

Investigating the Impact of International Entrepreneurial Orientation on the International Performance of Small and Medium Enterprises

Shahrokh Beigi^a, Yaghoub Rashnavadi^b, Mohammad Safari^{c*}, Mohammad Reza Rokhideh^d, Nasim Mostafeizi^e

^a PhD Student in Business Policy Making, Faculty of Literature and Human Science, University of Guilan, Rasht, Iran

^b Assistant Professor of Business Management, Faculty of Management, Kharazmi University, Tehran, Iran

^c Assistant Professor, Department of Business Management, Faculty of Economics and Administrative Sciences, University of Mazandaran, Babolsar, Iran

^d MSc in International Business, Faculty of Management, Ilam University, Ilam, Iran

^e MSc in International Business, Faculty of Management, Kharazmi University, Tehran, Iran

Abstract

Today, all organizations must shift their business orientation to be able to understand and meet customers' needs faster than their rivals and pioneering them, in a highly competitive environment. In this area, the entrepreneurial orientation, internationalization and competitive strategies by understanding customer demands and focusing on business benefits, can Guarantee the performance improvement and the survival of these organizations. Therefore, the present study seeks to assess the impact of international entrepreneurship orientation on the international performance of small and medium enterprises, considering the mediator role of competitive strategy and international marketing orientation. In this research, descriptive-survey method has been used. A questionnaire consisting of 65 items was used to collect data. The statistical population of this study was all managers and employees of small and medium enterprises in Bushehr Province. Sampling method is simple random sampling method. To analyze the data, structural equation modeling with partial squares approach was used with the help of Smart PLS3 software. The results of this research show that the international entrepreneurship orientation has a positive and significant effect on the international performance of small and medium enterprises. The results also confirm the mediator role of the competitive strategy and the international market orientation in the relationship between the international entrepreneurial orientation and the international performance of small and medium enterprises.

Keywords: small and medium enterprises, entrepreneurial orientation, internationalization, competitive strategy, international market orientation.

1. Introduction

In recent years, the role of small and medium-sized enterprises in developed countries, as well as developing countries have become very important. Therefore, these companies are considered as one of the important factors of economic growth in all countries. In the last two decades, with the advent of new technologies in production and communications, there have been changes in industrial capabilities, production methods, distribution and organizational structure of enterprises, as well as the quality of higher education in the field of human capital, which has generally increased the importance of small and medium businesses. Hence, the main suppliers of new employment are the cradle of transformational and proactive in the invention of new

* Corresponding author.

E-mail address: mo.safari@umz.ac.ir (M. Safari)

Received 3 January 2021; Received in revised form 18 May 2021; Accepted 25 May 2021

© 2021 Faculty of Economics and Administrative Sciences, University of Mazandaran; All rights reserved.



technologies. In the same direction, providing the best performance has become the main concern of company managers today. so that, many Firms, in order to maintain and even improve levels of competitiveness, seek to expand their activities beyond regional borders (Sapienza & et al, 2006). thereby significantly reduces their dependence on local and national market (Ciravegna & et al, 2014). The movement of small and medium-sized enterprises to international markets is one of the necessities and also one of the factors of economic growth and development of developing countries (Ghahremani, Mahmoudi & Sepehri, 2014). Internationalization is the result of the preparation of grounds for the change. In fact, the growth of companies will provide grounds for them to move towards Internationalization, to the extent that growth and internationalization have become two intertwined words (Hernandez & et al, 2016). International processes facilitate the passage of trade barriers and along with developments in the global value chains, develops a large number of jobs at the international level (Covin & Miller, 2014). Internationalization is an activity that takes place at the company level and during which the company increases its participation in foreign markets. These activities are usually influenced by phenomena such as increasing market potential, ease of access to global markets, the intensity of competition, and shortening the interval between the internationalization of markets. Given these conditions and issues such as the global acceptance of the open economy approach, shrinking the body of government, privatization, and more specialized work, companies need to offer newer products and sell them in pristine markets to survive and grow. Increasing competitive pressure, declining direct aid, and government support are particularly prevalent in developing countries, which doubles the need for internationalization of small and medium-sized enterprises (Laufs, 2015). In this regard, creating a sustainable competitive advantage and superior performance has forced companies to adopt strategies to face this competition. the research shows that the main concern of international companies is to improve international performance, including effective factors on international performance, international entrepreneurial orientation, market orientation, and international marketing strategies (Wu. C. W, 2011). Companies can use it as a way to succeed and improve performance by emphasizing market orientation and entrepreneurial behavior. In companies that follow these philosophies, their managers will make the most of customer and competitor information in their decision-making process and will seek customer satisfaction (Hosseini-Moqaddam & et al, 2014). The international market orientation gives entrepreneurs more advantages than their competitors, thus improve their competitive position in international markets (Blesa & et al, 2008). On the other hand, entrepreneurial orientation is the organization's willingness to allocate resources to empower the organization, to create new products, innovate existing products and improve the level of production compared to competitors for opportunities in the market (Hernandez & et al, 2016). And the orientations reflect the organizational culture of firms, the beliefs, and values that lead the organization (knight, 2000). In this regard, the international entrepreneurial orientation, which is an emerging field of research, tries to analyze innovative, risky, and proactive behaviors from companies with international activity (Kropp & et al, 2006). On the other hand, competitive strategies can clearly affect firm performance by creating a competitive advantage. According to Porter, to have a medium to high performance, firms need to create competitive advantage through adopting one of the three types of cost leadership strategy, differentiation, and concentration (Hernandez & et al, 2016). The results of Zhang's study (2012) on the evaluation of small and medium - sized enterprises in China show a positive impact on the entrepreneurial orientation on business performance. Other evidence suggests that being an entrepreneur leads to better performance. In the case of international entrepreneurial orientation, many authors have investigated the impact of entrepreneurial orientation on the international performance of firms, and almost all argue that entrepreneurial orientation affects international performance (Balabanis & Katsikea, 2004; Etchebarne & et al, 2010). Other research also shows that the influence of global emerging companies is a combination of market orientation and differentiation strategies that allow them to succeed in international markets (Ghahremani, Mahmoudi & Sepehri, 2014). Other research also shows the positive impact of competitive strategy on international performance (Brush & et al, 2015; Cavusgil & Knight, 2015). Therefore, given the above and considering that there are no guaranteed market entry methods for international markets, this study seeks to clarify the descriptive power of the international entrepreneurial approach for the analysis of the internationalization process and its impact on the firm from a different and dynamic perspective. On the other hand, considering the important contribution that small and medium-sized enterprises can have in the GDP sector, improving the business environment and job creation, as well as the importance of international

entrepreneurial orientation for the survival of small and medium-sized enterprises and the Increasing competitive advantage and their performance, the purpose of this study is to investigate the effect of international entrepreneurial orientation on the international performance of small and medium enterprises with an emphasis on the mediating role of competitive strategies and international market orientation.

