). Therefore, risk-taking, can be viewed as resources which have potentials to enhance export performance of SMEs. Internal capabilities development aided born global firm to succeed in foreign market (Knight & Cavusgil, 2004). Over the years RBV has become a critical driver of firm performance (Eisendhardt & Martin, 2000). RBV also helps to explain how knowledge and capabilities are developed and leveraged within an enterprise. Dhanaraj and Beamish (2003) contended that in more rigorous building of firm performance, RBV should be the paradigm to understand strategic approaches. RBV is appropriate to explain the relationship between risk-taking and export performance since firm's market

operation is an internal source of capability that gives rise to firm's competitive advantage (Cadogan *et al.*, 2009).

Moreover, risk-taking supports the RBV theory which assures the competitive advantage for firms' growth and success. Presently, the Nigerian industry is complex, turbulent, and globalized context. Several studies claimed the industry's challenges (innovative products and supply chain, networking and communication, product and market diversification, modern technologies, and social compliance) need to exert their expected performance in foreign markets (Chowdhury *et al.*, 2018; Barua *et al.*, 2018).

It has become crucial to identify key strategic factors that affect and increase growth in the international markets and contribute to sustainable export performance.

3 Methodology

This study employs survey instrument based on measures used in the past literature. Risk-taking' measure is adapted from the measures of Saini and Martin (2009) for export business of SMEs. All items are measured using a 7-point Likert scale, ranging from "totally disagree" to "totally agree". Table 3 depicts the measures of risk-taking.

Table 3.1: Measures of Risk-taking

Construct	Code	Survey items	Sources
Risk-Taking	RIS01	Generally, in our firm we play it safe when making strategic moves	Saini and Martin (2009)
	RIS02	Most consider our company as conservative in business approach	
	RIS03	Our company is generally more risk taking than most	
	RIS04	The top management team in our firm is daring	
	RIS05	In our firm, the culture rewards taking chances	
	RIS06	In our company, when the situation calls for it, we are willing to take risks	
	RIS07	Our firm is willing to make major strategic decisions even if the potential outcome could be negative	

Moreover, the nine items adapted from Zou *et al.*, (1998) are used to measure SMEs' performance in this study because they reflect economic and non economic factor

that could easily show the performance of SMEs. These nine items adapted from Zou *et al.*, (1998) called EXPERF scale are shown in the Table 3.2

Table 3.2: Measures of Export Performance

Construct	Code	Survey items	Sources
Export Performance	FIN01	This firm has been very profitable	Zou <i>et al.</i> , (1998)
	FIN02	This firm has generated a high volume of sales.	
	FIN03	This firm has achieved rapid growth.	
	STG04	This firm has improved our global competitiveness.	
	STG05	This firm has strengthened our strategic position.	
	STG06	This firm has appreciably increased our global market share.	
	SAT07	The performance of this firm has been adequate.	
	SAT08	This firm has been thriving.	
	SAT09	This firm has fully met our expectation.	

3.1 Population and Sample

Based on the records from Nigeria Export Promotion Council (NEPC), the number of officially registered SMEs is negligible. While the fast majority of SMEs carry out exporting activities unofficially. Hence, there is no population sampling frame to draw

representative sample. The study employed statistic approach to calculate sample Size for unknown population. The infinite formula for determining sample is used to determine a sample size for this study. The sample formula is by Cochran (1977). $SS = \frac{Z^2 * (p)}{(1-p)}$

Where SS = Sample Size, Z = the Z-values, P= Proportion, C= margin of error
 Where SS = Sample Size, Z = the Z-values, P= Proportion, C = margin of error
 Z- value at 95% confidence interval = 1.96; P = 0.5; Margin of error = +/-0.05
 $SS = \frac{1.96^2 * (0.5)}{0.05^2} = 384$

Therefore, the sample size of the study is 384

3.2 Data Analysis

The study employs PLS-SEM to assess and test the hypotheses. The usage of PLS has been popular with information system more than any other discipline (Goodhue et al., 2007). The data analysis procedure using PLS follows these steps; these two -step processes are (1) the assessment of

measurement model and (2) the assessment of a structural model (Henseler et al., 2009)

