



Business Environment: Designing and Explaining the New Environmental Hostility Model in Small and Medium Enterprises

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Abstract

This study aims to explain and elaborate a new model for the business environmental hostility in small and medium enterprises in the science and technology park in Kermanshah (Iran). The research method is a mixed method. Content analysis was used in the qualitative part, and a confirmatory factor analysis was used in the quantitative section. In the qualitative section for the environmental hostility dimension of the environmental turbulence, two components of competitive turbulence and regulatory turbulence, as well as seven sub-components were identified and validated. As a consequence, the conceptual model was extracted. This study proposed a conceptual model of business environmental hostility and the researcher-made questionnaire of environmental hostility confirmed with high validity and reliability. The model was verified based on the small and medium-sized enterprises in Kermanshah (Iran), and it is suggested that this new environmental hostility model can be used in practice to improve managing the small and medium-sized enterprises.

Keywords

*Environmental Turbulence; Environmental Hostility;
Environmental Hostility Model; Small and Medium Enterprises*

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Introduction

Development trends and changes taking place analysis in the business environment are very important research topics (Głodowska, 2017). Nowadays, with the high speed of change and the intense competition in various industries, corporate executives must continually monitor environmental factors and, by analyzing the perimeter environment, control the key of success factors (Javidi & Amini, 2017). It is important for business managers to be able to identify the most serious risks, create a scope for discussion, and propose preventive measures with a focus on preventing business crises (Hudáková & Masár, 2018). Environmental turbulence refers to the rate of the variability and unpredictability of events that occur in the environment in which a particular industry operates (Turulja & Bajgoric, 2018). The turbulence in the business environment has led to unpredictable changes, which, on the one hand, create new opportunities for gaining value, and on the other hand, companies have difficulty gaining competitive advantage, and in some cases have led to the disappearance of them (Eghbal Majd et al., 2018). In fact, the global business environment is constantly changing, hostile and challenging, and if companies are looking for success in such an environment, they should be more flexible and open, and in this difficult and sensitive economic situation, companies have to deal with this complex external environments (Kossyva et al., 2015). In such a situation, it is very important to understand the factors affecting the turbulence and especially the hostile of the business environment. Hostile environments are described as stressful, highly risky and with low opportunity (Martins & Rialp, 2011). Companies must continuously review their routines and processes in order to survive and develop in turbulent and hostile environments (Morris et al., 2005). Davis, Morris and Allen (1991) considered three aspects of turbulence, changing technology, including competition between firms in the

industry and Industry growth rate. Zahra and Bogner (Zahra & Bogner, 2000) considered three dimensions of dynamism, hostility and heterogeneity for business environmental turbulence. Researches on the hostility of the business environment has led to considering sporadic factors for business environmental hostility. Khandwalla (1976) developed three-item scale for environmental hostility, and subsequently adopted by several researchers (Covin & Slevin, 1989; Jogaratnam, 2002; Wolff & Pett, 2006; Strobl et al., 2020). Furthermore, Miller (1987) developed a questionnaire with pairs of opposite statements on a seven-point scale, which contains 4 items. The first three items measure if the market activities of the key competitors have become less or more predictable, less or more hostile, and now affect the firm in more or fewer areas, and the last item measures if legal, political and economic constraints have proliferated greatly over the past 5 years. Miller questionnaire subsequently adopted by several researchers (Nandakumar et al., 2010; Frank et al., 2017). Additionally, some authors mentioned other items for measuring the degree of environmental hostility (Löfsten & Lindelöf, 2005; Torkkeli et al., 2012). Ilyas et al. (2019) considered terrorism and violent crimes factors for a hostile business environment. Additionally, Kreiser et al. (2019a) measured environmental hostility as the inverse of the five year average growth in net industry sales at the four-digit SIC code level. Besides what was mentioned, small and medium enterprises (SMEs) are the main providers of new employment and innovation. Hence, they are very important in the economies of developing countries (that employment is one of the main issues for them) (Azar et al., 2012). Therefore, if SMEs do not respond on time to environmental change, they will not be able to compete in the long term (Giesen et al., 2010). This issue has so far received little attention from business environment SMEs researchers. Although several studies developed some items for environmental hostility, none of them

provide a model for business environmental hostility in SMEs. In addition, no research has been conducted in Iran to investigate the hostility of the business environment and design a model and tool for it. The existing gaps in the current studies confirm the importance of our study. Furthermore, the current conditions in Iran, instability and turbulence in the business environment have become a major economic and social dilemma. Thus, according to the main purpose of the study, which is to design and explain a model for the hostility of the business environment in SMEs in Kermanshah (Iran), the research questions of the present study are:

- What are the components of the business environment hostility model?
- What are the sub-components of each of the components of the hostility of the business environment?
- What is the validity of the components and the sub-components of the environmental hostility in SMEs of Kermanshah Science and Technology Park?
- What is the environmental hostility model in SMEs of Kermanshah Science and Technology Park?
- What is the priority of the components and sub-components of the hostility of the business environment in selected statistical Society?

In order to answer these research questions, we studied the literature review for business environmental turbulence, business environmental hostility and SMEs.

Literature Review

The environmental turbulence in recent years has forced companies to react quickly (Javidi & Amini, 2017). The turbulent environment is an environment with high degree of inter-period change that causes uncertainty and dynamism (Samson & Mahmood, 2015). A turbulent environment refers

to the existence of high levels of unpredictability, uncertainty, demand volatility and changing growth conditions within an industry (Adesi et al., 2019). The degree of change and complexity in a company environment and uncertainty in the environment are recognized as environmental turbulence (Siguaw et al., 2006). Chung and Low (2017) describe environmental turbulence as a level of turbulence or instability in the environment. Confusion in the business environment refers to situations in which existing information, knowledge and experience are not sufficient, or to allow decision-making or prediction of future outcomes of the company's performance (Timilsina, 2016). Confusion can be caused by the environmental resistance created or accepted by the company. Also, environmental turbulence can be considered as an incentive to facilitate company growth (Balboni et al., 2014). Hostile environments are described as stressful environments, very risky and with little opportunity (Martins & Rialp, 2011). A hostile environment is one in which the environment provides little opportunity for organic growth (Kreiser et al., 2019b). In fact, the hostility of the business environment reflects the hostility of that unfavorable business environment (Singh & Agrawal, 2017). The hostile environment is a poor environment (Aldrich, 1979) and lacks the resources and capacity needed to support a large number of companies (Dess & Beard, 1984). In accordance with Covin and Slevin study (1989), environments with hostility are ambiguous, harsh, surprising and lacking opportunities and resources. Hostile environments are beyond the immediate control of the business. These environments are characterized by scarce decision-making times and low opportunities, and markets are divided in such circumstances, resource allocation is increased and the risk of business collapses (Davis et al., 1991). Thus enmity in the environment creates pressure on the company, either enhancing competitiveness or reducing demand for products (Singh & Agrawal, 2017). Different environmental situations, with

or without hostility, require different approaches by SMEs. According to Drucker, changes in the political, social and economic environment create new opportunities, and innovative strategies often respond to these environmental changes in order to remain competitive. Hostile environments require careful analysis in order to understand, control and mitigate threats. SMEs have been recognized as the main sources of employment in developed and developing countries in recent years. These companies play an important role in creating new jobs, innovation, flexibility, and economic growth (Derini et al., 2015; Rezaei-Moghaddam & Izadi, 2019). Iran is an emerging economy in the Middle East and North Africa region with a GDP of US\$ 393.7 billion in 2018 (World Bank) which makes it the second largest economy in the region after Saudi Arabia (Fesharaki, 2019). Furthermore, Iranian SMEs have the fastest growing rate among neighboring countries and account for a large number of job creation in the country (Alavi, 2016). In Iran, 70% of job opportunities and 50% of gross domestic product (GDP) across economy depend on SMEs (Rezaeian & Wynn, 2016). Although the biggest portion of Iranian economy is still in the hands of public sector, SMEs have been responsible for the transformation of the economic structure and registered much higher growth rate and productivity levels (Fesharaki, 2019). Due to the fact that Kermanshah is one of the provinces with high unemployment in Iran, special attention on SMEs in Kermanshah is of utmost importance. There is no universal global definition of SMEs, so many authors offer different criteria such as size, number of employees, and turnover per year (Devins, 2009; Mahmood & Hanafi, 2013; Mohamad Radzi et al., 2017; Rezaei-Moghaddam & Izadi, 2019). In Iran, also, the definition of SMEs varies from organization to organization. Each of the various organizations and institutions have defined and classified their enterprise based on their working requirements in terms of large, SMEs (Ebrahimi & Mirbargkar, 2017). In this study, SMEs are

considered under the Science and Technology Park. According to the statutes of science and technology parks, companies of SMEs are said to be not the first 20% of large enterprises in the country in terms of turnover, and the majority of their shares do not belong to the mentioned large companies (SME Corp, 2007).