2. Theoretical and empirical background

2.1. Small and medium enterprises

The literature on small and medium-sized enterprises is very extensive. Although small and medium-sized enterprises in the world have many similarities, it is not possible to provide a single definition for everyone, and each country has defined it according to its own circumstances (Wales & et al, 2011). Small and medium-sized businesses are usually named by attributes, so economists tend to categorize these businesses into categories based on some quantifiable metrics. The most common criterion for distinguishing between small and medium-sized businesses is the number of employees (Bruhn & et al, 2018). The importance of small and medium-sized businesses is well known for its significant contribution to achieving various economic and social goals such as further employment growth, export promotion, and entrepreneurship promotion (Nabiswa & Mukwa, 2017). The role of small and medium-sized enterprises in any society is undoubtedly important, for example, in Portugal, about 98 % of the industrial fabric is composed of SMEs. In Zimbabwe, the SME sector accounts for more than 60% of the country's GDP, employing about 5.8 million people, and in South Korea, the SME sector accounts for more than 52% of GDP and employs 12.6 million people (Matamanda & Chidoko, 2017). In Iran, according to the report of the Small Industries and Industrial Park Organization, they constitute about 92% of economic enterprises (with less than 50 employees). Given that small and medium enterprises are an important part of the economic firms of countries. Most of these companies still produce goods and services in a local and traditional way. Therefore, with the explanations and the role of these companies in the economies of countries, this study studies small and medium enterprises.

2.2. International entrepreneurial orientation

Entrepreneurship can be defined as the characteristic of managers and owners of individual businesses in which the entrepreneur confronts environmental uncertainty by developing innovative reactions. One of the important perspectives that link the entrepreneurial process to the strategies of the organization is the orientation towards entrepreneurship. Entrepreneurship orientation as the main concept has been discussed in both strategic management literature and entrepreneurship literature (Hernandez & et al, 2016). The entrepreneurial orientation as a structure and measurement tool, with the growth of the field of entrepreneurship as a scientific and academic discipline, gained significant speed and momentum in the late 1970s and has continued to this day (Morris & et al, 2011). Which identifies a set of strategic processes that help the company achieve a competitive advantage. International entrepreneurial orientation is an emerging research area that seeks to analyze the international activity of companies with innovative, risky, and proactive behaviors (Kropp & et al, 2006). Covin & Miller (2014) discuss the two concepts of international entrepreneurial orientation, on one hand, using traditional scales on the international context and the other, as a subset of the entrepreneurial orientation. This study examines the entrepreneurial orientation according to the scale that Miller (1983); organizations that have entrepreneurial orientation have characteristics such as innovation in market and product, risky and proactivity. Innovation involves an interest in ideas, new experiences, and creative processes that may result in the development and creation of new products / services or new technologies (Esmaeilpour & Aram, 2020). Risk-taking refers to supporting projects despite the possibility of failure. Proactivity increases the advantages of being the first from differentiation. The results of the previous studies show a positive influence between entrepreneurial orientation and performance (Covin & selvin,1989; Wiklund & shepherd,2003). Entrepreneurial orientation is therefore a valuable indicator of business success and explains why companies are becoming international as a dynamic and different approach (Krauss & et al, 2005; Freeman & Cavusgil, 2007; Sundqvist & et al 2012). In a study by Frank et al (2010) In the Australian electronics industry, the entrepreneurial orientation showed a positive relationship with a business performance by emphasizing the three main elements of innovation, proactivity, and risk-taking. also, the survey of small and medium-sized enterprises in northeast China in 2012 found that

entrepreneurial orientation had a positive effect on their business performance (Zhang, 2012). Other evidence also shows that being an entrepreneur leads to better performance (Hughes & Morgan, 2007; Slotwinski, 2010). Within International Entrepreneurial Orientation, many authors have examined the impact of entrepreneurial orientation on the international performance of companies, and almost all of them state that international performance can be influenced by entrepreneurial orientation (Balabanis & Katsikea, 2004; Etchebarne & et al, 2010). Therefore, this study proposes the first hypothesis as follows:

Hypothesis 1: *International entrepreneurial orientation positively affects the international performance of SMEs.*

2.3. Competitive strategies

The concept of strategy has been used in business studies since 1960, and despite its widespread acceptance, it is still a vague and specific concept in management. The definition of the concept of strategy varies from researcher to researcher, But the essence of many definitions is the concept of strategy: A plan to achieve the long-term goals of the organization that aligns the organization's resources with environmental change (Hakansson & Snehota, 1989). The competitive strategy clearly affects firm performance by creating a competitive advantage. According to Porter, firms need to build a competitive advantage through adopting one of the three types of cost leadership strategy, differentiation, and concentration. firms that have chosen a cost leadership strategy will be able to increase their market share by controlling processes and creating lower costs than their competitors. On the other hand, firms that use the differentiation strategy can have a competitive advantage by providing products and services with unique quality and the attention and desire of customers. In applying the third strategy, the strategy of focusing on a particular type of product, firms try to focus on specific segments of the market or specific groups of buyers. firms want to achieve this goal by leading costs or differentiating products and restricting the market (Hernandez & et al, 2016). The research literature offers various frameworks to classify competitive strategy. Dess et al (1997) and Baum, Locke, and Smith (2001) use Porter's classification to analyze the influence of competitive strategy on the relationship between entrepreneurial orientation and performance. However, Miles et al (1978) differentiates between four strategic patterns: 1) prospective strategy; 2) defensive strategy; 3) analyzer strategy; and 4) reactive strategy. Lumpkin and Dess (1996) use these patterns to analyze the influence of the mediating role of competitive strategy on the relationship between entrepreneurial orientation and performance (Abdullah & et al, 2009). This study investigates the competitive strategy as a combination of cost leadership, differentiation, and concentration. Many studies show the relationship between competitive strategy and the results of Porter's view (Allen & Helms, 2006; Leask & Parker, 2007). Other research also shows the positive impact of competitive strategy on the performance of small and medium enterprises (Brush et al, 2002; Cavusgil & Knight, 2015). Therefore, based on the existing theories and literature, in this study, the following hypotheses can be proposed:

