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**Determinants of SMEs' export performance – international experiences and the case of
Kosovo**

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Dedication

To my parents!

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List of abbreviations

This is the list of abbreviations are used throughout the thesis:

Acronyms	Meaning
ADR	Alternative Dispute Resolution
ARBK	Agency for Registration of Businesses in Kosovo
ATK	Tax Administration of Kosovo
ATM	Autonomous Trade Measures
BSCK	Business Support Centre of Kosovo
CBK	Central Bank of Kosovo
CEFTA	Free Trade in Central Europe
EFTA	European Free Trade Association
EU	European Union
EULEX	European Union Rule of Law Mission in Kosovo
FDI	Foreign Direct Investment
FTA	Free Trade Agreements
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
ISNTAT	Albanian Institute of Statistics
IFI	International Financial Institutions
IT	Information Technology
KBA	Kosovo Business Alliance
KOSME	Kosovo SME Promotion Program
KPA	Kosovo Privatization Agency
LLC	Limited liability companies
MEF	Ministry of Economy and Finance
MTI	Ministry of Trade and Industry
OECD	Organization for Economic Cooperation and Development
RIINVEST	Institute for Development and Research
SAK	Statistical Agency of Kosovo
SAP	Stabilization and Association Process

SEE	South East Europe
SME	Small and Medium Enterprises
SMESA	Agency for Promotion of SMEs in Kosovo
SPSS	Statistical Package for the Social Science
VAT	Value Added Tax
VIF	Variance inflation factor
WTO	World Trade Organization
%	Percentage

ABSTRACT

The essential role of small and medium-sized enterprises (SMEs) in the economic development of South-Eastern European (SEE) countries has drawn the attention of researchers and policymakers; though, it continued more or less uncharted, mainly in Kosovo. Kosovo's private sector business is led by SMEs; therefore, promoting the growth of SMEs is imperative to the nation's economic development.

The purpose of this dissertation is to investigate significant growth determinants of SMEs in Kosovo by emphasizing exports, revealing the importance of determinants that most strongly indicate the performance of SMEs, and revealing the relationship between those determinants and export performance. Since exporting is becoming more important and difficult, it is necessary to understand all the factors that are involved in this flourishing trade. Besides examining the relationship between managerial characteristics, firm-related variables, and exports, through this research is aimed to understand how the success of exports leads to the growth of SMEs.

This research analyzes the literature dealing with SMEs' performance in order to examine the traditional and modern academic standpoints on assessing the impact of export performance. This research reviews the academic literature at both the individual and organizational level and emphasizes the factors that assist in creating an environment where SMEs can succeed. The secondary data were from the core group, consisted of Kosovo-based entrepreneurs who were interviewed by the Business Support Centre Kosovo (BSCCK). The population consisted of 500 entrepreneurs. The businesses delineated the trade, manufacturing, and services sectors in Kosovo. The data were analysed using both descriptive statistics and inferential techniques, such as logistic regression analysis using the SPSS software.

The information gathered through face-to-face interviews with Kosovo's entrepreneurs have contributed to a better understanding of the Kosovo's situation and facilitated the comparison with other developed countries.

This eased the exploring of the right suggestions and advices for the future, and facilitated a critical straightforward assessment of the existing situation. Through the results that are significantly related to export performance, managers and policymakers can take some action to improve export performance. On the other hand, the results of the empirical research also have some policy implications: it is argued that governments in Kosovo must pay more attention to SMEs, and attempt to design and implement better strategies that will be beneficial for developing international trade, especially exports, as one way of trading by SMEs.

Executive Summary

Today trading abroad is a fundamental step for business, reaching the enlargement competitive advantage in competitor's firms. This research analyses and the academic literature at both individual and organizational level and emphasizes the factors that assists create an environment where export can succeed.

Following hypotheses have been raised, such as:

- Managerial characteristics education, age, experience, and training were negatively correlated to the company's export.
- IT knowledge and knowledge of foreign language were positively and statistically significantly related to the trading.
- Innovation done by the company was strongly positively correlated with export performance.
- Firm size has a strong positive relationship with export performance.
- International experience was positively and statistically significant with export performance.
- The marketing strategy was strongly positively correlated with export performance.
- Financial barriers were positively related to export performance.

Analysis and gathered data, from BSCK team combining with theoretical background helped in setting the research questions as well as the discussion on the findings of the thesis. This report of BSCK was used, that gather data from 500 small and medium enterprises, contribute to describing factors that indicate on Small and Medium Enterprises in Kosovo.

Probit and Tobit analysis was used to test the correlation between the hypothesized relationships. Empirical research has proposed that export performance is determined by firm size, financial barriers, the experience of the company, knowledge of foreign language, IT knowledge. Also, some other factors can be considered to be determinants of the export performance.

This study contributed to the existing knowledge of foreign trade practices by analyzing the problems engaged in, by SME owner in Kosova who participated in this study. Also, recommendations will help to assist in the export sector that may uphold businesses to reach their goals and indicate in economic growth.

CHAPTER I – INTRODUCTION

1.1 Introduction

This chapter provides an overall study of the exporting industry, including the significance of the research topic through the hypothesis, research objectives, and research questions. The research topic presents export as one way to access the international market for small and medium enterprises (SMEs). As exporting is becoming more and more important with globalization, it is essential to understand which factors are vital to international trade.

More precisely this chapter will begin with the definition of a research topic, based on literature about the exporting, trading products or services choosing the feasible strategy to achieve their goals. Recently exporting is very notable; therefore in order to ascertain the success of export researchers are using a different measure to evaluate it such as managerial characteristics, firm related variables.

The second section explains the objective of the study, continued with the next section describing the research question, separated into internal factors and external factors.

The last section explains the relevance of the study, how does exporting affect the economic growth of the country, knowing that this way of internationalization has the possibility of cooperation between Kosovo and other countries, which is the added value of this work.

The last section summarized, with a resume for a chapter as a whole.

1.2 Definition of the research topic

Export is a launching pad for a future international extension, traditionally considered the first step in accessing foreign markets Kogut and Chang, (1996). This is vital, especially for SMEs. For them, it is a feasible strategy, as these enterprises are facing a lack of resources, financial or otherwise Dalli, (1995); Donald and Morten, (1997). This manner of trading products or services offers SMEs a faster admittance to exterior markets, requiring less capital investment and providing valuable and competitive international experience (Sullivan & Bauerschmidt, 1990; Root, 1994; Fina & Rugman, 1996; Zahra, Neubaum, & House, 1997).

While exporting is daily becoming more important and more difficult, it is necessary to understand all the factors involved in the trade. Also, exploring the relationship between managerial characteristics, firm-related variables, and exporting in the course of this research will determine how success in exporting leads to the growth of SMEs. Different measures have been used to evaluate export performance (Zou, Taylor, & Osland, 1998).

Export performance in this study is measured by the percentage of export share in the total sale. This form of measurement has been selected since it allows to evaluate the level of involvement of firms in export and also to evaluate how successful the firms are at this way of trading. Through results that are significantly related to export performance, managers can take actions to improve export performance and increase the level of export participation in total sales. Many economies in the world can make economic or non-economic gains based on new relationships with foreign countries from international trade.

Knowing these potential economic effects, access to the global economy validates the level of exports, which is positively related to the performance of SMEs (Fina & Rugman, 1996). Also, being in many different international markets creates advantages regarding competitive power in the market (Schmidt, 1993) and the benefits of selling products or services and the company's income (Ramasway, 1992). Many factors influence the performance of SMEs, and the development of these factors promotes better business performance.

This study focuses on the nature of the data and significant variables related to SMEs, such as firm size, managerial characteristics, and knowledge of foreign languages, international

experience, and computer usage, the age of the business, marketing strategies, price, product, place, and distribution. Obtaining results in the relationship between export performance and variables. Measuring performance is a multidimensional concept. Moullin (2003) defines an organization's performance as how well the organization is managed and the value the organization delivers to customer and stakeholders. The definition of performance is rarely precise, but this broad topic is examined and analyzed by many authors (Leong, Snyder, & Ward, 1990; Neely & John, 1992; Kaplan & Norton, 2001). It means when you measure something, and it can be expressed with numbers, this measurement may be the "process of quantification" (Mintzberg, 1978). However, its effect is to stimulate action, and this action leads to performance, better effectiveness, and efficiency.

A business organization could measure its performance in financial or nonfinancial terms. There are many studies regarding export performance (Cooper & Klienschmid, 1985; Aaby & Slater, 1989; White, Griffith, & Ryans Jr., 1998). In this study, selected eighteen variables known to influence export performance were selected, including such categories as firm characteristics, market characteristics, manager's attitude, and performance. Each of these categories has been shown to influence the export performance of SMEs significantly. It means that the company with long-term strategies can enhance performance.

These research findings indicate how well these SMEs manage their internal factors, such as age, gender, and previous employment, number of employees, training, information technology, and knowledge of foreign languages (mainly English). Besides, international experience and marketing strategy (including price, place, product, promotion, innovation, and external factors, such as infrastructure and financial barriers) are discussed to succeed in export, the percentage of export participation in total sales.

These findings have contributed to a better understanding of the real world and to a comparison of the situation of Kosovo with that of other developed countries. This will help to devise proper suggestions and advice for the future, and also will help to make a critical assessment of the existing situation. This study is structured into theoretical frameworks to support the discussions about the issue, help develop the hypothesis, and support directions of discussions, methodologies, and results.

To achieve the aim of this study, reviewing literature combined with the conceptual model leads to a better understanding of the theoretical framework, objectives of the study, and definition of the research questions. Developing exports as a way of internationalization of SMEs can enhance export performance.

1.3 The objective of the study

The study aims to empirically investigate determinants of SMEs and their impact on these determinants on export performance. This study will analyze the determinants used within SMEs in Kosovo and the impact of them in performance. The study covers trade, manufacturing, and service sectors.

1.4 Research Question

The research question of this dissertation is as follows:

"Are internal determinants positively associated with the export performance of SMEs?"

To accomplish the objectives of the study, the sub-research questions are related to the first one:

Research Question 1: Are managerial characteristics, such as education, age, training, experience, knowledge of information technology, and foreign language positively associated with export performance?

Research Question 2: In SMEs, is flexibility and innovation positively associated with export performance?

Research Question 3: Is firm size (number of employees) positively associated with export performance?

Research Question 4: Is the company's experience with export activities positively associated with export performance?

Research Question 5: Is the usage of computers and the Internet by the company positively associated with export performance?

Research Question 6: Are the firms' marketing strategies positively associated with export performance?

"Are external determinants positively associated with the export performance of SMEs?"

Research Question 7: Are financial constraints positively associated with export performance?

Through existing literature and empirical data for SMEs in Kosovo about exporting and SME performance, the researchers will be able to understand how this performance can be improved through the development of these determinants.

1.5 The relevance of the study

From a conceptual point of view, internationalization is the multidimensional segment and it is a traditional way of increasing involvement in foreign markets. Most of the time, it is manifested first with exporting to individual countries and also, in some cases, with foreign direct investment (FDI) (Suvillan, 1994; Ramaswamy, 1996; Nehrt & Phene, 1998).

Export and FDI are the two central expressions of an internationalization strategy (Johanson & Vahlne, 1977; Similar and Argheyd, 1987; Beamish & Andrew, 1999). This study aims to investigate and analyze the level of internationalization of SMEs through the level of export. Focusing on SMEs of Kosovo, the study examines the real situation of exporting as one way of internationalization, and the reasons why Kosovo should export or not.

How does exporting affect the economic growth of the country, knowing that this way of internationalization has the possibility of cooperation between Kosovo and other countries? This includes visiting the company employees in nations which are exporters, gaining new

experiences either professional or cultural and at the same time providing new opportunities for these countries to visit Kosovo and the possibility of greater mutual understanding between the nations.

Some researchers support the export-led economic growth hypothesis (Tyler, 1981; Kavoussi, 1984; Krueger, 1984; Ram, 1985; Chenery, Sherman, & Moshe, 1986; Chow, 1987; Fosu, 1990; Salvatore & Hatcher, 1991). Some empirical studies have been conducted during the last two decades to investigate the role of exports on economic growth, using either time-series or cross-section data (Michaely, 1977; Balassa, 1978; Heller & Porter, 1978; Tyler, 1981; Roger & Meguire, 1985).

The reasons behind the importance of this topic are as follows:

First, increasing export development affects economic growth of the country (Balassa, 1978; Heller & Porter, 1978; Tyler, 1980; Tyler, 1981; Kavoussi, 1984; Roger & Meguire, 1985; Esfahani, 1991; Mohsen, 1993; Islam, 1998; Oh, 2003).

Second, reviewing the situation of SMEs in Kosovo, developing exports from these enterprises, studying why some of these enterprises have developed this sector and others have not resulted in some SMEs approaching the international market and some not. What are the barriers to entry into and conclusion of agreements with these global companies? What are the most common ways of developing this sector, which is considered sufficiently challenging for the Kosovo market?

Third, the results from the empirical research and review literature for SMEs are analyzed, with particular emphasis on exporting companies in Kosovo. Moreover, the study provides sufficient information to test the determined hypothesis.

Fourth, analyzing the effects of several determinants on export performance measures, the research reveals that internal factors are the most likely to indicate the need to internationalize SMEs. Some of these factors are firm characteristics, such as firm size, export experience, marketing strategy, and business age.

Also, this study will review and analyze separately the relations between internal and external factors that indicate export performance (Baldauf, Cravnes, & Wagner, 2000; Catalonia, 2006).

From this perspective, the primary purpose of this study is to identify critical determinants impacting the exporting performance of SMEs in Kosovo, so that they can have a better understanding of how their performance can be improved.

The study analyses the relationship between these elements and export performance, showing which of the factors have a more significant impact on the performance of SMEs. Simultaneously, the study analyzes how appropriate the legal environment and the financial system are for doing business and how they affect the export of products.

This study shall analyze and elevate the statement regarding the relationship between determinants and their indication in the export performance of SMEs.

It will help many exporter SMEs, with substantial contributions in international management literature underlying the determinants' development that leads to the export performance of SMEs, and proposes a new conceptual approach to the issue.

The main contribution of this study consists of analyzing how these firms can achieve better export performance by focusing in depth on the internal organization, regardless of the competition and other challenges that they face. It ensures the empirical evidence of this association between the internal and external factors and export performance of SMEs regarding sales.

The added value of this study will be seen in findings of new empirical evidence on internal factors that help firms to ensure they have the right personnel and capabilities before entering into the new international path. It will contribute to further research and widen the analysis of internal and external determinant that can lead to better export performance.

1.6 Summary

Chapter 1 explores the importance of the study, followed by the introduction and the background, provided by the rationale and significance of the study. The research objectives were introduced by research questions, exploring how well these variables are associated with export performance.

Definition about research issue explored the importance of exporting as a way to access on an international market, and how this manner of trading is related with SMEs.

This topic was analysed by many authors using many variables that SMEs will elevate their internal management, focusing on their organization, by continuous improvement of these determinants, especially internal determinants that can lead to better export performance.

The next chapter proceeds with a detailed description of the suitable theoretical framework for this study regarding the determinants of export performance.

CHAPTER II – SMALL AND MEDIUM ENTERPRISES IN KOSOVO

2.1 Introduction

SMEs give mostly regarding the economy in various approaches as job creation, export, production, and innovation. In addition to their involvement in the economy, we have to understand how these SME's can reach positive progress and developed the export.

This Chapter provides an overview of the economy of Kosovo, especially the role of the private sector in developing the economy, as well as the investigation the determinants of export performance of SMEs. This elaboration, on the whole, helps in better understanding the current situation of the economy and leads us to better recommendations for the further research.

The first section 2.2 of this chapter provides an introduction to the economy of Kosovo through the years, more focused on natural potentials that used as the opportunity for exporting.

Section 2.3 followed by a general approach of SMEs in Kosovo, definition, structure and their indication of export performance.

The final section provides some general conclusions and discusses results that relay to the core part of exporting within SMEs.

2.2 The economy of Kosovo

Kosovo is a country, located in South Eastern Europe, encompasses 10877 square kilometers, with new economic development after the last war of the year 1999 and very dynamic economy. Our country bordered in the north and east by Serbia, in the south by the Republic of Macedonia, in the southwest by Albania and in the northwest by Montenegro. The terrain of Kosovo is mostly mountainous such as Gjeravica as the highest peak with 2656 meters above sea level, Sharr Mountains and Kopaunik Mountains. Numerous visitor and different investors transformed Kosovo from a centralized economy to an open economy, since the last war with Serbia.

With a lot of challenges such as a high level of unemployment, lack of proper public infrastructure, poor conditions for doing business, for many years negative trade balance, the imbalance between investment and consumption, low investment and high consumption that Kosovo is going through has become part of economic integration in this region.

Kosovo offers opportunities for market expansion, increase competitiveness, increase its capacity of export and supported by developing its advantages as, 2.2 million young and motivated populations (70% under the age of 35 and eligible to work in the domestic market as well as international).

Another opportunity of the market is natural resources such as lignite, fertile agricultural land, and zinc amongst others. A new power plant will rise 1,000MW capacity and increase GDP 17%. Also, there is a high demand for investments in new coal mines. Kosovo has enormous deposits of lead and zinc (Trepça mines), gold and silver, nickel and magnesium.

Statistical Agency of Kosovo (2012) reported that industrial goods dominate the structure of trade exchange in Kosovo. Base metals were the most exported industrial products in 2011, accounting for over 60% of total exported goods, a significant increase this since 2006 when it was about 45 of the total. Base metals followed by mineral products, goods exported the second try, with about 13% of the total. Products and foodstuffs are the third group's largest export, with about 8% of the total, followed by machinery, appliances and electrical equipment (4.8% of total), plastics and rubber (3.9%), and textiles and clothing (3.7 %). New infrastructure is assisting business environment such as a quick business registration system, the free trade agreement with EU and get the region, as well as the use of Euro as official currency.

Except that Kosovo is a member of CEFTA, in June 2014 Kosovo joined the IMF (International Monetary Fund), and WB (World Bank) and other mechanisms aspire to be powerful economic and financial as EBRD and the Bank for Development CEB council of Europe. Deal only CEFTA free trade, characterized by a high level of liberalization, facilitation of procedures, deepening customs cooperation, harmonization of rules and procedures for the implementation of

technical regulations. Kosovo during 2012 reached a value of about 2.8 billion Euros in trade exchanges. Concerning the export and import of Kosovo, the leading trade partners are the EU countries with the participation of about 39% export and import, and CEFTA countries participating with 37% for export and 34% for imports compared to the 2012 total. Regarding exports to Kosovo with Balkan nations, Albania engages with 14.6%, Macedonia 9.6%, Serbia 5.4% compared with the whole of 2012, while the most significant share of imports into Kosovo from Macedonia Balkan countries are with 11.5%, Serbia 11.1% and Albania with 4.4%.

Global trade is the exchange of goods and services between different countries. We have some states that have to export more than import. Which are the reasons that make these differences? Explaining these differences has a lot of studies that have been conducted to establish the main factors that influence exports. The trade and exchange rate regime, governmental policy, entrepreneurial class and secure transport are some of the influence factors of export behavior (Seyoum, Belay, 2013) (Fugazza, 2004).

The growth of export and trade balance plays a significant role in the economic growth as perspective and sustainable economy in the country, to manage with the international competition. The growth rate of export in years is an important indicator, the performance of which can judge the constancy and sustainability of the economy in general, as well as its ability to compete in international markets. Considering this fact, Kosovo has some capacities to develop exports. For many years, the products and foodstuffs have dominated the import structure (for now, this category of goods is in second place, with 12% of the total), while in recent years on mineral products are imported goods, with 21.6 % of the total. The third categories are imported machinery, equipment, and more power tools, with about 11% of the total. Importing minerals, on the one hand, and the machinery, equipment, and electrical appliances, on the other hand, proves that steadily Kosovo is building its manufacturing base.

Besides trade with industrial goods, another important category of trade in goods is productivity. Kosovo agricultural producers have managed to export products worth only about € 25 million in 2011, compared with € 266 million imported. The situation was more or less the same throughout the last decade, but the broader gap between exports and imports of agricultural

products was recorded in 2011. Category of processed food products, beverages, and tobacco products, and vegetables are the most significant amount of agricultural exports. They are mainly exported to Albania, Macedonia, Serbia, and Germany. Regarding the import of farm products, Kosovo imports most processed foods, beverages and tobacco, followed by vegetable products, live animals, and animal products.

2.2 Definition of Small and Medium Enterprises in Kosovo

Different countries use different definitions for SMEs, and still, there is no single globally accepted definition of SMEs. Descriptions about SMEs are based on the number of full-time employees, sometimes it based on the value of annual sales, annual revenue.

Supporting the law no. 02/L-5 has regulated the definition of small and medium enterprises, in Kosovo. Article 4, paragraphs 2 and 3, determine that: small business is an enterprise that employs up to nine employees during the previous year and had total revenue 500,000€ or less.

The medium company is an enterprise which employs between ten to forty-nine employees in the last one year and had the total turnover of 2.4 million Euros or less Kosovo Assembly (2005). Also, the OECD publications used the same law, show that Kosovo classifies SMEs by the following ranging: Micro Enterprises: up to 9 employees, Small Enterprises: up to 49 employees and Medium Enterprises up to 249 employees OECD (2012).

Table 1: Classification of SMEs

Type	Micro Enterprises	Small Enterprises	Medium Enterprises
Number of Employees	0 - 9	10 – 49	50 – 249

Source: Organization for Economic Cooperation and Development (OECD)

From the previous background, we should note universal rules about the definition of Small and Medium Enterprises in a unique understanding and standardized interpreting. The government of the Republic of Kosovo reports statistics of the Agency for Registration of Businesses in Kosovo

(ARBK) in Strategy for Small and Medium Enterprises 2006 – 2012 development in definition Enterprises used these EU standard criteria.

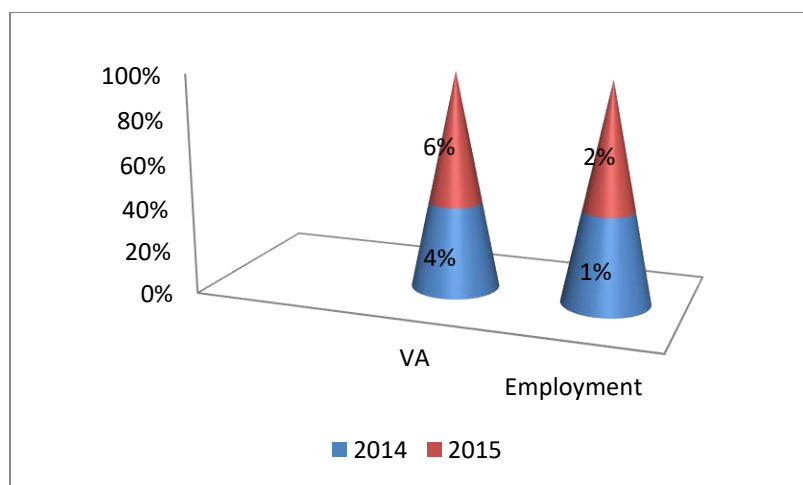
Table 2: Classification of enterprises by size in Kosovo

Type	Macro	Middle	Small
Number of employees	Less than 250	Less than 50	Less than 10

Source: ARBK (Agency for Registration of Businesses in Kosovo)

SME plays a significant role in employment and value-added growth. Report of World Bank in 2012 revealed that the private sector has a substantial role around the world, and Organization for Economic Cooperation and Development (OECD) convey that more than 95 % of enterprises are SMEs.

Figure 1: SME employment and value added growth in 2014 and 2015



Source: Eurostat, National Statistical Offices, DIW Econ

As is shown in figure 1, as far as SME has grown at a relatively fast tempo, leading growth of 4 % in 2014 and 6 % in 2015, SME employment followed a reasonable increase, by 1% in 2014 and 2 % in 2015.

By type of property, in Kosovo operate these categories of enterprises, individual businesses, general partnership, limited partnership, limited liability companies, joint stock companies, foreign companies, social enterprises, public enterprises, agricultural cooperatives and other enterprises under KPA's jurisdiction. Based on these data from 2007 to 2011 the number of SMEs has grown about 20% per annum, while general evolution during these five years was about 35%, without data for all companies that which are closed and bankrupt.

Table 3: Number of enterprises by type of ownership

Types of ownership	The number of Enterprise	Percentage
Individual business	105623	88.82
General partnership	3731	3.14
Limited partnership	92	0.08
Limited liability company	8340	7.01
Joint Venture	398	0.33
Foreign Companies	597	0.5
Social Enterprises	22	0.02
Public Enterprise	12	0.01
Agricultural Cooperatives	76	0.06
Enterprise	33	0.03
Total	118924	100%

Source: Agency for Registration of Businesses in Kosovo (2012)

According to the category of ownership, Table 3 confirms that in Kosovo most of the enterprises are individual enterprises, with 88.82% contribution. Also, the Agency for Registration Businesses in Kosovo proves that this type of ownership has contributed mostly in employment with a total number of employees 232.411 or about 63% of the total number of employed in enterprises.

According to the European Commission, more than 90% of the companies hiring fewer than four people. In total, it estimated that all businesses produced 47.6% of the total export in a country, and these SMEs participated with 43.3% on GDP of the country.

Table 4: Number of employees in SMEs, 2013

Enterprise		Enterprises		Number of employees	
		Number	Share	Number	Share
Solo Entrepreneurs	1 employee	25938	56.30%	25938	13.70%
Micro	2 - 9 number of employees	17797	38.70%	60422	31.90%
Small	10 - 49 number of employees	1940	4.20%	35546	18.70%
Medium	50 - 249 number of employees	310	0.70%	31094	16.40%
Large	250 + number of employees	47	0.10%	36623	19.30%
	Total	46032	100%	189623	100%

Source: KOSME calculation based of ATK register

Table 4 confirms that the most significant contribution to employment in Kosovo are sole entrepreneurs that employ only one person, with participation 56.3% of all businesses. Microenterprises are the most important size category, with 31.9 % participation of jobs in private sector businesses. On the other side, small, medium and large enterprises contribute with 18.70%, 16.40% and 19.30% in a total number of employees.

2.3 Role of Small and Medium Enterprises in Kosovo's Economy

Traditionally, the Kosovo industry is characterized by the production of metal and metal products, plastics and rubber, as well as the production of chemicals. After covering only 30% of the demand of the local food market, it is far below its potential, and therefore this increase can also help raise the production of primary agricultural products.

Kosovo has an enviable endowment of natural resources. With 14.7 million tons of lignite, Kosovo is ranked as the fifth country in the world for the amount of the reserves of this mineral. Lignite has an imperative role for the state since it is estimated as one of the most important factors for energy production.

Kosovo mining industry has a long history and an extraordinary potential for its use in the future; Kosovo has estimated that the earth possesses at least € 13.5 billion worth of mineral resources.

Kosovo mines provide lead and zinc, and especially coal that serve as the primary source of Kosovo for the benefit of electricity. To be able to handle in a complete form on all issues related to the industry division, the Ministry of Trade and Industry has adopted a strategy in 2009, continues to intensify efforts to develop industrial policy and policies on creating a plan in manufacturing sectors that are very important for a country.

In general terms of the scope of the industry, business community considers that a priority to be addressed is the lack of sufficient institutional capacity to assess the situation in the industrial sector. This is because the best estimate of the current situation is the high rating to develop better quality policies, including the identification of priority industry sectors that have competitive advantages, and the policy measures to help the development of the industry.

The challenge with institutional capacity has to do with policies related to those of industry and SMEs, particularly in the areas of trade, quality infrastructure, fiscal policy and education and training in coordination with labor market requirements. The main reason that over 50% of all SMEs operating in the commercial sector, characterized by low and unproductive investments. On the other side, foreign direct investment during 2011 reached € 394.6 million (8.6% of GDP), slightly higher than the € 365.8 million in 2010. Up to now, there are about 2,000 foreign companies, foreign-owned or mixed, they have invested in Kosovo.

The construction sector recorded a growth (in percentage) to increase Foreign Direct Investment (FDI) in Kosovo, followed by real estate investments. The share of the manufacturing sector in whole Foreign Direct Investment has decreased compared to last year. In the financial industry, the percentage of Foreign Direct Investment in total investment during 2011 was about 12%. The leading foreign investors are from EU countries like Slovenia, Germany, and the United Kingdom.

Regarding this issues, the European Union recommends the establishment of a fund for supporting SMEs and entrepreneurship. These and other challenges identified by the EU are reflected in the framework of the Action Plan for the negotiation of the Stabilization and Association Agreement, adopted by the Government in 2012. Their successful implementation

also requires a significant increase in the number of budgetary funds allocated for such schemes and to support the development of SMEs and industry in general.

On the other hand, according to an analysis of the needs of SMEs for training - conducted by the EU project for SMEs, involving 109 SMEs operating in all of Kosovo - the most urgent needs identified are related to marketing and sales, quality management systems, export promotion and production management and leadership. Until now the banking sector is considered as one of the success stories in the country since there was a substantial and qualitative growth. Based on data from the Central Bank of Kosovo, in December 2010 banking sector assets amounted to € 2.5 billion, which represents an annual increase of 11.4%. The total value of trade sector loans amounted to € 1.5 billion, yearly growth of 13.2%. In the trade, sector dominates commercial loans, with 50.8% of total loans, while loans to manufacturing enterprises represented 12.3% and 10.6% of construction businesses. However, the EU considers that access to finance is a concern for the entire region of Southeast Europe.

In a survey of the Organization for the Economic Cooperation and Development in Europe (OECD) about SMEs with high growth level, conducted in 2012, access to finance was highlighted as a major obstacle, the second one after corruption. According to these obstacles, SMEs are a success story for Kosovo, but still, they represent only 17% of the number of employed in Kosovo, indicating that most of the time by banks better deals as an indicator of business success. By not considering other signs as a rate of turnover, the rate of profit and assets as highly essential factors for business success. Even though the financial system is deemed to be successful, entrepreneurs, still hope for improvement of this system, as their main concern remains high-interest rates as well as legal problems associated with their property that serves as collateral for access to the loan.

Measures to improve SME access to finance should include reform of the cadastral system, registration system of collateral and loans, and the applicability of debt about the collateral. One of the main prerequisites for business development is strengthening the culture of entrepreneurship.

Based on the current situation in Kosovo, this goal could be achieved by expanding the entrepreneurship program, offices Education, and Training, institutions of education. Promoting the success of enterprises implementing entrepreneurship programs for youth, women, and minorities; supporting and recognizing the most successful enterprises and encouraging and

raising the level of networking between businesses. It would be the road for relation current and proposed interventions of donors.

Creativity and innovation are increasingly necessary for companies to gain and maintain competitive advantages. Most new businesses are faced with a lack of ideas, innovation, and creativity. The aim of the Strategy for SME Development will serve to develop training schemes for new owners and managers of SMEs for introducing creativity and innovation.