Research Methodology

In the present study, explanatory sequential mixed method of instrumental making type has been used. The philosophical foundation of the mixed method is rooted in pragmatic thinking, according to which the researcher's focus should be on the problem and using all available approaches to understand the problem. Therefore, if quantitative or qualitative methods alone are not the answer to a problem, and when the researcher intends to explain a new phenomenon or test an emerging theory arising from the qualitative stage, he uses the mixed method (Creswell & Creswell, 2017). This method is also often used when tools need to be made due to inadequacy (Creswell & Creswell, 2017). Based on this, due to the complex nature of the issue of turbulence and hostility of the business environment, an attempt was made to use a qualitative and quantitative method to comprehensively understand the issue and its dimensions are well studied and discovered. In this regard, first, qualitative data were collected and analyzed and then, based on the results of the qualitative section, quantitative data were analyzed and collected. It is worth mentioning that in the qualitative part, a model and a tool were designed and in a quantitative part, that tool was used to collect a quantitative data. In Figure 1, the research method process is illustrated.

Figure 1

Explanatory Sequential Mixed Method Process (Creswell & Plano Clark, 2011)



Content analysis was used as the qualitative analysis method. Content analysis is a type of textual analysis that studies the messages or characteristics of a text to interpret meaning (Landrum & Ohsowski, 2018). Confirmatory factor analysis was used for the quantitative section analysis. Confirmatory factor analysis (CFA) has been widely used as evidence of construct validity in theory-based instrument construction (Godleski et al., 2019). Internet databases and scientific information banks were used as the statistical society of the qualitative section during the period 2000-2020 in the field of environmental turbulence. For comprehensive review of valid documents in the subject area of research, all scientific productions at the Scopus Citation Database with keyword searches: ‘Environmental turbulence’, ‘Environmental uncertainty’, ‘Hostile environment’ and ‘Business environmental hostility’ were checked. Following the line to line study, in the articles and resources were coded manually. Finally, 180 sources were identified and, after re-checking 65 resource-related remained for final analysis. The qualitative analysis, leads to comprehensive environmental hostility dimension. Environmental hostility was identified with two components of competitive turbulence and regulatory turbulence, which included 7 sub-components. A researcher- made questionnaire obtained from the qualitative results with 20 questions. Based on content analysis and extracted conceptual model, the validity of the research was checked based

under the supervision of experts (Danaeifard et al., 2004). The researcher-made questionnaires were distributed among all enterprises located in science and technology park in Kermanshah (95 enterprises). The enterprises were listed in the database of Kermanshah science and technology park website (<http://www.kti.ir/>). The research team visited the Kermanshah science and technology park and distributed the questionnaires. Eventually, a total number of 80 usable questionnaires were collected. Almost 75% of the managers were men, and only around 15% of them were women. The multi-item constructs were measured on five-point Likert scales (Danaeifard et al., 2004), which ranged from “totally agree” (1) to “totally disagree” (5). The components of competitive turbulence are competitive dynamics (Questions 1 to 2), competitive complexity (3 to 5) and competitive predictability (6 to 8). The components of regulatory turbulence are legal factors (9 to 11), political factors (12 to 15), economic factors (16 to 18) and social factors (19 to 20). The validity of the questionnaire, were checked by experts, and reliability of the questionnaire was checked by the Cronbach's alpha (Danaeifard et al., 2004). A Confirmatory factor analysis method was used for data analysis using SmartPLS3 software. The questions that has the most impact identified in the confirmatory factor analysis, and the significance as well as the severity of the effect of each of its components on the environmental hostility was determined. Finally, the model was checked with Goodness Of Fit (GOF) (Kline, 2011).

Findings

Qualitative results

This part consists of a content analysis process and consists of two parts of coding and concept analysis (Harwood & Garry, 2003). All sources were first reviewed, and then, related resources were identified in coding. At first,

different content from various articles was incoherence. Each source and reference were looking from a different angle to the environmental turbulence. In the coding process, each article and resource checked and by considering the general concept, selected parts of the text of the resources that were explicitly or implicitly related to the code. According to the meaning of each concept, a name was designated to that concept in the text and was included in the explanation in that part of the relevant source. After that, with more text encodings, the file was constantly being referred to and examined whether the specified part is related to one of the assigned dimensions or whether a new subject should be determined. These dimensions were reviewed and changed several times during the work. The coding steps are presented in Table 1.

