



The Importance of Entrepreneurial Orientation's Dimensions in Influencing the Organizational Performance of Food and Beverage SMEs

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ABSTRACT

The study is attempted to examine and analyze the important influence of entrepreneurial orientation components - risk-taking, innovativeness, and proactiveness- on the organizational performance of Yemeni Small and Medium Enterprises within the food and beverage industry. The model of study is tested on 459 owners/Managers of SMEs by employing the analysis of Partial Least squares structural equation modeling (PLS-SEM), as well as Importance-Performance Map Analysis (IPMA). After utilizing the cross-sectional approach, the results illustrated that the innovativeness and risk-taking have a significant and positive impact on organizational performance, but their effect was less than proactiveness. Moreover, the analysis of importance-performance pointed out that proactiveness more important than

innovativeness and risk-taking in determining organizational performance. The model of study expounded 34% of the whole variance in SME's performance. Moreover, it provided the implications of practical and theoretical.

Keywords: Strategic Orientation, Entrepreneurial Orientation, Entrepreneurial Orientation Dimensions, Organizational Performance, SMEs in Yemen, Resource-Based of View.

INTRODUCTION

The Small and Medium Enterprise (SMEs) have the capacity to provide more growth and development opportunities to the world economy better than the large-scale industry [1]. More so, SMEs create more employment openings rapidly than the bigger organizations. In addition to the supplier role, they are playing for bigger companies [2, 3]. The importance attached to SMEs could be drawn from Thailand's novel and proactive SME sector which was the backbone of survival for the country during the period of Asian economic crunch.

Although the importance of SMEs was emphasized, it is not sufficient If its performance is not satisfactory, because the performance of the SMEs that actually contributes to economic development [4]. In view of this argument, there cannot be a good contribution from SMEs unless they perform satisfactorily. Therefore, SME's performance is a subject that deserves adequate attention.

Some countries have a low-performance level of SMEs which may be a result of an increasingly complex and changing business environment [5]. Moreover, [6] observed that in developing countries, SMEs ignored the understanding of major capabilities for example entrepreneurial orientation (EO) used to exploit the superior performance and increase their competitive advantage.

The EO has a potential benefit, as it requires taking a risk to develop new products, services, and markets, willingness to innovate, and proactively explore new opportunities and compete successfully with competitors [7, 8]. Moreover, it represents a firm's attitude toward entrepreneurship, indicating how likely they are to make strategic decisions on new ventures [9].

The explanation of the association between both the EO-performance is routinely based on the RBV. From that perspective, the EO comprises oftentimes an intangible resource, and these resources an inimitable, valuable, rare, and un-substitutable [10, 11]. Thus, the diversity of the allocation for the EO resource leads to distinction in the company performance [9, 12, 13].

Past studies that have been carried out based on the RBV theory, have shown that EO is one of the valuable resources witch enhances the companies' performance and innovativeness [9, 12, 13]. Furthermore, it has been argued by other researchers that EO enhances successful competition of firms, while the unique capabilities are maintained to help them take advantage of opportunities, and as well reduce the risk [14].

Even though many researchers have focused on studying the correlation between organizational performance (OP) and EO, findings of such studies are mixed and inconclusive forward to this day [e.g., 15, 16]. Due to restrictions on the EO concept operationalization, different study plans, and diversity the context of the investigation across different researches, these variations in results should be predicted to some extent. These indecisive evidences have led some researchers to request further study into EO 's impact on company performance [17, 18].

While the universality of entrepreneurial structures is studied [e.g., 8, 19], we understand the concept of an EO as based on three main dimensions: risk-taking, proactivity and innovation. [20-22] highlighted the importance of analyzing each of the three dimensions (risk-taking, proactivity and innovation) that are considered such an independent actors, thereafter determining the impact of each aspect of the OP. Due to the importance of these dimensions that inform the concept the diversity of cultural and institutional contexts is significant.

Although SMEs generally are important contributors to the economy, the manufacturing sector is regarded as a pillar of growth in modern economies [23-25]. However, this study focuses on the performance of food and beverage SMEs, where it forms 48% of the entire manufacturing sector. Also, the performance of these firms is not good where its contribution to GDP is very low [25, 26]. In the context of SMEs within Yemeni, a few researchers have conducted studies on SMEs' performance [25, 27-29] and they have provided well knowledge about the entire Yemeni SMEs' performance. However, only one study, as far as the researcher knows, has focused on Yemeni SMEs' performance in the food and beverage sector [29]. Moreover, [29] they have focused on IT-based innovation and new product development performance in Yemen. Although they provided a useful insight, it is not enough to address the problem of the performance of food and beverage SMEs at the complex developing economy, such as Yemen.