2.5 Summary

SMEs are the dominant instruments that encourage economic growth; they “are the engines of economic growth through employment generation, contribution to GDP, technological innovations, and other aspects of economic and social development” (Krasniqi, 3). Whereas Kosovo’s economy has enlarged an unreceptive environment, full of constraints, those have not helped SMEs grow - and most not supported the countries development process.

This chapter provided an overview of the SMEs in Kosovo, highlighted the exports as one way of internationalizing the SMEs. Starting with a brief description of Kosovo's economy in general, some natural resources that Kosovo has, which help them in greater economic development and the creation of potentials for a better future.

This section also explains Kosovo's participation in CEFTA (Central European Free Trade Agreement), IMF (International Monetary Fund) and WB (World Bank) to be able to handle free trade.

The chapter has continued with a description of SME definition, based on OECD, SME classification based on their size according to ARBK (Agency for Registration of Businesses in Kosovo). SME employment and value-added growth, number of enterprises by type of ownership in Kosovo, and which of this category is most developed and contributes most to the development of the country and export in particular.

CHAPTER III – THEORIES OF INTERNATIONAL TRADE, THE THEORETICAL FRAMEWORK OF HYPOTHESIS

3.1 Introduction

This chapter aimed at presenting and testing some internal and external factors like firm size, export marketing strategy, knowledge of foreign language and examining impacts on the export performance of small and medium enterprises in Kosovo.

Export is becoming more and more important each day; it is necessary to know which factors have a more significant impact on export performance.

The first section summarizes the measurement of export performance for SMEs, continuing with next section explaining the relationship between dependent variable and independent variable.

Literature review in this section begins with the central part as internal factors related to the export performance of SMEs, divided into subsections. Managerial characteristics as internal factors associated to the export performance of SMEs, the impact of education and training on export performance, international experience, firm size, knowledge of foreign language, especially English language, business experience and association with export performance, marketing strategy and innovation.

This chapter ends up with the second subsection as external factors, more precisely financial resources related to export performance. In the end, the chapter is summarized.

3.2 The measurement of export performance for SMEs

Research on export performance has to do with investigations on the influence of various factors on the level of exports. In strategic management and international business factors, we can identify which ones are influencing exports performance starting from internal firm characteristics and including external firm characteristics related to the business environment, type of industry and other factors.

(Aaby & Slater, 1989) grouped them into four categories: firm characteristics as size, managerial perception, and managerial commitment; firm competencies in market planning, market technology, communication skills, control systems, quality control. Export strategy using market selection including product mix, product development, product promotion and product pricing and the last but not the least group, is the external environment. Moini (1995) grouped these factors in three categories: organizational characteristics as size, international experience, competitive advantages; manager's attributes as age, formal education, knowledge of any foreign language, experience; and positive or negative manager's expectation Katsikeas & Leonidas (2000). Understanding why some small and medium enterprises are internationalized, such as exporting, foreign direct investment or joint venture and different processes involved, helps us to understand why some firms can have better economic performance and some of them cannot.

In developing countries, SMEs sector is a vital force driving of the economic growth, and job creation, reduction the poverty, innovation in technology, all these multiplier effects are documented much time by many authors Birch (1989); Storey (1994). Political government around the world continuously is increasing promoting and supporting the SME growth, through national development strategy due to the fact those SMEs comprise the largest sector in economy Cuklin & Smith (2000). The relationship between internal and external determinants and export performance is quite debated these recent years among developed economies, by economist experts. Entering in a new market for the first time, foreign currencies and exchange rates, inflations, different price rates vary from country to country, different taxing system, cost of transportation, economic situation and geographic location may also affect negatively and causes a problem for exporter company.

Each type of international new ventures has export-import activities, starting with new foreign market makers, as the oldest type of firms. They have a course of action on moving goods or services from one state or country to another, for sure where they are demanded. The role of the government in the export or import is multidimensional and cannot be measured quite well.

Taking into consideration the stability of the economy, the nature of the product and other characteristics governments have an opportunity to decide whether a country will welcome foreign products. But there are some situations when governments have numerous reasons to restrain export, for example, nationalism, when a state wishes to protect the domestic market. Through international trade as a way of promoting economy, are various channels as a better opportunity for new access to new knowledge and development, better opportunity for specialization and strong positioning; being more productive and chance to be more competitive. Many scholars and researchers continuously emphasize that SMEs play a crucial role in developing an economy, for instance in Australia SMEs represent 97 percent of all private sector businesses and have 49 percent of private sector employment Wu (2009).

Then, SMEs contribute to new jobs creation, long-term economic development, and innovation. Due to this fact, a lot of authors' focused on measuring the performance. SMEs must be multidimensional with utilizing their resources by competing with knowledge and value added, not looking by just cutting the costs Bahiti (2008). Although it's quite a difficult measuring performance of SMEs, we will contribute to this topic. Measuring the performance is a how well is achieving a purpose, how well the organization is doing their work, how well is managed. Also, performance is related to the return on investment. Measuring performance is the widely used concept that based most of the time on two main theories of performance: effectiveness and efficiency Neely, Adams & Kennerley (2002). Despite the difficulty measuring the performance of SMEs, we propose to evaluate SMEs performance. Performance is also related to the return on investment Neely, Adams & Kennerley (2000). Various factors should be used to measure performance including some key dimensions: quality, delivery speed, price or cost, flexibility and reliability on delivery Neely (2004). Moullin (2003) said that if you want to create value, you should manage and deliver this value for the customer and argued this definition about performance measurement "performance measurement is about how well organization are managed and delivering their value for customer and stakeholders."

"Measurement of performance is about how well the organization is progressing objectives, helps to identify strengths and weakness, decide on future steps, working on improving organizational performance" Amaratunga & Baldry (2002).

Measurement of performance is a process of gathering, processing and assessing the information about organization activities, to achieve their goals. Most of the authors for measuring performance based their measure on profit, return on investment ROI, the number of customers, quality of products, and design of product Wood (2006).

3.3 The relationship between internal determinants and export performance

3.3.1 Managerial characteristics as internal factor that indicate on export performance

According to Diamantopoulos and Kakkos (2007), export performance has for quite some time been a concerning issue in writing and, there has been little research on managers' assessments of their organizations' performance within sight of different export targets. Research on exporting often analyses the role of managerial characteristics as influences on the choice and level of internationalization in small firms. Nonetheless, the observed findings are, sometimes, conflicting, except for attributes of a subjective nature Río Araújo & Neira, (2006). Moghaddam, Saidi, Aliakbar, & Timouri (2013) emphasized that the growth of sales activity and global trade are positively related. Again, like Diamantopoulos & Kakkos (2007) observed, numerous published works on determinants of firm export performance has not led to a consensus among determinants of export and managerial factors. Many are intrigued by this subject area as we all become members of the international or global community Sousa, Martinez-Lopez & Coelho, (2008). Aharoni's (1996) behavioral theory of direct foreign investment has played an essential role in conceptualizing internationalization, which Welch and Luostarinen (1988, p. 36) define as "the process of increasing commitment in international operations." Although much recent research has centered on the globalization of business strategy, this approach is not the most appropriate to the smallest firms, given their limitation of resources de Chiara & Minguzzi (2002), difficulty in acquiring information, and weak formal planning systems Burpitt and Rondinelli (2000).

In small and medium-sized enterprises (SMEs), exporting is still the best available internationalization choice Deng et al., (1996); Mittelstaedt et al., (2003). Several directions can be recognized Madsen (1987); Miesenbock, (1988); Leonidou et al. (1998); Zou and Stan (1998): distinguishing proof of administrative attributes that encourage or hinder exporting. Acknowledgment of export obstructions, analyzing of market techniques, a foundation of export improvement models, or assessment of export advancement programs.

For most organizational researchers, the critical decision-maker(s), whether a team or an individual plays a vital role in the firm's strategic plan. The essential decision point of view

Child (1974) has produced a vast assemblage of research inspecting the impact of best managers on business performance Miller et al., (1982); Gupta and Govindarajan, (1984).

"Experimental research shows a stable relationship between the administrative variables and strategy/performance Hambrick and Mason (1984); Miller and Toulouse (1986); Finkelstein and Hambrick (1996); Río Araújo and Neira, (2006). Río Araújo and Neira (2006) posed the question; To what degree do the qualities and approaches of the SMEs managers in charge of international activity has a significant influence on export rate or performance? In answering this question, Río Araújo and Neira (2006) proposed a model whereby the qualities of the general director or manager have a significant relationship with export performance and export activities. This model enables us to make more particular the point of this exploration, which is to react, utilizing an example of Spanish SMEs, to the accompanying two inquiries:

1. How do specific preparing and identity attributes of the best manager in charge of taking export choices to impact his export demeanor?
2. How does the export state of mind of the best manager in charge of export impact the company's export rate?

Furthermore, the response to these inquiries can give a double advantage: From the analyst's perspective, it accelerates the hypothesis of exports. From the managers' perspective, it controls the choice and preparing of the most appropriate administration workforce to lead the firm towards accomplishing higher stellar performance Río Araújo & Neira, (2006). Consequently, there are various points of interest in exporting to nations and business firms across the world. To a considerable degree, the development and survival of a country or firm are to a great extent reliant on its level of exportation.

Accordingly, through a positive impact on both present and future export rate, most firms and organizations have possessed the capacity to achieve an upper hand Navarro et al., (2009). Thus, so many resources and consideration has been directed into the exports merchandise into the worldwide markets Julian & O'Cass, (2002); Julian & O'Cass, (2003); Lages, (2003); Navarro et al., (2009). Exportation helps in boosting the prosperity of the economy of any nation Ahmed et al., (2004); Langes & Montgomery, (2005); Koksall, (2008); Shamsuddoha, (2009).

The impact exporting has on various countries of the world is inexhaustible. Some of its effects range from increased internal production which in turn provides employment and create new job

opportunities, to favoring a balance of trade - thereby boosting the foreign exchange reserve of that country. It also enhances economic growth and profitability.

Expansion of their export is the utmost goal of most firms and national government. In the present business world, a comprehension of the determinants of export rate have a noteworthy association with the advancement of economy and also the improvement and usage of open policy, the understanding on the effect of export achievement and export rate on the development and of a firm, and the accomplishment of having an edge in the global market. Subsequently, a lot of significant numbers of studies have been completed to recognize the key factors that influence a company's export rate, Zou, and Stan, (1998); Baldauf et al., (2000); Lages, (2003); Ahmed et al., (2004); Haahi et al., (2005); Sousa et al., (2008). Determining the factors which influence the export rate is of enormous significance. In this way, it has stirred the enthusiasm of researchers, export administrators, and open policymakers to inquire about additional about them Haahi et al., (2005); Sousa et al., (2008); Mohamad et al., (2009). Behind the starting point of prosperity, sustenance, and development is the term known as "Management." Fundamentally, the most exact studies expressed that a significant correlation exists between export performance and managerial characteristics Sousa et al., (2008).

In this way, administration attributes have a considerable positive/negative effect on the firms' success in exportation. A lot of studies stated that there is a significant positive impact of managements' commitment to the export performance of a firm. A survey conducted by Julian and Nhat Lu (2007) states that the responsibility of the management has a significant positive impact towards the performance of the export marketing of the firm or organization. Hence, hiring and training qualified personnel are very beneficial to firms and businesses. The result of this study concerns the study conducted by Stottinger and Holzmullerm (2001), Cicic et al. (2002), O'Cass and Julian (2003); Castaldi et al. (2003) and Alvarez (2004). Besides, Faver-Bonte and Giannelloni (2007) reasoned that administration duties and support had a positive relationship with export performance. Also, Sousa, et al. (2008) clarified that all studies explored by them had comparable discoveries. Administration universal orientation is the precursor of export operation in firms. The manager ought to have a general direction to be fruitful in overseeing export. Global organizations can better get open doors and avoid dangers in export markets Zou and Stan, (1998); Nazar and Saleem, (2009). The predictors of export performance

are the universal vision Aby and Slater, (1989) and global orientation Zou and Stan, (1998); Nazar and Saleem, (2009). The tremendous entrepreneurial orientation is one of the determinants of the export rate that impact export performance decidedly, and the poor administration causes feeble execution always Mavrogiannis et al., (2008).

Expanding the likelihood of exporting has been observed to be identified with positive administration states of mind toward export to worldwide market (Das, 1994). Client orientation (CO) is the determinant that a couple of researchers have inspected in perceiving its association with export performance. Nonetheless, as indicated by a review study done by Nazar and Saleem (2009), client orientation was considered as the attitudinal administration attributes. Nwankwo (1995) underlined that past writing characterized client orientation unexpectedly. He clarified that various scholastics recommended that client orientation was one of the behavioral segments of market orientation and there was no apparent goal amongst them, and it was one a player in this sort of market orientation definition that comprised of client orientation, contender orientation, and buries utilitarian coordination. Then again, client orientation was distinguished by Brown et al. (2002) an inclination to address client issues in work setting.

Furthermore, Drucker (2007) characterized client orientation as the arrangement of convictions in deals that says that client needs and fulfillment are the needs of an association. It concentrates on powerful co-operation between the association and clients. It is the business seen from the 6 perspectives of its last outcome, that is, from the client's perspective. The adjustment of clients needs certification the accomplishment in client orientation. Along these lines, managers in profoundly essential export sales association should be more centered on customers Katsikea and Skarmeas, (2003). A study by Leonidou et al. (1998) about recognizing administrative impacts on exporting reasoned that abroad client orientation was one of the export sales administrator components to improve exports.

A presumption was made by Skarmeas and Katsikea (2003) that the component of client orientation was significant amongst high and low viability export. Also, client orientation has a significant impact on export Client orientated is one of the imperative manager's attributes that give the purchaser needs, and firms that desire a stable and impactful; the organization should evaluate this attitude of managers.

Another determinant of the export rate that is less reviewed in past investigations is the perception towards competitiveness. Nazar and Saleem (2009) in their study stated that there is a

significant relationship that exists between the competitiveness of export performance and the exporting firms' outcome. Subsequently, various researchers have clarified the capacity of managers to see and decipher signals from the market and to decide if a competitive environment has a significant role to play in choosing whether or not firms should export Nassimbeni, (2001). Also, Eusebio et al. (2007) clarified that the manager's attitude and confidence about export products competitiveness that improve the force of exporting are determinants that enhance export intensity. To compete effectively with other competitors and increase the performance of export in the export market, managers need to display confidence in their dealings with them.

One of the vital forecasters of export rate is recognitions about export preferred standpoint and export obstruction of exporting. Zou and Stan, (1998); Nazar and Saleem, (2009). Recognition about export advantage is, for example, professed significance or benefit level of export results for the organization and then again, an observation about the export boundary is, for example, cost included, expected hazard, or complexities of exporting. Export sales, profits, and high development set up management's perceived export advantage, while low export sales, moderate export development, and low perceived export achievement, or neglect to be noteworthy indicators of export rate make administration's apparent export hindrances. A study done by Ng and Ogunmokun (2004) said that manager's demeanors toward exporting were one measure for separating between association with an abnormal state export rate and association with a low-level performance of export.

They additionally underscored in their study that managers of firms with high export rate had a more definite recognition and mentality towards export operation contrasted with low export rate organizations. Similarly, Castaldi et al. (2003); Ogunmokun and Ng (2004); Suarez-Ortega and Alamo-Vera (2005); Wilkinson and Brouthers, (2006); and underscored that there is a significant negative relationship between export performance and perceived export barrier. The result of reviews demonstrated that it is fundamental for managers to focus on the focal points rather than obstructions to exporting, and keep the inspirational state of mind toward the possibility of exporting" Zou and Stan, (1998); Moghaddam, et al., (2013).

The strategic decision paradigm Child, (1974) proposes that key makers of the decision of the firm have extensive control over the firms' future direction. The more elite class point of view verbalized by Hambrick and Mason (1984) gives a system to translate the path in which the best manager impacts business results. In their major study, these authors build up a model given the

research of behavioral scholars March & Simon, (1958); Cyert & March, (1963); to clarify the connection between administrative attributes and system. They portray the procedure of vital decision as a perceptual one that happens in a progression of successive advances. This model recommends that administrative decisions mirror the characteristics of these managers. In particular, they express that "organizational performance – the qualities and foundation of managers mostly dictate key decisions and levels of results." In the exact writing on exporting, we discover some spearheading studies that placed managerial factors into consideration. For instance, Simmonds and Smith (1968) featured the impact of administrators' demographic qualities on the choice to export, while Mayer and Flynn (1973) watched that among the managers of exporting firms, there was a high extent of individuals who were born abroad, with knowledge of dialects and with a college education. The surveys of the writing Aaby and Slater, (1989); Chetty and Hamilton, (1993); Miesenbock, (1998); Zou and Stan (1998) stated that the key decision makers play a definitive part in the start, advancement, and accomplishment of the association's export exertion. Various variables of the export phenomenon may be facilitated or inhibited by managerial factors of a demographical, experiential and attitudinal nature. The following was examined by the empirical research: certain exporting-related activities, e.g., gathering foreign market information; the firm exports/does not export; implementing marketing strategies; specific managerial behavior, e.g. aggressive/passive; company's movement starting with one phase then onto the next on the export development path; and the performance of business in the international markets – export performance. The study indicates that export performance is affected by the key decision-makers' export attitude. With a specific end goal to take after a typical conceptual system, we favored the term "attitude" over others like "orientation," "commitment" or "outlook." Leonidou et al. (1998) stated that one of the issues of the reviews on managerial characteristics arises from the semantic confusion due to using several terms to mean the same. For the scholars of the Carnegie School March and Simon, (1958); Cyert & March, (1963) complex choices rely upon intellectual elements of the managers dependable. When they are presented to boost, their recognition will be conditioned by the limits of their field of vision. The decision-maker can't identify all parts of the association and the environment; specific nature of observation – the decision maker sees a piece of the marvels contained in his field of vision, and the subjective character of the translation of the data received. The more intricate the choices, the more the choice maker's psychological model will

influence them, by his "interpreted reality» Finkelstein & Hambrick, (1996) that incorporates the particular subjective elements towards exporting. This managerial reality is built on psychological factors and experiences of development, represented by their functional background, education, age, service length with the firm, etc. From the experimental studies that have studied the relationships between different particular subjective qualities and attitude of best administrators and their organizations' export rate Dichtl et al., (1986); Louter et al., (1991); Moini, (1995); Wood and Robertson, (1997); Morgan and Katsikeas, (1998); Francis and Collins-Dodd, (2000); Harveston, et al., (2000); Harveston et al., (2001); Manolova et al., (2002); we can afford that: managers have observations as well as demeanors towards exporting; these perceptions and attitude can have a significant impact on their firms' export performance; and these discernments and dispositions are affected by their preparation and by general variables of their identity. A lot of studies have been reviewed here showing that attitudinal characteristics of especially a manager can influence export performance. In international trade, a major issue of concern is export performance. In any case, a great deal of research has not been carried out on the managers' assessments of the performance of their organization with a view on the various explanations behind engaging in export activities. Research on exporting now and then analyses the place of managerial attributes such as impacts on the decision and the level of internationalization in SMEs. Nevertheless, the empirical findings are, sometimes, conflicting, except for attributes of a subjective nature Río Araújo & Neira, (2006). To finalize the framework, a highlight of the export performance of the firm in regards to the influence of attitudinal managerial factor should be done among researchers. Attitudinal attributes are additionally characterized by the international orientation of the management, perception towards the advantages and disadvantages of export, client orientation, export support and responsibility, and perception towards competitiveness. The combination of these models might be utilized for better comprehension of the administration attitudinal attributes factors that contribute to describing a firms' export performance. It can likewise be utilized to build up a survey with a specific end goal to assess the relative effect of administration attitudinal attributes factors on the firm export rate.

3.3.2 The impact of Education and Training on Export Performance

Export is considered a significant aspect of the economy in regards to international trade Moghaddam, (2013). Many organizations are in desperate need to improve their staffs' capacity towards positive export performance. This enhancement of capacity is done through education and skills-specific training. As indicated by Chugan and Singh (2015), upgrading firms' dedication towards exporting is one of such advance towards guaranteeing effective worldwide ventures by them. It is fundamental for the organizations to fabricate their dedication towards exporting with the goal that they can guarantee powerful and productive activities. Chugan and Singh (2015) additionally expressed that the role pretended by the company's administration is essential as effective worldwide operations require experienced and persuaded personnel. A significant measure of work has been coordinated to upgrading export performance. Most of the work has concentrated on the export conduct of firms at a residential level. Similar work into export conduct is additionally developing with multinational comparisons, for example, by Beamish, Craig, and McLellan (1993) and also territorial comparison, for example, that by Kaynak (1992). Beamish et al. (1993) showed that these sorts of contrasts help recognize differences and likenesses in exporting that is related with provincial, national and universal impacts. The significance of measuring ability significance and preparing exporters in functional universal exchange aptitudes is by, and large acknowledged. As per Beamish (1986) and Ross and Whalen (1999), in his call for Canadian exporters to plan for world business, exhorted that extensive business training has a positive relationship with export performance. Welch and Wiedersheim-Paul (1980) suggested a more active pre-export preparation to generate information about the logistics and potential complication about exporting and not only for foreign markets. This preparation should be in the form of training or education on exports generally. It is also possible to give well-targeted, sector-specific education to existing and intending exporters. This will precipitate positive behavioral changes from the learners and could be a factor in determining whether a firm continues as an exporter or not. In the opinion of Ross & Whalen (1999), international business educators have been called for practical knowledge and international experimental education. Beamish & Calof, (1989); Steier, (1990); Ball & McCulloch, (1993). This result in giving more attention to the measure of exporting that is efficient and which enjoys all forms of support theoretically.

Cavusgil and Zou (1994) connect marketing technique and export market performance by showing a significant relationship between advertising procedure and firm attributes as basic export performance determinants. They additionally introduce export marketing procedure as being impacted by the firm, item, industry, and export advertise attributes an approach that can be connected similarly to work into practical export aptitude prerequisites. Piercy, Kaleka, and Katsikeas (1998) give a more straightforward linkage between exporting abilities and export rate." Competitive aptitudes in exporting are seen to be one of the principal factors affecting export performance. Competitive skills help a firm to perform better at the tables of international trade. Thus, superior performance can be produced through competitive advantage Ross & Whalen, (1999). Conant, Mokwa, and Varadarajan (1990) and Matthyssens and Pauwels (1996) opined that the utilization of numerous measurements to conceptualize performance is a truly positive development. The merits and demerits of pitching financial against operational indicators of export performance cannot be overemphasized Venkatraman & Ramanujam, (1986). Hirschey and Wichern (1984) opine "that accounting measures do not reflect the same underlying profitability phenomenon as captured by market measures." The use of several points of reference was proposed by the study of Fiegenbaum, Hart, and Schendel (1996): past versus future and external versus internal. The external reference point includes stakeholders, competitors, and customers, while the internal reference point involves both strategic output and input. Though previous data is only applicable within a stipulated time interval, it may be useful for both comparison and analysis. Present-value measures Barney, (1996) join expected future performance prospects measured right now, and might be suitable to break down long-term result about particularly when an organization is taking tactical activities that might be unfavorable to short-term performance. To measure the growth of a company, effective measures that result in a change in performance indicator is of vital importance, acting as a better predictor of future performance. However, effective measures may help verify progress that might not be generally applicable. For instance, in the initial steps of another action, the comparing of results using the former base might be too little to be significant Calof, (1993). Additionally, when an organization has accomplished a given market position, advance development might be troublesome. In such cases, market development may not be an appropriate metric. Since performance in the future has a significant influence on the performance in the past Bijmolt & Zwart, (1994); March & Sutton, (1997), longitudinal performance pointers may be fitting to

obtain such impact. Along these lines, "an individual export venture is effective if the goal/target set are met or surpassed" (Madsen, 1998, p. 82), and must be judged by the individuals who set the objectives, the utilization of both target and subjective measures.

Hence, this is in addition to the utilization of relative measures, against some external or internal reference. Based on the adaptiveness, effectiveness, and efficiency of the literature, three perspectives of performance was identified by Katsikeas et al. (2000). They are three temporal orientations (historical, current, and future performance). Four frames of references (temporal evolution with time, industry (it's based on the comparison against competitors), domestic (correlation between private performance and export performance) and goals). Three points of view which are customer-focused, internally-oriented, and Competitor-centered. For instance, general firm performance versus contenders or accomplishment of destinations, or saw achievement or fulfillment with the outcomes in general are pointers that appear to catch a bigger picture, and all the while fuse a few imperative viewpoints, other than merely those secured by monetary or market markers alone. Such totaled measurements unequivocally or verifiably weigh and combine different pointers.

It is imperative to study the correlation between the construct of export and its indicator because its performance of is measured best using multiple indicators. In a reflective measurement perspective, it is accepted or thought to be an effect of a latent construct that is underlying. Furthermore, the item used in a formative measurement perspective is assumed or regarded as the effect of a latent construct Bollen & Lennox, (1991); Diamantopoulos, (1999); Diamantopoulos & Winklhofer, (2001). There are significant gaps that exist amongst high and low export entertainers in the ownership of essential aggressive aptitudes in exporting Piercy, Kaleka, and Katsikeas, (1998). Working and developing possible help for exportability inquire about that have brought about some push to concentrate on the useful parts of exporting. Kotabe and Czinkota (1992) took a gander at particular export ability competency (which they signified as "export procedural skill") in the whole analysis of the requirements of U.S. industrial firms and the type of government incentives provided. Notwithstanding, they found out that for the more experienced exporters, "the level of their ability is inadequate." However, a comparable shortage of export aptitudes among exporters in the Atlantic and Prairie districts of Canada was reported by the study of Kaynak (1992). Besides, he noticed "a total absence of export firms; a lot of times, this capacity is performed by the local marketing bureau of the organization."

Oddly, the more significant part of the organizations overviewed by Kaynak (1992) had "maintained" export operations with at least ten years of involvement in universal marketing operations. Also, most firms did not effectively build up their export advertise, to some degree amazing discovering given that the organizations unequivocally considered that exporting was attractive and could make an outstanding commitment to their firms. Even though it is not particularly tending to the issue of practical export aptitude significance, Kaynak (1992) reported on exporter view of essential cost contrasts amongst local and export markets and also the impression of real obstacles to export marketing. Expenses related with the offering, pressing and taking care of, shipping, insurance, chance administration, and administrative time required to find clients, arrange sales, and give after-sales benefit were altogether positioned as being higher for exports than local deals. In like manner, credit impediments, cost and quality restrictions, conveyance issues, cargo costs, cash vacillations, and constrained nearby market knowledge were positioned as critical hindrances to export marketing. The higher expenses and more noteworthy saw obstructions related to these practical aptitude regions propose that these organizations would see these practical abilities as essential to their exporting achievement. Some work has straightforwardly endeavored to recognize the specific ability required to actualize export methodologies. Kedia and Chhokar (1986) studied 96 SMEs the two exporters and non-exporters drawn from an expansive cross segment of foreign enterprises and requesting that they rank 20 export-related aptitudes. Every aptitude was scored as far as seen significance and saw trouble in overcoming. As they characterized their export aptitudes in broad terms, for example, "consenting to government controls," "knowing how to advertise abroad," and "limiting foreign trade hazard," the subject of precisely what particular abilities were being measured emerges. Nonetheless, their outcomes demonstrated remarkable contrasts in the apparent significance and capacities amongst exporters and non-exporters a finding reliable with the Kotabe and Czinkota (1992) see that export preparing needs change among exporters in various phases of export advancement. The Batten, Mellor supplement the position that ability prerequisites change among exporters in different aspects of export improvement, and Wan (1993) finding that firm size had the most critical impact on the foreign trade risk administration practices of more prominent Australian firms. Gathering that size was emphatically identified with the complexity of international trade hazard administration, they found that size has an

extremely critical effect on the utilization of forwarding contracts, alternatives, money swaps, and prospects.

Then again, Calof (1994) discovered moderately powerless connections between firm size and export conduct thus supported direct estimation of export abilities, resources, and duty of exporting firms when considering export conduct. The above survey proposes that practical ability necessities may change through the phases of export advancement. It is additionally likely pragmatic that exportability prerequisites will fluctuate by target export market. Social mindfulness and flexibility have for some time been perceived as essential parts of worldwide marketing. Czinkota and Ronkainen (1996) present that "cultural fitness must be perceived as a key for management. Changes should be made to oblige the excellent assortment of client inclinations, and work rehearses by developing the capacity to identify likenesses and take into consideration contrasts." The thought that practical expertise prerequisites may likewise shift by the export market is additionally bolstered by the Beamish et al. (1993) finding that "key achievement factors in exporting" are not the same for Canadian and UK firms because of contrasts, in advertising expansion and universal business practices. For the formation of competitive advantage, knowledge is viewed as an awesome resource. However, this view is known as the knowledge-based view, which is widely accepted and it extends and builds upon the firms' resource-based view Penrose, (1959); Barney, (1991); Grant, (1996). Before the use of asymmetric in knowledge, the resource-based view has addressed the difference in performance among companies Hoskisson et al., (2000). Since knowledge is considered as an excellent strategic resource, the knowledge-based view went through further development. A true believe that is dependent on information which is revered as a high-value sort of information and quick for decisions and actions" Prahalad & Hamel, (1990); Davenport et al., (1998). Foreign market knowledge refers to as "the knowledge of business practices and helps in foreign countries, including knowledge related to local culture, politics, society, and the economy" Bilkey & Tesar, (1977); Wang & Olsen, (2002). According to the writings of various theoretical stages of internalization, Johanson & Vahlne, (1997); Knight & Liesch, (2002), the gradual accumulation of knowledge which constitutes a higher intellectual distance was viewed. Besides, knowledge acquisition was identified by research on international entrepreneurship as a significant factor for expanding SMEs into the international stage Swift, (1991); Kuemmerle, (2002). The skill to

interact in the mother dialect of people belonging to their global networks is called manager foreign language knowledge.

In foreign markets and in communicating cross-culturally foreign languages, writings on marketing and international management are of significant importance Mcdougall et al., (2003); William & Chaston, (2004). The skills of managers of an enterprise to communicate can be improved, and this opens them to unstoppable access to knowledge about the foreign market. However, this knowledge has an important role concerning the internalization of new enterprises successfully. Equipping managers with various business conditions around the globe opens them up to opportunities internationally Knight & Liesch, (2002). An essential resource for internalization is foreign market information; hence this is required by SMEs that have the poor financial capacity and cannot compete with other established companies with emphasis to their experience and resources Yaprak, (1985). The study of Yaprak (1985) on US SMEs firms' shows that they are knowledgeable about the recent trend happening in the foreign market in regards to exportation compared to other countries who are not involved in exportation.