Hypothesis 2: *International entrepreneurial orientation positively affects the competitive strategy of SMEs.*

Hypothesis 3: *Competitive strategy positively affects the international performance of SMEs.*

2.4. International market orientation

Market orientation has been one of the key concepts in the strategy and marketing literature in the last two decades (Hagen et al, 2017). Market orientation is the degree to which an organization understands the needs of its customers and turns this information into a tool throughout the organization to forecast the future and meet the needs of customers (Hosseini-Moqaddam et al, 2014). In the last two decades, there have been two fundamental theoretical approaches to defining and evaluating market orientation, on the one hand, the cultural perspective that defines market orientation as organizational culture. In the last two decades, there have been two fundamental theoretical approaches to defining and evaluating market orientation, on the one hand, the cultural approach that defines market orientation as organizational culture. This approach creates the necessary behaviors needed to create superior value for buyers and thus continuous superior performance for the business. In consonance with this approach, the authors suggest three different features: Customer Orientation, Competitor Orientation, and Inter-functional Coordination. On the other hand, it presents the perspective of market orientation as an information-based process and has three characteristics or dimensions: Market Intelligence,

based on present and future needs of customers; the process of Dissemination of Information generated within the organization; and Response to the Market (Acosta, & et al, 2018). Most empirical studies confirm a positive relationship between market orientation and different entrepreneurial practices (Chandra Balodi, 2014; Laukkanen et al, 2013). In particular, Kirca et al. (2005) conduct a meta-analysis of previous articles in this matter and observed that market Orientation positively affect various variables related to firm performance, such as sales, market shares, business evolution, perceived quality, and public satisfaction. One of the main works in this field, Research by Cadogan et al (2003) confirms that company behaviors oriented in the market have a positive effect on their international performance. Likewise, Other studies show that international market orientation has a positive effect on product performance in export markets, and favorably contributes to the strategic performance of exporting companies (Chung, 2012; Boso et al, 2013; Escandón-Barbosa et al, 2016). In this study, we will investigate the role of market orientation based on dimensions: Customer Orientation, Competitor Orientation, and Inter-functional Coordination. In this regard, based on the above topics, the fourth and fifth hypotheses of the research are proposed as follows:

Hypothesis 4: *International entrepreneurial orientation positively affects international market orientation.*

Hypothesis 5: *International market orientation positively affects the international performance of SMEs.*

2.5. Research conceptual model

According to the theoretical foundations and the identification of the main variables of the research and also based on the proposed hypotheses, the proposed conceptual model of the research has been designed and formulated as follows (Figure 1).