In light of the earlier discussions, this paper purposes to address this research gap via examining the influence of EO components on OP in the Yemen context as well as specific industrial food and beverages. Consequently, the study question is stated as following: Does the importance of each dimension of EO vary in influence in organizational performance?

THEORETICAL FRAMEWORK

In the past few decades, it has been observed that the popularity of the RBV (resource-based view) is continuously increasing such as a popular view in the areas of marketing, management of strategic, organizational theory, moreover other fields [30, 31].

It has been observed that past studies have employed the use of RBV theory in studies related to Small and Medium Enterprise (SMEs) [32, 33]. [34] have noted that the suitability of RBV in SMEs is due to the fact that: (a) it is time-efficient, relatively simple, and does not force the management and members of a firm to pay more attention to particular variables that have a high influence on the long-term to firms' competitive advantage; and (b) it RBV deployment does not require the skills of specialists for strategic analysis or complex information systems. In addition to that, RBV offers a framework that organizations can use in strategizing according to eminent resources to acquire competitiveness, as well as enhanced performance [33].

According to RBV, the company owns a unique set of resources, and the resources can be categorized as tangible, intangible and capabilities postulate that a firm has a unique compilation of resources, which can be largely [35, 36]. As proposed by RBV, the success of a firm largely depends on intangible resources, which have been labeled as primary determinants of success in firms [29, 35]. This is because more extensive activities can be supported by such resources in comparison with tangible resources. Additionally, scholars have acknowledged the strategic importance of intangible resources because they are regarded as scarce, difficult to duplicate and enable a firm to gain a sustainable competitive advantage [37]. More so, it has been observed that tangible resources are not possessed by SMEs. Thus, this study considers organizational resources as capabilities and intangible resources. In the current study, organizational resources refer to capabilities and resources that are peculiar to firms, and they include entrepreneurial orientation (EO).

RBV is used in this study because of its relevance to the study. In the sense, it provides, and an explanation for competitive advantage is achieved by firms by fully using their large reservoir of capabilities and resources; the competitive advantage, in turn, enhances their performance. Past studies that have been carried out based on the RBV theory, have shown that EO is one of the valuable resources that enhances the firm's performance and innovativeness [9, 12, 13]. Furthermore, it has been argued by other researchers that EO enhances successful competition of firms, while the unique capabilities are maintained to help them take advantage of opportunities, and as well reduce the risk [14].

ENTREPRENEURIAL ORIENTATION

A considerable portion of the researches was devoted to entrepreneurial orientation (EO). There is a consensus about the benefits offered by EO, however, the concept is also defined by many schools [38]. In this respect, [17] defined EO as the organization's collection of practices that reflected its method by means of processes and decision-making criteria. Similarly, [39] defined it as the structure that reflects the abilities of the entrepreneurial of the firms. In addition, many researchers tried to determine some of the attributes of an organization in their attempt to contribute to EO development. [40] illustrated some features, including the variation of the organization from its competition, the rate of growth, and the level firm's knowledge [40]. In addition, EO is defined as an organizational strategic direction to gain an understanding of the specific business aspects of practices, methodology, and decision-making [41].

There was an argumentation in entrepreneurship literature on the dimensionality of the EO construct [38]. In a study conducted by [42], three components of EO - are risk-taking (RT), proactiveness (PR), and innovativeness (INN)- were presented through a three-dimensional model, where it will be discussed in details in the next parts. On the other hand, [17] further provided two components which are competitive aggressiveness and autonomy. The authors explained that autonomy helps an organization to pursue and aggressively capture entrepreneurial ideas and agendas which in turn result in the development of the entrepreneurial behavior of the firm [17].

However, the model proposed by [17] was criticized by [43] who noted that the model is not empirically valid. This is supported by [19] whose study findings were different from the psychometric properties of these two models. In their study, they found that the three-dimensional model proposed by [42] is better in terms of validity. Based on the previous discussion, Based on the previous discussion, this study has selected not to involve the other two dimensions that have

suggested by [17] in his study, are autonomy and competitive aggressiveness, during studying the impact of the EO structure. Our conception of EO is therefore based on the work of [42]. In sense, the EO consists of three dimensions: INN, PR, and RT.

EO has been considered by researchers as a strategy that helps SMEs to achieve high-level performance in the marketplace, even during challenges [44, 45]. Firms that employ the use of EO are often characterized by constant INN, PR, and RT for the development of their markets and products [40], and often exhibit higher performance [46].

Nevertheless, the findings on the strength and kind of correlation between EO and performance vary from one study to the other, because of different context, type of sector, and firms [20]. In some studies, it was found that the EO impact on performance is significant and strong [47]. These researchers have also provided evidence that entrepreneurial firms demonstrate better performance than those that are not. In contrast, it has been reported by some studies that the correlation among EO and firm's performance is weak [48, 49], whereas the findings of some researchers have described that the correlation among EO and performance is insignificant [41, 50]. The review of the literature shows that majority of the researches carried out on EO are done from the perspective of larger firms. In recent times, efforts have been made by researchers to conduct empirical investigations geared towards examining how the performance of SMEs is influenced by EO. Moreover, the majority of such studies have focused on developed countries[21].