Furthermore, Chetty and Campbell (2004) stated that of the vital characteristics of global firms is their quick and fast acquisition of knowledge. There is a particular relationship between foreign market information and knowledge intensity with sales growth rate globally in a new technology-based venture in Finnish Lautanen, (2000). Caneiro et al. (2011) set that there is accord that the company's best chiefs assume an essential part in the company's internationalization procedure from the research on the authoritative forerunners of global business enterprise Miesenbock, (1988); Zahra & George, (2002). Aside from instruction and preparing in bringing the use for decisive export exhibitions, training export is another veritable sub-area of trading worth surveying. The Australian Bureau of Statistics (ABS) gave an analysis of the export education of Australia as: "Australia's exports of Education administrations are a critical piece of Australia's administrations exports to the world, representing around 36 percent of aggregate export in 2009-2010. With the huge public and media enthusiasm for Education administrations exports in the most recent year, the accompanying analysis looks at the performance of this division in more detail. In this study, the information on the estimation of instruction exports alludes to the 2009-10 money-related year. The most recent accessible itemized information from the Australian Bureau of Statistics (ABS), the global understudy enrolments information alludes to the 2010 schedule year. The most recent accessible

information from Australian Education International (AEI) and the Student Visa alludes to the initial a half year to December 2010 from the Department of Immigration and Citizenship (DIAC)." Australia's aggregate Education on export rose from 10.2 percent or \$1.8 billion to \$19.1 billion in 2009-2010. Instruction exports were made out of Education-related travel logistics and other education services. In 2009-2010, Education-related travel benefits, Australia's biggest administrations export, rose 10.6 percent or \$1.8 billion to \$18.5 billion.

The Other training administrations fell possibly, down \$4 million to \$583 million in 2009-10. Inside this class: (in volume terms exports rose 6.8 percent while costs got rose 3.5 percent). Add up to charges paid by foreign understudies ascended from 11.4 percent to \$7.0 billion.

On the other hand, the living expenses of an international student in Australia moved from 10.3 percent to \$11.3 billion.

- Education consultancy services fell from 35.8 percent to \$95 million
- Correspondence courses fell from 12.0 percent to \$22 million
- Services through educational institutions rose from 17.3 percent to \$265 million
- Fees on education services fell from 7.4 percent to \$25 million
- Other services related to education rose from 9.3 percent to \$176 million

Preparatory ABS information for Education-related travel logistics for 2010, demonstrates that the estimation of these exports fell imperceptibly (\$23 million) to \$17.7 billion. The ABS does not release the more detailed information on Education services until 19 May 2011. Training-related travel logistics export by sector Education-related travel logistics exports were ruled by the Higher Education area which represented 57.4 percent of exports from the year 2009 to 2010. Passing with education and training sector (VET) which represented 27.7 percent, the English Language Intensive Courses for Overseas Students (ELICOS) which represented 5.6 percent, percent, and the Schools instruction area which represented 4.6 percent. 'Alternate' segments (comprising of empowering, establishment and non-grant courses, understudies from New Zealand and understudies on Ausaid/Defense grants) represented the staying 4.6 percent. In 2009-2010, China was the biggest market for Australia's exports of Education-related travel benefits. The estimation of Education-related travel administrations to China rose 16.3 percent \$4.4 billion. India was the second biggest market, with the estimation of Education-related travel logistics, up to 10.3 percent to \$3.1 billion of every 2009-10 took after by the Republic of Korea, with the estimation of Education-related travel benefits down 1.3 percent to \$1.1 billion out of

2009-10." Furthermore, China was regarded as the biggest student's education enrolments country for Australia's international student in 2010. In 2010, understudy enrolments from China rose to 6.7 percent while initiations were up 0.2 percent. The biggest area for understudy enrolments from China was the higher training segment which represented 54.6 percent of aggregate enrolments in 2010. The second biggest wellspring of worldwide understudy enrolments was India. In 2010, understudy enrolments from India fell 16.8 percent while initiations fell 36.8 percent. The biggest division for understudy enrolments from India was the VET segment which represented 75.3 percent of total enrolments in 2010."

In this way of internationalization, exporting companies that have educated personnel, especially in international businesses tend to be more committed in sustainable and long-term exports, as well as are more many researches on the worldwide marketing with their partners across the border. Also, these educational personnel are engaged in dealing with problems that evaluate market reaction for better export performance. Measuring how well indicate training to employees, it is better to the identification and to differentiate export problems that can be solved through the training and other issues that require another type of actions Koksai (2006). SMEs can use the different source as a way of training such as consultancy companies, universities, chamber of commerce, a ministry of trade and industry and other institutions or helping centers, in assisting export companies.

3.3.3 International experience and relationship with export performance of SMEs

International experience recognizes the experiential capacities and firms' knowledge through its involvement in the foreign markets or the management of the condition of the worldwide market as time progresses. The number of years that a firm engages in exporting is used to measure a firms' international experience. Through various literatures, the impact of exports towards the success of a firm or business is ascertained Peerawat & Sirilak, (2010). The experience got from exporting, and the characteristics of age are among those considered Bilkey and Tesar, (1977); Nakos et al., (1998). Therefore, majority of firms with international experiences that are longer tends to achieve remarkable exporting performance. Reid, (1983), although Nakos et al. (1998) opine that no significant relationship exists between export performance and international experience. Managers with more prominent worldwide experience are more open to export chances. Those who are more exposed to the international market condition are to work not uncertain about venturing into it White et al., (1998). Nonetheless, regardless of previous endeavors to perceive the impact of determinants on export performance, the studies were divided, and there were no extensive surveys; also the discoveries considered to be confused Aaby & Slater, (1988); Zou & Stan, (1998); Sousa et al., (2008). As a result of the vital role played by management towards the advancement of organization's internationalization procedures Suarez-Ortega et al., (2005), this research concentrated on the administrative determinants that are named inward factors. The exporting success of a firm is determined by the perception, characteristics, attitude of the managers Maurel, (2009). Consequently, many have examined the components administration attributes Zou and Stan, (1998); Suarez-Ortega et al., (2005); Sousa et al., (2008), these studies or survey did not say all components of management characteristics. There was additionally absence of agreement among them given components that constitute a regulatory factor in deciding exporting which was featured by Leonidou et al. (1998) and as of late by Suarez-Ortega and Alamo-Vera (2005). At the show, there is adequate writing on this issue. The driving power behind the start of advancement, sustenance and thriving in exporting is referred to as "management." The significant relationship that exists between managerial characteristics and export performance is the focus of many empirical researchers Sousa et al., (2008). Past reviews opine that managerial attributes are a determinant of export rate and the majority of researchers demonstrated that this determinant has a significant impact on the

success of exports. Katsikea and Skarmeas (2003) noticed that "administration attributes assume a critical part in impacting export sales unit adequacy". Association and administration typically control export rate; so they are in charge of the poor or brilliant performance of a company export Zou & Stan, (1998); Nazar & Saleem, (2009). Alluding to past investigation, managerial characteristics comprise of attitudinal and perceptual qualities and ability based qualities. Therefore, attitudinal and perceptual attributes of managers were discussed Moghaddam, et al., (2013). The support of management has a significant direct effect on export performance, and likewise, a positive administrative dispositions and management support level has a stronger positive effect, while the negative character had a significant negative impact on export rate Cicic et al., (2002). The commitment of the management towards export achievement is of vital importance since when the manager has duties regarding export, they will carefully design projects to enter export market and allot managerial and monetary assets adequately O'Cass and Julian, (2003); Sousa et al., (2008). This enables an organization to obtain prospects in the foreign market and employs an effective export advertising system to enhance the performance of a company's export system Cavusgil & Zou, (1994); Zou & Stan, (1998). The support of management has a significant direct effect on export performance, and likewise, a favorable administrative dispositions and management support level has a stronger positive result, while the negative character had a significant adverse impact on export rate Cicic et al., (2002).

Many studies stated that management's commitment has a significant positive impact on a firms' export performance. A survey conducted by Julian and Nhat Lu (2007) states that the commitment of the management has a significant positive contribution to a firms' export performance. Along these lines, organizations have much to pick up if the contractor prepares qualified staff. Therefore, companies have higher profit if they hire or train qualified personnel. These results are predictable with the studies done by Holzmullerm and Stottinger (2001); Cicic et al. (2002); Julian and O'Cass (2003); Castaldi et al. (2003) and Alvarez (2004), and Faver-Bonte (2007) presumed that the commitments and support of the management has a significant positive relationship with export performance. In their study, Sousa, et al. (2008) clarified that all studies checked on by them, had comparative discoveries. Consequently, the antecedent of export operation in firms is regarded as management of international orientation.

Managers ought to have universal introduction to be fruitful in overseeing export. Absolutely, the auspicious entrepreneurial directions are one of the determinants of the export rate that impact export rate emphatically and always, the poor administration causes weak performance Mavrogiannis et al., (2008). Expanding the likelihood of exporting has been observed to be identified with positive administration demeanors toward export to the global market Das, (1994). Client orientation is the determinant that a couple of researchers have inspected in perceiving its association with the export rate. Be that as it may, as per a review think about done by Nazar and Saleem (2009); client orientation was considered as the attitudinal administration qualities. Nwankwo (1995) emphasized that previous literature defined customer orientation in a different way. Furthermore, Katsikea and Skarmeas (2003) in their study that arranged exporters into high and low adequacy export units inferred that client orientation parts was one of huge amongst high and low viability export and said that client orientation impact export performance emphatically. Client orientated is one of the vital manager's qualities that meet the purchaser needs, and the firm that needs compelling association is educated to assess this state of mind concerning managers. Observation toward aggressiveness is another determinant of export performance that is less inspected in past investigations. View of managers about the competitiveness of the export stock has a connection with the result of the company's exporting Nazar and Saleem, (2009). Moreover, various researchers clarified the ability of administrators to see and translate signals from the market and to decide if the focused condition has a vital part in choosing whether or not firms should export Nassimbeni, (2001). Besides, Eusebio et al. (2007) clarified that determinants of working the focused limits of the organizations in worldwide markets depend on the attitude of the manager and certain of manager about export product competitiveness that upgrades the force of exporting. Managers should be positive about managing the contenders of their product with a specific end goal to contend in the export market and increment in the performance of export. Perceptions about export advantage and export barrier of exporting are one of the essential forecasters of export performance Zou & Stan, (1998); Nazar & Saleem, (2009). Recognition about export advantage is such as significance or benefit level of export results for the organization and then again, discernment about export hindrance is such as expected hazard, cost included, or complexities of exporting. Release export sale, benefits, and high development set up the administration's apparent export advantage. Then again, low export sales, moderate export development, and low saw export

achievement, or inability to be critical indicators of export rate make administration's apparent export obstructions. Research by Ogunmokun and Ng (2004) said that manager's states of mind toward exporting were one foundation for separating between association with a high state of export rate and association with a low level of export rate. They additionally underlined in their study that administrators of firms with high export rate had a more positive observation and attitude towards export operation contrasted with low export rate organizations.

According to Griffith and Jain (2009), Manger's international experience has a role to play in the export promotion and the formation of effective export promotion strategies. Drawing from the hierarchical learning perspective and contingency theory, Hultman, Katsikeas, and Robson (2011) developed and tested a model of the impacts of various types of universal experience intensity, duration, and scope on the finishing results of advancement adjustment. Using information obtained from 336 export ventures, Hultman, et al. (2011) discovered that advancement adjustment relates decidedly to execution when the time is short, and power is low. However, there is a nonsignificant moderating effect for the scope. However, Hultman et al. (2012) further posited that analysis needs to cope with sociocultural distance, complex three-way effect on export rate, featuring the requirement for more research consideration around there. Zilber, Lopes and Oura (2015) derived that the writing on export rate appears to be one-sided towards prescribing firms to upgrade, most importantly, their development limit to accomplish better export rate, while little consideration is paid to global experience as a factor that is as vital as advancement. Oura, et al. (2015) stated that international experience and innovation capacity are the factors that have a significant relation for a firms' internalization; this, however, is in addition to the beginning stage of export activities. Oura, et al. (2015) noted, notwithstanding, that "organizations from rising nations appear to indicate favorable circumstances and take after examples of worldwide extension that may be different from firms situated in developed nations, where the internationalization models were made." "Exporting, therefore, helps to explain the most widely recognized entry modes to the international export market. The focus of a lot of research is concentrated on export activities and export conduct, which have been a principle range of consideration in the marketing international field" and Bilkey, (1978); Nevin, (1981); Aaby and Slater, (1989); Cavusgil Douglas and Craig, (1992); Leonidou and Katsikeas, (1996); Leonidou, (1995, 1998). In any case, such a large of research, the components of export rate, is still portrayed by a divided accumulation of confounding discoveries Zou and Stan, (1998).

Being worried about the conceivable illustrative factors of exporting, Katsikeas et al. (2000) studied two main groups such as background variables, such as managerial, organizational, and environmental violence. Including, variables that directly influence export performance, like the organization's marketing system, and some in a roundabout way influence the firms' performance through government policies." In Thailand, as of late, there are a lot of reasons for the loss of interest in exportation. Thai exports remain the primary consideration in the development of the Thai financial system.

To start with, the economy has experienced the ramification of the balance of manager problems.

Second, there is a general absence of monetary asset in numerous Thai firms to seek after a market advancement system that requires remote coordinate venture and exporting is a reasonable method for the global association.

Third, inferable from the moderately little size of the hostage residential market, the fulfillment of attractive sales turnover and market development levels is severely undermined.

Export sales are progressively observed as one course in corporate development for the firm. But the inquiry of which export strategy to choose, segmentation strategy, product strategy, the strategy of picking export marketers is a concern for most exporters. Many firms look to foreign business sectors on account of expanding rivalry at home, developing local markets, or limited domestic market opportunities. Export performance can be defined as a profit-related measure and a sales-related outcome used majorly to represent export performance, according to the review by Katsikeas et al. (2000). Besides, it can allude to the rate of aggregate sales called export intensity. The dependence on export force has already been explored before Cunningham and Spigel (1971); Fenwick and Amine (1979) and Reid (1982). Reid (1982) proposes that performance ought to be measured. In different settings, development of export is thought to be an essential measure of export rate. In this way, export force and export development were considered as measures of export rate. Admittedly, none of the tests is an entirely legitimate measure of export performance. For instance, a firm may brag of sensible export power, and high export development level; however, the company's exports in respect to adding up to sales stay consistent since the company's aggregate sales developed generously.

The strategy of export marketing is a system implies them the decision about product development, pricing, promotion, and distribution. Morgan, Katsikeas, and Leoniduo (2000) stated that the variables of export marketing include: promotion and distribution, product, and price. It is described by a regular activity type performed by an organization with a perspective of maximizing corporate performance and existing over competitors Hofer & Schendel, (1978); Galbraight & Schendel, (1983). In the meantime, in agreement, they should enable the manufacturer to accomplish its export marketing strategies sales plan. Moreover, Zou and Cavusgil (1994) clarified that export advertising methodology is the methods by which a firm reacts to the interaction of external and internal powers to meet the destinations of the export venture. Export favorable position can be characterized by the similarly preferred standpoint, where specific products are exported to pick up a focused edge. As per the hypothesis of equally preferred attitude, distinctive products created in various nations have the cost differences. A country is said to have a relative preferred standpoint in the generation of products if it can deliver merchandise at a lower rate cost than another country. It could be the advantage of specialization and organized commerce.

Moreover, Dunning (1980) uncovered another hypothesis about preferences in the global exchange. Possession focal points (creation procedure, entrepreneurial aptitudes, trademark, comes back to scale) are the company's particular resources, universal experience, and the capacity to grow either minimal effort or separated products inside the contacts of its esteem chain. The location points of interest of a specific market (low wages, the presence of crude materials, unique expenses or levies) are a blend of market potential and speculation chance. Internationalization preferences are the advantages of holding center ability inside the organization and threading it through the esteemed anchor instead of to get a permit, outsource, or sell it. This study suggests that the advantages of export will convey more noteworthy performance of the export business to export firms. International experience of firms was measured by years engaged in exporting. Through various literature, the impact of exports towards the success of a firm or business is ascertained. The experience got from exporting, and the characteristics of age are among those considered Bilkey & Tesar (1977); Nakos et al., (1998). Therefore, the majority of firms with international experiences that are longer tends to achieve remarkable exporting performance Reid, (1983). In this way, it can suggest to the procedure models of the internationalization way; for instance, with the view that is exclusively

experiential, market-particular information beats clairvoyant separation Vahlne and Johanson, (1977). Worldwide focused power demonstrates the universal rivalry which is the main thrust behind the globalization of creation and markets. Firm internationalization is regularly delineated as the following procedure that creates after a time of social fulfillment and development Aharoni, (1966); Bilkey and Tesar, (1977); Porter, (1990). These competitive forces were summarized in about five topics: customer's bargaining power, suppliers bargaining power, competition in the export sector, entry threat of new competitors, and the threat and opportunity from products that can be substituted. It refers to the organization's perception of the competitive rate, and it finds it difficult to predict the market. Many firms additionally look to foreign markets in light of increment rivalry at developing local markets, restricted residential market openings, or main residence. Government bolster alludes to political arrangements that empower export exercises to be finished effortlessly like many methods for help for the arrangement of exports financing offices. The control of the Baht's quality to upgrade export intensity; many chances for doing business with Thailand exporters is as a result of the universal unhindered commerce rules which as of late were consulted with Australia, China, India, Japan, New Zealand and Asian. Competing in foreign markets, the export experience is a critical factor and also is one of the determinants that have been published in previous works Shamsuddoha & Sohel (2004). Having a manager in a company that has worked out earlier in any exporting firms is a considerable advantage because they can help to find new opportunities, understand threats or risks, and also in the critical situation come up with an effective solution in export market Shamsuddoha & Sohel (2004). It is well known from the literature review and empirical research; authors founded that previous export experience of workers and managers is the key determinants of new entry decision of export activity, trade intensity and export status Milon and Opromolla (2014). Also, authors Sala and Yalcin (2014) in a research study with microdata from Spain and Denmark show that if you were hiring employees and managers with previous experience abroad firm, you would see positive effects in entering in the new market and other internationalization relationship. It can be seen that hiring employees with export experience in a similar group of activity to yours could be expected in better results and in stronger effects of exporting. They have higher knowledge with the external environment and higher capacity of the context of donor and recipient, based in international experience, a habit that is acquired by numerous contacts with firms in international cooperation. Some studies found the international

experience to have a positive effect on export growth and export performance because this international experience helps a firm to identify new international opportunities and avoiding the international threats Zou and Stan (1998). Based on previous research, Madsen (1989); Aaby and Slater (1989) found the significant correlation between international experience and education helping firms reaching better performance and the degree of internationalization Dominguez et al., (1993) and attitudes toward future exports Gripsrud (1990). Some researchers found no significant relationship between export performance and experience as Causgil (1984); Diamantopoulos et al., (1988); Mon and Lee (1990); Louter et al., (1993); Kaynak (1993) and some of them reported negative relationship Madsen (1989); Aaby and Slater (1989) between export performance and experience.

3.3.4 Firm size and export performance

One of the most variables studied in whole companies as a determinant that has impacted an exporting behavior and internationalization process is company size Warren and Tesar (1977). In this part, when we talk about the firm size, we concerned about many employees and sales volume. If someone has decided to export or not, it is not all about abilities but their decision to change their scope and quality of products or services. There are a lot of internal company factors that are related to an exporting commitment. Some of them are focused on the analysis of internal factors affecting the decision to export Erdener and Kuan (1993). Based on existing literature it's quite difficult to measure performance on SMEs exports because there is no real definition of what is an export success and any clear measurement tool to evaluate progress and its impact on SMEs performance. This unclear situation leads us to the questions which are the main factors that measure export performance. A lot of economic and noneconomic factors are used to measure the performance of determining factors and export activities. Such as are sales growth, rising of the export activity compared to the past production of the firm, export of a significant portion of firm's operations compared to local competitors, the ability to overcome the different entry barriers are often cited by several studies as criteria to measure performance Katsikeas and Leonidas (2000).

Firms that have more employees are available for increasing export planning and information collection Samiee (2002) an entrepreneurial behavior positioning in competitive market Hozmuller and Stottinger (1996). Market orientation, based on the ability of the organization to planning, reacting on changes in environment Rose and Shoham (2002), changing the structure of export in the organization Carlos (2004), from these authors, above we can conclude that number of employees influence the way of the organization through trading. The most useful thing is that firm size found in one leading role in the organization, either as a cause or effect of export development. From various author we have a different relationship between firm size and export, be more competitive in globally you have to be big Lefebreve and Lefebreve (2001). One thing is quite essential that most positive effect is if we measured the size of firms based on total firm sales, and some negative impact if we measured the size of firms based on many employees Kaynak & Kuan (1993). The larger firm is more capable with higher investments to be more competitive, risk-taking as well as Dholakia and Kapur (1997).

The positive impact justified by the fact that you have more resources if you have a larger company than this larger company can improve their performance from experience and also from economies of scale Maurel (2009). However small firms with high export performance also exist, but based on initial capital, the larger company has more opportunities to fulfill requirements of international trade by reducing transaction costs Maurel (2009). Some other author found a negative relationship between firm size and exports James and Pett (2000). Evidence from Australia, Denmark, Italy, Japan and Spain supports this observation: size is of considerable importance during the first stages of internationalization but does not seem to be a significant factor afterward (OECD, 1997). Chetty and Hamilton (1993) analyzed more than 111 studies to proof about validity and significance of critical variables; among them they confirm that firm size is a causal factor in export success. Also, an objective seems to be associated with time horizon and frame reference managers may utilize to monitor the attainment of their export objectives Kakkos et al., (2009). To describe better relationship between firm size and export performance, the model proposed is based on control variable, as firm size, number of employees because it is a measure of a firm's resource base, can confound relationships established and may influence the level of interactions and cooperation among firms Babakus et al.,(2006).

According to Archarungroj and Hoshino (1998) number of employees is not always a good indicator of firm size, if we have significant differences in export earnings rates, in that firms that measure firm size with sales volume. When the number of employees measures capacity, Majocchi (2005) finds a healthy relationship between firms size and power export. If action firm size with total sales, firm size has a positive effect on export performance but in the other hand if we measured firm size with many employees, conclude that firm size has an adverse impact on export performance Nazar and Saleem (2011). Mainly, it will be more clarified this relationship between export effort and performance and organizational factors such as size, innovation, technology, and capacity, in context of which industries and regions belong Moen (2001). In previous studies, the most widely treated variables have been the firm size and its relationship in export performance. We have a different kind of approaching in these studies empirical and theoretical approach that supporting or not supporting each other.

Assumption that larger firms perform better in foreign markets, it's not supported by empirical research in a study of 14072 Canadian manufacturing firms Calof (1995), as far as a study with 8810 Italian exporting firms founded a different results, some of them established a positive association, no significant relationship or even negative relationship between them Cooper and Kleinschmidt (1985); Bonaccorsi (1992). Also, firm size expressed with many employees, the experience of the company with export activities, usage of computers and the internet from the company, strategic objectives, and marketing strategy. The main benefit for all firms in the economy is that increased export will affect in value added of human and physical capital stock in the country Jordaan and Elita (2006). Some other internal factors that are quite important and influences export performance are experience related to managerial practice and planning of export strategy Morgan and Katsikeas (2012), the capacity of the organization to learn, and level of information technology Lu and Beamish (2004). Firm size has mixed effects, some authors founded a significant relationship, and the larger company has more chance to export and to be successful in transporting Causgil et al., (1987); Cuplan (1989); Madsen and Servias (1997). Czinkota et al., (1983) did not found any significant relationship between firm size and export activity, while some authors found a negative correlation between these two factors Geir (1990). During these recent times, firm size is most researched variable, in some research found positive effects and in some adverse effects, or not so many significant effects Chetty and Hamilton (1993) as same results of Aaby et al., (1989). Some positive effects were found mostly when

export profit or total firm sales measure size, and in some cases when it estimated by some employees Kayan (1993). Recent studies found no significant or in some cases adverse effects of number of years in business, firm's age on export performance Mallika (1994); Bodur (1994), maybe all the firm's year effects depends on the type of business that many time these effects of the way of internationalization are mixed in a different kind of business. In spite of so many realistic studies Gretton & Gabbitas (2003); Kalafsky (2004); Majocchi et al., (2005); Pla-Barber & Alegre, (2007); Verwaal & Donkers, (2011), answers have not been established on the significant relationship between these variables.

3.3.5 Knowledge of foreign language and relationship with export performance

The knowledge of exportation rate motivations in today's business surrounding has its emphasis from knowing the impact of export success and rate on firm lifespan and enlargement, the achievement of having a good result in the worlds markets, economic development and policy implementation. The exportation rate of firms has been negatively affected by some variables, and countless studies were carried out over the past three decades to solve the problem Zou & Stan (1998); Baldauf et al., (2000); Lages, (2003); Ahmed et al., (2004); Haahi et al., (2005); Sousa et al., (2008). The effort of finding the variables was an intentional movement which has motivated researchers, general policy makers and exports managers to have interest in studying those Lages, (2003); Haahi et al., (2005); Sousa et al., (2008); Mohamad et al., (2009). Bilkey's (1978) writings were the first to talk about a successful export practice, but many books have pointed out countless variables as export rate motivators. Summary and review were carried out on those export rate writings by some researchers like Aaby & Slater (1988); Zou & Stan (1998) and Sousa et al., (2008). These researchers Cooper (1985); Baldauf et al., (2000); Cicic et al., (2002) and Leonidou et al., (2002); assumed that exportation rate depends on the marketing strategy, internal and external factors. The motivator of export rate was categorized into internal and external by Zou & Stan (1998) with much thought to controllable and uncontrollable.

Also, Sousa et al. (2008) categorized export rate motivators into internal factors and external factors. Before the previous study, we see that export rate or performance is influenced by management behavior and is grouped into an internal consideration. Confusion was observed

despite the effort in recognizing the importance of export rate motivators, there is no broad review about the subject, and the writings are fragmented Aaby and Slater, (1988); Zou and Stan, (1998); Sousa et al., (2008);. Management is a determinant or a motivator that improves the company's internationalization policies Suarez-Ortega et al., (2005). This study attention is on managerial determinants that are grouped as internal factors. A firm's exports success is also a result of the manager's character, perceptions, and attitude Maurel, (2009). Many studies have been done on the elements of management behaviors, these studies or review fail to name all the management behavior elements.

Leoniduo et al. (1998) and, recently, Suarez-Ortega and Alamo-Vera (2005) emphasized that due to the lack of consensus between them on factors, it establish a managerial element to determine export. Currently, there is adequate writing on this issue. Be that as it may, an efficient combination of the current studies and structures is expected to comprehend the management determinants of export rate better. Consequently, the works by Bilkey (1978); Madsen (1987); Aaby and Slater (1989); and Chetty and Hamilton (1993) have differently reported the determinants of export rate. As per Zou and Stan (1998), this vast volume of publications is a solid declaration of the significance of the issue as well as the authenticity of an investigation into export marketing. They further stated that as an area of inquiry, export marketing has been gaining increased recognition along academic lines. This is evidenced in the number of researches on export with related exercises being made available to dealers and authorities, in the leading academic journals. Also, the quantity of export-related distributions is truly overpowering. Its significance and authenticity, in any case, the field of exporting request is known for self-sufficient and clumsy endeavors, Zou and Stan (1998) finished up. A fragmented collection of various findings that are confusing has characterized the knowledge of export performance determinants Aaby and Slater (1989); Cavusgil and Zou (1994). An essential reason behind the nonattendance of clear conclusions as for the motivators of export rate, paying little heed to the large volume of distributed investigations, is the nonappearance of mix and digestion of the divided information Katsikeas and Leonidou, (1996). Aaby and Slater (1989) and Chetty and Hamilton (1993) speak to amazing endeavors to audit and orchestrate export performance literature.