Table 1*Encoding Steps and Identifying the Environment Dynamics Dimension*

Some of the applied references	Open coding	Sub-component	Component	Dimensions
(Green et al., 2008); (Nandakumar et al., 2010); (Robert Mitchell et al., 2011); (Wilden & Gudergan, 2014); (AL- Nuiami et al., 2014); (Abbas & ul Hassan, 2017); (Strobl et al., 2018)	The degree of competition, industry conditions, the speed of competitors' actions, the ability of companies to match competitive bids, and ...	Competitive dynamics	Competitive turbulence	Environmental hostility
(Green et al., 2008); (Robert Mitchell et al., 2011); (AL- Nuiami et al.,	Pricing competition, promotion wars, different distribution channels, many	Competitive complexity		

Some of the applied references	Open coding	Sub-component	Component	Dimensions
2014); (Andotra & Gupta, 2016) (Löfsten & Lindelöf, 2005); (Nandakumar et al., 2010); (AL-Nuiami et al., 2014); (Frank et al., 2017); (Strobl et al., 2020)	alternative goods, and... Ability to predict the competition in the next few years, ability to predict the stability of the existing competitive situation, information available to forecast the status of the competition and	Competitive predictability		
(Jogarathnam, 2002); (Löfsten & Lindelöf, 2005); (Nandakumar et al., 2010); (Rosenbusch et al., 2013); (Frank et al., 2017); (Strobl et al., 2018)	... The extent of changes in laws and regulations, the extent of regulatory changes, the existence of restrictive laws, the degree of complexity of regulatory processes, etc.	Logical factors	Regulatory turbulence	
(Nandakumar et al., 2010); (Rosenbusch et al., 2013); (Richter, 2013); (Bowyer & Chapman, 2014); (Gsodam et al., 2015); (Frank et	The extent of the political pressures affecting business, changes in the political situation, political sanctions and resource shortages,	political factors		

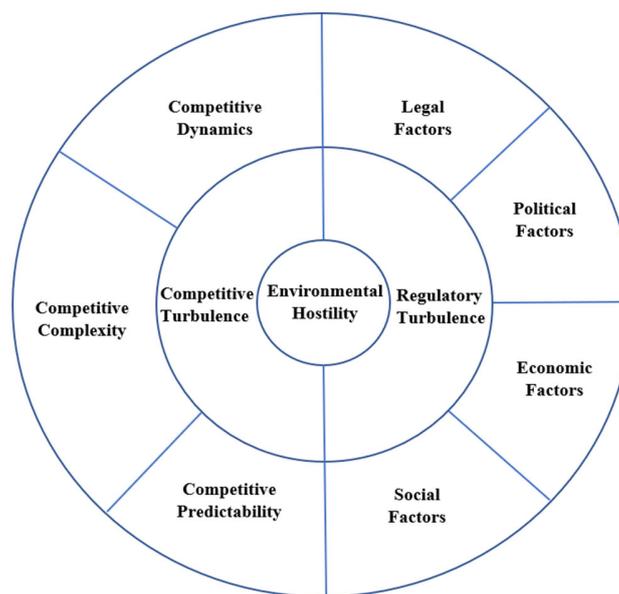
Some of the applied references	Open coding	Sub-component	Component	Dimensions
al., 2017); (Liu et al., 2019)	industry privatization, the government's decision to move to renewable energy sources, etc.			
(Jogarathnam, 2002); (Löfsten & Lindelöf, 2005); (Wolff & Pett, 2006); (Torkkeli et al., 2012); (Rosenbusch et al., 2013); (Rivera-Rodriguez et al., 2017); (Daultani et al., 2017)	The extent of changes in the economic situation, the importance of interest rates and currencies, the impact of the foreign economy on business, the amount of financial assistance to institutions and ...	economic factors		
(Sharifi & Zhang, 2001); (Jogarathnam, 2002); (Wolff & Pett, 2006); (Rivera-Rodriguez et al., 2017); (Abbas & ul Hassan, 2017)	Changes in social status, impact of quality and lifestyle of community on business, impact of changing people's attitude and choice of welfare behaviors on business and ...	Social factors		