Like several previous scholars [20, 22, 41, 51] we regard these dimensions are separate, as firms require not simultaneously show high or low levels at the same given time in all these dimensions. Thus, established whether any of the dimensions EO are required for their impact in firm's performance.

THE ESSENTIAL COMPONENTS OF ENTREPRENEURIAL ORIENTATION

As mentioned above that ground-breaking researches in the area of entrepreneurship have argued on the diversity of the entrepreneurial orientation (EO) construct [38]. Despite this debate, many researchers have agreed on the dimensions of EO given by [7] instead of dimensions of EO presented by [17]. According to their proposition, EO is basically influenced by three factors which are innovativeness (INN), proactiveness (PR), and risk-taking (RT) [42]. In the subsequent section, the definitions of innovativeness, proactiveness, and risk-taking as dimensions of EO are provided alongside a discussion on their background.

INNOVATIVENESS

Innovativeness is defined as the ability of a company to be involved in the introduction of novelty ideas and processes which can drive in the production of technological advancements or new services, products, or [42]. In the early definitions of innovativeness, [52] emphasized the introduction of new services and goods that are unavailable. A more comprehensive definition was later on presented by [53] who defined it as all the activities which an organization engages in with the aim of finding innovative solutions to its challenges which may include the development of new services and products. More so, innovativeness implies carrying out organizational tasks through administrative and managerial activities, as well as technological processes.

Numerous researchers consider innovativeness as a major construct that influences the success of an entrepreneurial organization [25, 54, 55]. As well as, it plays a key role in the company's success and survival to achieve sustainable competitive advantages. Moreover, Innovativeness as well, boost the SMEs' ability to deal up with the changes that happen in the environment of the market via offer innovative product. [28, 47, 56].

In addition, several studies have studied the association of OP and performance, and They found that it has a positive effect on market share, efficiency, competitiveness, productivity, and quality [47, 57]. However, the result of the other researches explain the complementary key role of culture of organizational in pushing companies to attempt to carry out the processes of innovation, that lead-in real improvements in performance [6, 9, 25, 32]. On the basis of the previous discussions, the hypothesis is stated as follows:

H1: Innovativeness has a positive effect on the SMEs' organizational performance.

PROACTIVENESS

Proactiveness involves seeking opportunities that will allow the offering a novelty services and products prior to competition. In other words, this means taking action in expectation of demand that may arise in the future [17, 42, 49, 58, 59]. Other authors have described it as being able to form the environment by adding new services, products, and technologies[60]. The typical behavior of proactive firms is scouting for new opportunities which may or may not be connected with the current business line. In addition, they also find ways of introducing new products and brands before their rivals, while using effective strategies to terminate operations that have reached maturity or depreciating stage of the life cycle [61]. This implies that through proactiveness, competitive advantages are created by facilitating the firm's ability to expect alteration and new needs within the marketplace well as take the lead in acting accordingly [44].

Researchers [53] have explained that organizations that are proactive aggressively implement and follow-up efforts geared towards achieving the objectives of the firm through any legitimate means. It has also been noted that organizations that are proactive can also be considered as action-oriented, and they are always on the loo-out for opportunities that they can take advantage of, even if they are not the first to take the action [17].

Therefore, organizational proactiveness involves possessing managerial and entrepreneurial skills alongside self-efficacy required for the recognition of opportunities and taking advantage of the opportunities faster than competitors [55].

When an organization is proactive, it is sensitive to both the competition and the environment. With proactiveness, organizations focus on their competitors due to the indirect and direct role they play determining the fate of the organization [47]. If organizations must act in a proactive manner towards competition, they must be ready to use exceptional strategies, perform an analysis of the strengths and weaknesses of their competitors, while focusing on high value-added goods alongside regulating unnecessary expenses and sacrificing profit [62]. Thus, proactive enterprises can take advantage of the opportunities available via studying the environment for valuable information to meet the underserved markets [13, 47, 63, 64]. Against this backdrop, the following hypothesis is stated:

H2: Proactiveness has a positive effect on the SMEs' organizational performance.