Unfortunately, two shortcomings in these audits constrain” Zou and Stan, (1998). Subsequently, the current galactic development of global exchange and sales movement on the planet, occasioned by web-based social networking and other web-based marketing exercises, has progressively misrepresented the significance of the export business to people, states, and business firms. The internet, international travel and other structures portending interconnectedness had blurred the restriction line on the discussions of this magnitude. Many are intrigued by this subject area as we all become of international or global community Sousa, Martinez-Lopez & Coelho, (2008). “Aharoni’s behavioral theory of direct foreign investment (1966) has played an essential role in conceptualizing internationalization, which Welch and Luostarinen (1988, p. 36) define as “the way toward expanding commitment in international operations.” Although much recent research has been focusing on the globalization of business strategy, this approach is not the most appropriate to the smallest firms, given their limitation of resources Chiara & Minguzzi, (2002), difficulty in acquiring information, and weak formal planning systems Burpitt & Rondinelli, (2000). In small and medium-sized enterprises exporting is as yet the best accessible internationalization decision Deng et al., (1996); Mittelstaedt et al., (2003). Some children take in more than one dialect from birth or an extremely youthful age: they are bilingual or multilingual. These youngsters can be said to have two, three or more primary languages: neither one of the languages is unfamiliar to that child, regardless of the possibility that one dialect is an outside dialect for most by far of individuals in the child's birth country. For instance, a youngster taking in English from his English father and Irish at school in Ireland can talk both English and Irish, however, nor is it a foreign dialect to him. It happens in some nations, for example, India, South Africa, or Canada because these nations have various official dialects Merritt, (2014). As a rule, it is trusted that youngsters have a favorable position of taking in a foreign dialect over grown-ups. In any case, there are studies which have demonstrated that grown-up understudies are better at foreign dialect learning over youngster understudies. It is on account of grown-ups having prior learning of how sentence structure functions, and official capacity of retaining vocabulary. Knowledge is one of the most critical assets of any organization working together abroad. Particularly, manager's foreign dialect knowledge and foreign market knowledge were considered to add to organization's prosperity. A key case of this is the investigation of UK's understanding. As indicated by a reality sheet from British Chambers of Commerce, which is perceived over the UK and around the globe as driving

supporters of global exchange, the Chambers convey exchange support and guidance, and additionally a scope of specialist services, to organizations of all sizes in Britain's exporting group. Based on the need to rebalance the economy of the UK towards exports to secure the financial recuperation and long-term success, the British Chambers of Commerce commission a noteworthy global exchange business review each year. The most recent study embraced in Q1 2013, got reactions from 4,678 organizations. The offer of reacting organizations currently exporting goods and services from the UK ascended from simply under a third (32%) in 2012 to almost two-fifths in 2013 (39%). "The review likewise demonstrates that various difficulties remain. The BCC and the authorized Chamber Network will keep on working intimately with organizations and with the government to conquer these snags and to open the capability of Britain's current and future exporters. Holes in financial knowledge keep on holding back organizations wishing to export. This survey demonstrates that knowledge of the business parts of the procedure and challenges sourcing market data keep down producers, miniaturized scale, and smaller firms from exporting more than different sorts of business. Discernment can go about as a hindrance to exporting for the first time or growing export volumes. Each market is unique, and organizations should be touchy to neighborhood methods for working together - regarding contrasts even crosswise over various districts of a similar nation. "Absence of familiarity with neighborhood social standards can hinder the advancement of a business relationship. Being able to speak the language of potential customers is so vital- particularly outside the largest cities - and can help to establish confidence. The dialect was referred to as an obstacle to exchange: crosswise over non-exporters, 18% showed dialect obstructions impact if, when and where to enter global markets. The degree of the dialect shortage in the UK is calming: up to 70% of respondents had no foreign dialect capacity to serve in the business sectors. Leading business in the purchaser's dialect empowers organizations to make strides, particularly when entering the quickest developing markets of rising economies. Just 0.5% of respondents guaranteed to communicate in Russian or Chinese well enough to lead business bargains in their purchasers' tongue. Addressing the gaps in marketable exporting skills, including language skills, must be a priority for supporting growth in the export sectors of Britain (BCC, n.d). The recommends as follows: Put business export aptitudes at the center of business training. Insignificant segments with export potential, for example, assembling and IT, holes in understanding the business parts of exporting are keeping down firms from exchanging with the

world. These abilities must be sustained and inserted in higher and advanced education courses. Business degrees and further instruction capabilities concentrated on business subjects must incorporate necessary modules on global exchange and exports with the goal that approaching business staff is export-ready as they enter the workforce throughout the following 2-5 years." "Boost take-up of exchange training. For business managers and staffs working in organizations today, and no longer in the formal education framework, export-related training offered in both the private part and using government projects will be significant, and take-up must be supported. The main roles among many played by the Chamber network are the provision of an accredited and consistent trade training center in the various district within the country. Also, financial assistance for businesses that are not involved in export should be provided by governmental bodies with the aim of training existing staffs in exportation. This, however, can take the form of a reduction in taxes or necessary support to them for a first trade mission. According to the national curriculum in the United Kingdom (UK) and at workplaces, foreign languages should be re-established as a compulsory subject. Calls have been made for basic review on the significant importance of language learning to the competitive state of Great Britain. Despite the positive advancement of the results since 2012, the level of acquiring foreign language skills deficit among businesses in 2013 is sobering. As a result, a greater percentage of exporters communicate poorly with buyers in a foreign language. However, fast-growing market experiences this problem and has become a hindrance to exporters to transcend to an international standard. Revision should be done on the national curriculum to make foreign language study to the AS level compulsory. This, therefore, will make it possible for the coming generation of entrepreneurs to communicate effectively in a foreign language globally. Staffs available should be trained in language skills by businesses. Additional financial dues, like credit tax for SMEs businesses that make a significant investment in language training, could support both take-up and ensuring a tailored business language offer. Before a competitive advantage is acquired, knowledge is known as a great asset. However, this view is known as the knowledge-based view, which is widely accepted and it extends and builds upon the firms' resource-based view Penrose (1959); Barney, (1991); Grant, (1996). Before the use of asymmetric in knowledge, the resource-based view has addressed the difference in performance among companies Hoskisson et al., (2000). Since knowledge is considered as a good strategic resource, the knowledge-based view went through further development. A true believe that is dependent

on information which is revered as a high-value sort of information and quick for decisions and actions” Prahalad & Hamel, (1990); Davenport et al., (1998). Foreign market knowledge refers to as “the knowledge of business practices and helps in foreign countries, including knowledge related to local culture, politics, society, and the economy” Bilkey & Tesar (1977); Wang & Olsen, 2002. According to the writings of various theoretical stages of internalization, Johanson & Vahlne, (1997); Knight & Liesch, (2002), the gradual accumulation of knowledge which constitutes a higher intellectual distance was viewed. Besides, knowledge acquisition was identified by research on international entrepreneurship as a significant factor for expanding SMEs into the international stage Swift, (1991); Kuemmerle, (2002). The skill to interact in the mother dialect of people belonging to their global networks is called manager foreign language knowledge. In foreign markets and in communicating cross-culturally foreign languages, writings about marketing and on international management are of significant importance Mcdougall et al., (2003); William & Chaston, (2004). The skills of managers of an enterprise to communicate can be improved, and this opens them to unstoppable access to knowledge about the foreign market. However, this knowledge has an important role concerning the internalization of new enterprises successfully. Equipping managers with various business conditions around the globe opens them up to opportunities internationally Knight & Liesch, (2002). An important resource for internalization is foreign market information; hence this is required by SMEs that have the poor financial capacity and cannot compete with other established companies with emphasis to their experience and resources Yaprak, (1985). The study of Yaprak (1985) on US SMEs firms’ shows that they are knowledgeable about the recent trend happening in the foreign market in regards to exportation compared to other countries who are not involved in exportation. Furthermore, Chetty and Campbell (2004) stated that of the essential characteristics of global firms is their quick and fast acquisition of knowledge.

There is a specific relationship between foreign market information and knowledge intensity with sales growth rate globally in a new technology-based venture in Finnish Lautanen, (2000). Caneiro et al. (2011) set that there is an accord that the company's best chiefs assume an essential part in the company's internationalization procedure from the research on the authoritative forerunners of global business enterprise Miesenbock, (1988); Zahra and George, (2002). Specifically, top directors, knowledge of foreign dialect, and the information of international market have developed, and it has an upper hand which adds to the prevalent performance of the

firm Kuemmerle, (2002); Musteen, (2006). In light of the knowledge-based perspective of the firm and on internationalization, this study means to test the connection between the organization's accomplishment in foreign markets and the dialect of the manager. Before the 1990's, entrepreneurship and international business were two major areas of the study Mcdougall & Oviatt, (2000). The survey of Tanvisuth (2007) stated that while researchers perform their survey on the management and creation of SMEs, international entrepreneurs' academics concentrate their findings on the performance of large multinational cooperation's. It was observed that earlier research carried out on international businesses was directed mainly on SMEs. Subsequently, the essential inquiry by various researchers that demonstrates the requirement for future research to be directed on the internationalization of firms is "What are the variables that influence an organizations' internalization procedure?" Research that has a critical association with the setting of knowledge indicated dubious discoveries and irregularities. The capacity of managers of firms to communicate clearly and effectively with their foreign business partners should boost their ability to grasp international market knowledge better and improve their communication. Learning about the global market is a valuable action that serves as a competitive advantage, which is known as the significant implication of the section of the review. Musteen (2006) expressed that open doors in the foreign market and the knowledge of foreign exchange make it conceivable for them to exploit openings before their opponents. Business experiences connected to export rate globalization have been a very favorable to international trade. Indeed managers with foreign language proficiency can be better in exports Sousa, Martinez – Lopez & Coelho (2008), indeed without these knowledge trades become very hard, can cause misunderstandings on both sides business meetings. Also, the study by Suarez – Ortega, Sonia & Alamo – Vera (2005) reveals a positive correlation between proficiency languages and performance exports. In general, education level has a positive relationship with performance in export Sousa, Martinez – Lopez & Coelho (2008). Most of the company benefits, including exports, come from educated managers because educated managers have more experience and can apply their knowledge, experience, in planning, organizing and deciding for new opportunities in new export markets. There are some helping ways of linguistic ability can influence on export performance as establishing new contacts with investors; improving connections with new customers; with this ability easily can understand social and commercial regulations of other countries Luisa and Concepcion (2006). Some researchers found a

significant relationship between knowledge of languages and export performance Hartmut and Stottinger (1996); George et al., (1998); James and Magagula (2003).

3.3.6 Business experience and relationship with export performance

Globalization trends have greatly enhanced competition, healthy competition and have increased market integration. According to Leonidou (2014), exporting is the prerequisite of internationalization procedure of a firm, and with fewer resources involves less risk and very flexible in comparison with other entry means of the foreign market which is more advanced, e.g., completely owned foreign production. Buttressing the point, Leonidou (2014) further posited that “although it offers numerous benefits to the firm, including capacity utilization, wider market scope, and opportunities for growth, exports success or failure is dependent on the business performance in the international market.” The enthusiasm to comprehend the results, arbitrators and drivers of its final effect on the export rate and the key exportation conduct of the firm has come about to a large measure of research. These issues give the focal topic to a gathering of five articles published within the last three years in the Journal of International Marketing (JIM). The manufacturing company in the Philippines is good examples. The export goods manufactured by Philippine have thrived in recent years. From 1990-1997, its compound yearly growth rate exceeds 21%. Drastic improvement of export manufactured goods to over 9.6% happen in the 1980s.

Despite the flagging of most of Philippine’s traditionally neighboring export countries that are more dynamic, their rate of exportation is experiencing a quantum leap during the crisis. Even though there were markers of a decrease in the development rate in the previous two months, the developments persistently move at a double-digit rate. However, any slowdown at the point is known to be a 'short-term cycle.' Malaysia, known for the exportation of semiconductors, was overtaken by the Philippines which were their major competitor. Regarding growth prospects, this export has been well positioned and has been giving full attention by leading international firms in the globe. Their focus is to have more access to other foreign markets and technological development. Compared to a product like standard memory chips that are more subject to decline

in price, products made in Philippine are less susceptible to declination in prices. However, this results in competitiveness in export rate. Though the sustainability of growth in export lacks clarity, an overwhelming reliance on a product's subset, global or dynamic, is risky. New investments embarked by multinationals have experienced recent improvement in this product. However, this resulted in a decrease in new capacities. Other export products perform poorly even when the crises have not stated. An example of such a product is clothing where the Philippines as a country should possess a solid relative preferred standpoint. This problem can be credited to the way that the Philippines is not forcefully utilizing its aggressive edge in skilled labor that is cheap. Technological and design activity is deficient, and technical support for domestic firms, in particular, SMEs, is weak. In the region, FDI performs poorly. However, it is of vital importance for the country to deepen its advantage based on export rate, strengthen local enterprises, and to expand its competitiveness Lall (2000). Possessing specific capabilities and resources are important to export rate. Managerial, production or intellectual are examples of such resources while business identification, relationship building or innovation are examples of specific capabilities. Therefore, more attention should be directed to promotion, distribution price and product. According to Leonidou, Daydanda, and Marios (2011), the research also stressed the instrumental role of government assistance programs, particularly those that have to do with trade mobility and information concerning exportation. This, however, helps to increase and expand the capacity and the firms' resources that are involved in exportation. The boost becomes very vital to smaller companies with inadequate skills resources. It is of excellent advantage to exporters with limited experience on how to trade on an international level, and consequently, little market experience, limited skills, and little export experience.

Also, it was demonstrated that the successful utilization of the marketing methodology of a firm in exportation has a unique positive effect on different competitive advantages. This is conceivable because of cost decrease, product differentiation, and service quality dimensions. Likewise, it positively affects both the commercial rate of a firm and its market rate in the worldwide market over the world. Inevitably, some firms immensely benefit from an enhanced financial export performance or rate in respect to their high performance in the export market Leonidou, (2014). Ogasavara, Boehe, and Cruz (2016) expressed the connection between export market rate and export experience. This study discovered help for a J-shape connection between export market rate and export experience. This study found support for a J-shape relationship

between export market performance and export experience. As opined by the different authors, marketing resources and innovation used in various countries of the world has impacted exportation and its marketing performance, and the authors inferred that this mediation effect is based on the strength of global business network ties. As indicated by Ogasavara, Boehe and Cruz (2016), "this investigation progresses the export marketing writing by clarifying how export encounter drives export success in two courses: to start with, by clearing up the vagueness in surviving hypothetical clarifications and exact past discoveries in regards to the state of the connection between export experience and export performance. Second, this study accommodates the difference in the matter of whether effective export rate comes about because of exporters' current assets or from their learning by exporting. Subsequently, the paper is profitable for researchers and export managers or policymakers alike by giving proposals on how less experienced firms can beat the underlying time of powerless export rate."

Similarly, Eusebio, Andreu, and Belbeze (2007's) work centered on the key factors in the stellar performance of textile manufacturing organizations in Italy and Spain. The study found that universal experience is the primary factor in the export rate or performance for the two cases; however investment in R&D and export experience has been the keys for clarifying the real export rate of the Italian organizations. The paper is of value in that it gives a related study of the fundamental factors that have influenced the export rate of the Spanish and Italian organizations. An extensive variety of elements has been contemplated, including qualities of the business, for example, size, dispersion of sales and export experience. Gabbitas and Gretton (2013), in their work, announced that firm size and the magnitude of domestic sales were not observed to be real effects on exporting by manufacturers once the account was taken of different components, albeit numerous noteworthy exporters likewise happen to be bigger firms. While restricted to a sample of manufacturing firms, their study did not bolster the recommendation that to succeed universally; a firm will normally need first to secure a huge domestic-sales base. This study recommends that the primary effects on the export rate of Australian manufacturing firms are probably going to exist in the scope of 'firm-particular' elements. These potentially incorporate the sort of action, product aim and quality, marketing skill and the inspiration of management. In a 2013 Australia Staff Research Paper, Gabbitas and Gretton (2013) detailed the consequences of a comprehensive study, which they did in 2013.

These reviews identify more than 60 studies that take a look at, in addition to other things, the connection between firm size and export rate. As indicated by Gabbitas and Gretton (2013), the experimental strategies have normally centered on clarifying the connection between export rate and a single firm-size variable, in the wake of controlling for other firm-particular factors. The measures of exports researched incorporate export intensity and the value of exports, while the measures of general firm size inspected incorporate aggregate sales, the numbers of workers or aggregate assets. Firm-specific control variables have varied widely between studies and have included factors such as kind of activity, sound research, and development, innovation, management and marketing practices, and market conditions. Virtually all of the studies deal with manufacturing industries, and most are from the United States. The studies have been undertaken over a long period and have significant differences. No single or standard methodology appears to have emerged. Other significant highlights of the reviews are as follows: "The majority of studies reviewed demonstrate a positive and measurable critical connection between measures of firm size and export rate. A few studies found no statistically significant relationship, while others recommend a negative connection between firm size and export performance." A large portion of the studies recognized in writing found a positive and measurably significant connection between absolute measures of firm size and exports do not appear to control explicitly for possible 'unobservable' firm-specific factors. Inability to control for such factors (e.g., by the utilization of panel data techniques) may have brought about crediting to firm size (and other explanatory variables specified in analyses) a degree of influence that should rightly be ascribed to other factors. Differences also exist between studies not covered by the above reviews. For example, Pant (1993) found that "the export probability in the Indian chemicals and machinery industries indicate increasing with the firm size (as measured by yearly sales), while the export intensity decreased with firm size, as larger firms focused on meeting domestic demand." Athukorala, Jayasuriya, and Oczkowski (1995) found a similar result for firms that manufacture in Sri Lanka. "One concern for drawing inferences from a large area of available studies is the potential sensitivity of results to differences in firm circumstances and the methodology applied. These issues were examined by Roper and Love (2002) in when they were in the study of Kingdom and German manufacturing firms. They found a positive, and generally statistically significant, connection between export intensity and employment in both countries. They also said that these general results did not hold for

'innovative' United Kingdom firms, suggesting that other factors are of more concern to exportation rate than their measure of firm size." "The reviews identified one study of Australian exporters Atuahene-Gima (1995). This study found no relationship between firm size measured by annual sales and export performance, after controlling for a range of other firm and product factors (e.g., R&D intensity, international experience, and the domestic market performance of new products). It utilized cross-sectional information drawn from a survey of firms in the Dun and Bradstreet catalog. The study discovered local market performance of new products to be less critical in clarifying the export rate of firms that sound qualities" Gabbitas & Gretton, (2013). Among key assets, the absence of creativity has been viewed as a genuine deterrent in a firm's export advancement process because participating in export exercises in essence frequently has been depicted as an innovative procedure Leonidou (2014). Various perceptions were drawn from the substance of various articles author or co-authored by Leonidou (2014):

1. There is a significant relationship of the export performance a firm, directly or indirectly, with strategic factors such as elements of marketing mix (Product, Place, Price, and Promotion), organization resources of the firm, eco-friendliness, and innovativeness. However, the performance of export is indirectly or directly affected by various organizational factors.
2. There is no huge connection between export rate and its forerunners. Rather, it is dependent upon different outer forces, for example, aggressive foreign force, and inside forces, for example, business structure.
3. Export performance should be result-arranged, operationalized and imagined on account of its idea that is multi-dimensional and which is communicated in a few ways.
4. Diverse hypothetical and corresponding point of view can be utilized to quantify the export rate. These points of view include a resource-based view, industrial organization hypothesis or possibility hypothesis, which have altogether advanced the procedure engaged with the securing of information and the dynamic parts of the performance of firms in the foreign market.
5. Both open and corporate policymakers need a reexamine on the approaches of exports because of new experiences got from recent academic research Leonidou (2014).

In global markets, this ought to be done in an offered to achieve prevalent export rate. Consequently, significant research attention has been received as a result of the internalization of SMEs Freeman, Styles & Lawley (2012); D'Angelo, Majocchi, Zucchella, & Buck, (2013); Esteve-Perez & Rodriguez (2013); Gashi, Hashi, & Pugh (2014). To establish a link between resources availability and internalization, various alternative internationalization models were analyzed Aliouche & Schlenrich (2011); Sui & Yu (2012); Hsu, Chen, & Cheng (2013). For small firms, specifically, thought was given how resource and informational constraints shape firms' internationalization technique and activities, and how these requirements can best be overcome. A great part of the writing on the internationalization of small and medium-sized enterprises (SMEs) includes a differentiation between the procedure or stages approach, started by Johanson and Vahlne (1977), and the universal new ventures or 'conceived worldwide' approach Oviatt and McDougall (1994); Knight and Cavusgil (2004). Despite the critiques leveled at it, e.g., Forsgren (2002), the process model of internationalization remains influential in international business research. Consequently, SMEs internalization with a domestic market position which has been established already has an intuitive plea. As a result, these places more emphasis on learning that is experience-based. What one of the international activities stages undergo by SMEs is exportation Wolff & Pett, (2000); Leonidou, Katsikeas, & Coudounaris (2010). Also, it equips firms with the knowledge about their product and the valuable markets where they can export their products too; also, foreign markets can derive immense benefits from these knowledge Sharma & Blostermo, (2003); Majocchi, Bacchiocchi, & Mayrhofer (2005). A case in point is Philippine's recent export performance, as elucidated by Lall (2000) thus: the Philippines is not a large exporter by regional standards. In 1996, the Philippines value of the export manufactured product was \$17.6 billion. This figure was the smallest in comparison to its neighboring countries that were export-oriented. However, Singapore (\$59 billion), Taiwan (\$108.5 billion), Korea (\$111.2 billion) and China (130.3 billion) are the major exporting countries around the globe. Besides, countries like Indonesia (\$29 billion), Thailand (\$43 billion), and Malaysia (\$67 billion) are also counted among the large exporting nations of the world. Philippines' growth was robust over 1990-95, a vast improvement over the 1980s, but several neighbors' did better (from larger bases). From 1990-1995, due to the monetary growth experienced in the 1980s), the Philippines' export growth became large with other neighboring countries performing better.

As time progresses, especially beginning from 1996, Philippine was able to outperform others into the year 1998. Furthermore, Philippines growth rate increases tremendously when a decrease in the growth rate of world trade resulted in a rapid decline in exportation in other places in the world. In 1997, growth accelerated further, with only China recording a comparable (but lower) rate. Although in 1998, the Philippines' growth rate slowed down (but to a healthy 17%) during the first 11 months. In contrast, its entire neighbor's percentage rate has a negative value, even countries that were not affected (e.g., Taiwan and China). While these countries were impacted progressively by the regional slowdown, Philippine exports moved to 19% in the third quarter. In the 4th quarter of 1998, this growth kept on increasing. The yearly growth as of October was 9.3%, and that of November was 12%. Also, the export performance of Philippine is competing with other top countries before the crisis broke out. Therefore, the regional crisis experienced around the world has been escaped by Philippine. Thus, the real products exported by Philippine were flourishing ceaselessly. More merchandise is being imported from the Philippines by the United States of America, which is a unique market. From January - September 1998, the aggregate electrical machinery imported by the United States dropped by 0.6%. From the Philippine, on the other hand, the importation of transport gear and different types of machinery ascended by 21%. There have been over 80% relentless ascents on the aggregate share of Philippine merchandise exports. As of late, they became quicker than total exports. It has a development rate of over 11% in 1994-1997, which is higher when contrasted with the year 1991-1993. There was a steady ascent of more than 20% for each annum in the exportation of produced products. This was notwithstanding the lull amid the first 3 quarter of 1998. The share of electronics dramatically increases because of this pace of development which is short of what 33% to more than 66%. The development of about 60% in January-September 1998 and over a portion of the aggregate in 1997 was conceivable through the exportation of semiconductors. Essentially, other major products (e.g., Textiles, transport equipment, and machinery) just contributed a sum of 5% in 1997 with an impressive development (growth) rate (20%) inside 1991-1997. Barring electronics, the export rate of Philippines worsen as of 1996 because of the financial crisis, and it is more unassuming. As a result of the poor export performance of garments (Philippines' main traditional export), there has been a decline in the growth rate from 10% within 1991-1993 to the negative from 1996-1998. Also, there was an inferior performance of other consumer products such as toys, leather products, and footwear. Even before the crisis

began, some fared poorly. Within 1994-1997, there was stagnancy in the value of the exportation of the garment. Growth rate amid pre-crisis (1990-1995) was brought down for China and ASEAN neighboring nations. In any case, there was a powerless competitive advantage since the wage in Philippine is lower than in Thailand and Malaysia. This is notwithstanding the way that it is higher in Indonesia and China. Low-wage nations like Bangladesh, China, and Sri Lanka was a noteworthy contender with Philippine concerning the exportation of the garment in non-quota markets, and this has influenced Philippine quickly. This was an after effect of poor technological advancement in the nation. With a growth rate of fewer than 3% between 1994-1997, labor-intensive products perform poorly. The constant and powerless growth rate of resource-based export and processed food was generic. This issue happens because of rivalry, and not significantly credited to the monetary crisis that occurred. "Korea is spent significant time in D-RAM chips, while Philippines and Malaysia have some expertise in microprocessors. Singapore makes a scope of cutting-edge semiconductor gadgets and is an important re-exporter for different nations in the area. Taiwan makes application particular chips. The level of technology and local content included contrast additionally. Philippines, Malaysia, Thailand, China, and Mexico are fundamentally in the last get together and testing stages. It is significant that Malaysia, the closest direct contender, has an any longer record of semiconductor exports. Many of similar MNCs are available there, and after some time has made an enormous investment in physical facilities, preparing and technological action (Intel as of late multiplied its production capacity in Penang). Subsidiaries in Malaysia have been engaged with process design and improvement for new products. In perspective of this, it is exceptional that Philippine semiconductor exports surpassed Malaysian in the initial nine months of 1998 when they were just 40% of Malaysian export value in 1994" Lall (2000).

3.3.7 Marketing strategy as driving force of export performance

Performance levels can have an impact on marketing strategy decisions, based on the previous results most of the firms can rethinking and react about marketing strategy, to improve, redefine and appoint a new branding, communication, and relationship marketing strategies. For example, British Airways after its 1999 commercial financial disaster, publicly announced that they started rethinking a new marketing strategy. Also, Mark and Spencer after poor results decide to redefine its strategy and appoint a new board-level marketing director. It is well known that if in the past, financial data was poor it is challenging for managers to improve this financial result in the future, and in some cases, their position may come into risk if they have not achieved a satisfactory performance Lages, Lages & Lages (2005). Product adaptation strategy that is viewed as a factor that directly affects export performance; segmentation strategies and world orientation instead of nearest neighbor approach Cooper and Kleinchmidt (1985). For many years, it has been given considerable attention to the influence on the export performance of various product dimensions McGuinness and Little (1981). In general, it can be seen that products designs have a significant positive effect on performance. Also, products can be differentiated through some advantages that derived from their attributes as quality, prestige, luxury. Also, products with specific quality are very strongly related to product advantages known in the literature as a major export stimulus Czinkota and Johnson (1983). The main reasons why we hypothesize to have the positive relationship between product or brand with export performance are: by serving more customer segments it establishes opportunity increasing sales and all these costs including, administrative, marketing and other can be distributed in the whole number of products Beamish and Munro (1986). Research on pricing strategy focused mostly in effect of setting low prices. Although terms sales play an important role in international business, including details of a contract, transporting and other responsibilities, one factor that is pursued by the firm in export transactions is currency strategy; also if this price quotation minimizes liabilities of international customers, it can have a powerful competitive advantage. Amine and Cavusgil (1986) reported a positive relationship between export intensity and pricing approach. This diversity in pricing is necessary for a firm to remain and survive in the competitive market with price adaptation. For better exporting, it is quite important to have a proper channel of distribution, regarding this exporter, can use numerous ways of supporting their sales force training, missionary selling,

cooperative advertising, market research assistance, dealers, financing Czinkota and Ronkainen (1998). Great caution must have on the delivery time of the products because for importing firms this plays selection criteria and affects competitiveness and success in the market in which these firms operate Piercy, Kalela, and Katsikeas (1999). Promotion and their effects on export performance are advertising, sales promotion, personal selling, trade fairs, personal visits and promotion adaption Leonidou, Katsiekas and Saeed (2002). With advertising, firms can generate more sales by informing, reminding and pursuing domestic and foreign customers. Personal selling as a way of promotion was analyzed only research by a small number of studies, even if in some studies it is noted a positive relationship their result should be treated with caution. This marketing strategy can improve the level of export in countries where there are restrictions on promoting and on advertising, also where the cost of maintaining and managing sales force is low Terpstra and Sarathy (1997). Use of trade fairs as the promoter of exports has been researching in several studies that found a linkage relationship between them Serinhaus and Rosson (1998). Nevertheless, all this positive effect should be viewed with caution; it depends on which product/service you are a competitor at that fair. It is unrealistic to look for the same results with the use of the same marketing strategy, in all marketing ventures. All these tools of promotion, including participation in trade fairs or personal visits to export markets, help export managers to pursue standardized promotion strategy across all countries, also adaption with new requirements in the competitive market. Participation in trade fairs supposed to have a positive relationship with the level of export, which leads to export performance Terpstra and Sarathy (1997). Which companies are more likely to be active as exporters? Companies that have a formal market planning are more likely to be active while lacking this formal plan causing difficulties achieving their goals Brouthers and Nakos (2005). And also, companies that spend much more time in selecting foreign target markets have a higher level export performance than SMEs that are more ad hoc in this process Brouthers and Nakos (2005). The resource-based view was an instrument used to examine the global advertising ability and the effect of resources accessible for export by Ruzo, Losada, Diez and Navarro (2011). Ruzo et al. (2011) demonstrated that before a firm can contend in the global market and its exportation rate, the fundamental essential ought to be the resources accessible. In their study, Ruzo et al. (2015) demonstrated that resources accessible are fundamental antecedents of the kind of export methodology picked by the firm to contend in universal markets and of its export performance.

Moreover, even though the common extension procedure received does not influence export rate, the choice about whether to institutionalize or adjust the advertising mix components affects. All in all, the work endeavored to tackle the issue emerging from the conflicting outcomes on the impact of export rate predecessors utilizing the resource as the hypothetical establishment. For that reason, the authors investigated mutually the elements proposed as potential determinants in this research. Leonidou, Katsikeas, and Samiee (2002): Identifying the marketing technique components that impact export rate has been the subject of sizeable observational research. Be that as it may, discontinuity and decent variety portray the discoveries revealed in writing, constraining hypothesis advancement, and change of management practice in the field. The assessment of Leonidou, et al. (2002) based on their assessment stated that: there is no significant relationship exists between export performance and marketing strategy. However, this is irrespective of the reality that a significant correlation exists between the whole export performance and the strategy used for marketing; a significant correlation exists between export performance and geographic center, type of product, and the time it was studied; and the export proportion of sales has a stronger effect on exportation performance. The accomplishment of effective export rate is at the core of the key basic leadership process for both corporate and open arrangement chiefs. A firm's goals, both economic and non-economic which has a significant effect on the importation rate is due to an international context in a given period and also the export strategies used by the company to deal with the problem of the company's environmental. A firm determines which export strategy to be used, and that decision varies between industries, time horizons, national firms, and context. Thus, there is plenty of export rate markers utilized as a part of the exporting writing. For instance, Katsikeas, Leonidou and Morgan (2000), in their analysis of 100 export-related articles recognized 42 distinctive performance markers. All the more as of late, Sousa (2004), in his investigation of export rate related articles distributed in the vicinity of 1998 and 2004, recognized 50 different performance indicators. The large exhibit of pointers utilized in the export rate writing is an impression of the troubles in getting to export rate information, and also the on-going quest for reliable and thorough measures. This makes the studies and approval of the discoveries from various investigations exceptionally troublesome. A diagram of the important writing suggests that a reasonably stable and solid export rate measure ought to satisfy the accompanying criteria. It must be composite and multidimensional, i.e., to incorporate both target and subjective measures; it needs to have an edge of reference, i.e., to be

benchmarked against domestic market performance, competitors performance or prior performance, Diamantopoulos & Kakkos (2007). “The objective/subjective divide refers to the type of values used in the export performance assessment, i.e., objective indicators are mainly based on absolute values (e.g., export sales volume, export profit margin, export market share, etc.), while subjective indicators are based on perceptual values (e.g., the manager’s perception of success and satisfaction with export sales).” Measures of export performance are usually categorized into two broad groups: financial/ economic and non-financial/non-economic measures. The recent astronomical growth of global trade and sales activity in the world, occasioned by social media and other online marketing activities, has increasingly exaggerated the importance of the export business to individuals, states and business organizations. The internet, international travel and other structures portending interconnectedness had blurred the restriction line on the discussions of this magnitude. The whole reveal suggests that the most used financial indicators as measures of export performance are: sales-related some indicators. Export sales ratio Czinkota & Johanson (1983); Cavusgil (1984); Madsen (1989), export sales growth Cooper & Kleinschmidt (1985); Madsen (1989), export sales volume and export sales ratio McGuinness & Little (1981); Axinn (1988). Profit-related indicators, such as export profitability, export profitability growth, export profit ratio, and export profit margin Bilkey (1982), Madsen (1989). Others, less used financial measures, are the market share-related indicators, such as export market share, and export market share growth Cavusgil & Kirpalani (1993); Cavusgil & Zou (1994). These measures are used as a means for capturing the strategic outcome of exporting. Despite a large number of variables employed as measures of export success, several steps appear to be used considerably more than others. Export intensity (export to total sales ratio), export sales growth, export profitability, export market share, satisfaction with overall performance, and received export success Sousa (2004). Faced with the difficulties of acquiring financial data from SMEs, some researchers resort to the use of non-financial/non-economic measures of export performance. This manner advocates the use of perceptual/attitudinal or generic standards of performance, such as perceived export success, achievement of export objectives, satisfaction with export performance, or strategic export performance Zou & Stan (1998); Ibeh & Wheeler (2005). Other non-financial measures include product-related and market-related indicators and other miscellaneous actions. Much of the early export performance research has been dominated by single-item measures, either economic or

non-economic. Recognizing that export success is "multifaceted and cannot be captured by any single performance indicator" (Diamantopoulos, 1998: page 3). Recent empirical studies have attempted to develop and validate multi-item measures in the form of more complex and multidimensional performance metrics Zou, Taylor & Osland (1998); Shoham (1998); Styles (1998); Lages & Lages (2004); Lages, Lages & Lages (2005).