In the following, parts of the content related to the component of 'competitive turbulence' from the source text are mentioned:

Competitive turbulence is the level of competition in the industry (Tsai & Yang, 2013). In fact, the competitive turbulence is a situation where there is a high level of competition between companies due to the large number of competitors in the market and the lack of potential opportunities for further growth (Mozafari et al., 2019). The intensity of competition is related to the activities of competing companies, including advertising competitions, price competition and the risk of new incomes (Turulja & Bajgoric, 2018). Competitive turbulence reflects the degree of predictability of the changing competitive landscape (Wilden & Gudergan, 2014). Also, competitive turbulence is a managerial perception of how much competition is in the market (Mahapatra et al., 2012). In the face of intense competition, organizational behavior changes, as business activities become less spontaneous and more influenced by its competitors' movements (Auh & Menguc, 2005). Likewise, parts of the content related to the 'regulatory turbulence' component from the source text are as follows:

The regulatory turbulence refers to the severity of environmental laws and the extent of fluctuations between such laws over time (Wijen & van Tulder, 2011). The regulatory turbulence is changes in government or regulation policies that can promote changes at the corporate level like product, business practices and organizational structure (Markard & Truffer, 2006). Rapid changes in the political system create new laws or create different constraints that lead to new investments to distribute their limited sources to respond to these changes. The high level of turbulence in laws and regulations illustrates uncertain and rapid changes in government policies and legal institutions (Su et al., 2017). In Figure 2, the research model is presented for environmental hostility.

Figure 2
Conceptual Environmental Hostility Model in SMEs



Quantitative results

The evaluation of the modeling of environmental hostility in SMEs in the Science and Technology Park at Kermanshah (Iran) was done in two steps using SmartPLS3 software. Firstly, the validity and reliability evaluation of the model, and after, examining the structural model. In this way, at first, by using validity and reliability criteria, the accuracy of the relationships in the measurement models is ensured, and then, the relationship between the structural part is assessed, and finally, the Goodness Of Fit (GOF) of the research model is assessed (Kline, 2011). The fit of measurement models is determined by reliability and validity of research structures.

For measuring reliability Cronbach's alpha is a classic criterion, and it illustrates the correlation between a structure and its related indexes. For variables with a small number of questions, 0.7 is a reliable indicator of the alpha coefficient. In addition to the Cronbach's Alpha, Composite Reliability (CR) was used to determine the reliability of each of the structures. The advantage of CR criterion to the Cronbach's alpha coefficient is that the reliability of the structures is calculated not absolute but by the correlation of their structures. The reliability of both criteria was used to measure better. The CR value above 0.7 for each structure illustrates an intrinsic stability for measuring models (Davari & Rezazadeh, 2013), and the combined stability values for study structures are higher than 0.8. After examining the reliability criterion, the second criterion is the Average Variance Extracted (AVE) (Davari & Rezazadeh, 2013). The AVE criterion illustrates the average shared variance between each construct with its own indexes and it should be higher than 0.5. The general criteria for the quality of the model are reported in table 2., and the values of each of the variables are defined more than the threshold. Hence, the appropriateness of the convergent validity and reliability status of the research model can be confirmed.

Table 2*General Criteria of the Model's Quality*

Variables	Cronbach's alpha	CR	AVE
Hostility	0.95	0.96	0.61
Competitive turbulence	0.86	0.90	0.66
Competitive dynamics	0.71	0.86	0.76
Competitive complexity	0.84	0.90	0.76
Competitive predictability	0.93	0.95	0.92
Regulatory turbulence	0.94	0.96	0.69
Legal factors	0.95	0.96	0.93
Political factors	0.96	0.97	0.94
Economic factors	0.93	0.94	0.92
Social factors	0.81	0.91	0.83

The value of load factors and t-values for each item are expressed in table 3. According to the results of the SmartPLS3 software output, since the load factor magnitude of the observed variables and the corresponding variable are appropriate values, the perceived framework of environmental hostility can be concluded. There are a high correlation and validity between the items and sub-components.