RISK-TAKING

It has been noted that there is a relationship between risk-taking and the probability of investing a reasonable amount of resources into projects that involve high risk [12, 58, 65]. In other words, risk-taking means using huge resources for projects with unclear results. Generally, risk-taking is a representation of a firm's probability to shift from the conventional route and traverse through an unknown path [66]. To this end, there are three perspectives of risk-taking, which include: taking a risk without having a clear picture of the outcome; taking a risk by making a huge investment of resources into a risky venture; and personal risk which involves taking a risk-based on how they could have a negative effect on one's career if the projects produce unfavorable outcomes [17, 67]. In general, the RT component of the EO structure is very akin to PR and INN [2, 47] Proactiveness boosts the firm to become ready for grabbing the opportunities in the market. This attribute involves risk-taking behavior which able to be seen in the shape of inserting novel products or service, and reach into a new market [68].

On the other hand, innovation involves risk-taking because the new offerings may be unsuccessful especially in SMEs [66, 69, 70]. Due to the risk associated with innovation, a firm that is not ready to embrace such failure will rather not engage in any form of innovation. There is an association between innovation and steep learning curves which is described as a firm's capability to acquire new knowledge that can enhance operation [67]. Even though the firms are uncertain about the positive effect that innovation could have on their firms, if the activities are successfully implemented, it could lead to short and long-term financial prosperity [17, 20, 58, 67]. Thus, risk-taking is one of the main firms' characteristics with EO, well as some of the risky actions they take include taking loans or allocating huge resources to certain operations, which they believe will yield high returns. To this end, the following hypotheses is stated:

H3: Risk-taking has a positive effect on the SMEs' organizational performance.

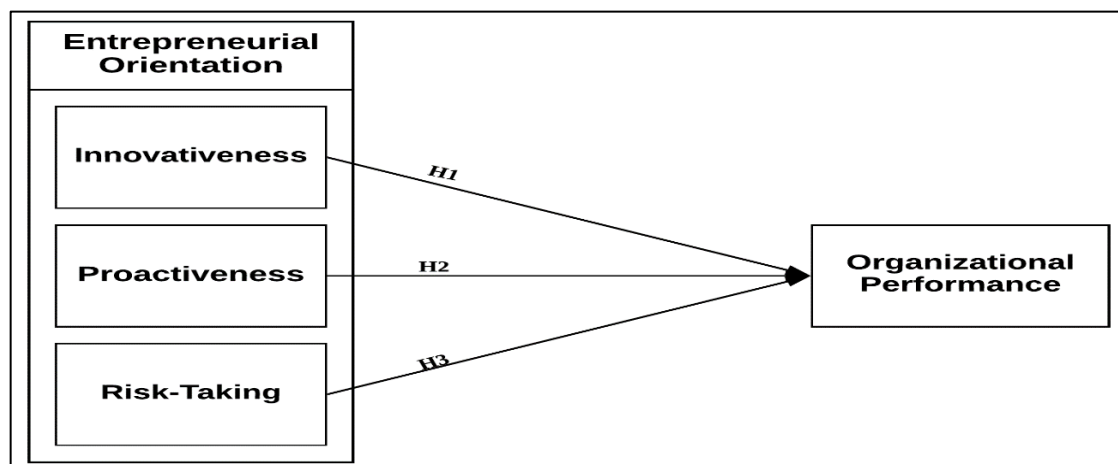


Figure 1: Research Model

RESEARCH METHODOLOGY

Measurement of variables

In this study, we used the subjective measurement to provide the company with the necessary explanations about the organizational performance (OP) and entrepreneurial orientation. Where items of subjective measures were adapted to measure the organization's performance in previous

studies of [55]. While The entrepreneurial orientation items were adapted from [16] that were adopted from the instrument developed by [42] used to measure the impact of EO in OP. Measurement of the whole of the items was measured utilizing a five-point Likert scale instrument from one to five, where 1 measured (strongly disagree) and 5 (strongly agree).

Sample and data collecting

A frame of sampling be composed from Yemeni EMEs' food and beverage, that is issued by the ministry of industry and trade & organization of Yemen. The sampling method was used to obtain a valid sample [71]. According to [72] table, the sample size of this study was 320. However, to reduce sampling errors and non-response rate issues, the size of the sample was doubled to 640 samples, where it was selected from the population by using sample random sampling [73].

Data for this research were gathered via delivery by hand survey. The survey instrument (questionnaire) was first developed in English, thereafter, translated to Arabic using the Brislin model. The instrument of the survey was consequently examined by the pilot study of five academicians, as well as 30 SME managers/owners located in Yemen. Because of the efforts are made, 485 responses were obtained. However, 26 responses were unusable and therefore discarded. The remaining 459 valid survey instruments were used for analysis in this study making the valid rate of response 71.72 percent.

Approximately 53.6% of survey participants' answers have been owners and the rest have been managers. 64.5% of survey participants have experience of about 6-15 years in their positions. Over 91.5% of firms have 4-9 employees and the remainder has 10-50 workers, where showed that the structure of the food and beverage sector in Yemen is small firms.