3.2.1 Assessment of Measurement Model

In this study, the model estimation delivers the empirical measures of the relationship between the indicators and the constructs (measurement model). The PLS –SEM algorithm in the first stage all the constructs scores are estimated to determine items reliability, internal consistency, convergent

validity and discriminant validity. Similarly, there was examination of the outer loading of each construct's measure in Figure 4.2 in order to have assessment of individual items reliability (Hair et al., 2013). The indicators with outer loadings between 0.40 are retained, while some items below the threshold of 0.40 are deleted (Hair et al., 2013). About 8 items are deleted out of 16 items. The remaining 8 items are retained as they have loadings that range between 0.700 and 0.844. The internal consistency reliability is the extent at which all items on particular

scale are measuring the same concept (Sun et al., 2007). Composite reliability's threshold; Values between 0.70 and 0.90 are considered satisfactory, value above 0.95 is regarded unsuitable and value below 0.60 indicate lack of internal consistency validity (Bernstein & Nunnally, 1994). This study composite reliability ranged between 0.810 and 0.844 which is above the threshold of 0.70 which shows internal consistency of the measure. Table 3.3 depicted the composite reliability (CR), items loading and Average Variance Extracted (AVE) for the measurement model.

Table 3.3: Items, loading, CR and AVE of the Latent Variables

<i>Constructs</i>	<i>Items</i>	<i>Loadings</i>	<i>CR</i>	<i>AVE</i>
Risk-taking	RIS1	0.815	0.844	0.576
	RIS2	0.773		
	RIS3	0.742		
	RIS5	0.700		
Export performance	EP1	0.844	0.810	0.588
	EP3	0.728		
	EP5	0.723		

AVE for this study ranged between 0.576 and 0.588 while the outer loading of all constructs ranged between 0.723 and 0.844; this indicates convergent validity. Moreover, discriminant validity threshold is that the square root of the average variance extracted is all greater than the correlation among

latent constructs, signifying sufficient discriminant validity (Fornell & Larcker). In Table 3.4, the square root of the AVE, 0.767 and 0.837 are all greater than the correlation among the latent construct which shows discriminant validity

Table 3.4: Square Root of AVE and Correlation of Latent Variables

Latent Variables	Export Performance	Risk-taking
Export Performance	0.767	
Innovativeness	0.582	0.759

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

Off diagonal elements are the correlations among constructs.

Table 3.5: Cross Loading

Variables	Export Performance	Risk-taking
EP1	0.844	0.514
EP3	0.728	0.401
EP5	0.723	0.412
RIS1	0.515	0.815
RIS2	0.449	0.773
RIS3	0.385	0.742
RIS5	0.402	0.700

All the available indicators of export performance; 0.844, 0.728, 0.723 and risk-taking; 0.815, 0.773, 0.742 and 0.700 are greater than the other reflective indicator. This means the requirement of discriminant validity has been achieved.

3.2.2 Assessment of the Structural Model

Standard bootstrapping procedure was used with a number of 5000 bootstrap samples and

356 cases to assess the significance of the paths (Henseler *et al.*, 2009; Hair *et al.*, 2013). Table 3.6 summarizes the results of reflective measured constructs; risk taking and export performance by showing the original outer weights estimates, the t values and the corresponding significance levels marked in asterisks as well as the p values

Hypotheses	Beta	T Statistics	P Values	Decision	(f ²)
Ho: Risk-taking -> Export Performance	0.248	3.725***	0.000	Rejected	0.071

Table 3.6: Path Coefficient of the Model

Notes: Note: ** (P<0.01),

The result of the study as shown in Table 3.6 revealed that risk-taking positively and significantly affects export performance of

SMEs in Kano, with $\beta=0.248$ and $p=0.000$. Thus, Ho is not supported and therefore rejected at 1% level of significance. There is

adequate statistical evidence to reject the null hypothesis and the study therefore concludes that risk-taking has positive and significant effect on export performance of SMEs in Kano