3.3.8 Innovation development and indication on export performance

This part aims to investigate the most influential innovative determinants in exporting firms and also to explore the relationship between export performance and creative capability. All factors that have a significant impact or small helps an organization in the implementation of the entire strategy, and also are essential for the team to build a sustainable positioning in the domestic market and host market as well, through competitive advantage. Some researchers Peteraf (1993) define innovation as heterogeneity of response in the different way of financial returns across the firms, all these costly steps will differentiate firm with the competitive advantage and will be matched with an external environment. The ability to adopt a new process and introducing a new product or services quickly has to do with innovation capability. Paul and Shenbar (1990) define innovation as a capacity to satisfy the future needs through adopting new technologies and new products or services; the process of fulfilling market needs by developing new products; the ability to respond about new requirements created by other competitors. The method of innovation capabilities involves a vast field of research, and investment Christensen (1995) based not only in technology but also more extensive, including scientific research assets, innovative product assets, and scientific research assets and aesthetic design assets. The difference between firms is, while others are concentrated on only one of these assets, the innovative company has to combine and manage all these assets to be successful. According to Rogers (1995), the innovation is the process of the new idea about new products or services and implementing it with a method of organizational changes. Roger divides the whole process into five stages which built upon each other. This frame has two stages form that starts with an

imitation of the innovation process, and the last three are related to the implementation process.

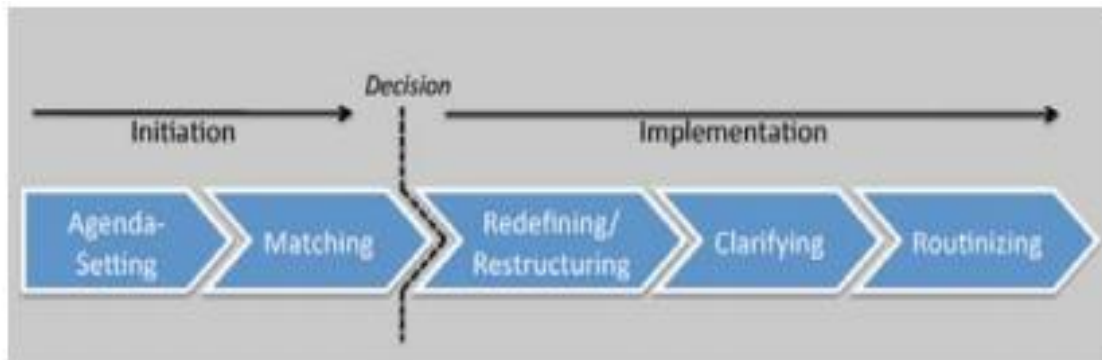


Figure 2: Rogers' model of the innovation and adoption process in organizations

- The first stage starts with the environment of the organization with the imitation process, identification a problem or new need and finding a new solution.
- The second stage has to do with matching, how well the selected innovations fit with the requirements of the organization. During the matching, we can face with two answers that drive all process to replication, if it is not and yes the matches' stage passed, and we have the red light to give in the implementation stage.
- In the reutilizing stage, now the innovation is the part of the structure and the strategy of the organization.

The improvement of job opportunities, profitability economic activity, industrial productivity, and other related economic and social impacts is as a result of engaging in the international market which is essential in exportability Amal & Carvalho (2016). Exportation rate is used by researchers to determine a firm's procedures and activities Silva, Rocha, & Carneiro (2007). On the long run, export performance can be used to assess a company's present status and prospects. Many researchers have been done in this area, and results emanating from these studies are quite overwhelming Ayan & Percin (2005); Souza, Martínez-Lopez, & Coelho (2008); Moghaddam et al., (2012); Chugan & Singh, (2014). Numerous studies have unveiled the determinants of export performance. Some of the variables implicated in export performance are innovation of companies, regional cluster spillovers, company's size, company's location, and international experience Mittelstaedt, Ward, & Nowlin, (2006); Wheeler, Ibeh, & Dimitratos, (2008); Souza et al., (2008); Papadopoulos & Martin, (2010); Moghaddam et al., (2012); Chugan & Singh,

(2014). Product innovation gives a firm competitive advantage over other firms in the same line of business and of similar persuasions. It determines whether a firm is viable or dying. In times of crisis, innovation drives critical rescue and recovery. Chief executive officers of companies and business scholars are particularly interested in product innovations because of these facts. For most firms, going international is catalyzed by exports. Exports bring in revenue to a company, which, in turn, enhances the economy of the referent country. Firms that are occupied with export business sectors will probably be more fruitful than firms that are just marketing their products locally. This reality was buttressed by crafted by Salomon and Shaver (2005, p. 441). As indicated by Cabral, Coelho, Coelho, and Costa (2015), to create product developments, firms put resources into new advancement capacities as well as apply those officially existing inside them. Notwithstanding, it is indistinct which approach is all the more firmly connected to high performance and innovation. According to Zhou and Wu statement in 2010 concerning exploitative innovation that the effort toward it is what bring superior organizational capabilities to a particular field in an organization, which is due to the absorptive-capacity perception that renders a unique ability. Innovation influences a company's fortune and viability the most, and in an environment of complexity like the international trade environment, the issue of innovation capability is of utmost importance (Cho & Pucik, 2005; Abbing, 2010). Innovation capabilities in products and processes are essential determinants of export performance. Some studies have emphasized this relationship, even though some other reviews have countered this view. After exploring the common article between exportation rate and innovation capability, Prim, Amal, and Carvalho (2016) concluded that there was no significant variance between the exportation rate and innovations concerning products and processes. They also suggested that companies can access an agglomeration resource with the regional cluster to their resources since there is no distinctive measure among the technological intensity of the companies. Other scholars have also investigated the relationship between innovation capability and export performance. The results of these studies are assorted some showing positive and others showing negative results Nazar & Saleem (2009); Moghaddam, Hamid & Aliakbar (2012); Chugan & Singh (2014) Srivastava, Moser & Meijer (2015). For example, the works of Alegre, Pla-Barber, Chiva, and Villar (2012); Becker and Egger (2013) and Tavassoli (2013) demonstrated the relationships between innovation capability and export performance of firms or organizations. Innovation capability influences export capacity and performance. On the other hand, firms with high innovation

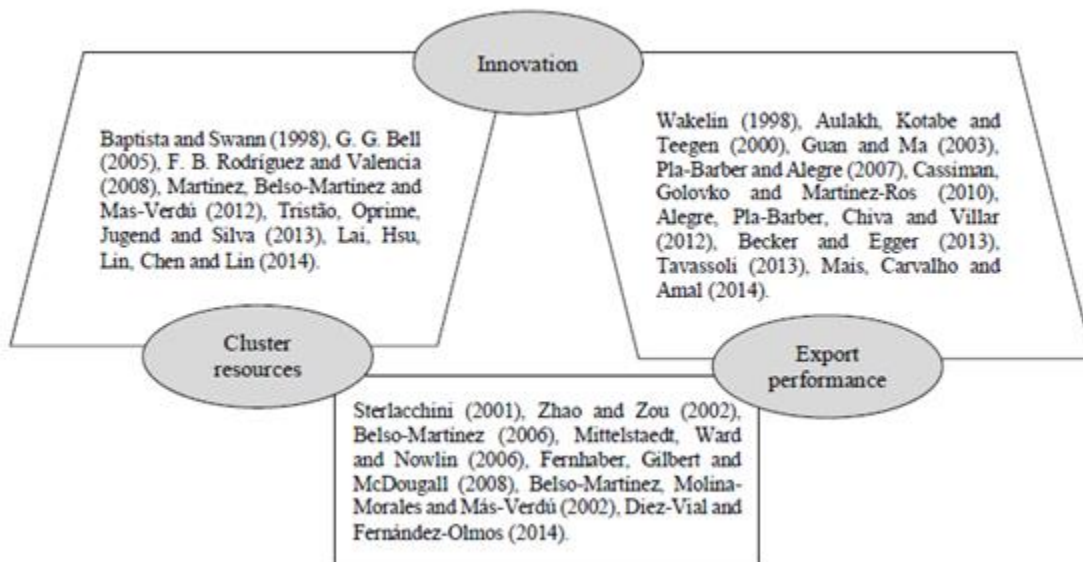
performance will function better in international trade, especially exports. For instance, in the insurance sector, even though it has received very little attention for several years, it is also of paramount importance. Innovation in the insurance sector has not been thoroughly researched, and very little literature exists on the subject, consequently. This is in sharp contrast with the banking sector, which facilitates exports and export performance Johnes & Storey (1998). Innovation in the international trade sector is entirely different from the change in the industry that solely produces the goods and services exported Drejer, (2004) and often seen as non-technological De Jong, Bruins, Dolfsma, & Meijjaed, (2003). According to Miles (2008), elements of this innovation are: Introduction of new product or service or Improvement of existing facilities/products

According to Veugelers (2008) in the manufacturing sector, this can be changed into things such as products or goods which a company offers, which also changes the way they are produced and delivered; thus, he interpreted this as product and process innovation. For instance, in some industry, the company can introduce a new product with additional covers including a bonus or some extra benefits such as foreign tours. This can be called product innovation. On the other hand, the company can develop an internal process of claim handling, underwriting and call center to speed up the delivery process. This can be justified as process innovation Rajapathirana & Hui (2017). According to Laforet (2011) who inferred that a company could only innovate if it can do so. Innovation capability is a valuable asset of a company and should never be wriggled with.

Innovation drives firms. Innovation drives performance, export performance. Rajapathirana and Hui (2017) suggested that “organizational performance is multiple hierarchical constructs which indicate financial performance and operational performance such as market share and quality. Many research studies analyzed the impact of innovation and firm performance.

There is a sufficient relationship between organizational performance and innovation. Mixed results have been indicated by previous research, and they experience fluctuation between the negative and positive effects. There is also a mediating role that innovative performance has between aspects of performance and types.

Furthermore, there is a robust significant import that innovation has on the performance of an organization. Production, market, and financial performance have a positive relationship with change, while innovative performance performs a mediating role for a positive impact directly. The strategy of innovation is regarded as the core indicator of the organizational performance. There is a better advantage of firms with high innovation performance over those. On the international scene, they also perform better. However, the work of Prim, Amal, and Carvalho (2016), earlier mentioned, inferred that innovation does not affect export performance and it provides no evidence on the moderating effect of the industry's technological intensity.



Empirical Studies of Cluster, Export Performance and Innovation Source: Prim, Amal & Carvalho (2016)

The empirical analysis of Guan and Ma (2013) in a sample of 213 Chinese industrial firms reveals these endings. Innovation capability is related very closed with export growth, except for the manufacturing capability. The domestic market share has no significant impact on export performances, productivity growth rate significantly increases or promotes export performances rates.

Variables	Description	Adapted form
Firm Size	Impact an exporting behavior and internationalization, more competitive in globally you have to be big	(Lefebvre & Lefebvre, 2001); (Warren & Tesar, 1977);
	Affecting the decision to export	(Erdener & Kuan, 1993).
	Firms that have more employees are available for increasing export planning – Positive relationship	(Samiee; Walters, 2002); (Majocchi, Bacchiocchi, & Mayrhofer); (Hozmuller & Stottinger, 1996); (Rose & Shoham, 2002); (Carlos, 2004); (Calof, 1995); (Katsikeas & Leonidas, 2000); (OECD, 1997); (Moen, 2001); (Lefebvre & Lefebvre, 2001); (Kaynak & Kuan, 1993); (Dholakia & Kapur); (Maurel, 2009); (Kakkos & Lambros Sdroilas, 2009); (Majocchi A. , 2005); (Cuplan, 1989); (Madsen & Servais, 1997); (Causgil, Tamer; Naor, Jacob, 1987);
	Larger company can improve their performance	(Maurel, 2009).
	Negative relationship between firm size and exports	(James & Pett, 2000); (Archarungroj & Hoshino, 1998); (Nazar & Saleem, 2011); (OECD, 1997); (Chetty & Hamilton, 1993); (Babakus, Yavas, & Haati, 2006); (Bonaccorsi, 1992); (Coopeer & Kleinschmidt, 1985); (Kaynak & Kuan, 1993); (Dholakia & Kapur); (Bonaccorsi, 1992); (Coopeer & Kleinschmidt, 1985).
	Firm size is a causal factor in export success	(Chetty & Hamilton, 1993); (Kakkos & Lambros Sdroilas, 2009); (Babakus, Yavas, & Haati, 2006).
	Strong relationship between firms size and power export	(Majocchi A. , 2005).
	No significance	(Archarungroj & Hoshino, 1998); (Calof, 1995); (Jordaan & Eita);

<p>Managerial Characteristics</p> <p>Education and Training</p>	<p>Exporting as way of internationalization</p> <p>No significant effect of education and training on en SMEs performance</p>	<p>(Mittelstaedt, Harben, & Ward, 2003); (Deng, Order, & F, 1996); (Portugal-Perez & Wilson, 2012); (Doole, Grimes, & Demack, 2006); (Dess & Davis, 1984); (Parker & Helms, 1992); (Axinn C. N., 2007);</p> <p>(Jane & Beamish, 2004); (Fredrikson, 1985); (Richard & March, 1963); (Axinn C. , 1988); (Harveston, Davis, & Kedia, 2000);</p>
	<p>Significant relationship between educational level and export performance</p>	<p>(Simpson & Kujawa, 1974); (Armstrong, 2001); (Zou & Stan, 1998);</p>
<p>International Experience</p>	<p>No significant relationship</p>	<p>(Walker, 1997); (Hart, Webb, & Jones, 1994); (Shamsuddoha & Sohel, 2004); (Das, 1994); (Louter, Cok, & Ben, 1991) (Kaynak, 1993) (Causgil, 1984) (Diamantopoulos, Adamantios; Inglis, Karen, 1988) (Moon & Lee, 1990)</p>
	<p>Positive effects</p>	<p>(Shamsuddoha & Sohel, 2004); (Mion & Opromolla, 2014); (Sala & Yalcin, 2014); (Stoyanov & Zubanov, 2012); (Balsvik, 2011); (Javorcik, 2014); (Dollinger, 1985); (Madsen, 1989); (Aaby & Slater, 1989); (Dominguez, Luis; Sequeira, Carlos G., 1993); (Gripsrud, 1990);</p>
<p>Knowledge of foreign language</p>	<p>Significant relationship</p>	<p>(Suarez-Ortega, Sonia, & Alamo-Vera, 2005); (Sousa, Martinez-Lopez, & Coelho, 2008); (Moghaddam, 2013); (Luisa & Concepcion, 2006); (Hartmut & Stottinger, 1996); (George, Brouthers, & Brouthers, 1998); (James & Magagula, 2003);</p>

Business Experience	Significant relationship	(Baldwin & Rafiquzzaman, August 1998); (Durand & Coeurderoy, 2001);
	No significant relationship	(Barton, 1992); (Dunne & Huges, 1994); (Boeker, 1997);
Marketing Strategy	Marketing strategy is multidimensional aspect	(Leonidou, Katsikeas, & Saimee, 2002); (ZOU, Fang, & Zhao, 2003); (LAgés & Montgomery, 2004); (Lages, Lages, & Lages, 2005); (Reid, 1984); (Cooper & Kleinschmidt, 1985); (CoOper & Kleinschmidt, 2015); (McGuinness & Little, 1981);
	Product	(McGuinness & Little, 1981); (Beamish & Munro, 1983); (Czinkota & Johnston, 1983); (Beamish & Munro, 1986);
	Price	(Amine & Cavuşgil, 1986); (Czinkota & Ronkainen, 1998); (Piercy, Kalela, & Katsikeas, 1999);
	Promotion	(Leonidou, Katsikeas, & Saeed, 2002); (Terpstra & Sarathy, 1997); (Serinhaus & Rosson, 1998); (Brouthers & Nakos, 2005);
Innovation	Positive relationship	(Barney J. , 1996); (Guan & Ma, 2003); (Peteraf, 1993); (Paul & Shenbar, 1990); (Christensen, 1995);

3.4 External determinants and relationship with export performance

Studying exporting performance of external environment it quite challenging because researchers Fiegenbaum, Hart, and Schendel (1996) have found a lot of factors that have an impact on performance as industry competitiveness, customers, and stakeholders. Also, they have found a relationship between past and future; it can be called as static measures, when we can compare one year to another, even with long-term results may be appropriate to analyze long-term effects, present results measures incorporate expected future performance Barney (1996). But we have several studies, cases that capture indicators along time for measuring the performance, which helps us to understand the long-term strategy of an organization. Also, to know how well companies have been progressing in the pursuit of its objectives and maybe serve as a better predictor of the future performance Carneiro, Rocha and Silva (2011). One factor that has to do with the strategy of the organization is an external factor, and this factor characteristic of the firm, industry product adaption has the positive influence on firm strategy.

3.4.1 Financial sources and relationship with export performance

In this complexity of the world, it's quite tricky and very relevant to measure the level of their success or the firm's performance. Recently, finding the research about export performance, it's easier because now exists many researchers on exporting development and exporting performance because export is becoming an excellent way to relate and develop the economy. Measuring export performance varies from different perspectives as an industry, size of the firms, financial terms, strategic, satisfaction, profitability, revenue and growth Zou and Stan (1998); Diamantopoulos and Schlegelmich (2003).

As well as, only one indicator cannot measure export performance, found that export performance is multidimensional structure, related with three main areas such as external factors, the characteristics of a firm and the strategy Azzi da Silva and Rocha (2001). Some researchers underlined that definition about export performance should be consistent in general with the

performance of firm based on this fact, and if firms use sales growth as performance measure export sales, it has affected from export sales. Determining factors about export performance, needs to have a broad construction and also multidimensional conceptualization that include external and internal factors, that can be measured in some different ways: financially based on financial performance, economically – export market share and strategically, strategic performance, achievement of objectives, satisfaction with overall performance of organization Grandinetti and Mason (2012); Lages, Lages and Lages (2005). Strategic performance can be measured by the participation of export in market share and be competitive in export markets. In financial terms, one way for measuring performance is to calculate the percentage of commodities in the total sale, through satisfaction with operators in foreign markets and also perceiving export success Cavusgil and Zou (1994). In one study done by British firms during 1993 – 2003, Greenaway, Guariliga and Kneller (2007) founded that export-promoting policies could be useful for exporting firms that indicate increasing productivity and investment, resulting with the relationship between the performance of firms during participating in foreign markets. These activities help mostly SMEs that have limited funds. Another research study by Portuguese firm exporters concluded that exports have positive effects on firm financial performance in this way these firms be more prepared increasing finance dependence through improving the ability to obtain these financing Silva (2012). The research with the Czech Republic of exporter firms concluded that using export assistance from governmental and non-governmental agencies positively contribute to the performance of the company, especially encourage firms to invest in new programs and also continue investing in existence programs Manole & Spatarenau (2010).

The different author continuously argues the role of financial resources, starting from the Schumpeter (1934[1911]) on innovation, the more significant innovation in firms is as a result of higher level financial resources, and this economic system helps improves the degree of change and enhancing firm's innovative level. Also, learning about strategies and entrepreneurial and having a success of small firms needs to have a considerable financial resources Wiklund & Shepherd (2005). It is well known that financial resources are a broader concept and essential and fundamental reasons when firms are approaching international markets. During this process firms must have more knowledge about different risks, payoffs, currency fluctuations; delays in payments, all these characteristics may lead the organization to be more competitive, more

innovative and more adaptive with the change to the international markets Bell (1997). The literature findings point to the conclusion commercial construction is as a barrier to export participation, and also these financial sources increase the probability for different linkages with new cooperation's. This part analyses the link between export behaviors that lead to increasing export performance and commercial sources. In this part when we said export behavior we refer regarding export participation in total sales. From the literature review, we found that financial sources can play one of the essential roles in the export behavior Manova (2008). When we are studying financial resources, it must separate them in main two groups: internal and external financing sources. In the international market, financial support it seems to be the fundamental resource of exporting SMEs and allow them to create an effective competition related to specific resources. About this importance Borch, Huse and Senneseth (1999) said that financial resources are essential elements, based on the strategies and resources for SMEs. These financial resources indicate on the better financing of production that leads to exports, from this to get better finance in advance known as return on investment, classically it has been called as leverage or Theory of Capital Structure, from Modigliani and Miller (1963). In literature, we find that level of financial development often called as comparative advantage, may influence international trade flows Beck (2003). Countries that have more developed financial institution tend to be more comparative especially in external finance. To illustrate this issue of study, we based on the Kosovo case, their level of economic development of small and medium enterprises. The banking sector is regarded as the most successful sector with substantial and qualitative increasing. Kosovo despite the liquidity of commercial banks, which remain as the only financial instruments, for development, for the market still provides loans expensive. According to the Central Bank of Kosovo, taking into account, the banking sector in 2010 has managed to the annual growth of 11.4 percent, reaching its assets about 2.5 billion Euros. The total value of loans to the banking sector was 1.5 billion euro, which represents an annual increase of 13.2 percent. In general terms, loans have the following composition, for manufacturing enterprises credit represent 12.3 percent and construction loans to enterprises 10.6 percent, while credit that dominates financial participation is 50.8 percent of total loans to enterprises in general. Although the banking sector is a success story, continued credit growth, there is little evidence that banks are lending to stimulate the SME. Kosovo enterprises still have the orientation as the only source for business growth in credit access; despite the high rate of interest is something that still

provides banks that most of the profit from deposits. In recent studies, there are several studies and new theories that explain about structure capital, financing by debt capital and equity as a function of various costs and benefits, method of agency, the Pecking Order Theory, Credit Rationing Theory Myers (1977), Stiglitz and Weiss (1981); Myers and Majluf (1984). According to the Pecking Order Theory, exporter firms prefer to have the more internal source of financing than external debt, but exporter firms based on growth strategies could expect the need for foreign equity capital as the last resource. According to the report of OECD (2006), many SMEs, especially exporter firms, in many countries are facing with obstacles in accessing to external finance, or even if they have, they have limited access to this finance. For new exporter firms, it's quite challenging because the OECD reports that one of the main factors for internationalizing depends on available financing, because owners, even personal or private sources are limited, the only way to access in crediting are banks and trade credits for financing Bartholdy and Mateus (2008). Beck et al., (2008), Riding (2012) examined the external financial source, by domestic or foreign banks debt, leasing, equity, supplier credit or informal sources and based on their findings also indicate that firm's oriented exporters are more likely to apply for financial capital. The most typical sources of finance used by small firms that are growing up based on short and intermediate term financial institution loans. Taking into consideration medium-sized and large firms, most time using medium terms debt and public debt. All of these results about financial sources fit with findings of Tannous (1997) that stress all these needs about financial sources depends on which stage are exporting firms. It's entirely understandable that large firms that have development export activity require significant investments in working capital, associated with higher risk of payment from that flow from the lack of international experience make export activities more complicated in general. In those cases, the best sources of credit for SMEs remain banks. The financial crisis of 2008, indicate to SMEs and credit risk becomes more of an obstacle. Why these credit risks become more obstacles especially for exporter firms, that have developed trade in other countries, because these firms involve aspects of uncertainty more than domestic firms, some of these exporter firms restarted to use trade finance instruments. When this credit risk is growing up, IMF (2011) refers using the letter of credit to be more secure, especially for large transactions between supplier and customer all over the world, trade credit, export credit insurance, etc.

Based on working capital, more capacity for exporting products, to manufacture goods, running the export business it is quite understandable and reasonable why these firms need to have more resources. According to the working capital varies from firm to firm and also differ from industries Berk and DeMarzo (2011). Many studies explain how trade finance affects on their trade sales and number of exporters, based on their financing needs provided by banks and credit insurance by insurance companies. Also, exporters can benefit from the discount a trade receivable on the term of a draft for payment. Achieving sustainable economic growth, improving balance payment, employment rate, trade deficit and standard of living, export is an essential step on the way to making these objectives, Joanne Freeman (2009). Exporting is an indicator that has a contributing to national economic growth. Development and improvement of export performance, it's possible to rise through understanding export precursor and determinants of export performance Andersson, Gabrielsson & Wictor (2004), Fillis (2007). Moreover, the new technological environment, developing high-speed globalization market, new rules of government, is becoming increasingly difficult for SMEs to be part of this export market and foreign competition Freeman (2009). According to Freeman (2009), "The predictors of export performance have been classified into several constructs including firm location, firm resources (physical, human, organizational and financial), capability development (information, relationships, product development) and export market environment (micro and macro environments)."

According to Leonidou (2004), because of this level of trading, including several aspects of firms as meeting international trade requirements, exports will determine the export performance levels. Some economies are encouraged to export their products, that is based on export improvement Czinkota & Griffith (2012), also creating job opportunities, increase and develop productivity for domestic industries Czinkota (1994); Sousa & Bradley (2009). There are several determinants of export performance in Small and Medium Enterprises (SMEs), based on earlier studies about export performance Maurel (2007) categorized the determinants of export performance in these groups: external determinants, internal determinants, and strategy-related determinants. The result of the empirical study in French wine companies shows that effective business management structure, innovation and well-developed and organized relationship with partners have a significant positive relationship with export performance (based on revenues of firms during the years). A study that addresses export performance and competitive advantage in

a Chinese context Ling-Yee & Ogunmokun, (2001) supports that there is a positive impact that exporting financing resources has on superior export performance and competitive advantage. From this study it seems a positive influence of export performance of SMEs and financial structure, this is because the improvement of export performance and integration of the company internationally is affected importantly if they can make investments. Considerable firms have limited financial resources, as self-financing as internal resources, debt and financial markets as external resources are the major sources of business financing LeCornu et al., (1996). Lack financial resources can constitute in serious barriers to the firms that are on the way of international development; it appears as the limitation in making an important investment that will develop their performance on exporting Panet-Raymond & Robichaud, (2005). Self-financing is the first idea of any business entrepreneur, followed by debt, and resort lastly to obtain financial support from external investors Calof (1985). According to the Pecking Order Theory, Myers & Majluf (1984), that supports an idea to take control of their business as much as possible. It is not the most optimal and profitable choice but makes the company has additional resources that are limited as a result of external resources. Debt as financial resources is the most popular and riskier that company uses to balance their interest in investment. If firms based most of the investment on debt, the probability of bankruptcy is higher, even though this external financing is necessary for companies, to be the smart new investment, innovative products, and services and thrive. Except this in the way of financing firms have financial gaps, that could limit a company's investment capabilities and cost them profitable projects by stifling funding. The financial system, including the allocation of capital and efficiency, varies considerably across the regions and countries. Different industries, countries, and enterprises experience setbacks due to a financial crisis that took place as a result of heterogeneity. Comparing small companies with bigger ones, the lack of capital of financial planning, using information from different ratio explaining the poor credit and debts constitute obstacles of export performance Stahrl & Sarkis (1986). Most of the SMEs, in the beginning, have been experiencing a lot of difficulties, such as lack of financial capital. Even so, this would have a significant impact on their strategy, marketing and export performance as a way of finding new sales and become the new competitor in a foreign market. During the enterprise policy, it is essential to understand the extent of nature of financing issues, financial mechanisms as debt and collateral constraint, faced by some enterprises and industries, and their indication on growth and

investment Siedschlag, O'Toole, Murphy, & O'Connell, (2014). According to Siedschlag, et al. (2014) study about the financial constraints, especially on external financing as one way of steady growth, focuses on policy-relevant issues related to access external financing. The analysis contained itself relevant theoretical and empirical research that inform policy measures and instruments to assist SMEs in obtaining access to external financing resources and support enterprise growth. It provides a broad, wide-ranging review of the nature and extent of financing constraints. This research focused on some issue as what types of financial sources are used mostly by SMEs, this external financing impacting on firm's decision including investment, productivity, and sales or exporting, what are the main constraints of accessing to external financing. From this analysis on supporting and assisting the SMEs, what policy recommendations could be drawn to have the impact on firm growth? From the analysis Siedschlag, et al. (2014) can conclude the main findings as; firstly financial gap occurs as result of some major factors including complexity of financial life cycle, cost of a transaction, and uncertainty in high rate. Theory and empirical evidence suggest these market failures are more likely seen in the following situations. In a very early stage of project financing cycle, internal fund are low, collateral of the firm is low, an uncertainty of project success is high, asymmetries of information between the lenders and borrows are great and some other issues. Form this research it is quite known that accessing to finance or this financial gap occurs when feasible projects could not be financed due to disadvantages of financial markets. Siedschlag, et al. (2014) further stated in some conclusions as:

For European SMEs, the most relevant source of funding is bank financing including the loan and working capital, over 80 percent of firms indicate bank loans. Formal market financing is relevant for less than 30 percent, and for firms 16 percent. Credit trade of firms from banks is relevant for 64 percent and retained earnings are relevant only for 50 percent. For firms, it's quite clear that as much they grow and developed financial instruments become more convenient, due to the fact the firms in the early lifecycle have less variety financing.

For policymakers would be a positive development to be deep and broad the range of option financial sources. Differences in financial markets divers a lot from firms as in the construction sectors or industrial firms or trade firms, services that are less diversified, regarding combinations between inputs and outputs. For instance, the retained earnings are less relevant for

young firms and also for service firms, in some cases; some firms are very keen on to build up cash stocks when they have this available they are more likely to use them. Finally, Siedschlag et al. (2014) posited the following concerning the determinants of Financing Constraints - Evidence based on the SAFE Data Set: Investigation is found on actual and review constraints about the financial markets. Real financial restrictions have to do with credit rationed firms or rejected lenders/borrowers, and some of them that didn't apply anywhere due to possible rejection and firms that do not accept the offer as the cost were too high.

A review constraint is being to be the most significant restriction of growth and development, as well. "For firms that are credit rationed and discouraged, constraints decrease considerably with age, except firms aged less than two years which are less likely to be discouraged." Discouraged borrowers are likely to be more familiar with this constrains decrease with size and age; however, they do not have any credit in differencing if they are small, medium or micro firms regarding loans and working capital. Related to trade facilities, there is no general effect of firm age, firm aged 2 to 5 are more likely to be rationed and discourages. Firms in the Eurozone are more constrained for trade applications than they are published. Based on research done by Capon et al., (1990) about the determinants of financial performance indicates that export, show a negative relationship with financial performance at the business level. Furthermore, a meta-analysis of these empirical studies suggests that economic performance is not related to export performance.