Assessments of normality, and multicollinearity

The result of the exam of normality revealed which the distribution of data is normal because the value of both skewness and kurtosis of all indicators items were within the satisfactory range of less than two and not greater than seven respectively [74, 75]. Regarding to the multicollinearity [76] pointed out that multicollinearity does not happen if the value of VIF is less than 5 and the tolerance score is higher than 0.20. Therefore, the analysis of the VIF (variance inflation factor) and tolerance value detected that data is not violated the presumptions of multicollinearity, where was the VIF values between (1.257-1.499) and tolerance values between (0.667 - 0.796) see Table1.

Table 1. Normality and Multicollinearity Test.

Latent constructs	n	Skewness		Kurtosis		Collinearity Statistics	
		Stat	SE	Stat	SE	Tolerance	VIF
OP	459	- 1.254	0.114	1.659	0.227	-	-
INN	459	- 1.307	0.114	1.123	0.227	0.667	1.499
PR	459	- 0.781	0.114	-0.411	0.227	0.767	1.303
TR	459	- 1.594	0.114	2.456	0.227	0.796	1.257
Valid N							

DATA ANALYSIS AND RESULTS

SEM approach was utilized for testing the study model. SmartPLS3 statistical tool was employed to evaluate the SEM analysis. Following the two primary methodological elements in the evaluation of PLS models suggested by [77], where first, the measurement model is validated, subsequently, the structural model is evaluated.

Measurement Model

An initial phase to estimate, in PLS-SEM analysis, the measurement model or outer model as some researchers named. The outer model includes an indicator of determining the reliability of item, inner consistency, discriminant validity, and convergent validity of constructs [76]. The outer model is focused on an evaluated of the goodness of measures.

Indicator item reliability

The reliability item indicator was estimated by seeing at the outer loading of the individual concept measure [76]. The factor loadings are considered very significant if they are greater than 0.50. The loadings for all the items in this study were between (0.665 - 0.871), which are considered more than 0.5 which is the recommended value, therefore loadings for all items in the model met all the requirements, and no item excluded from the scale as a result of low loadings 0.50 see Table2.

Internal consistency

Internal consistency of constructs were examined through Cronbach Alpha measure, well as composite reliability where the output of the two tests was between (0.742 - 0.851) and (0.851 - 0.899), with each exceeding the lowest acceptable level of 0.70 which means that the internal consistency reliability of the measures is satisfactory [76]. The composite reliability (CR) and Cronbach alpha values were thus reached to the thresholds in this study

Table 2. Reliability and Convergent Validity.

Items	Loading	Cronbach's Alpha	rho_A	CR	(AVE)
Innovativeness					
EO_INN_1	0.665	0.812	0.836	0.876	0.640
EO_INN_2	0.849				
EO_INN_3	0.824				
EO_INN_4	0.847				
Proactiveness					
EO_PR_1	0.870	0.832	0.835	0.899	0.749
EO_PR_2	0.855				
EO_PR_3	0.871				
Risk-taking					
EO_RT_1	0.842	0.742	0.769	0.851	0.656
EO_RT_2	0.741				
EO_RT_3	0.843				
Organizational Performance					
OP_1	0.725	0.851	0.855	0.889	0.572
OP_2	0.776				
OP_3 ^R	0.708				
OP_4	0.767				
OP_5	0.783				
OP_6	0.776				
CR: Composite Reliability. AVE: Average Variance of Extract. R: Reverse Coded.					

Convergent validity

Three principals were proposed by [78] First, when the factor loading of all indicators achieved a significant level, the convergent validity is attained, the second, CR of indicators must be more than 0.7, finally, the AVE (Extracted Average Variance) is higher than 0.5 [79]. In this study, the factor loading of all items is achieved a significance level, where its value was more than 0.5 [76]. Moreover, the value of CR where more than 0.7 and result of the AVE were higher than 0.5 see Table2.

Discriminant validity

The discriminant validity measure distinguished concepts. on the other words, it scales difference degree of items between constructs. The discriminant validity of the measuring model, in this study, were checked by employ two measures are, the Fornell-Larcker criterion and HTMT. The first approach is called Fornell-Larcker, it is the AVEs' square root, and its value must not be less than the correlation among exogenous constructs [79]. Table 3 shows that the bolded values represent the AVEs' square root on the diagonals which were not less than the correlations among constructs (column values and corresponding row). Furthermore, the correlation between exogenous structure is less than 0.90[80]. So, all AVEs have met all the conditions mentioned above.

Table 3. Discriminate Validity by Fornell-Larcker Criterion Values.