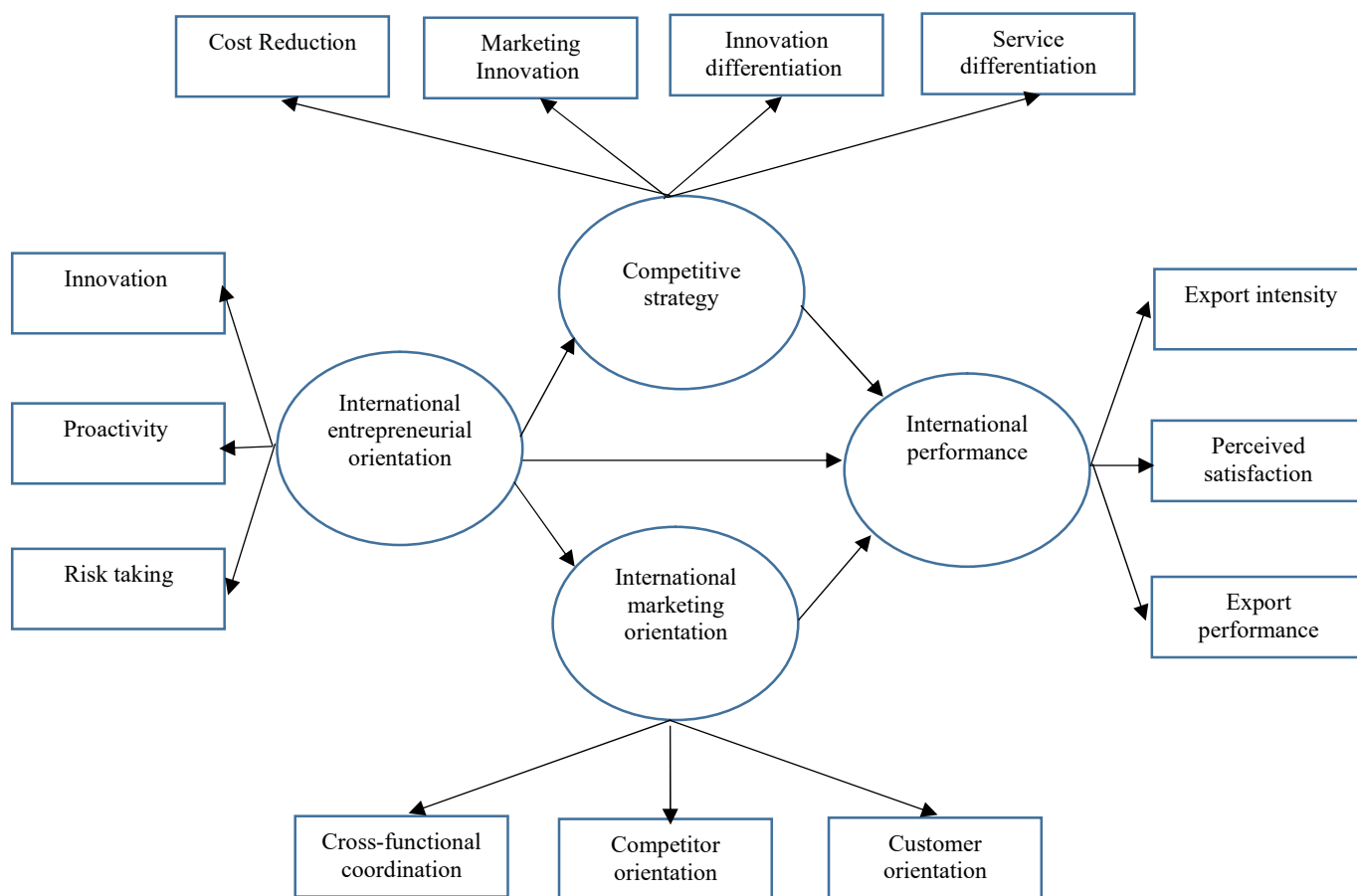


Figure 1. The proposed research conceptual model

3. Research methodology

3.1. Method, instrument and data

The present study is an applied research in terms of purpose and is descriptive-survey in terms of data collection method. This study describes the variables in the statistical population and provides applied knowledge about the quality of the relationship and the effectiveness of four variables: international entrepreneurial orientation, international performance of small and medium businesses, competitive strategy and international market orientation. The statistical population of the research is all managers and employees of small and medium businesses in Bushehr province in southern Iran (including Bushehr city, Tangestan city and Dashtestan city), whose number was 350 people. Given that the statistical population wasn't very large and its members have the same characteristics, it can be said that it is homogeneous, and therefore, a simple random sampling method was used. Due to the limited population size, Cochran's formula was used to determine the sample size, which obtained a sample size of 183 people, which was collected in a total of 185 samples (95% confidence level). In the following table (Table 1), the demographic characteristics of the statistical sample are analyzed and the findings are summarized.

Table 1. Demographic characteristics of the research participants

Variable	Level	Frequency percentage
Gender	Male	74.9
	Female	25.1
Education	Diploma	41
	Associate Degree	9.8
	BSc	40.4
	MSC and higher	8.8
Number of employees	1-5	9.8
	6-10	11.5
	11-15	66.1
	More than 15	12.6

A standard questionnaire was used to collect data. The questionnaire used in this research has been designed by considering the components used in the research and the questionnaires conducted by prominent researchers in this field. In the first part of the questionnaire, demographic questions are raised. Also, in the second part of the questionnaire, questions are provided to measure the research variables. The data related to the variables had a ranking scale and was measured in a range of five Likert options. The total number of questions in the questionnaire for measuring research structures are 65 items, which includes international entrepreneurial orientation by 15 items (innovation, proactivity, risk-taking), 20 items for competitive strategy (cost leadership strategy, marketing differentiation, innovation differentiation, and service differentiation), 15 items for international performance (export intensity, perceived satisfaction, and export performance), and international market orientation by 15 items (customer orientation, competitor orientation and cross functional coordination). Therefore, according to the data collected in this study, SPSS25 software and structural equation modeling with SMARTPLS3 were used to analyze the data.

3.2. Validity and reliability

To measure the reliability of the questionnaire, two methods of Cronbach's alpha coefficient and combined alpha coefficient were used, the results of which are presented in Table 2.

Table 2. Research variables with reliability, validity, and sources for extracting research items

Variable	Variable type	Cronbach's alpha coefficient	CR	Common reliability coefficient	AVE	rho-a	Comparison CR and AVE
International Entrepreneurial Orientation	Exogenous	0.910	0.924	0.668	0.668	0.918	CR > AVE
International market orientation	Endogenous	0.897	0.913	0.510	0.510	0.900	CR > AVE
Competitive strategy orientation	Endogenous	0.862	0.883	0.621	0.621	0.883	CR > AVE
International performance	Endogenous	0.888	0.906	0.637	0.637	0.902	CR > AVE

As the results of Table 1, in examining the construct validity of the research variables, the Average Variance Explained (AVE) for all variables is more than 0.5 which indicates that the research variables have good convergent validity. Regarding the reliability of the questionnaire, two methods of Cronbach's alpha and combined reliability coefficient (CR) were used. The same results show that Cronbach's alpha coefficient for all research variables is greater than 0.7. Also, the combined reliability coefficient for all variables is higher than 0.7, which can be said that the reliability of the data collection tool is acceptable.

4. Analysis and findings

According to the fit of the structural model of the research, the rejection or confirmation of the distribution hypotheses using standard coefficients (path coefficients) and significance coefficients (T-value) have been investigated and reported. According to the software outputs, the value of all standard coefficients (path coefficients) is all positive, and also the significant coefficients (T-value) is higher than 1.96. Thus, all research hypotheses are significant at the 95% level. The mediating role of competitive strategy and international market orientation was also examined and approved. The condition of the model is also convenient and reliable.