External determinants	External determinants and export performance	(Fiegenbaum, Hart, & Schendel, 1996); (Barney J. , 1996); (Carneiro, Rocha, & Silva, 2011);
Financial Sources	Financial Sources	(Diamantopoulos & Schlegelmich, 2003); (Zou & Stan, 1998); (Grandinetti & Mason, 2012); (Lages, Lages, & Lages, 2005); (Cavusgil & Zou, 1994); (Greenaway, Guariglia, & Kneller, 2007); (Silva, 2012); (Manole & Spatareanu, 2010); (Schumpeter, 1934); (Wiklund & Shepherd, 2005); (Bell, 1997); (Manova, 2008); (Borch, Huse, & Senneseth, 1999); (Modigliani & Miller, 1963); (Beck, Financial Dependence and International , 2003); (Myers, Determinants of Corporate Borrowing, 1977); (Stiglitz & Weiss, 1981); (Myers & Majluf, 1984); (Bartholdy & Mateus, 2008); (Beck, Demirguc-Kunt, & Maksimovic, 2008); (Riding, 2012); (Tannous, 1997); (Berk & DeMarzo, 2011);

3.5 Summary

This chapter summarized the relevant theories about determinants of export performance of SMEs, divided into internal determinants and external determinants. Based on these literature backgrounds, were very supportive to generate hypothesis and research question, empirical model and obtain an answer of all research objectives.

Moving on these variables, some authors founded positive relations, negative or no significant relationship between the variables. All theories help in generating this hypothesis, objectives, and models and on better understanding the next further research to get better performance.

CHAPTER IV – AN OVERVIEW OF EXPORTS IN KOSOVO

4.1 Introduction

This chapter presents a summary of Kosovo's exports. It is comprised of the chronological development of exporting in Kosovo, as well as general trends in the trade balance of Kosovo, including the statistics about trade import and export. Also, it captures commodity structure of exports and imports Kosovo, the current situation about relations trade, commercial exchanges with partner commercial, a geographical orientation of business in a country, the countries that are members of the EU, the countries that are members of CEFTA and other nations of the world. Furthermore, in this part, it is discussed the legal framework, the institutional trade policies with a brief overview of legislation and policies applicable to this field, namely the coordination structures in Kosovo that are responsible for this area.

Also, in the part 4.3, the role of exports in economic growth is described with the primary focus in Kosovo. Economic growth and export growth can promote each other. Indeed, exports led ways to economic growth, through stimulating effect on total factor productivity, foreign exchange constraints, as well as to be the competitor in worldwide range market helps to ensure an efficient price mechanism, improving technological change and keeping costs relatively (Lee & Huang, 2002).

The general idea of researchers analyzing the role of exports in economic growth is that they contribute to growth increasing capacity of productivity, improving skills of workers and managers, as well as availability of the new technology usage. Also, the unique opportunity for better utilization of resources helps at great extent in less discrimination of products in the world range of markets. Studying this issue is not easy because it depends on which point of view you are starting, for example, literature findings from different studies address the association between exports and economic growth, but some authors use cross-country analysis, and other group analyzes single country experiences.

This chapter describes the trade relations of Kosovo with the European Union and other countries, the structure of imports and exports, the most exported products, as well as trade relations with CEFTA and EU countries.

4.2 Exports in Kosovo

Kosovo has been a very high negative balance of trade, starting from the last decade. The level of exports was too low, while imports were much higher, as shown in Table 5 (World Bank Report, 2012). For this period, the best year was 2011, because exports of goods and services reached over € 900 million in 2011, accounting for around 20% of GDP. From a tiny stand, since the beginning of 2000, exports have increased considerably. Exports of goods and services achieved at over € 900 million in 2011, accounting for around 20% of GDP. Since the beginning of 2000, exports have increased significantly. Increasing export of goods and services Kosovo then continued in another decade, with the highest share of 35% increase in exports in 2010. Their participation in GDP during this period rose by 5% in 2007 to 7% in 2011. Similarly, exports of services had an increasing trend, from 10% of GDP in 2007 to 12% in 2011. Conversely, other imports in 2011 exceeded the € 3 billion, accounting for over 65% of Kosovo's GDP. Imports have been growing equally fast, at a rate of 20% in recent years. The average overlay of imports, as exports of goods as a percentage of imports, over the past five years stood at 10.7%. The resulting trade balance is tremendously unfavorable, exceeding € 2 billion in 2011, or 45% of GDP. This gap is continuously more significant from year to year.

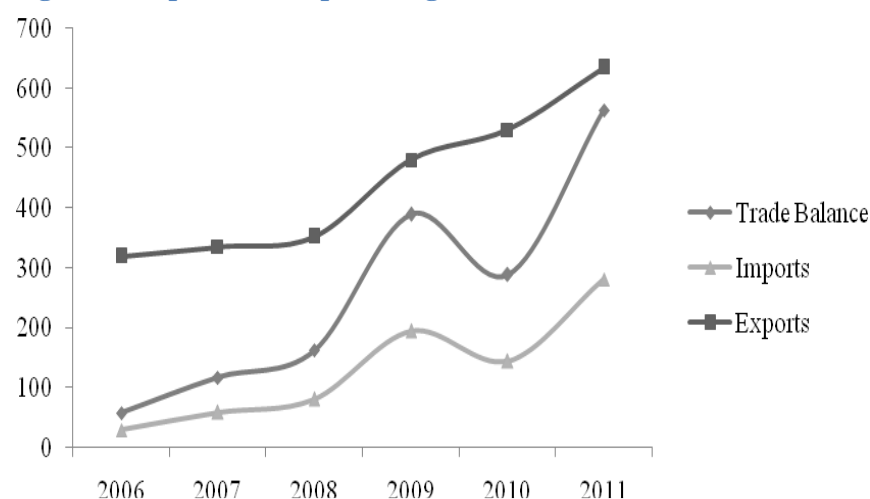
Table 5: Main indicator of external position of Kosovo

	2007	2008	2009	2010	2011
Exports of goods and services (in mil Euro)	515000	575000	597591	811000	931000
Exports of goods and services (the annual % of growth)	-	11.7	3.9	35.7	14.8
Exports of goods and services (percentage of GDP)	15	15	15	19	20
Imports of goods and services (the annual % of growth)	1831000	2171000	2103041	2604918	3042020
Imports of goods and services (the annual % of growth)	-	18.6	-3.1	23.9	16.8
Imports of goods and services (percentage of GDP)	54	56	54	62	66
Trade balance (in million Euro)	-1316000	-1596000	-1505450	-1793918	-2111020
Trade balance (the annual percentage of growth)		21.3	-5.7	19.2	17.7
Trade balance (percentage of GDP)	-38.6	-41.4	-38.5	-42.6	-45.5

Source: World Bank Report “World Development Indicators” 2012

However, the overall terms of trade between the trade of goods and business of services vary a lot; the previous unfavorable balance of trade has recently reached € 1.7 billion. In contrast, the services sector has performed well. Kosovo since 2006 has had a positive trade balance in the services sector. However, the redundancy in services declined as a result of importing essential construction services in 2010.

Figure 3: Export and Imports of goods in Kosovo (mil. €)



Source: Central Bank of Kosovo (2012)

The Statistical Agency of Kosovo in an annual report of 2012 reported that industrial goods dominate compared to the general trade exchange in Kosovo.

Base materials representing over 60% of total exported goods, these were the most exported industrial products in 2011; this significant increase was from 2006 that was only 45% of the total. Base metals followed by mineral products are the second goods exported from Kosovo, with about 13% of the total. Food and related products are the third largest export group, with about 8% of the total, followed by machinery, appliances and electrical equipment (4.8% of the total), rubber, plastics (3.9%), textiles, clothing (3.7%). For many years, food and related products have dominated the structure of imports; for now, this category of goods is in second place, with 12% of the total, while in recent year's mineral products with 21.6 % of the total.

The third category of imported machinery, appliances, and more power tools account about 11% of the total. Growth in imports of minerals, on the one side, and the machinery, equipment, and electrical equipment, on the other hand, shows a significant basement of manufacturing in Kosovo. Apart from trade in industrial goods, another important category of trade in goods is agricultural products. Although considered as a potentially significant sector with comparative advantages, Kosovo agrarian producers have managed to export products worth just over € 25 million in 2011, compared with € 266 million imported.

The situation was similar throughout the past decade, but a broader gap between exports and imports of agricultural products was recorded in 2011. The category of foodstuff, beverages and tobacco products and vegetables make the most significant amount of agricultural exports. They are mainly exported to Albania, Macedonia, Serbia, and Germany. Regarding the import of agricultural products, Kosovo mostly imports of processed foods, beverages and tobacco, followed by vegetable products, live animals, and animal products.

On a final note, as reported by the Central Bank of Kosovo, there are some indications of transport, as travel services, IT and construction have been very active in service in export markets. However, the most significant impact on the figures in the export of services has to do with selling services to foreign firms and people who live in Kosovo. The reports show that Kosovo mainly trades with two groups of countries, namely the European Union countries plus Switzerland and neighboring countries as shown in Table 6, in 2011 the most significant partners of the EU were Italy and Germany. More specifically, Italy was the most important importer of goods in Kosovo, followed by Germany. On the other hand, Germany is the most extensive exporter of the EU in Kosovo, followed by Italy.

Regarding regional partners, due to infrastructure constructions on both sides of the border, Albania is becoming more and more an essential destination for Kosovo products. For a short time, Albania has become the most favored destination for goods exporting from Kosovo. Two other crucial targets in the region are Macedonia and Serbia. These two countries, along with Germany, are the most prominent importers of Kosovo. However, in recent years, countries such as China, Turkey, and India increasingly are becoming important trade partners of Kosovo. Kosovo has a significant negative balance of trade in goods with all these countries.

Table 6: Kosovo's main partner export - import of goods 2011

	Exports		Imports		Trade Balance
	Value (mil €)	%	Value (mil €)	%	Value (mil €)
Italy	83924	26.3	159444	6.4	-75519
Albania	34566	10.8	96400	3.9	-61834
Macedonia	30949	9.7	365961	14.7	-335011
China	28268	8.9	170285	6.8	-142017
Germany	24144	7.6	293441	11.8	-269297
Switzerland	17611	5.5	22194	0.9	-4583
Turkey	7831	2.5	184452	7.4	-176621
Serbia	7198	2.3	254917	10.2	-247718

Source: Statistical Agency of Kosovo (2012)

4.3 The role of exports in economic growth

There are quite debates about the relationship between export growth and economic growth, especially among the development economists. Exports goods and services help to create new employment opportunities through various commercial and governmental policies, which are part of exporting strategy. Also, they contribute to improving capability to compete in a world market, using new technology and can help countries to integrate their product and services in foreign exchange, as well as to allow domestic products to achieve a high level of economies of scale (Ray, 2011). This topic is not new because of the classical economic theories by Adam Smith and David Ricardo, who argued about the importance of international trade in economic growth, later sources about this relationship, it is found in literature since the 1970s, as Michaley (1977) and Michalopoulos and Jay (1973). These researchers' continues again in later years by many researchers as Jung and Marshall (1985); Oskooee, Mohtadi, and Shabsigh (1991); Ghartey (1993); Shan and Sun (1998). Also developing exports is needed for imports that cannot be produced domestically.

Studying this issue is quite challenging, it depends on which point of view you are starting. In some cases different studies address the association between exports and economic growth, whereas some authors use cross-country analysis, and other group analyzes single country

experiences. Michaely (1977) for the period of 1950 – 1973 used a sample of data from 41 developing countries, studying how export performance effects in economic growth than after the research study he found the significant relationship between these two variables. Kosovo is a part of Eurozone countries that have reached an average GDP growth rate of 3.3% in these last years, which helps to have a positive growth in the Eurozone crisis environment. Exports cover only about 11% of its trading activities.

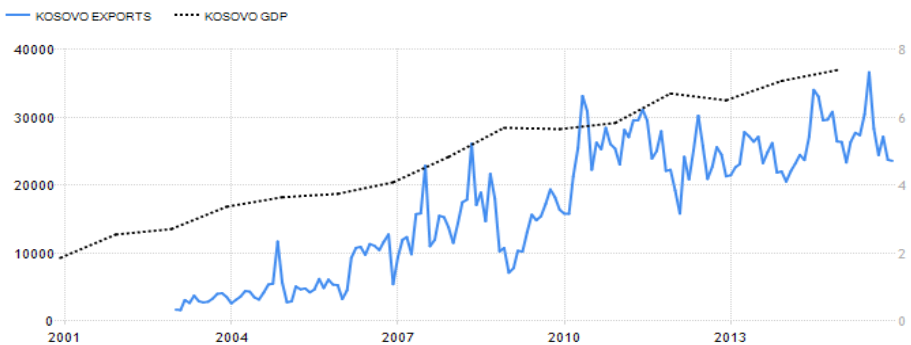
Figure 4: The Gross Domestic Product GDP in Kosovo 2006 - 2014



Source: tradingeconomics.com and World Bank Group

The volume of exports and GDP has been shown below figure, can be noted that from 2001 until 2014 has positively trended the growth of exports as well as GDP.

Figure 5: Volume of Export & GDP during 2001 – 2014



Source: tradingeconomics.com

GDP in Kosovo in 2014 has reached 7.39 billion dollars. Reported by the World Bank Group in Kosovo, GDP in Kosovo from 2000 until 2014 averaged 4.77 USD billion, that represents 0.01 percent of the world economy. The table 7 provides, in general, an overview of the economic

performance in Kosovo, including macroeconomic data such as GDP growth, trade balance, and FDI flows. For the period from 2006 – 2011, these data are based on primary data sources of the World Bank Group and the Kosovo Statistical Agency.

Table 7: Main macroeconomic indicators of Kosovo 2008 – 2011

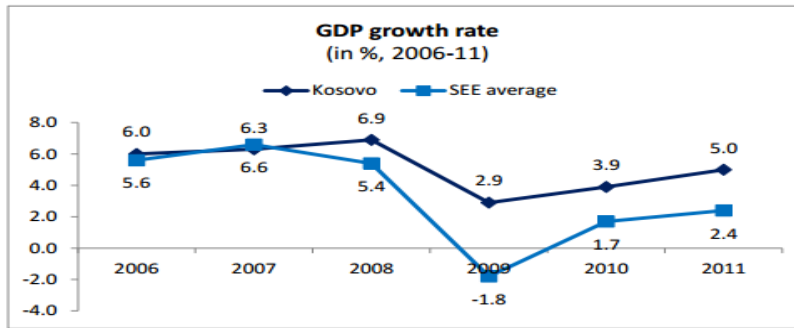
	2008	2009	2010	2011
GDP growth	6.9	2.9	3.9	5
CPI inflation	10.6	4	4	n/a
Government balance	n/a	n/a	n/a	n/a
Current account balance	-15.3	-15.4	-17.4	-20.3
Net FDI	365	293	344	392
External debt	n/a	n/a	n/a	n/a
Nominal GDP	3.7	3.9	4.2	4.6
GDP per capita	2100	2330	2520	2530

Source: World Bank, Kosovo Statistical Agency, Foreign Direct Investment and Central Bank of Kosovo 2012

This period was attacked by the global financial crisis, but Kosovo's economy maintained macroeconomic stability based on the GDP growth rate of 5.2% that affected on inflows of donors and remittances (OECD, 2012). During these years remittances from abroad consists of about 13% of GDP, and donor-financed activities are about 11% of GDP.

If we compare Kosovo with other neighbors' economies, Macedonia has the double of the percentage of GDP, 7.4 billion compared with Kosovo 4.6 billion. Kosovo still has the highest unemployment rate in Europe approximately 45%, about 30% of the population lives below the poverty line, which has EUR 1.42 per day, and the main challenge still is labor market (European Commission, 2011). Despite the global financial crisis, Kosovo during this period 2006 – 2011 is growing up by 5.2% as presented in Figure 6.

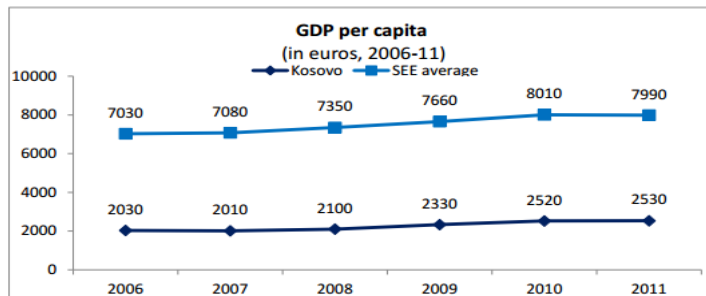
Figure 6: Real GDP growth rate in Kosovo (2006 - 2011)



Source: World Bank Report 2012

GDP per capita in Kosovo from 2006 to 2011 has increased by 25%, which stimulated by public sector wages that were raised for these lasts year per 60%. These growing GDP and GDP per capita make Kosovo comparable with the country of SEE region and helps to be less affected by the financial crisis as other economies, such as Serbia and Croatia (IMF, 2012).

Figure 7: GDP per capita in Kosovo 2006 - 2011



Source: World Bank Report 2012

Although Kosovo has been affected by the world financial crisis, still it has the second lowest nominal GDP in the Western Balkans after Montenegro. The level of GDP remains at EUR 4.63 billion in 2011. Another neighbor of Kosovo, with more or less the same population size, is Macedonia, but the GDP is twice compared to Kosovo.

4.4 Trade relations with European Union

After the declaration of Independence Day of Kosovo in 2008, relations with neighboring countries are discussed, mainly with EU member states considering that EU has a fundamental role in the integration of the Kosovo economy with nations around the world. In 2000, the European Union (EU), through the EC Regulation no. 2007/2000 approved the Autonomous Trade Measures (ATMs) for the Western Balkans, including Kosovo. This arrangement includes all products, excluding wine, sugar, baby beef and specific outcomes of fish which were subject to special tariffs. These autonomous trade measures are temporary; they were suspended in 2010 but were continued in January 2012. The suspension affected primarily to manufacturers of Kosovo, as other countries in the region have already signed Free Trade Agreements (FTA) with the EU. These agreements of free trade agreements were approved as part of the Stabilization and Association Process (SAP), which is designed to guide the reform of the candidate and potential candidate countries of South East Europe (SEE), which are in the process of European Union accession.

Due to the unsolved political status, Kosovo was left out of this process. Instead of Stabilization and Association Process has established a mechanism to follow Kosovo's path towards the European Union, in the form of Stabilization and Association Agreement and later in the way of Dialogue of the Stabilization and Association Process. Finally, the European Union is sending signals that it is ready to engage in negotiations for Free Trade Agreement with Kosovo. So far, the steps taken by the European Union aimed at assessing the degree of preparing for Kosovo to negotiate and implement a trade agreement, and to identify the measures Kosovo needs to take to ensure progress in the future. Indeed, Kosovo has made significant progress to begin negotiations on a free trade agreement with the European Union.

Progress Report indicates to improve the position of Kosovo in the area of free movement of goods or services. With about 45% of the demand for export in 2011 and about 40% of total imports, the EU is the most extensive trading partner of Kosovo. Since 2007, Kosovo's exports to the EU have increased by 37% and imports by around 12%. Export growth has been at higher level; in 2007 and 2008 export growth was 70% and 82%, compared with last year. As regards for imports, growth has been slowing gradually. Despite some positive indications about exports,

the negative trade balance with the EU, Kosovo has continuously been part of this, reaching the figure of € 800 million in 2011 as presented in Table 8.

Table 8: Trade of Kosovo with European Union – EU

Years	Exports		Imports		Trade Balance(€mil)
	Value (€mil)	Percentage %	Value (€mil)	Percentage %	
2006	42300	38.2	454300	34.8	-412000
2007	69300	42	572900	36.3	-503600
2008	94000	47.4	702000	36.4	-608000
2009	713000	43.1	755000	39	-683700
2010	131500	44.7	821300	38.3	-689800
2011	136400	43.6	941700	38	-805300

Source: Central Bank of Kosovo (2012)

As reported by Statistical Agency of Kosovo (2012), except Italy and Germany that have been discussed previously, Kosovo trades with other member states of the EU, Slovenia, Austria, and Belgium, with an equal share of around 4% of total Kosovo's total exports to the EU.

Other partner's significant importers are Greece (11% of total imports to the EU), Slovenia (7% of total imports to the EU) and Bulgaria (about 5% of total imports to the EU). Regarding the composition of trade, Eurostat data (2012) indicate that Kosovo exports to EU goods for further processing, whereas the EU imports mainly machinery and equipment.

Table 9: Imports and Exports of Kosovo

Exports	Description	Value (mil Euro)	Percentage %
	Goods produces categorized by material	100000	73.1
	Crude materials, inedible except fuel	25000	18.5
	Machinery and transport equipment	4000	2.7
	Different manufactured articles	3000	1.9
	Foods and animals	2000	1.5
	Beverages and tobacco	2000	1.2
Imports	Description	Value (mil Euro)	Percentage %
	Machinery and transport equipment	192000	28.5
	Manufactured goods classified by materials	111000	16.5

	Foods and animals	93000	13.8
	Products and chemical industry	86000	12.8
	Different manufactured articles	66000	9.9
	Minerals, derivatives, oils and other materials	56000	8.3
	Beverages and tobacco	44000	6.6

Source: Eurostat 2012

As shown in Table 10, more than 90% of goods exported (40% of total exports) to the EU was base metals and other mineral commodities. This includes over € 85 million of steel pipes, metal crude, and other products exported during 2011 mainly in Italy and Germany.

Besides that, a percentage of exports were sold in the form of unprocessed hides, leather, and textile. Only a small portion of exports are finished products, namely machinery and transport equipment (about 2% of total exports to the EU, or less than 1% of Kosovo's total exports). Machinery and transport equipment dominate the structure of imports from the EU. These are mainly in the form of vehicles for passengers and goods transport vehicles, in total over € 900 million. Petrol and derivative products constitute a further important category of goods imported from the EU, from Italy (over € 50 million). Tobacco imports from Germany reached € 33 million, in 2011. Another part of imported goods from the EU include wood products, pharmaceuticals, and other products. Exports in Kosovo have been very low, and imports are growing continuously. In the last ten years, exports reached 900 million Euros in 2011, about 20% of GDP. Export growth reached 5% in 2007 to 7% in 2011.

Also, this increase in exports reflected growing GDPs from 10% in 2007 to 12% in 2011. At the same time, imports had increased during these years by 20%, which in 2011 amounted to 3 billion Euros, representing over 65% of GDP of Kosovo. It shows that the export of goods as a percentage of imports during the past five years stood 10.7%, with the trade balance after extended modes already much more and in 2011 exceeding 2 billion Euros, or 45% of GDPs. When studying about business, it is crucial to distinguish between trade in goods and services trade, because the trade of goods continuously has a negative balance, reaching 1.7 milliard values in Euros. Nevertheless, regarding trade services, this sector had performed very well, since 2006, had a positive balance, except in 2010, when the redundancy was decline due to the importation of construction services.

Table 10: Main indicators of external position of Kosovo

	2007	2008	2009	2010	2011
Exports of goods and services (mil Euro)	515000	575000	597591	811000	931000
Exports of goods and services (annual growth rate)	-	11.7	3.9	35.7	14.8
Exports of goods and services (% of GDP)	15	15	15	19	20
Imports of goods and services (mil Euro)	1831000	2171000	2103041	2604918	3042020
Imports of goods and services (annual growth rate)	-	18.6	-3.1	23.9	16.8
Imports of goods and services (% of GDP)	54	56	54	62	66
Trade Balance (mil euro)	-1316000	-1596000	-1505450	-1793918	-21111020
Trade Balance (annual growth rate)		21.3	-5.7	19.2	17.7
Trade Balance (percentage of GDP)	-38.6	-41.4	-38.5	-42.6	-45.5

Source: World Bank, World development indicators, Report 2012

4.5 Kosovo and its relations with other countries

Kosovo mainly trades with the European Union countries plus Switzerland and neighboring countries. Based on 2011, essential partners from the EU were Italy and Germany; Italy was the most significant importer of goods in Kosovo, followed by Germany as the most significant exporter of the EU in Kosovo, followed by Italy. Regarding regional partners, due to infrastructure constructions on both sides of the border, Albania is becoming more and more an essential destination for Kosovo products. For a short time, Albania has become the most favored destination for goods exporting from Kosovo. Two other vital goals in the region are Macedonia and Serbia. These two countries, along with Germany, are the most significant importers of Kosovo. Nevertheless, in current years, countries, such as China, Turkey, and India increasingly are becoming important trade partners of Kosovo. Kosovo has a significant negative balance of trade in goods with all these countries.

Table 11: Kosovo's main partners of the exports and imports of goods in 2012

	Exports		Imports		Trade Balance
	Value (mil Euro)	%	Value (mil Euro)	%	Value (mil Euro)
Italy	83924	26.3	159444	6.4	-75519
Albania	34566	10.8	96400	3.9	-61834
Macedonia	30949	9.7	365961	14.7	-335011
China	28268	8.9	170285	6.8	-142017
Germany	24144	7.6	293441	11.8	-269297
Switzerland	17611	5.5	22194	0.9	-4583
Turkey	7831	2.5	184452	7.4	-176621
Serbia	7198	2.3	254917	10.2	-247718

Source: Statistical Agency of Kosovo in 2013

Based on Statistical Agency of Kosovo (2013), except Italy and Germany, Kosovo trades with other member states of the EU, Slovenia, Austria, and Belgium, with an equal share of around 4% of total Kosovo's total exports to the EU. Other essential import partners were Greece (11% of total imports to the EU), Slovenia (7% of total imports to the EU) and Bulgaria (about 5% of total imports to the EU). Regarding the composition of trade, Eurostat data (2012) indicate that Kosovo exports to EU goods for further processing, whereas the EU imports mainly machinery and equipment.

4.6 The structure of export and import in Kosovo

According to the 2013 reports, Kosovo's participation in the total exports of GDP remains low by only 5.7 percent, while imports continue to have a high share in the total GDP of about 43.1 percent. Within the structure of imports, a stock of capital goods remains low. Also, in 2013 compared with the previous year, there were indications that import of intermediate products decreased, while imports of consumer goods increased during this period. Sustainable improvement of the current account in the subsequent phases is conditioned not only by an increase of production capacity, but also by the continuous increase of competitiveness of domestic production in the country, as well as foreign market. With this growth of production capacities and metal processing industry, exports of this category are expected to grow, this diminution the vulnerability that the country's exports changes in prices in international markets products that Kosovo exports. If we compare 2012 with 2013, we note the decrease of trade deficit to 2.5 percent in the value of 1.68 billion Euros. This increase in the cost of exports in 2013 results from the decline in imports of goods and services. Deficit recorded in the assets account stood at 1.99 billion Euros in 2013, representing a decrease of 3.9 percent compared to 2012. The fastest growth of the value of goods exported from Kosovo versus imported assets in the country has contributed in the report the coverage of imports by exports growth 13.3 percent from 12.2 percent in the previous year. Total exports reached a value of 293.9 million Euros in 2013, showing an annual increase of 6.5 percent, 13.5 percent annual decline in 2012. Kosovo's exports continue to be dominated by base metals category, which decreased slightly in 2013 mainly due to falling metal prices during this period. Otherwise, exports of mineral products, beverages and tobacco, rubber products, and other plastics, and agricultural products during this period increased.

In 2013, the growth of exports in Kosovo relied mainly on increased exports of zinc and lead concentrate and electricity, which are categorized within mineral products. Also, in 2013 there were indications of increasing local production and substitute some of the imported goods for export. In this context, the increase in the value of exports of agricultural products, exports of paper and articles of paper, exports of food products such as flour and sugar in 2013, compared to the decline in the value of imports of these categories could be an indication of the increased

production. Locally, these groups and their potential substitutes for imported goods before export. In 2013, the total value of goods imported in Kosovo was 2:45 billion Euros, representing an annual decline of 2.3 percent. In real terms, imports recorded a yearly decrease of 2.9 percent in 2013. The reductions of goods imported in 2013 compared with the previous year indicate the decline in demand from some sectors of the economy. The decrease in imports of machinery, mechanical and electrical equipment and the reduction in imports of vehicles indicate a slowdown in economic activity in the manufacturing sector in 2013. The decline in imports in 2013 was driven by the decrease in fuel price oil, which was reflected in the reduction of the value of imports of mineral products, which simultaneously have the highest share within total imports of Kosovo.

According to EU, imports represent 40 percent of the total value of imports of Kosovo. In 2013, most of the imports came from Germany, Italy, and Greece. In the context of other European countries and countries from Asia, Kosovo imports significant quantities of goods from Turkey and China. Based on region countries, Serbia and Macedonia have the central part of imports. On the other side, exports to EU countries account for approximately 44 percent of total exports, related mostly to Italy and Germany. Regarding exports, Kosovo continues to export more in Albania, Montenegro, and Macedonia, with the smaller destination in India and Turkey. Kosovo imports mainly mineral products from Italy and Greece, Germany imports machinery, mechanical and electrical equipment, transport equipment, plastic products, tobacco, etc. Regarding Serbia and Macedonia, Kosovo mainly imports mineral products, mechanical and electrical equipment, ceramic products, beverages and food products, etc. From Turkey and China, most of the times are imported iron and steel products, mechanical appliances and electrical products, ceramics, textile.

In 2010, its export growth resulted in reaching a value of over 10 million€ (or 3.4% of the total) increased by 45 percent compared to 2009. However, the import of electricity in 2010 reflected a decrease of 51 million€ as it was in 2009 to 43 million / € (a reduction of 14 percent).

4.7 The structure of export and imports by products

Although the year of 2010 has been a significant increase in export, its structure remains the same as in previous years, which means that they are mainly in the form of raw materials and unfinished products. Exported over 223 million € of these two groups of products account for 76 percent of total export. The most exported product category is base metals and articles thereof with 63 percent of total exports. Comparing with the previous year, exports of this type have increased over 96 million Euros, or over 100 percent increase compared to last year, which has contributed significantly to the growth of total exports to Kosovo. Regarding the year 2010, exports of these two groups of products have an increase of 25 percent, by increasing the value of 18.8 million Euros as it was in 2009, with 23.5 million Euros. These facts resulting on exports growth for these products categories, such as textile and their products, with 3.3 percent in total exports, reaching a value of 9.6 million €, increasing amount for hundred percent compared to 2009. Regarding the structure of imports in 2010, imports mainly dominated by mineral products and machinery and equipment category, which together constitute 32.8 percent of total imports.