Table 3*Factor Load Values and T-values for each Question*

Structure	Items	Load Factor	T-Value	Significance level	Result
Competitive dynamics	Pur1	0.93	102.6	0.001	Confirm Indicator
	Pur2	0.80	12.81	0.001	Confirm Indicator
Competitive complexity	Pir1	0.90	32.56	0.001	Confirm Indicator
	Pir2	0.95	56.73	0.001	Confirm Indicator
	Pir3	0.95	25.98	0.001	Confirm Indicator
Competitive predictability	Gpr1	0.95	68.31	0.001	Confirm Indicator
	Gpr2	0.95	70.39	0.001	Confirm Indicator
	Gpr3	0.96	96.26	0.001	Confirm Indicator
Legal factors	L1	0.96	125.09	0.001	Confirm Indicator
	L2	0.97	158.01	0.001	Confirm Indicator
	L3	0.97	157.69	0.001	Confirm Indicator
Political factors	P1	0.96	123.31	0.001	Confirm Indicator
	P2	0.97	361.21	0.001	Confirm Indicator

Structure	Items	Load Factor	T-Value	Significance level	Result
Economic factors	P3	0.97	222.23	0.001	Confirm Indicator
	P4	0.97	154.99	0.001	Confirm Indicator
	E1	0.93	47.47	0.001	Confirm Indicator
	E2	0.97	161.24	0.001	Confirm Indicator
	E3	0.94	96.01	0.001	Confirm Indicator
Social factors	S1	0.94	95.33	0.001	Confirm Indicator
	S2	0.88	18.35	0.001	Confirm Indicator

The results of the confirmatory factor analysis of the sub-components have been reported in the business environmental hostility model in table 4.

Table 4

Factor Load Values, T-values and R Square Values of Sub-components

Variable	Indicator	Load Factor	T-Value	R2
Competitive turbulence	Competitive dynamics	0.89	38.73	0.79
	Competitive complexity	0.96	124.90	0.93
	Competitive predictability	0.55	5.87	0.31
Regulatory turbulence	Legal factors	0.91	59.81	0.83
	Political factors	0.92	94.17	0.86
	Economic factors	0.83	17.66	0.69
	Social factors	0.671	12.60	0.50

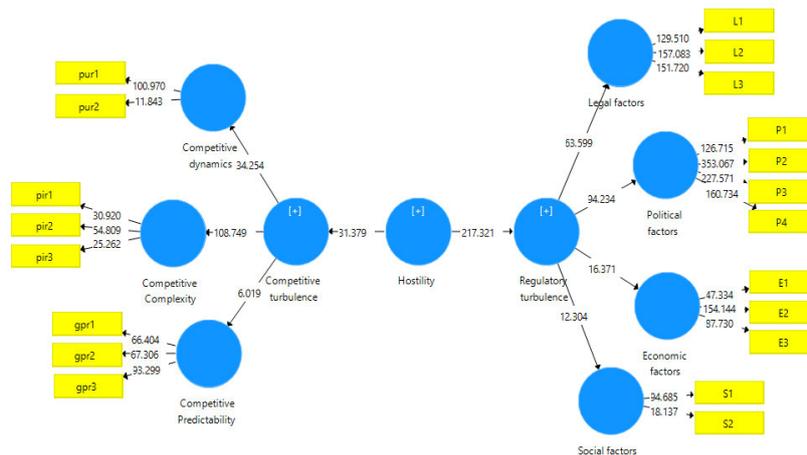
Likewise, the results of the confirmatory factor analysis of the components have been stated in the business environmental hostility model in table 5.

Table 5
Factor Load Values, T-values and R Square Values of Components

Variable	Indicator	Load Factor	T-Value	R2
Environmental hostility	Competitive turbulence	0.86	31.91	0.74
	Regulatory turbulence	0.98	216.18	0.96

To evaluate the fit of the structural model, several criteria are used, and the most fundamental one is the t-value. The correlation between the structures is 95% in the confidence level provided the t-values are bigger than 1.96. As can be seen, in Figure 3, the confirmatory factor analysis of the model and values are displayed in order to assess the structural part of the model. Considering all values on the paths are higher than 1.96, this illustrates the significance of the paths, and as a result, the appropriateness of the research structural model.

Figure 3
Confirmatory Factor Analysis of the Model



GOF was used to evaluate the fit of the model in partial least squares, which is 0.77 in this study, and indicates an upper general fit for the structural model.