Exogenous and Endogenous Constructs	EO_INN	EO_PR	EO_RT	OP
EO_INN	0.800			
EO_PR	0.231	0.865		
EO_RT	0.481	0.169	0.810	
OP	0.449	0.432	0.379	0.756

The second approach is HTMT, it is "the average of the hetero-trait hetero method correlations relative to the average monotrait-heteromethod correlations" [80]. This approach was made to process insensitivity of the criterion of cross-loading and Fornell-Larcker [80]. The value of HTMT indicator that less than 0.85 point out that there is no discriminant validity [80]. Therefore, in order to confirm the truth of discriminant, the values of HTMT indicator must be less than 0.85 [80]. Table 4 presents HTMT values of all variables less than 0.85.

Table 4. Discriminate Validity by Heterotrait-Monotrait (HTMT) Ratio Criterion Values.

Exogenous Constructs	EO_INN	EO_PR	EO_RT	OP
EO_INN				
EO_PR	0.271			
EO_RT	0.608	0.197		
OP	0.527	0.507	0.462	

Structural Model Assessment

Once the goodness of the measurement model has been accentuated, the subsequence stages are to examine the hypotheses association between variables by utilizing the PLS Algorithm, and assessed the predictive power of a particular model through estimation the (R^2) values, size of effect (f^2) Predictive Relevance (Q^2) and Importance-Performance Map Analysis (IPMA).

Direct Hypotheses Testing

Statistical significance of the path coefficients can always be getting thru bootstrapping process in SmartPLS 3.0. In this respect, the T-values of each path coefficient have been generated by such a process, moreover P-values have been achieved. The path coefficients were produced and shown in Figure 2.

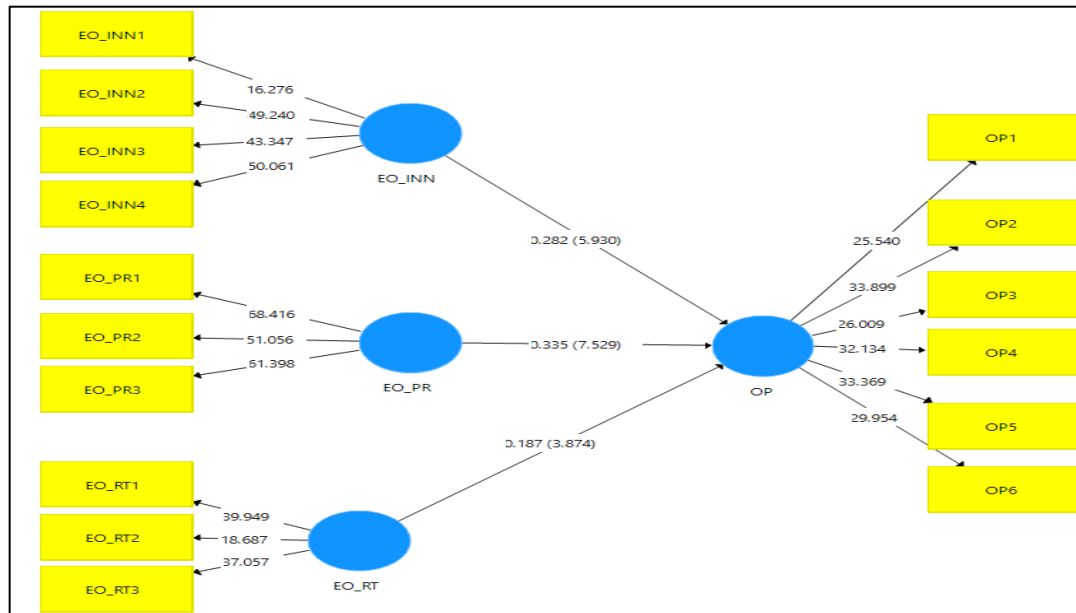


Figure 2: Structural Path Analysis.

Based on the results that obtained for hypothesis testing pertaining to dimensions of entrepreneurial orientation (EO) on (OP), the components of EO (INN, PR and RT), positively and significantly impacted OP with the following respective results; ($\beta = 0.282$, $t = 5.930$, $p < 0.000$), ($\beta = 0.335$, $t = 7.529$, $p < 0.000$) and ($\beta = 0.187$, $t = 3.874$, $p < 0.000$) indicating support for H1, H2 and H3.

Table 5. Structural Path Analysis Results.

Hypo	Relationship	Path Coefficient	Std Error	t-Value	P-Value	Decision
H1	EO_INN -> OP	0.282***	0.048	5.930	0.000	Supported
H2	EO_PR -> OP	0.335***	0.044	7.529	0.000	Supported
H3	EO_RT -> OP	0.187***	0.048	3.874	0.000	Supported
*: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$						

The coefficient of determination

The coefficient of determination is famous as the value of R-squared [76]. Where R^2 values indicate the amount of variance at the structure model which is demonstrated by one or more predictor variable [76]. As suggested by [81], the R^2 values can be deemed weak, moderate, and strong if the output of R^2 in SPL-SEM is 0.19, 0.33, and 0.67 respectively. The result of R^2 for organizational Performance (endogenous latent variable), is shown in Table 6.