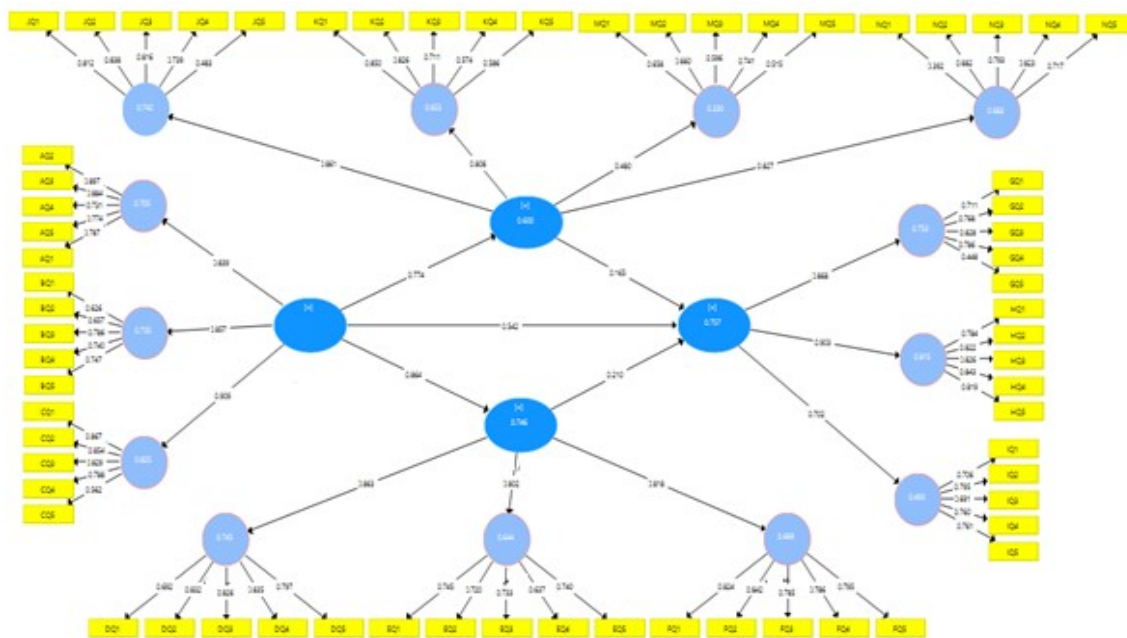


Figure 2. structural model of research in the form of standardized solutions

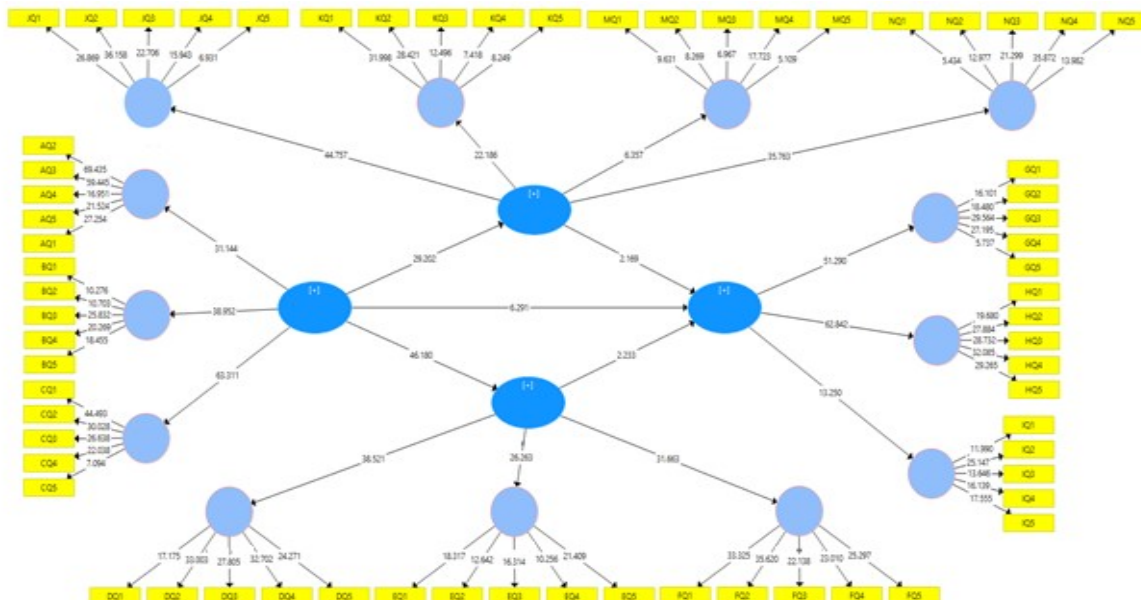


Figure 3. structural model of research in the form of significant coefficients

Figures 2 and 3 show the general research model in the case of path coefficients and significant coefficients. This model tests all structural equations using t-statistic, according to which if t-statistic for paths is greater than 1.96, the path coefficient and factor load are significant at 95% confidence level. According to the obtained results, path coefficients and significant coefficients in Figures 2 and 3 can be recognized that the international entrepreneurial orientation has a positive and significant effect on international performance. The results also show that the variables of competitive strategy and international market orientation have a positive and significant effect on international performance. On the other hand, a positive and significant relationship can be expressed between international entrepreneurial orientation and competitive strategy variables as well as international market orientation. Therefore, based on this, the mediating role of these two variables is reliable.

4.1. Investigating the role of mediation

Sobel test is the most common method of testing mediating coefficients. This framework was introduced by Michael Sobel in 1982. The Sobel test is used to examine the significance of the mediator variable in the relationship between the independent and dependent variables. That is, whether the effect of the independent variable on the dependent variable through the mediating variable is significant or not? Therefore, it is necessary to run the research model once without the presence of a mediator variable and again with the presence of a mediator variable in the software.

In the present study, the model was implemented without the presence of a mediating variable. The value of T-Value in both triangles (first and second mediator analysis) is significant for the straight path. That is, competitive strategy and international market orientation have a mediating effect for the two variables of international entrepreneurial orientation and international performance (according to direct significance). On the other hand, in the Sobel test, a value of Z-Value is obtained through the following formula, which if this value is greater than 1.96 Hypothesis zero (stating that the mediating variable has no role between the relationship of independent and dependent variables) Is rejected and the mediating effect in this regard is significant.

$$z - \text{value} = \frac{a * b}{\sqrt{(b^2 * s_a^2) + (a^2 * s_b^2)}}$$

In the above formula, the quantity *a* represents the regression coefficient of the relationship between the independent variable and the mediator; *b* Regression coefficient determines the relationship between mediator and dependent variable; *S_a* standard error determines the relationship between independent and mediator variables, *S_b* standard error determines the relationship between mediator and dependent variables. The results are reported in Table 3 below.

Table 3. Sobel test results

Variable	Z-Value
Competitive strategy	2.23
International market orientation	2.17

As it turns out, the Z-Value for competitive strategy variables and international market trends is higher than 1.96. Therefore, at the 95% confidence level, the mediating effect of the variables can be confirmed.