Discussion

The results of this study showed that the hostility of the business environment is summarized in two components of competitive turbulence and regulatory turbulence. Competitive turbulence refers to the rate of hostility of competitors, industry and potential competitors, and it has three sub-components, including competitive dynamics, competitive complexity, and competitive predictability. Competitive dynamics refers to the intensity and speed of competitive changes such as intense changes in the industry, the ability to imitate or repeat the actions of an enterprise by its competitors, or new uninterrupted competitive actions by an enterprise competitor. Competitive complexity refers to the number of elements that affect competition and the relationship between these elements (price, distribution channels, promotion wars, alternative goods, etc.). Competitive predictability refers to information availability and predictability of competitive change. Likewise, regulatory turbulence has four sub-components, including legal factors (such as the extent of changes in laws and regulations and regulatory status, regulatory processes, the existence of restrictive laws, etc.), political factors (such as the influence of political pressure, changes in political status, Sanctions, scarcity of resources, etc.), economic factors (such as changes in economic status, interest rates and currencies, etc.) and social factors (such as changes in social status, quality and lifestyle of individuals in society, etc.). These findings are consistent with many previous studies and complement them (Khandwalla, 1976; Miller, 1987; Löfsten & Lindelöf, 2005; Torkkeli et al., 2012). Based on the results obtained in this article the regulatory turbulence component has a greater impact than the competitive turbulence component on the business environmental hostility in the Science and Technology Park SMEs at Kermanshah (Iran). Additionally, the sub-component of competitive complexity has the most impact on competitive

turbulence in the Science and Technology Park SMEs at Kermanshah (Iran), and this indicates the number of elements and that affect competition and the relationship between these elements. Furthermore, the sub-component of political factors has the most impact on the regulatory turbulence in the Science and Technology Park SMEs at Kermanshah (Iran), and this indicates the effect of sanctions, scarcity of resources and... on making the business environment hostile. Therefore, a SMEs manager can improve business performance by properly identifying and analyzing his business environment, which requires that the manager has sufficient time, sufficient knowledge, and the ability to identify and analyze thoroughly and accurately. The appropriate environmental strategy is not a one-size-fits-all answer but there are some suggestions to use while facing a hostile environment. The SMEs who are competing in industries with intense competitive turbulence require highly managed decentralization and strategic order. In these circumstances, decision making and strategic options are very limited. Enterprises in a competitive business environment are faced with many new challenges such as shorter customer times or lowering costs, increasing quality and competency of services, and in order to survive in this environment, they need to respond rapidly and with great agility to the market and action changes of their competitors, and the answer is an agile supply chain strategy (Dobrin & Cioca, 2014). Another strategy for an enterprise to face an environment with an intense competitive turbulence is blue ocean strategy. Blue ocean strategy itself in sale indicates as a method of increasing profitable growth of the enterprises by creating new demand that there is no competitor for that (Dehkordi et al., 2012). The underlying strategies that can be used to survive while regulatory turbulence include downsizing, partnerships, offshore financing, alternative sources and raw materials, and retrenchments. Additionally, it can't be denied that the ability of the enterprise to compete to

each other has been become entangled with entrepreneurship and belief that innovative ideas are the only way to sustain each enterprises 'business in the market pushes them to work on this key success factor (Andersen & Strandskov, 2008). Consequently, by new methods of innovation such as business model innovation, SMEs could have a better performance in a hostile business environment.

Conclusion

The present study aims to identify and designate the dimensions of business environmental hostility, which has a qualitative and quantitative approach, using a content analysis strategy to provide an appropriate conceptual framework to this problem. In the previous research, some components of environmental turbulence and environmental hostility have been investigated, and each of these studies has identified factors that affect the hostility of the environment separately. The results of this research illustrated that the hostility of the business environment is summarized in two components of competitive turbulence and regulatory turbulence. Competitive turbulence has three sub-components, including competitive dynamics, competitive complexity and competitive predictability. Regulatory turbulence has four sub-components, including legal factors, political factors, economic factors and social factors. In addition, the results of this research indicated that in SMEs in Kermanshah Science and Technology Park the regulatory turbulence component has a greater impact than the competitive turbulence component on the business environmental hostility. The sub-component of competitive complexity has the most impact on competitive turbulence, and the sub-component of political factors has the most impact on the regulatory turbulence. A SME manager must have a broad understanding of the enterprise environment, and the ability to identify his business environment

before deciding which style and strategy to choose for his company. The research limitations in this research was to obtain owners and managers of SMEs, who took part in the survey. Furthermore, the number of SMEs which were available can be accepted as research limitation.

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