Table 6. Variance Explained in Dependent Variables.

Endogenous	Variance explained (R^2)
Organizational Performance (OP)	0.342

where the model of study expounded 34% of the whole variance in (OP). This suggests that the three sets of exogenous latent (INN, PR, and RT), collectively explained 34% of the variance in OP. Therefore, the endogenous latent dependent variable (OP) showed acceptable levels of R^2 values, which were considered moderate [81].

Effect size (f^2)

The effect size (f^2) is estimated, in this study. Where it determines if the effect of an exogenous latent construct is significantly, moderately, or slightly on an endogenous latent construct [82]. The effect size calculates as changing the value of R^2 [76]. According to [83], the threshold of f^2 at “0.02 is small, 0.15 is medium and greater than 0.35 is large”. As illustrated in Table 7, the effect sizes for (INN, PR, and RT), were 0.090, 0.161, and 0.041 respectively. In following [83] guideline, the effect sizes of these three exogenous latent dimensions on organizational performance ranged from small effect size and medium. The effect sizes for INN, PR, and RT were found to be 0.090 (small f^2), 0.161 (medium f^2), and 0.041 (small f^2).

Table 7. Effect Size of Predictive Variables.

Variables	Effect size (f^2)	Rating
EO_INN	0.090	Small
EO_PR	0.161	Medium
EO_RT	0.041	Small

Predictive Relevance (Blindfolding): Q^2

The blindfolding is utilized in this research to Identify the research model's predictive pertinence. “Blindfolding procedure is only applied to endogenous latent variables that have a reflective measurement model operationalization” [84, P.320]. Specifically, the research model's predictive pertinence was estimated by using a cross-validated redundancy measure (Q^2) [76]. The Q^2 criterion measures how well the data of omitted cases are predicted by a model [76, 81]. A model of research is deemed to have predictive pertinence if the statistics value of Q^2 is greater than zero [85]. Table 8 indicate that Q^2 for the dependent variable was more than Zero, indicating that the research model had predictive pertinence. [81, 85].

Table 8. Construct Cross-Validated Redundancy.

Variable	Type of Variable	SSO	SSE	$Q^2 (=1 - SSE/SSO)$
Organizational Performance	Endogenous	2,754.000	2,262.426	0.178

Importance-Performance Map Analysis (IPMA)

According to [76] the objective of IPMA is to determine the relatively high significance of exogenous latent variable for the goal structure (i.e. for those whose total effect is strong), however, likewise relatively low performing (i.e. low average latent variableness); the aspects underlying these structures represent areas that could have been improved and high attention paid.

Table 9. Importance-Performance Map Analysis (IPMA).

Exogenous Latent	The total effect of the construct performance impact (Importance)	Index Values (Performance)
EO_INN	0.282	68.709
EO_PR	0.335	56.846
EO_RT	0.187	70.629

The current study showed the entire impact, and also indicator values out at the map of priority, as shown in Figure 3. Therefore, we find that EO-PR is very important in determining organizational performance because of its relatively greater values comparing with further structures within the suggested model. EO-RT and EO-INN are important factors in determining OP.

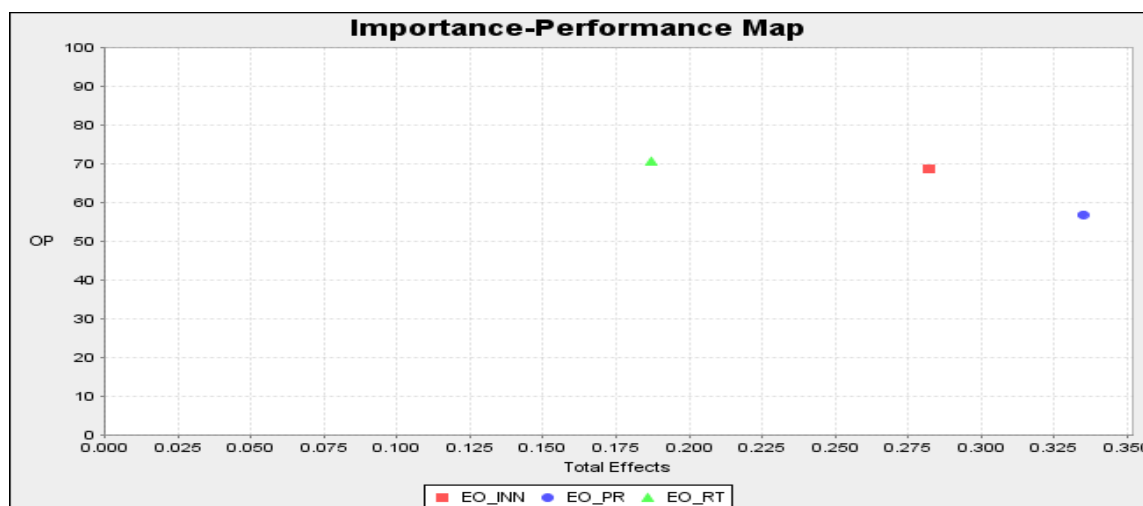


Figure 3: Importance-Performance Map Analysis (IPMA).