Table 4. Results of data analysis on the significance of research paths and hypotheses

Hypothesis	Independent variable	Dependent variable	Standardized path coefficient (β)	Test statistic (T)	Significance level	Result
H1	International entrepreneurship orientation	International performance	0.542	6.291	0.000	Confirmed
H2	International entrepreneurship orientation	Competitive strategy orientation	0.774	29.202	0.000	Confirmed
H3	Competitive strategy orientation	International performance	0.165	2.169	0.033	Confirmed
H4	International entrepreneurship orientation	International market orientation	0.864	46.180	0.000	Confirmed
H5	International market orientation	International performance	0.210	2.233	0.027	Confirmed

4.2. Structural model fit indices

One of the steps in analyzing structural equations is to examine the fit indices. These indicators seek to answer the question of whether the model represented by the data confirms the conceptual model of the research. The fit indices of the general model of structural equations of the research are reported below (Table 4). These indicators include: detection coefficient, t-statistic, general structural model fit index (GOF) and other indices. Regarding the GOF index (general structural model fit index), Wetzels & et al (2009) have introduced three values of 0.01, 0.25 and 0.36 as weak, medium and strong values for the overall model fit (GOF criterion). Another indicator of goodness of fit is the standardized residual mean square root index (SRMR), which is acceptable between 0 and 1 (Yin & et al, 2012). The Variance Inflation Factor (VIF) also evaluates the intensity of multiple alignments between variables. In fact, this index indicates how much of the change in the estimated coefficients has increased in line; The acceptable value for this index is less than 5.

Table 5. Fitting indices of standard structural equation model of research in PLs Algorithm mode

Determination coefficient (R ²)	Competitive strategy	0.600
	International performance	0.757
	International market orientation	0.746
Adjusted determination coefficient	Competitive strategy	0.598
	International performance	0.753
	International market orientation	0.744
Variance Inflation Factor (VIF)	International entrepreneurship orientation	4.26
	Competitive strategy	3.007
	International market orientation	4.73
SRMS		0.1
Total structural model fit index		GOF= 0.653

5. Conclusion and Suggestion

This study seeks to investigate the effect of international entrepreneurial orientation on international performance by considering the mediating role of competitive strategy and international market orientation in small and medium enterprises in Bushehr province. In this regard, in examining the first hypothesis, as the results show; International entrepreneurial orientation has a positive and significant effect on international performance in the studied enterprises. The results show that the international entrepreneurial orientation plays an important role in the international performance of small and medium-sized enterprises, and the international performance of this type of enterprise is favorably influenced by the international entrepreneurial orientation. The positive relationship between international entrepreneurial orientation and international performance suggests that continuous pursuit of new opportunities ahead of the competition, the adoption of innovative ideas, and the willingness to take risky decisions in the international market are important elements that encourage businesses to increase performance abroad. As international performance increases, companies must develop international entrepreneurial activities. Because today, entrepreneurship is considered as one of the important economic drivers in many countries, so that many countries have opened a special account on entrepreneurial activities to grow the economy, and that any country with the start of an international exchange can use its resources to produce higher yield products. And companies can turn different opportunities into competitive advantage by adopting entrepreneurial behaviors. On the other hand, according to the determinants of international performance, the results indicate that the ability of small and medium-sized enterprise to establish and manage relationships with various partners in the markets in which they operate, are among the main influential factors. It depends on their performance in foreign markets. This view is consistent with the research of Wiklund & Shepherd (2003), Zhang (2012) and Acosta & et al (2018). Regarding the second hypothesis; The Impact of International Entrepreneurial orientation on Competitive Strategy as well as the Third Hypothesis; The effect of competitive strategy on international performance, which in fact explains the mediating role of competitive strategy. The results indicate the positive effect of international entrepreneurial orientation on competitive strategy and also the positive effect of competitive strategy on international performance. In this regard, by considering the dimensions of entrepreneurial orientation, we can understand the existence of this relationship; so that the company's innovation and proactivity can increase its differentiation by offering new products that are valuable to customers. On the other hand, companies' risk-taking controls their processes and creates lower costs compared to their competitors, which will enable companies to improve their international performance and increase their market share. Organizations that emphasize the entrepreneurial process's organizational strategies are innovation, initiative and risk-taking. that these organizations are in the range of aggressive competitors. The emphasis of these organizations is on identifying opportunities, evaluating and

exploiting it, while passive organizations do not have such characteristics. International entrepreneurial development leads to the development of skills and knowledge as a source of international competitive advantage. And by focusing on potential knowledge, skills, and competencies, the company will be more successful in adapting to the new environment than companies that are more dependent on tangible resources. The results are consistent with the research of Allen & Helms (2006), Hughes & Morgan (2007), Rauch & et al (2009), Abdullah & et al (2009), Cavusgil & Knight (2015) and Hernandez & et al (2016). In relation to the third and fifth hypotheses that explain the mediating role of international market orientation, the results show the positive effect of international entrepreneurial orientation on international market orientation and also the positive effect of international market orientation on international performance. The international market increases performance both in the short and long term, and the international market orientation affects the international performance of companies, and this effect is such that companies with a long history in the international market, have been able to increase their advantages more and thus make more profit. Also, these companies have more sales and profit from the companies that have recently moved to the development of international marketing. Inter-functional coordination in international markets has a positive effect on a low-cost advantage; Customer orientation and competitor orientation also have a positive effect on the distinction advantage. In the principles of contemporary marketing, understanding the needs and wants of customers is the most important. In the meantime, companies can take steps by adopting innovative and proactive activities in order to meet these needs. And since the success of an organization in the long run depends on the organization's ability to provide valuable benefits to customers and do better than competitors, it seems that organizations can improve their performance by understanding the needs of customers and using this information ahead of competitors. In fact, market-oriented organizations can be expected to achieve a more sustainable competitive advantage and therefore perform better because of the importance of understanding the needs and wants of customers, being responsive to them, and paying attention to their competitors. This is also consistent with research of Cano & et al (2004), Kirca & et al (2005), Ellis (2006), Armario & et al (2008), Boso & et al (2013 and Hagen & et al (2017).