This study also employed coefficient of determination (R^2 value) as one of the criteria to assess the structural model in PLS-SEM (Hensler *et al.*, 2009). R-Squared is a measure of the proportion of an endogenous construct's variance that is explained by its predictor construct (Hair *et al.*, 2013). The acceptable level of R^2 values are 0.25, 0.50, 0.75 for endogenous variable and could be described as weak, moderate, or substantial (Hair *et al.*, 2011). While minimum, an acceptable level of R squared is 0.10. The research model explained 50% of the variance in export performance. This implies that risk-taking explained 50% of the

variance in endogenous variable (export performance). Thus, using the criteria of Falk and Miller (1992) and Chin (1998), export performance (endogenous variable) could be considered moderate

The predictive relevance of the research model was assessed through the cross-validated redundancy measure Q^2 (Ringle *et al.*, 2012). Blindfolding is a sample reuse technique that omits every data point in the endogenous construct indicators and estimate the parameter with the remaining data point set (Hair *et al.*, 2013; Henseler *et al.*, 2009). A research model with Q^2 statistics (s) greater than Zero is considered to have predictive relevance (Henseler *et al.*, 2009). Table 3.7 depicts the cross validated redundancy for export performance (endogenous variables).

Table 3.7: Construct cross-validated Redundancy

Constructs	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Export Performance	624.000	450.404	0.278

Source: Survey data analyzed using SMART PLS, 2022

As depicted in the Table 5, the cross-validation redundancy measure Q^2 for the endogenous latent variable is above zero, this suggests that predictive relevance of the study model (Henseler & Ringle, 2009)

4 Results and Discussion

This study examines the effect of risk-taking on export performance of SMEs in Kano. The quantitative data analysis reveals that SMEs' risk-taking positively and significantly ($\beta=.248$, $t=.3.725^{***}$, $p=0.000$) impact on export performance. The finding is consistent with the findings in China (Gou &

Jiang, 2020) and Tanzania (Okangi, 2019). Therefore, this finding of risk-taking and SMEs' export performance-relationship supports the previous studies that have posited that risk-taking has significant impact on export performance. This is also in consonant with the meta-analysis of Stewart and Roth (1999) that found that growth oriented individuals, i. e. companies, no matter what their size or age, have a higher risk taking propensity.

The finding of risk taking and export performance emerged a new theory by investigating different aspects measured in both variables. The study suggests that the owners/managers of SMEs in Kano practice risk-taking strategies on their products, marketing activities, and production process to meet the customer demand in the international market. From the study, it has been established that risk-taking improves the domestic and foreign technological networking for competitive advantage in the foreign markets. Thus, firms with an entrepreneurial risk-taking behavior, such as incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in foreign market would achieve and sustain competitive advantage in export market.

Theoretically, the contribution of this study also extends resource based view (RBV) as an appropriate theoretical perspective for emerging market by providing evidence for export performance of SMEs. The basic element of RBV is identification of the presence of inimitable resources which cannot be eroded by competition overtime. Risk-taking propensity as one of entrepreneurial orientation dimensions constitutes a hard to duplicate resource when a firm investigates the result of various prospective investments and predicts scenario of likely outcome and thus, recognizes key risk factors and their causal sources and then tries to manage or reduce these factors.

Recommendation

Risk taking in this study has significant effect on export performance, hence; owners/managers of SMEs could view the foreign market as opportunity to be pursued despite the volatility. The management of SMEs should take calculated risk by always investigating the result of various prospective investments and predicts scenario of likely outcome and thus, recognize key risk factors and their causal sources and then tries to manage or reduce these factors in international arena. However, the extreme risk that involves reckless decision making that management identified should be

avoided. The context of Kano, Nigeria as an emerging market has also indicate the importance of risk taking as it offers abundant business opportunities. This is in line with a perspective by Laforet and Tann (2006) which suggested that SMEs need to take risks, as it indicates their openness to change, including new ways of working.

Suggestions for Future Studies

This study considered the direct significant effect of risk-taking on export performance of SMEs in Kano. Future study can consider the mediating effect of learning orientation on the relationship between risk-taking and

export performance of SMEs. Similarly, future study can also consider environmental variables (environmental turbulence, environmental dynamisms) as moderating effect of the relationship between risk-taking and export performance of SMEs in Kano. Moreover, the findings of this study should be validated at different settings to find whether the findings apply to SMEs' exporters in different countries and emerging markets. In addition, a longitudinal design might be more appropriate to investigate risk-taking as it might take some period before these orientations affect export performance.

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