Comparing imports of mineral products in 2010 with the previous year, it seems that it has increased their value by 331 million € as it was in 2009 to over 413 million €, which covers 19.3 percent of total imports and an increase of 20 percent compared with the previous year. Also, food products include a significant percentage of imports, where records show that during 2010 were imported over 261 million € which covers 12.2 percent of total imports and an increase of 7.6 percent over the previous year. Other ingredients in the structure of imports are estimated to be the chemical products industry that covers 6.9 percent of the total increase in imports.

4.8 The most exported products of Kosovo

The most exported products of Kosovo was nickel by over 140 million € covering 47.6 percent of total exports increased by 115 percent, which means 15 percent to the previous year 2009. Another essential product in the trading of Kosovo is the one which concentrates of lead, covering 5.4 percent of total exports reaching a value of over 15 million € and an increase over 2009 of 93 percent. Also, the share of essential metal products from copper, steel, zinc, and aluminum have dominated in Kosovo's exports. Still, the situation remains almost the same as the structure of the imported products. During 2010, imports of petroleum and oils dominated the total imports and covered 9.3% of total imports whose value is over 200 million € with an increase of 36 percent over 2009.

4.9 The structure of exports and imports by trading partners

Looking at the destination of exports, it can be noted that during 2010, the majority of exports to Kosovo had been oriented towards EU countries, reaching 44.7 percent of the total over 131 million Euros of total exports. It is not only exports that had this value so high to participation by the countries of the EU, but also the field of import in 2010 with those countries has reached an amount of 38.4 percent of the total, 821 million Euros of total imports. Furthermore, Kosovo has a large part of trade relations with countries in the region that have signed Free Trade Agreement CEFTA, but mainly in those countries dominated imports with greater participation.

Table 12: Kosovo's main trading partners

EU	Exports	41.7	29.3	38.8	38.2	42.6	47.8	43.1	44.7
	Imports	28.4	39.9	38	34.8	35.2	36.2	39	38.4
CEFTA	Exports	51.3	41.6	53	46.7	41.3	3.9	32.3	24.1
	Imports	45.6	34.7	38	41.1	36.7	37.5	35.7	37.3
Other	Exports	7	29.1	8.2	15.1	16.1	21.3	25.2	31.2
	Imports	26	25.4	24	21.1	28.1	26.2	25	24.3

Source: Statistical Agency of Kosovo

4.10 Trade with EU countries

Kosovo is a country in transition, where most of the trade is carried out mainly with the EU countries. It could be seen from the data we used because if you look at 2010, we know that this year the trade exchange of Kosovo with the EU countries that have achieved the participation of about 38.4% of imports. It has an increase of 8.7 percent when compared to 2009 which had 29.7 percent participation only, 952 million Euros. In 2010, imports from EU countries were around 821 million or 38.4% of total imports increased by 8.7% compared to 2009. During 2010 exports to EU countries amounted to 131 million Euros or 44.7 per cent of total exports. This is the country that mostly contributes to the participation of export of the data that we have available. More specifically, it shows that Italy is the most favorite place for export having the involvement of about 27 percent of exports in general or 61 percent of Kosovo's exports to the EU. After Italy, with the more significant participation of export to EU countries has Germany with 5 percent export participation in general and 11 percent of exports to EU countries. After Italy and Germany, in third place is Belgium, which reaches 3.9 percent of exports in general and 8.7 percent exports to EU countries. Also, Bulgaria reaches a total coverage in the export of 2.3 percent and 5 percent of total exports to EU countries. All these countries reach 86 percent of export in general associated with the EU countries. Products exported from Kosovo in EU countries were Nickel that reaches 66 percent of exports to EU countries. We also have other products that contribute to the total value of exports in overall EU, but these are participatory with small including the leather on the animals, which amounts to 3.8 percent and ores and concentrate lead with 3 percent participation in total exports with EU countries.

Table 13: Exports and Imports with Italy

	Exports	%	Imports	%	Balance
2002	7525	27.3	25818	3.0	-18293
2003	6245	17.5	35625	3.7	-29380
2004	5536	9.8	44525	4.2	-38989
2005	5668	10.1	49555	4.3	-43887
2006	12645	11.4	52461	4.0	-39807
2007	9672	5.9	57678	3.7	-48006

2008	25485	12.8	74385	3.9	-48900
2009	46217	27.9	87645	4.5	-41428
2010	80138	61.0	100484	12.2	-20346

Source: Statistical Agency of Kosovo

Table 14: Exports and Imports with Germany

	Exports	%	Imports	%	Balance
2002	2486	9.0	33207	3.9	-30721
2003	3793	10.6	54123	5.6	-50330
2004	3262	5.8	78247	7.4	-74985
2005	5965	10.6	123763	10.7	-117798
2006	3952	3.6	122662	9.4	-118700
2007	16190	9.8	155031	9.8	-138841
2008	7205	3.6	196627	10.2	-189422
2009	7563	4.5	246119	12.7	-238556
2010	15000	11.4	275238	33.5	-260238

Source: Statistical Agency of Kosovo

4.11 Trade relations with CEFTA

Considering 2010, the total turnover of local countries members of the CEFTA agreement is about 860 million Euros. From this total value, the share of imports reaches 37.3 percent of the total import million Euros. If we compared these dates with 2009, we note that this agreement indicates imports to these countries by 15 percent from year to year. Exports that have destination member countries of CEFTA reach the value of 70 million Euros or about 24.1 percent of total value of exports in general; this cost is 33 percent higher compared to 2009, that have a definite trend of increasing on overall shipping. At first place, the leading destination exporting in 2010 is Albania, with 46 percent of exports related to the countries of the region participating in CEFTA and 11 percent share of total exports with increasing 23 percent over the

year passed. Regarding the imports, the imports from Albania remain at the low level of participation with only 9 percent of total imports with countries of CEFTA and partnership only 3 percent of imports in general.

Table 15: Albania (€000, % of total)

	Exports	%	Imports	%	Balance
2002	1420	5.1	48077	5.6	-46657
2003	1798	5	8996	0.9	-7198
2004	1793	3.2	20237	1.9	-18444
2005	5784	10.3	18093	1.6	-12309
2006	12645	11.4	23108	1.8	-10463
2007	20799	12.6	35262	2.2	-14463
2008	21113	10.6	59632	3.1	-38519
2009	26181	16	58384	3	-32519
2010	32288	11	69092	3.2	-36804

Source: Statistical Agency of Kosovo 2011

Another important country is Macedonia that covers 15 percent of total imports and 9 percent in total exports.

Table 16: Macedonia (€000, % of total)

	Exports	%	Imports	%	Balance
2002	3396	12.3	146205	17.1	-142809
2003	6945	19.5	141735	14.6	-134790
2004	9641	17	149218	14	-139577
2005	10828	19.2	220148	19	-209320
2006	9734	8.8	257754	19.7	-248020
2007	17384	10.5	237895	15.1	-220511
2008	20046	10.1	346536	18	-326490

2009	17354	10.5	291839	15	-274485
2010	26296	9	316062	15	-289766

Source: Statistical Agency of Kosovo 2011

Serbia characterized by the growth of imports in the total level of imports of 23 percent compared to the year of 2009, the value of which was over 260 million Euros. Imports from Serbia were about 12 percent of Kosovo's total imports and 1.3 percent of total exports.

Table 17: Serbia (€000, % of total)

	Exports	%	Imports	%	Balance
2002	4745	17.2	193840	22.7	-189095
2003	6754	19	156410	16.1	-149656
2004	10060	17.8	161281	15.2	-151221
2005	8158	14.5	152257	13.2	-144099
2006	20910	18.9	191053	14.6	-170143
2007	19280	11.7	222534	14.1	-203254
2008	9893	5	208951	10.8	-199058
2009	3504	2	210901	11	-207397
2010	3846	1.3	260156	12	-256625

Source: Statistical Agency of Kosovo 2011

4.12 Trade relations with the other parts of the world

Kosovo has trade relations with many countries around the world and beyond the countries that are members CEFTA agreement, reaching United States of America agreement through several programs that benefit them in a framework of several facilities for access to their markets with lower tariffs. On December 2008, Kosovo became a beneficiary country under the United States of America, called Generalized System of Preferences (GSP). This program offers duty-free access to 4,800 products, an excellent opportunity for a wide range of products are entitled to duty-free access to the markets of the United States of America. Within this program except the

USA are included even some economically developed country like Norway, that provides access without tariffs and quotas on all goods, including 64 states with low income, among them Kosovo. Part of this program is also Japan that is ready to help Kosovo through the Generalized System of Preferences program. Besides Switzerland and other countries, Kosovo recently has a relationship with Turkey and the markets of China and India. The share of exports to these countries has doubled since 2006, from 15.2% to 30% in 2011.

Table 18: Trade relations with the other parts of the world

	Exports	%	Imports	%	Balance
2006	16800	15.2	315300	24.1	-298500
2007	30700	18.6	423700	26.9	-393000
2008	43000	21.7	508400	26.4	-465400
2009	40500	24.5	488000	25.2	-447500
2010	91600	31.2	524600	24.5	-433000
2011	93700	30.0	638100	25.7	544400

Source: Central Bank of Kosovo (2012)

Turkey is the fourth importer in Kosovo, with the value of import 184 million Euros in 2011, including a wide range of various products starting from textile, clothing, food products, electrical appliances and other goods. Regarding exports to Turkey, Kosovo reached 7 million euro of these assets with mainly exported products as rubber, textile and metal base. Trade relations with China reaching around 24 million Euros, with exports, mostly in essential metal goods exported furniture, plastics, and other products. Association's trade with Switzerland evaluated to be the best, reaching the export value of 17 million Euros in 2011, with exported goods as base metals, while imports reached 20 million Euros, with furniture, pharmaceutical products, rubber and other products.

4.13 Summary

This chapter provides a summary of exporting of SMEs in Kosovo, focused the relationship of Kosovo with the other parts of the world, during the last years, trade relations with CEFTA, with EU countries and the role of SMEs in economic growth through the exporting ties.

The leading indicator of the external position of Kosovo from 2007 to 2011 is exports of goods and services that differ a lot from 515000 in 2007 to 931000 mil euro in 2011. Statistical Agency of Kosovo reports about the principal partner of export and import of goods during 2011, Italia had the first place about the shipping participated with 26.3%, following by Albania with 10.8%, Macedonia, China, Germany, Switzerland, Turkey, and Serbia all those with participation less than 10 %.

About importing, Macedonia participated with 14%, Germany with 11.8% and Serbia with 10.2% following by Italy, Albania, China, Switzerland, Turkey less than 10%. Based on the report of Statistical Agency of Kosovo (2012), excluding Italy and Germany, Kosovo trades with other member states of European Union, such as Slovenia, Austria and Belgium that share around 4% of total Kosovo exports with EU countries.

It's worth to discuss the trade relations with other parts of the world, as United States of America, Japan that helps Kosovo through the Generalized System of Preferences Program (GSP), with duty-free access of more than 4800 products, as an excellent program and a unique opportunity for a wide range of products.

CHAPTER V – EMPIRICAL ANALYSIS

5.1 Introduction

This chapter endows with a foundation of the developed research hypothesis, research methodologies that can be used during this research study and conceptual model that can be tested empirically. To rich the research question; we selected the methods using the quantitative research, following by data collection and developing questionnaire as the most critical stage of the research process to complete the research plan.

The descriptive statistics were calculated to give an overview of the distribution, mean and the standard deviation of the data set. Internal consistency and reliability analysis for LIKERT scale variables was performed using Cronbach's Alpha coefficient.

The last part of this chapter is an explanation of the dependent variable and independent variables that help to investigate the significant relationship between them. In the end, the chapter is summarized.

5.2 Research Question

Analyzing the relationship between the internal and external factors with export performance of SMEs is quite an extensive topic. This was conducted through the formulation of the subsequent some research question, outline with the literature review and conclusions.

Research Question 1: Managerial characteristics such as education, age, training, experience, knowledge of information technology, foreign language are positively associated with export performance.

Research Question 2: In SMEs, more flexibility – innovative is positively associated with export performance.

Research Question 3: Firm size (number of employees) is positively associated with export performance.

Research Question 4: Experience of the company with export activities is positively associated with exports performance.

Research Question 5: Usage of computers and the internet from the company is positively associated with export performance.

Research Question 6: Firms that have marketing strategy are positively associated with export performance.

Research Question 7: Financial constraints are positively associated with export performance.

Some research question as managerial characteristics such as education, age, training, experience, knowledge of information technology, foreign language, firm size regarding many employees and business experience are the most dominants factors of export performance used by SMEs. Firms that have a developed marketing strategy deem this factor as a driving factor en route for better performance.

Finally, financial constraints are an external factor and firms seems that do not have much influence on it, they may only adapt to it.

5.3 Describing the Data used in Quantitative Research

Identification and measuring the determinants of export performance as the main subject of the doctoral thesis is quite challenges and a long journey from the beginning to the end. The data used in this study were obtained from 500 Small and Medium Enterprises operating in Kosovo. The selected exporting company represents 100, which made a total sample of 500 companies.

The data was collected using a structured questionnaire and face to face interview was conducted with the main owner/managers or in some cases with financial managers, of the selected

companies, conducted by the Business Support Centre Kosovo (BSCK) for the year 2012. The obtained data covered information on business experience, number of employees, percentage of export share in total sale, knowledge on information technology, foreign languages, international experience, marketing, legal infrastructure and fiscal policy.

This research was supported by the Netherland’s Ministry of Foreign Affairs through SPARK organization, which has the aim to develop higher education and entrepreneurial opportunities for youth to lead their post conflict societies into prosperity (BSCK, 2013). Numerous experts have contributed to design the survey questionnaire and sample selection. The questionnaire included nine sections, which comprised qualitative and quantitative questions related to the entrepreneurship and SMEs growth in Kosovo. The data for SMEs were collected by the trained team of interviewers at Business Support Centre Kosovo who were students at the public University of Prishtina and private College “GLOBUS.” The training concerning business and economic features towards interviewers and associated to the psychological sides of interviewing development was completed by Prof. Krasniqi and Prof. Vrenezi, experts in the specific discipline.

In this survey done by BCSK are incorporate SMEs across all regions of Kosovo, and the sample included three main categories of companies’ trade, production and services. All this selecting was done using Excel and SPSS software by random command (Krasniqi, 2013). After many times of testing, the BSCK team reached to divide the sample in two categories as sectors of business activity and size of the company. This phase of testing was valuable since the random sampling presented unsatisfying results though representing the medium firms and manufacturing firms. Hence, the sorting was applied, in order to represent both sector and size categories as seen in the table provided (Krasniqi, 2013).

Table 19: Total Sample by Sector and Size

Sector Size	Micro	Small	Medium	Total
Manufacturing	34	24	6	115
Service	140	64	12	174
Trade	176	37	7	211
Total	350	125	25	500

Source: BSCK 2013

5.4 Methodology

The data used in this study were obtained from 500 companies operating in Kosovo. The selected exporting companies represent 100, which made a total sample of 500 companies. The data was collected using a structured questionnaire and face to face interview was conducted with the main managers of the selected companies.

The obtained data covered information on business experience, number of employees, percentage of export share in total sale, knowledge on information technology, foreign languages, international experience, marketing, legal infrastructure and fiscal policy. The respondents were asked for degree of agreement with a series of statements on an item measure. The LIKERT scale was introduced and deemed to determine the intensity with which respondents feel about asked questions.

The descriptive statistics were calculated to give an overview of the distribution, mean and the standard deviation of the data set. Internal consistency and reliability analysis for LIKERT scale variables was performed using Cronbach's Alpha coefficient.

In the second stage regression analysis such as linear, probit and tobit models were performed in order to find out the relationship and how other factors considered in the study determine and explain the behavior of a company being engaged in export as well as variation of the percentage of export share in total sale of a company.

The followed steps in data analysis are presented in Figure 8.

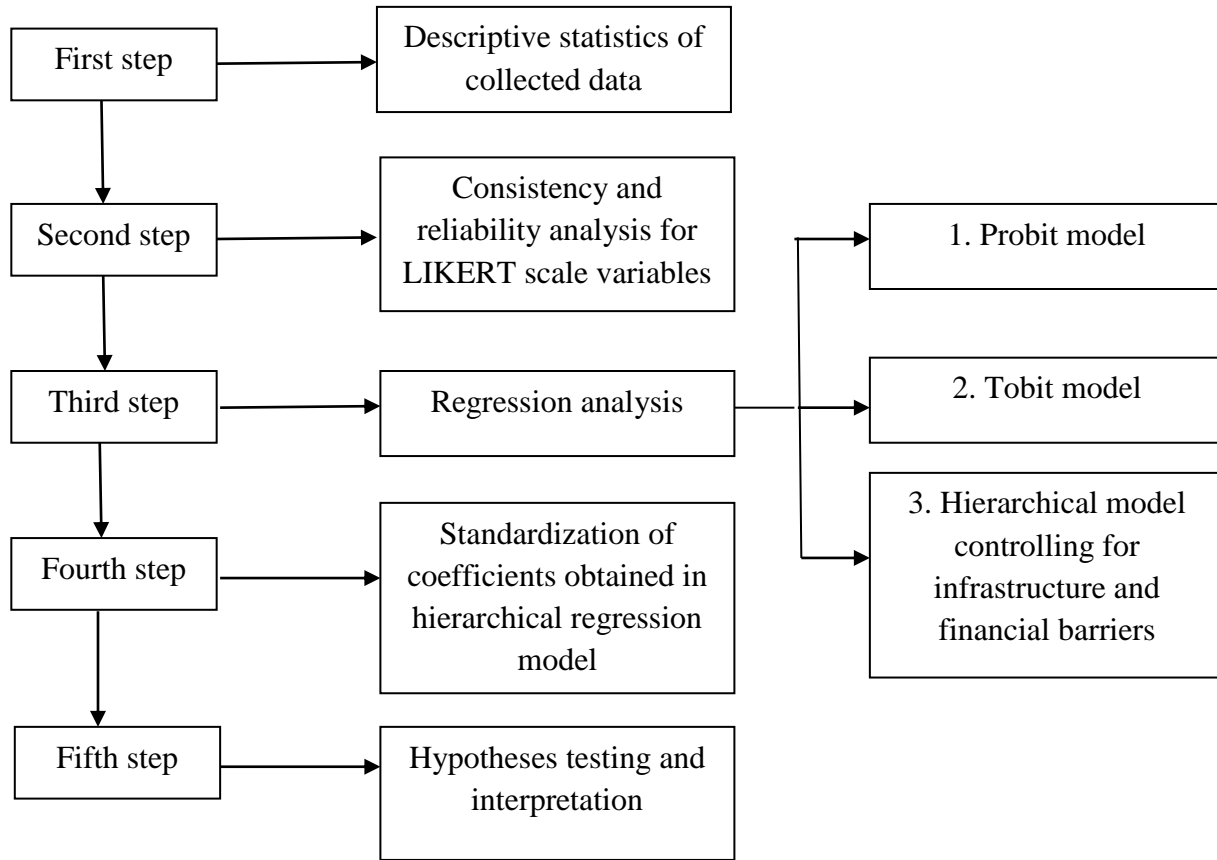


Figure 8: Summary of technical statistics used in the research (Created by the author)

5.6 Dependent Variable

In this study, the dependent variable is export performance defined by the participation of export in a total sale. The export performance showed a multidimensional formation, validating the complex environment of the structure as suggested by Cavusgil and Zou (1994), Katsikeas et al. (2000), Leonidou et al. (2002), Lages et al. (2005). Lages and Lages (2004). The outcome variable assessed in every research that may be affected by manipulation of the independent variable is named as the dependent variable. The dependent variable is export performance, regarding sales.

Export performance in terms of sales; have been done in several studies Majumdar (1997), Ayan and Percin (2005), Kneller and Pisu (2006). During the studies may founded different indicators that have been used by researchers, but in this research study will be used sales as determinant of export performance. If this factor has increased or decreased during this last years, were asked in the questionnaire.

Throughout the study we have been able to classify some measurement model of export performance that obviously analyzes export performance: Shoham, 1998, 1999; Styles, 1998; and Zou, Taylor, and Osland, 1998, Cavusgil and Zou, 1994; Lages and Lages, 2004; Lages, Lages, and Lages, 2005. However, all of them have been criticized and have their own limitations (Styles, 1998; Diamantopoulos, 1999). We decided to review all these researches and build up a measurement model for the export performance for SMEs in Kosovo.

Most of the time, financial indicators are most success factors used by firms, such as return on investment ROI and return on assets ROA, return average annual occupancy rate, net profit after tax to measure growth (Moog, 2002; Rosli & Sidek, 2013).

5.7 Independent Variable

During this research study independent variable grouped in two main groups, as internal or control variables or factors and uncontrolled or external factors. Testing a large number of independent variables helps in creating a more accurate image of overall occurrence Miller & Friesen (1984).

First group of independent variables start with managerial characteristics such as education, age, training, experience, knowledge of information technology and foreign language. These factors are used as controlled variables that may have effects on export performance.

The other group of variables following with industry a sector, which includes the main sector of manufacturing sector, service and trade sector. Moreover, some factors as age, experience and business age are used to measure the SME growth (Storey, 1994). The uncontrolled variables as financial constraints is the last factor that may have effects on export performance.

Some researchers (Johanson; Vahlne, 2009) have identified internal resources as experience, involvement, internal structure or its relations network to expand its international operations that indicate increasing export performance.

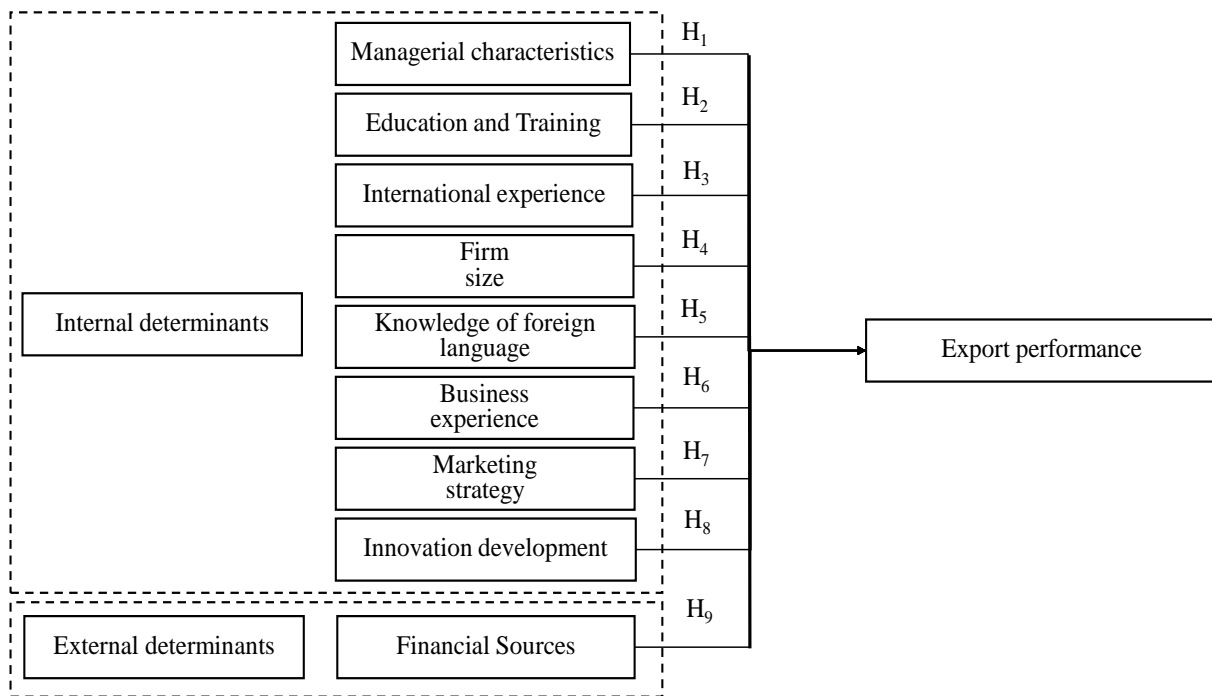


Figure 9: The conceptual framework of the study

5.8 Summary

Starting from sample and data collection for quantitative research, this chapter summarized research methodologies used during this study. It started from the research questions; through the statement of the subsequent some research question, outline with the literature review and conclusions. Using a quantitative research approach of analysis, conceptual model in order to test the research questions and further studies.

As stated earlier, when analyzing the level of exporting in Kosovo and the factors influencing these trading in Kosovo context, it is needed to describing the data used in quantitative research through the research done by BSCK team. Following by methodology used during the study, Probit and Tobit model.

The chapter ends with the explanation of the importance of dependent variables and independent variables during the work.

CHAPTER VI – RESULT AND DISCUSSION

6.1 Introduction

This chapter presents analysis and interpretation of results from the survey questionnaire. It offers the findings from the questionnaire accomplished only with exporter SMEs in Kosovo, following by the widespread results from the overall SMEs performance findings about Kosovo case from obtainable literature.

Descriptive analysis contains some statistics which are included in the empirical analysis, such as manager's age, establishment of company, start of export and the share of export in total sale. In addition, attendance of trainings by personnel according to education level of managers, importance of knowing the foreign language and IT knowledge, international experience of management and if the company has exported before or not are incorporated.

With the aim of explaining the performance of dichotomous dependent variable we estimated model that emerges from Cumulative Distribution Function (CDF), which is known as probit model or normit model and tobit model.

6.2 Descriptive Analysis

Companies included in the study were relatively new in terms of the year since the establishment was relatively new; however even though they are new businesses they considered export as part of their business.

The percentage of companies engaged in export was relatively low (20.2%) when compared to the total number of companies, included in the sample. As companies were lately established their business experience was fairly low. In regard to the size in terms of the number of personnel working in a company, it was shown that they were rather small to medium companies with up to 250 workers maximum.

Table 20, shows descriptive statistics of some of the variables included in the empirical analysis.

Table 20: Descriptive statistics of the variables

Variable	Unit	Mean	SD
Manager's age	Year	36.68	10.66
Establishment of company	Year	10.05	9.15
Start of export	Year	4.30	4.76
The share of export in total sale	%	30.25	18.41
Number of employees	Person	11.19	23.87

Note: SD-Standard deviation.

Out of total interviewed managers 86.0 % were male. In regard to education, majority (54.3 %) of the main managers have completed bachelor degree, 37.9 % were with master and only 3.2 % with doctoral degree. Around 32.1 % of the interviewed managers stated that they attend training programs regularly. The attendance of training programs was proved to be statistically dependent on the level of manager's education ($\chi^2=23.50$; $df=3$; $p=0.00$). Managers with completed bachelor degree had tendency to attend more training programs compared to those with master and doctoral degree.

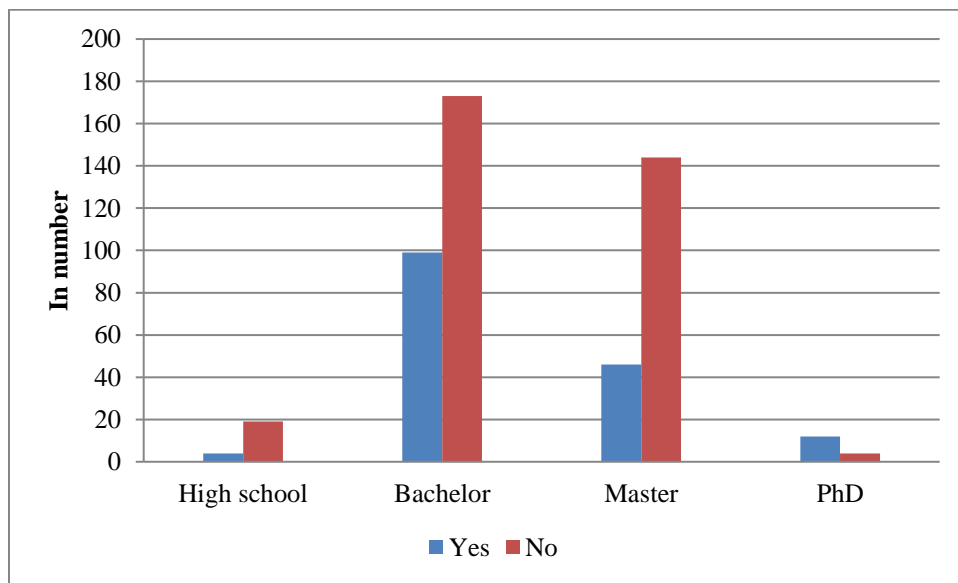


Figure 10: Attendance of trainings according to the education level of managers

In the last decade the knowledge on information technology (IT) has had a tremendous development creating much more complex environment for businesses. Therefore, majority of the interviewed managers' (57.4%) confirmed that knowledge on IT was highly important for business performance as well as for export. The given statement on the importance of IT knowledge was proved to be statistically dependent on the level of manager's education ($\chi^2=41.17$; $df=6$; $p=0.00$) and the group age ($\chi^2=68.50$; $df=6$; $p=0.00$). Study results has shown that managers belonging to the group of age 20 to 40 had tendency to weight up the IT knowledge to the highest importance (57.4%) which was contrary to the statement given by the managers of group age 41 to 60, where none of them weighted as very important.

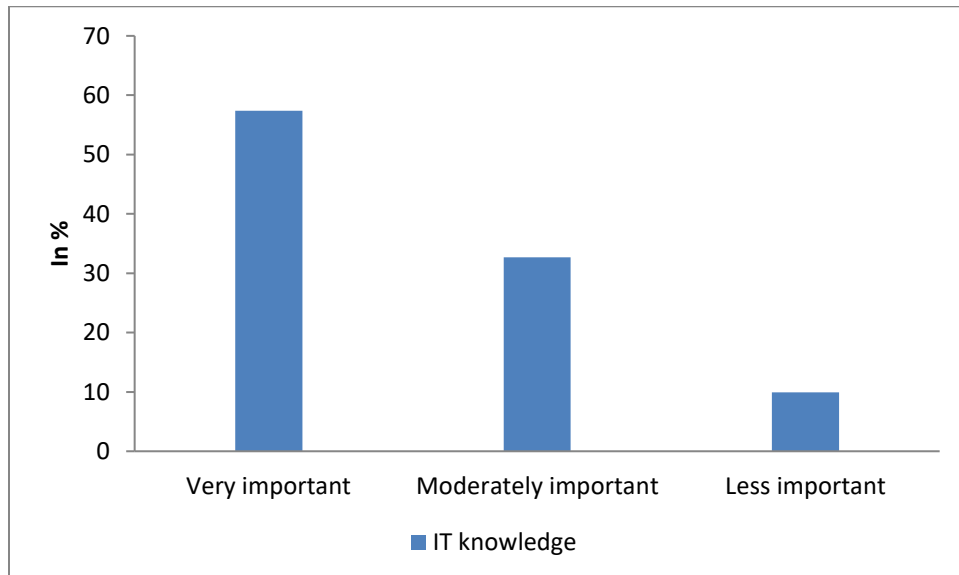


Figure 11: Stated importance on the IT knowledge

About 18 % of the interviewed managers declared that knowing foreign languages was very important for the export of company.