The results of this study provide interesting achievements for entrepreneurs and foreign trade managers as well as for managing the internationalization of small and medium enterprises. From the perspective of owners and managers, this shows the importance of producing a management philosophy and culture within the company, oriented towards international entrepreneurship. Accordingly, promoting proactive, risk-taking, and innovation in the company is essential and encourages managers and professionals to actively consider new business opportunities, taking into account reasonable risks. Considering that entrepreneurial orientation positively affects the international and medium-sized enterprise's performance. It is proposed to provide space for employees to create their ideas and creativity. By developing these ideas and creativity, the field of international entrepreneurship development will be provided. Companies should be able to create a flow of new products and processes, use more technology, and at the same time take steps towards their sustainability. Regarding the impact of the positive effect of international entrepreneurial tendency on international market orientation and the positive effect of market orientation on international performance, managers must seek to obtain the satisfaction of customers and their main suppliers about products and services in international markets. Because according to modern (contemporary) marketing concepts, retention and customer loyalty is one of the most important indicators affecting the performance and survival of companies. Therefore, company managers should use innovation and risk-taking to create more valuable products to attract customer satisfaction and put take their customers' satisfaction at the forefront of their actions.

Considering the positive and significant effect of applying competitive strategies on company performance, it is suggested that company managers should examine factors influencing the stabilization of a company's position in an industry where they are active, and general strategies for the competition are explained. The high profitability of an organization, in addition to having the right strategy, also depends on the industrial structure in which it operates. Depending on the field in which the firm operates and what product or service it offers, there are several factors that affect its performance, especially internationally. Therefore, recognition of the position of the organization towards other actors in an industry determines its profit, and an organization that can position itself in a suitable position concerning its competitors will gain a profit higher than the average of that industry.

the basic foundation for maintaining position among competitors is to sustain the firm's competitive advantage in the relevant industry.

References

- Abdullah, H. H., Mohamed, Z. A., Othman, R., & Uli, J. (2009). The effect of sourcing strategies on the relationship between competitive strategy and firm performance. *International Review of Business Research Papers*, 5(3), 346-362.
- Acosta, A. S., Crespo, A. H., & Agudo, J. C. (2018). Effect of market orientation, network capability and entrepreneurial orientation on international performance of small and medium enterprises (SMEs). *International Business Review*.
- Allen, R. S., & Helms, M. M. (2006). Linking strategic practices and organizational performance to Porter's generic strategies. *Business Process Management Journal*, 12(4), 433-454.
- Balabanis, G. I., & Katsikea, E. S. (2003). Being an entrepreneurial exporter: does it pay? *International Business Review*, 12(2), 233-252.
- Berisha, G., & Shiroka Pula, J. (2015). Defining Small and Medium Enterprises: a critical review.
- Blesa, A., Monferrer, D., Nauwelaerts, Y., & Ripollés, M. (2008). The effect of early international commitment on international positional advantages in Spanish and Belgian international new ventures. *Journal of International Entrepreneurship*, 6(4), 168-187.
- Blumentritt, T., & Danis, W. M. (2006). Business strategy types and innovative practices. *Journal of Managerial Issues*, 274-291.
- Bruhn, M., Karlan, D., & Scholar, A. (2018). The impact of consulting services on small and medium enterprises: Evidence from a randomized trial in Mexico. *Journal of Political Economy*, 126(2), 635-687.
- Brush, C. G., Edelman, L. F., & Manolova, T. (2002). The impact of resources on small firm internationalization. *Journal of Small Business Strategy*, 13(1), 1-17.
- Cano, C. R., Carrillat, F. A., & Jaramillo, F. (2004). A meta-analysis of the relationship between market orientation and business performance: evidence from five continents. *International Journal of research in Marketing*, 21(2), 179-200.
- Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies*, 46(1), 3-16.
- Chandra Balodi, K. (2014). Strategic orientation and organizational forms: an integrative framework. *European Business Review*, 26(2), 188-203.
- Ciravegna, L., Majano, S. B., & Zhan, G. (2014). The inception of internationalization of small and medium enterprises: The role of activeness and networks. *Journal of Business Research*, 67(6), 1081-1089.
- Covin, J. G., & Miller, D. (2014). International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions. *Entrepreneurship Theory and Practice*, 38(1), 11-44.
- Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic management journal*, 10(1), 75-87.
- Ellis, P. D. (2006). Market orientation and performance: A meta-analysis and cross-national comparisons. *Journal of Management Studies*, 43(5), 1089-1107.
- Esmacilpour, M., Aram, F. (2020). Organizational Factors Influencing the Innovation Performance Through Export-Oriented Strategy. *Commercial Strategies*, 15(11), 36-53.
- Etchebarne, M. S., Geldres, V. V., & García-Cruz, R. (2010). El impacto de la orientación emprendedora en el desempeño exportador de la firma. *ESIC Market Economic and Business Journal*, 137, 165-220.
- Faghihi, A., Taj al-Din, M., Taj al-Din, M. (2010). No. 17, Spring 2010, pp. 1-22.
- Frank, H., Kessler, A., & Fink, M. (2010). Entrepreneurial orientation and business performance, A replication study. *Schmalenbach Business Review*, 62(2), 175-198.
- Freeman, S., & Cavusgil, S. T. (2007). Toward a typology of commitment states among managers of born-global firms: A study of accelerated internationalization. *Journal of International Marketing*, 15(4), 1-40.
- Ghahremani Mahmoudi, Kh, Sepehri S (1393). The Impact of International Commitment and the Tendency of International Entrepreneurship on the Performance of International Marketing, Third
- Hagen, B., Zucchella, A., Larimo, J., & Dimitratos, P. (2017). A taxonomy of strategic postures of international SMEs. *European Management Review*, 14(3), 265-285.
- Håkansson, H., & Snehota, I. (1989). No business is an island: The network concept of business strategy. *Scandinavian journal of management*, 5(3), 187-200.
- Hernández-Perlines, F., Moreno-García, J., & Yañez-Araque, B. (2016). The mediating role of competitive strategy in international entrepreneurial orientation. *Journal of Business Research*, 69(11), 5383-5389.
- Hosseini Moqaddam, S. MR, Kazemi, M, Maharti, Y. (2014). A Study of the Role of the Market Interface and Entrepreneurial Behavior on the Relationship between Business Strategies and Organizational Performance. *Journal of Modern Marketing Research*, 10-11, 207-234.
- Hughes, M., & Morgan, R. E. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial marketing management*, 36(5), 651-661.
- Ismailpour, M; Aram, F. (2018). Investigating the Impact of Intra-Organizational Factors Affecting Innovative Performance through Export-Study-Based Strategy: Bushehr Export Companies, *Commercial Strategies*, Year 25, No. 12, pp. 53-36.
- Karimi, A; Rahimi, S. (2015). The effect of entrepreneurial orientation on business performance with the mediation of knowledge creation process, *Quarterly Journal of Research, Innovation and Creativity in Humanities*, Volume 5, Number 3, pp. 171-143.