DISCUSSION

The present study has shown that all dimensions of EO effect on the organizational performance of food and beverage SMEs. The empirically researched results obtained from this study match with the findings of past studies which states EO has a positive influence on firm performance [20, 22, 51].

However, not all EO dimensions in this research have the same contribution and importance, where the result of the present study shown up which INN and RT have a positive influence on the OP, but their effect was less than proactiveness. Due to every sole of EO dimensions play role to different extents in companies according to the firm type, as well as the sector that they operate with [86]. It is recommended that to enhance a business performance, SME owner-managers must to be creative in managing various dimensions of EO within the firm. The three main dimensions that generally reflect positively on firm performance are; INN, PR, and RT. The obtained results' findings further

confirm and validate the research question and that in general, it provides additional support for the Resource-based-view (RBV) as a theory on a firm's strategic orientation by confirming the positive influence of the; valuable, rare, imperfectly imitable, and non-substitutable resources on the performance of the firm [11].

The findings of this study equally suggest and strongly encourage SMEs to embrace an EO that leads to the competitive advantage that reflects positively on the firm's performance. Where SMEs owners/managers have to have the ability to expect change or new needs within the marketplace and take the lead in acting accordingly, through the introduction of novelty ideas and operation which drive to the innovative production services, products, or technological advancements. Moreover, they must be inclined to engage and prepared to commit huge resources to opportunities with uncertain result.

Finally, the result of the research suggests that food and beverage SMEs, in the context of Yemen, has to focus on all components of EO especially on proactiveness in order to assist the firm to recognize more business opportunities, create a newer market and opportunities, and increase and expand the market to attain improved performances.

CONTRIBUTION LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The finding supports the research framework and contributes to the RBV (Resource-Based-View) theory, highlighting that the performance of the firm is influenced by the firm's bundle of intangible and tangible resources. This study equally provides an opportunity to advance our knowledge on understandings the association among dimensions of EO and organizational performance of food and beverage SMEs. All EO components are being explored; namely risk-taking, , innovativeness, and proactiveness. Previous researches were conducted in developed countries, in addition, they focused on big firms. None of them were carried out in Middle East societies or in developing countries, particularly in Yemen.

Moreover, current research has contributed to several practical implications concerning strategic orientation in the context of Yemen. The study findings would be important to industrial banks, industrial and trade chambers, and the Small and Medium enterprise development agency of Yemen (SMPS) that offer financial and organizational services for SMEs to evaluate SMEs' abilities to achieve market success. Besides, the findings help owners/managers of food and beverage SMEs and policymakers to improve the organizational performance, gain competitive advantage and develop good strategies for the business development through given the empirically tested outcome of some food and beverage SMEs performance determinants.

Although this study has numerous contributions, the interpretation of outcomes and the draw conclusions should take into consideration the study's limitations. First, the data in this study depended on the cross-sectional method, which means the data snapping at one particular time-point, so the helpful design to exam the true causality is longitudinal data. Secondly, the limitation of this study is also significant to note which date of the SME performance reported at current study has been subjective. Research demonstrates which objective data is valid and reliable and could be an effective approach for assessing firm performance [55, 87]. Third, our study focuses on the impact of three components of EO on organizational performance. Other variables such as competitiveness and autonomy were not examined developed by [17]. Finally, although several

insights are obtained from the results, this study is limited to the investigation of the internal factors, in future studies, external factors affecting OP of enterprises like the intensity of competition and technological turbulence should be taken.

CONCLUSION

This study focused on effect of different EO dimensions - INN, PR, and RT- on the organizational performance of Yemeni SMEs' food and beverage. The effect of proactiveness was significant and positive with the organizational performance of Yemeni SMEs' food and beverage. Furthermore, Innovativeness and risk-taking measured positively related for the organizational performance of Yemeni SMEs' food and beverage. However, the impact of INN and RT in OP was less than the effect of proactiveness on organizational performance, which means, the Food and beverage SMEs in Yemen can future demand to be forecasted. Moreover, have a sustainable relationship with another key stakeholder in the same manufacturing such as customer and suppliers, as well as it indicates that food and beverage SMEs in can take on a bold proactiveness position so as to maximize the prospect of utilizing potential opportunities that available in the food and beverage industry in Yemen.

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