- Knight, G. (2000). Entrepreneurship and marketing strategy: The SME under globalization. *Journal of international*
- Krauss, S. I., Frese, M., Friedrich, C., & Unger, J. M. (2005). Entrepreneurial orientation: A psychological model of success among southern African small business owners. *European Journal of Work and Organizational Psychology*, 14(3), 315-344.
- Kropp, F., Lindsay, N. J., & Shoham, A. (2006). Entrepreneurial, market, and learning orientations and international entrepreneurial business venture performance in South African firms. *International marketing review*, 23(5), 504-
- Laufs, K. (2015). *Foreign Market Entry Mode Choice of Small and Medium-Sized Enterprises* (Doctoral dissertation, Universität Düsseldorf).
- Laukkanen, T., Nagy, G., Hirvonen, S., Reijonen, H., & Pasanen, M. (2013). The effect of strategic orientations on business performance in SMEs: A multigroup analysis comparing Hungary and Finland. *International Marketing Review*, 30(6), 510-535.
- Leask, G., & Parker, D. (2007). Strategic groups, competitive groups and performance within the UK pharmaceutical industry: Improving our understanding of the competitive process. *Strategic Management Journal*, 28(7), 723-745.
- Matamanda, S. H., & Chidoko, C. (2017). Accessing formal financing by Small and Medium Enterprises in Zimbabwe: The case of SMEs and banks in Chiredzi Urban. *Cell*, 263(773), 555908.
- Mohsenin, Sh, Esfidani, M.R. (2017). Structural equations based on the partial least squares approach, Tehran: Mehraban Nashr Publications.
- Sharafi, V (1393). *Laser Learning Step by Step*, Tehran: Hawarf Publications First Edition.
- Morris, M. H., Webb, J. W., & Franklin, R. J. (2011). Understanding the manifestation of entrepreneurial orientation in the nonprofit context. *Entrepreneurship Theory and Practice*, 35(5), 947-971.
- Nabiswa, F., & Mukwa, J. S. (2017). Impact of credit financing on human resource development among micro and small enterprises: A case study of Kimilili Sub County, Kenya. *Asian Journal of Management Science and economics*, 4(1), 43-53.
- Nagaria, M. S. (2016). Finance: A vehicle for enhancing Performance in Indian Micro, Small and Medium Enterprises (MSMEs). *Journal of Finance*, 2395, 7492.
- Organization of Small Industries and Industrial Towns (2015). *Successful Policies for the Development of Small Industries in 20 Industrial and Developing Countries*, Tehran: Publications of the Small Industries Organization of Iran.
- Rahmani, Z, Rezaei, M. (2015). Study of the effect of entrepreneurship on business performance with the mediating role of innovation capacity. *Quarterly Journal of Modern Marketing Research*, Special Issue of the Fourth National Conference on Management and Entrepreneurship, Payame Noor University, Khansar Center, May 16 and 17, pp. 133-146.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship theory and practice*, 33(3), 761-787.
- Safaei, H (2001). "Report on the Study Summit to Help Small and Medium-Sized Companies to Grow and Globalize", *Cooperative Economics*, No. 122, pp. 50-55.
- Sapienza, H. J., Autio, E., George, G., & Zahra, S. A. (2006). A capabilities perspective on the effects of early internationalization on firm survival and growth. *Academy of management review*, 31(4), 914-933.
- Slotwinski, D. L. (2010). *Determining the statistical significance of environmental uncertainty on the relationship among performance, entrepreneurial orientation, and strategy for Washington State manufacturing firms* (Doctoral dissertation, Capella University).
- Sobhani Fard, Y. (2016). *Fundamentals and Application of Factor Analysis and Structural Equation Modeling*, Tehran: Imam Sadeqh University Press.
- Momeni, M, Qayyumi faal, A. (2015). *Statistical analysis using SPSS*, Tehran: Ketab-e-Naw Publications.
- Hanafizadeh, P, Ravasan, A. (2012). *Method of analyzing multilevel structures using smart pls software*, Tehran: Termeh Publications.
- Feyz, D; Shabani, A. (2018). Investigating the Impact of Entrepreneurial Tendency on the Export Capacity of Small and Medium Enterprises with Intermediate Organizational Learning Ability and Innovative Performance, *Business Strategies*, Year 25, No. 12, pp. 108-93.
- Sundqvist, S., Kyläheiko, K., Kuivalainen, O., & Cadogan, J. W. (2012). Kirznerian and Schumpeterian entrepreneurial-oriented behavior in turbulent export markets. *International Marketing Review*, 29(2), 203-219.
- Wales, W. J., Gupta, V. K., & Mousa, F. T. (2011). Empirical research on entrepreneurial orientation: An assessment and suggestions for future research. *International Small Business Journal*, 31(4), 357-383.
- Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic management journal*, 24(13), 1307-1314.
- Wu, C. W. (2011). Global marketing strategy modeling of high-tech products. *Journal of Business Research*, 64(11), 1229-1233.
- Yin, S., Ding, S. X., Haghani, A., Hao, H., & Zhang, P. (2012). A comparison study of basic data-driven fault diagnosis and process monitoring methods on the benchmark Tennessee Eastman process. *Journal of Process Control*, 22(9), 1567-1581.
- Yount, K. M., Crandall, A., & Cheong, Y. F. (2018). Women's Age at First Marriage and Long-Term Economic Empowerment in Egypt. *World development*, 102, 124-134.
- Zhang, Y., & Zhang, X. E. (2012). The effect of entrepreneurial orientation on business performance: A role of network capabilities in China. *Journal of Chinese Entrepreneurship*, 4(2), 132-142.