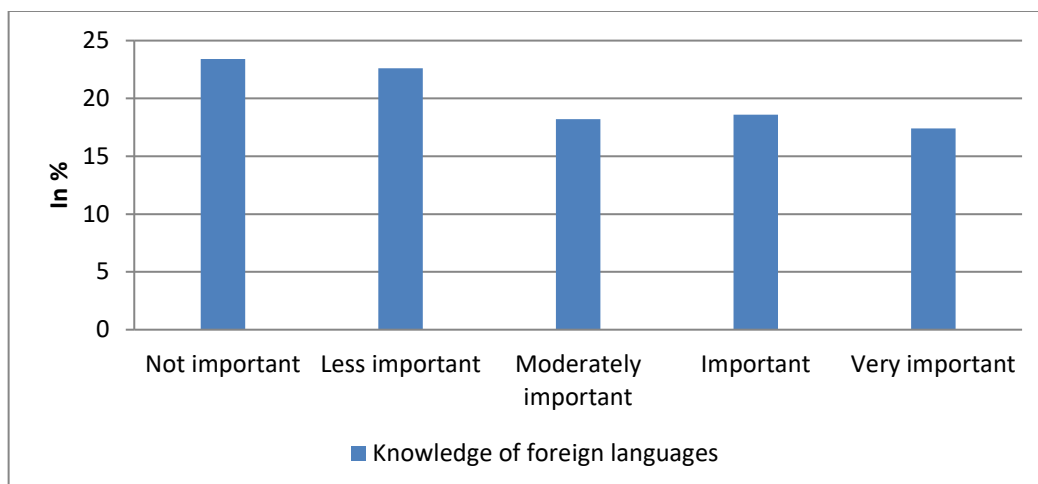


Figure 12: Stated importance on the knowledge of foreign languages

Out of total interviewed managers 38.9 % stated that they did have international experience. The manager's international experience was proved to be statistically depend on the status of company being engaged in export ($\chi^2=55.74$; $df=1$; $p=0.000$). Managers' belonging to the group of age 20 to 40 had higher tendency to acquire international experience compared to those older than 50.

Table 21: International experience according to the managers' age

		Group age						Total
		Up to 20	21-30	31-40	41-50	51-60	Over 60	
International experience	No	6	96	94	72	32	5	305
	Yes	1	79	52	47	13	3	195
Total		7	175	146	119	45	9	500

International experience was also proved to be statistically dependent on the size of the company ($\chi^2=36.02$; $df=2$; $p=0.000$). Study results revealed that companies with number of employees up to 20 had higher propensity to state that they do have international experience compared to the companies which were bigger in terms of the number of employees.

This could also take place due to the bigger proportion (85.6%) of small companies with 1 up to 20 employees included in the sample. The status of company being engaged in export was statistically proved to be dependent on the size of company ($\chi^2=159.72$; $df=2$; $p=0.000$).

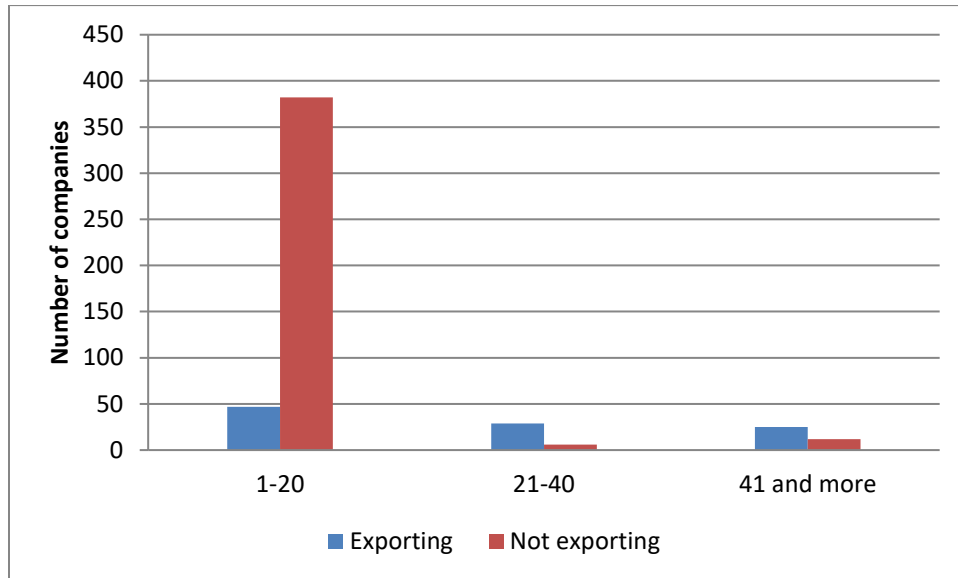


Figure 13: Number of companies being engaged in export according to the size of company

Table 22: Managers' international experience according to the size of company

		Number of employees			Total
		1-20	21-40	41 and more	
International experience	No	285	10	11	305
	Yes	144	25	26	195
Total		429	35	37	500

The obtained results concerning the dependency of manager's education and the international experience were corresponding with those attained when testing dependency of manager's age and the international experience.

Indicating that managers belonging to the group of age 20 to 30 and with completed Bachelor and Master Degree had possibility to have international experience compared to those belonging to the older group age and with higher education (PhD).

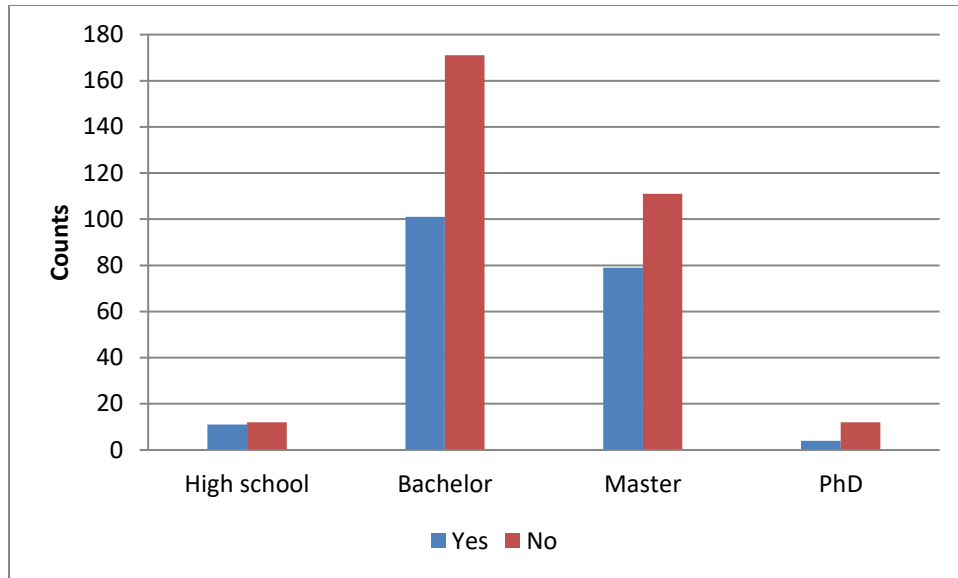


Figure 14: Managers' international experience according to their education level

With regard to the marketing strategy, majority (60.2%) of the interviewed managers perceived marketing strategy as not to less important road map for the being engaged in export. Export promotion activities were seen to be important for the export performance of a company. About 66% of the interviewed managers stated that promotion was important to very important for the export of a company. Whereas, less stated importance was given for place, product, price and innovation.

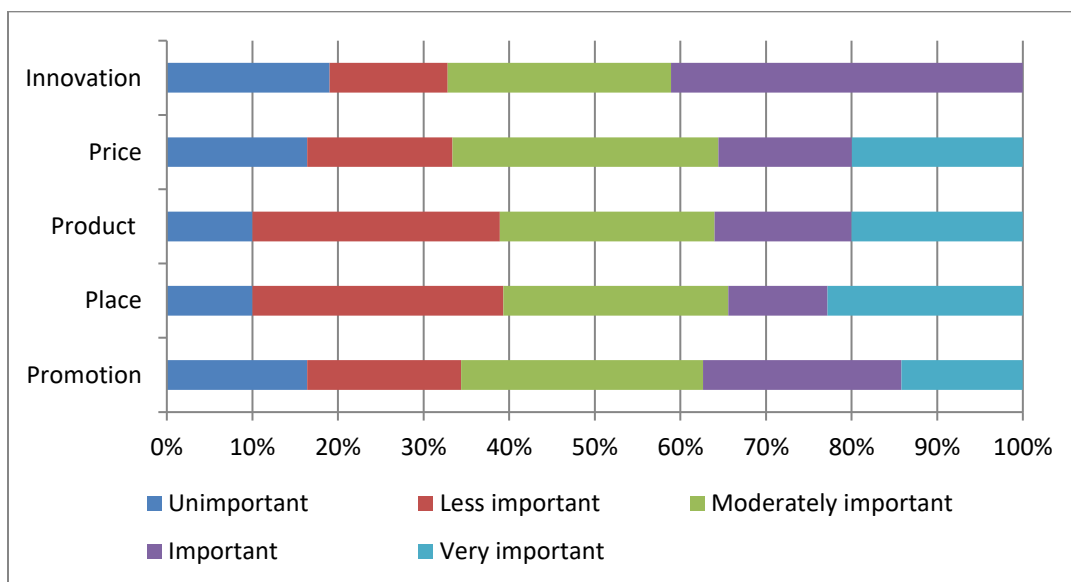


Figure 15: Managers' stated importance for promotion, place, product, price and innovation

In regard to the external factors such as infrastructure and financial barriers that might influence exporting behavior of the companies, the study results showed that both factors were perceived by majority of the managers as less to moderately important.

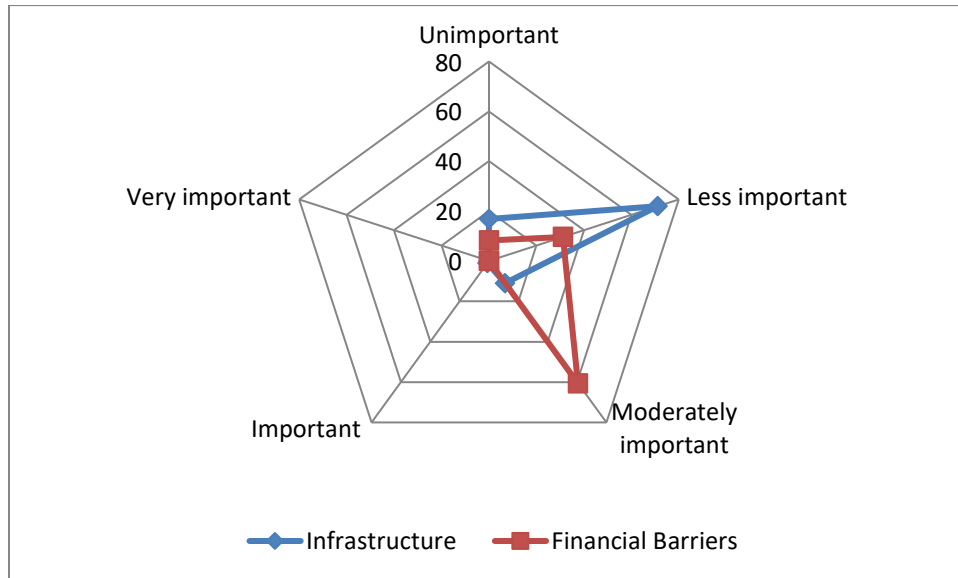


Figure 16: Managers' stated importance related to infrastructure and financial barriers

Table 23: Dependency of the internal factors importance with the managers' characteristics

Internal factors	χ^2	Df	Age		Education			
			Cramer's V	P-value	χ^2	Df	Cramer's V	P-value
Marketing strategy	19.48	20	0.099	0.491	21.15	12	0.119	0.048
Promotion	37.04	20	0.136	0.012	9.35	12	0.079	0.673
Place	39.38	20	0.140	0.006	17.47	12	0.108	0.132
Product	34.35	20	0.131	0.024	6.42	12	0.065	0.893
Price	40.93	20	0.143	0.004	6.69	12	0.067	0.877
Innovation	10.28	15	0.083	0.801	15.76	9	0.102	0.072

Note: No responses were given for the innovation within the stated category very important.

Table 24: Dependency of the internal and external factors importance with the firm size

	Size of the company (number of employees)			
<i>Internal factors</i>	χ^2	Df	Cramer's V	P-value
Marketing strategy	77.43	8	0.278	0.000
Promotion	16.36	8	0.128	0.037
Place	14.42	8	0.120	0.071
Product	12.70	8	0.113	0.122
Price	13.68	8	0.117	0.090
Innovation	26.89	6	0.164	0.000
<i>External factors</i>				
Infrastructure	11.38	8	0.107	0.181
Financial barriers	6.89	4	0.083	0.141

6.3 Internal consistency and reliability analysis

Reliability test for LIKERT scale variables was performed using Cronbach's Alpha coefficient.

The mathematical expression of Alpha coefficient is presented as in the following equation:

Equation 1:

$$\alpha = \frac{K}{K - 1} \left(1 - \frac{\sum_{i=1}^K \sigma_i^2}{\sigma^2} \right)$$

Where, K stands for the number of questions or the variables,

σ_i^2 indicates the variance of answer related to the question i ,

σ^2 is the variance for the answers of total questions.

The total number of variables measured in LIKERT scale was 9 (knowledge of foreign languages, marketing strategy, promotion, place, product, price, innovation, infrastructure, and financial barriers). The result of Cronbach's Alpha coefficient (0.799) confirmed a high degree of reliability of the obtained respondents' answers.

Table 25: Reliability statistics for LIKERT scale variables

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
0.799	0.748	9

Table 26: Item-total statistics for LIKERT scale variables

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Foreign languages	22.0559	38.741	0.132	0.060	0.834
Marketing strategy	22.4411	37.631	0.242	0.103	0.814
Promotion	21.8882	29.907	0.825	0.813	0.728
Place	21.8184	29.297	0.852	0.923	0.723
Product	21.8263	29.436	0.863	0.942	0.722
Price	21.8383	28.888	0.867	0.921	0.719
Innovation	22.0020	33.850	0.599	0.439	0.765
Infrastructure	22.9281	43.287	-0.070	0.085	0.822
Financial barriers	22.3713	43.078	-0.048	0.086	0.822

The results of item-total statistics showed that if one item is deleted from data base the Cronbach's Alpha coefficient will decrease for all LIKERT scale variables included in the reliability analysis, except for infrastructure and financial barriers.

The last column of table 26 shows that if foreign language is removed from the data set for LIKERT scale variables the reliability results will increase from 0.799 to 0.834 (Cronbach's Alpha if foreign language deleted 0.834 - Cronbach's Alpha coefficient 0.799 = 0.035).

The Cronbach's Alpha coefficient will decrease if infrastructure and financial barriers were deleted from the reliability analysis e.g. (Cronbach's Alpha if infrastructure deleted 0.822 - Cronbach's Alpha coefficient 0.845 = 0.038).

6.4 Empirical Model

In order to explain the behavior of dichotomous dependent variable we first estimated model that emerges from Cumulative Distribution Function (CDF), which is known as probit model or normit model. If a variable X has normal distribution with mean μ and variance σ^2 , its CDF is as in the following equation:

Equation 2

$$F(X) = \int_{-\infty}^{X_0} \frac{1}{\sqrt{2\sigma^2\pi}} e^{-(X-\mu)^2 / 2\sigma^2}$$

Where X_0 is some specified value of X (Gujarati, 2004).

In our dataset there were firms selling only to the domestic market and those engaged in export. To perform a probit model, we assumed that the likelihood of the i th firm to export or not depends on an un-observable utility index I_i , know as latent variable, that is determined by explanatory variables X_i fitted in the model. The larger the value of utility index I_i , the greater the probability of a firm to export into regional and international market. This can be expressed as in the following equation:

Equation 3:

$$I_i = \beta_1 + \beta_2 X_i$$

where X_i can be number of employees in the i th firm.

Accordingly, we denote $Y = 1$ if the firm was engaged in export and $Y = 0$ if it serves only to domestic market.

We assume that there is a threshold level of the index, denoted as I_i^* . If $I_i > I_i^*$, the firm will export, otherwise it will not. Given the assumption of normality, the probability that I_i^* is less than or equal to I_i can be estimated from the standardized normal CDF as following:

Equation 4:

$$P_i = P(Y = 1 | X) = P(I_i^* \leq I_i) = P(Z_i \leq \beta_1 + \beta_2 X_i) = F(\beta_1 + \beta_2 X_i)$$

where $P(Y = 1 | X)$ means the probability that an event occurs given the value of the explanatory variable X ; Z_i is standard normal variable $Z \sim N(0, \sigma^2)$. F indicates the standard normal CDF.

In order to obtain information on I_i , utility index and β_1 and β_2 , the inverse of the equation 4 is taken to attain:

Equation 5:

$$\begin{aligned} I_i &= F^{-1}(I_i) = F^{-1}(P_i) \\ &= \beta_1 + \beta_2 X_i \end{aligned}$$

where F^{-1} is the inverse of the normal CDF (Gujarati, 2004).

Table 27: Description of variables used in the probit model

Variable	Description
Export status	Dependent dichotomous variable which takes the value of 1 if the firm is engaged in export and 0 if not.
Age	Age of manager in years
Gender	Gender of manager coded as 0 for male and 1 female
Education	Education denoted with 1 if manager completed high school, 2 for Bachelor, 3 for Master and 4 for Doctoral degree
Age of firm	Number of years since the firm was established
Working experience	Previous employment before starting work at actual firm and it takes the value of 1 if the answer was yes and 0 if no
Firm size	Number of employees in persons
Training	Attendance of trainings which takes the value of 1 if the interviewer attends training regularly and 0 if no
Foreign languages	Knowledge of foreign languages is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
International experience	International experience takes the value of 1 if the manager of a firm declared that he used to have international experience and 0 otherwise
Marketing strategy	Marketing strategy is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
Promotion	Promotion is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
Place	Place is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
Product	Product is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
Price	Price is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important
Innovation	Innovation is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderately important, 4-important to 5-very important

Infrastructure	Infrastructure is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderatly important, 4-important to 5-very important
Financial Barriers	Financial barriers is given in LIKERT scale from 1-unimportant, 2-less important, 3-moderatly important, 4-important to 5-very important

The probit model was performed to find out the relationship between exporting status of the firm and the other explanatory variables presented in Table 28. In the following table the results from the estimated probit model are reported.

Table 28: Results of probit estimation for initial model and with omitted variables

Variables	Coefficient	Coefficient
Age	-0.028454*	-0.027760**
Gender	-1.101125**	-1.043173**
Education	0.434909**	0.478962**
Age of firm	-0.000897	Omitted
Working experience	0.152835	Omitted
Firm size	0.014478***	0.013043***
Training	1.263148***	1.298775***
Foreign languages	0.421448***	0.422518***
International experience	0.795413***	0.750245***
Marketing strategy	0.194110*	0.219870**
Promotion	0.433186*	Omitted
Place	-0.618407*	Omitted
Product	0.885350**	0.217334*
Price	-0.457142	Omitted
Innovation	-0.506408***	-0.474299***
Infrastructure	1.210770***	1.232441***

Financial barriers	-0.175833	Omitted
Log-likelihood	-105.35	-110.6780
R-squared	0.581	0.560

Note: Significance is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

In Table 28 are presented estimates of probit model for initial model where all variables presented in Table 27 were included and after testing redundant variables were omitted from the initial model. The estimated parameters for age, gender, number of years since the firm was established, place, price, innovation and financial barriers, all of these explanatory variables displayed negative sign of estimated coefficients and were proved to be statistically significant. Even though many empirical studies showed that older firms have higher probability in terms of exporting goods and services (e.g. EFIGE, 2010), in our study age of firm was not proved to be statistically significant variable. For developing countries with short transition period of time, several studies have related such result to the tendency of state control firms in the past to be less export oriented. Previous employment of manager before starting work at actual firm was positively related but it was not proved to be statistically significant.

The estimated coefficient related to the education level of manager displayed a positive sign and it was statically significant at 1% level. This shows that probability of exporting for a company is positively related to the education level of manager. The firm size was shown to be highly statistically significant and positively related, indicating thus the importance of economies of scale in the probability of firm being engaged in export.

The positive sign and statistically significant of the estimated parameters related to the attendance of training, knowledge of foreign languages and having international experience indicate that more of attendance of training, speaking more languages and having more international experience from manager of a company increases the probability of exporting. All these three explanatory variables were statistically significant at less than 1% level. The marketing strategy variable also displays a positive sign at 1% level of statistical significance, showing that probability of exporting increases with better marketing strategy from a company. Four other explanatory variables such as promotion, place, price and financial barriers were omitted in the best fitted model as they were not proved to be statistically significant

determinants of exporting probability. As it was expected infrastructure was proved to be positively related and statistically important determinant of exporting probability.

Surprising result was obtained in the case of variable for innovation, for which the estimated parameter was negatively and statistically significant determinant of exporting probability.

The probit model was further extended into Tobit model. In the probit model we were interested in estimating the probability of a company being engaged in export as a function of a number of variables fitted in the model.

In the Tobit model we were concerned in finding out the level (amount) of export by company in relation to specified variables in the model. If a company does not export we do not have data of export share in total sale for such companies. The data were available only on companies who actually export. Therefore, companies were divided into two groups, the first group consisting of 100 companies for whom the information on regress and other regressors were existing and the second group consisting of 400 companies for whom only information on the regressors were available.

Statically the tobit model can be expressed as in the following equation:

Equation 6:

$$Y_i = \beta_1 + \beta_2 X_i + u_i \quad \text{if RHS} > 0$$
$$= 0 \quad \text{otherwise}$$

where RHS = right-hand side.

Table 29: Results of tobit estimation for initial model

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Age	-0.019768	0.007090	-2.788024	0.0053
Gender	-0.554517	0.216377	-2.562730	0.0104
Education	0.257049	0.093147	2.759606	0.0058
Age of firm	0.001734	0.006237	0.278086	0.7809
Working experience	0.100305	0.127807	0.784819	0.4326
Firm size	0.010351	0.002004	5.165327	0.0000
Training	0.792547	0.132184	5.995778	0.0000
Foreign languages	0.255762	0.055216	4.632054	0.0000
International experience	0.439671	0.135823	3.237084	0.0012
Marketing Strategy	0.129893	0.053204	2.441414	0.0146
Promotion	0.166882	0.105652	1.579546	0.1142
Place	-0.261806	0.145637	-1.797667	0.0722
Product	0.411330	0.173966	2.364422	0.0181
Price	-0.224388	0.149480	-1.501127	0.1333
Innovation	-0.307103	0.069194	-4.438269	0.0000
Infrastructure	0.583484	0.104413	5.588250	0.0000
Financial barriers	-0.104934	0.082797	-1.267358	0.2050
Constant	-2.752144	0.630437	-4.365454	0.0000

Table 30: Results of tobit estimation with omitted variables

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Age	-0.021108	0.007139	-2.956677	0.0031
Gender	-0.607556	0.217121	-2.798236	0.0051
Education	0.303714	0.093100	3.262243	0.0011
Firm size	0.009962	0.002029	4.908696	0.0000
Training	0.830558	0.133193	6.235759	0.0000
Foreign languages	0.268144	0.055943	4.793144	0.0000
International experience	0.449226	0.137529	3.266409	0.0011
Marketing strategy	0.161892	0.050606	3.199077	0.0014
Innovation	-0.267411	0.058905	-4.539721	0.0000
Infrastructure	0.668361	0.099576	6.712083	0.0000
Constant	-3.163818	0.563468	-5.614901	0.0000

Further, the analysis was extended to a second approach which aimed capturing the export intensity for companies actually engaged in export. In the initial hierarchical multiple regression model the percentage of export share in total sale was regressed against age, gender, previous employment, number of employees, training, IT knowledge, knowledge of foreign languages, international experience, marketing strategy, promotion, place, product, price, innovation, the establishment year of the company, difference from establishment to starting export. While controlling for confounding covariate variables such as infrastructure, financial barriers. The obtained coefficients of the initial regression model are presented in Table 32.

Table 31: Correlation coefficients of the explanatory variables

EV	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀	X ₁₁	X ₁₂	X ₁₃	X ₁₄	X ₁₅	X ₁₆	X ₁₇	X ₁₈	
X ₁	1																		
X ₂	-0.240*	1																	
X ₃	0.131	-0.157	1																
X ₄	-0.044	-0.100	-0.316**	1															
X ₅	0.783**	-0.227*	-0.057	0.084	1														
X ₆	-0.806**	0.155	-0.227*	0.155	-0.699**	1													
X ₇	-0.374**	-0.058	-0.093	0.394**	-0.244*	0.433**	1												
X ₈	-0.366**	0.094	-0.020	0.289*	-0.384**	0.431**	0.837**	1											
X ₉	-0.245*	-0.101	-0.161	0.662**	-0.052	0.404**	0.475**	0.331**	1										
X ₁₀	-0.195	-0.163	-0.229*	0.472**	-0.046	0.383**	0.373**	0.245*	0.824**	1									
X ₁₁	-0.234*	-0.143	-0.230*	0.472**	-0.109	0.483**	0.390**	0.270*	0.752**	0.786**	1								
X ₁₂	-0.260*	-0.126	-0.326**	0.424**	-0.119	0.465**	0.312**	0.174	0.677**	0.780**	0.861**	1							
X ₁₃	-0.152	-0.211	-0.238*	0.423**	-0.059	0.364**	0.321**	0.178	0.717**	0.836**	0.837**	0.905**	1						
X ₁₄	-0.207	-0.076	-0.333**	0.699**	0.005	0.399**	0.448**	0.307**	0.740**	0.592**	0.542**	0.488**	0.490**	1					
X ₁₅	0.038	0.139	0.427**	-0.463**	-0.079	0.034	-0.152	-0.070	-0.180	-0.255*	-0.167	-0.189	-0.165	-0.289*	1				
X ₁₆	-0.200	0.150	-0.170	0.045	-0.128	0.077	0.215	0.138	-0.182	-0.118	0.003	-0.005	-0.064	0.101	-0.228*	1			
X ₁₇	-0.095	0.297**	0.212	-0.361**	-0.198	0.066	-0.038	0.148	-0.300**	-0.330**	-0.204	-0.294*	-0.279*	-0.285*	0.293*	-0.200	1		
X ₁₈	-0.132	0.493**	0.124	-0.212	-0.207	0.043	-0.074	0.121	-0.259*	-0.379**	-0.242*	-0.303**	-0.352**	-0.183	0.244*	0.027	0.784**	1	

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; ***P < 0.001.

Initial hierarchical regression model: in the initial model the percentage of export share in total sale was regressed against age, gender, previous employment, number of employees, training, IT knowledge, knowledge of foreign languages, international experience, marketing strategy, promotion, place, product, price, innovation, infrastructure, financial barriers, the establishment year of the company, difference from establishment to starting export.

The obtained coefficients of the initial regression model are presented in the Table 32.

Equation 7:

$$PE_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots \beta_{19} X_{19}$$

Table 32: Estimated coefficient of the initial model presented in the equation 2

Variables	Coefficient	Std. Error	t-Statistic	Prob.	VIF
(Constant)	52.027	8.711	5.973	0.000	
Infrastructure	-8.752	2.532	-3.457	0.001	1.074
Financial barriers	-0.484	2.149	-0.225	0.822	1.074
(Constant)	-436.329	526.238	-0.829	0.409	
Infrastructure	-0.821	1.299	-0.632	0.529	2.452
Financial barriers	1.620	1.031	1.572	0.120	2.144
Age	0.048	0.180	0.269	0.789	6.433
Gender	-4.235	3.204	-1.322	0.190	1.636
Education	-0.389	1.277	-0.304	0.762	2.401
Age of firm	0.129	0.183	0.703	0.484	10.407
Working experience	-1.049	2.071	-0.506	0.614	2.603
Firm size	0.404	0.074	5.482	0.000	3.909
Start of export	0.210	0.262	0.800	0.426	10.312
IT knowledge	0.793	1.364	0.581	0.563	6.869
Training	-2.649	2.542	-1.042	0.300	4.478
Foreign languages	1.398	1.417	0.987	0.327	6.464

International experience	-0.346	3.136	-0.110	0.912	5.744
Marketing strategy	6.066	1.596	3.801	0.000	11.421
Promotion	-1.779	1.332	-1.336	0.185	6.424
Place	-3.717	1.669	-2.227	0.029	8.648
Product	2.885	1.884	1.531	0.130	11.211
Price	1.350	1.802	0.749	0.456	11.320
Innovation	4.179	1.049	3.984	0.000	3.809

R-squared **Model 1**: 0.1131 **Model 2**: 0.915

Adjusted R-squared **Model 1**: 0.095 **Model 2**: 0.896

Best fitted model of hierarchical regression: After testing, a redundant explanatory variables were omitted from the initial model (equation 7). A backward elimination method was used to remove non-significant explanatory variables introduced in the initial model.

Regression coefficients of the best fitted model are presented in the following table.

Table 33: Coefficients of the best fitted model

(Constant)	Coefficient	Std. Error	t-Statistic	Prob.	VIF
Financial barriers	52.027	8.711	5.973	0.000	
Infrastructure	-0.484	2.149	-0.225	0.822	1.074
(Constant)	-8.752	2.532	-3.457	0.001	1.074
Financial barriers	-12.310	4.160	-2.959	0.004	
Infrastructure	2.016	0.799	2.522	0.013	1.329
Firm size	-0.411	0.949	-0.433	0.666	1.350
Training	0.452	0.064	7.074	0.000	3.033
Marketing strategy	-3.044	1.238	-2.458	0.016	1.096
Place	5.387	1.109	4.857	0.000	5.691
Product	-3.212	1.469	-2.187	0.031	6.912
Innovation	3.295	1.284	2.565	0.012	5.374
(Constant)	4.689	0.917	5.111	0.000	3.005

R-squared **Model 1**: 0.113 **Model 2**: 0.907

The obtained coefficients in the best fitted model of the regression analysis show that the number of employees in the company was positively correlated and significantly determining the percentage of export share in total sale (p-value = 0.0000). It indicates that if a company has one more employee, the percentage of the export share in total sale will increase by 0.45%, keeping the other explanatory variables constant.

Marketing strategy was positively correlated with the percentage of the export share in total sale. According to the estimated model it was shown that if a company gives higher importance to the marketing strategy the percentage of the export share in the total sale increases by 5.387% (p-value = 0.0000).

Innovation and product were two other explanatory variables remained in the best fitted model that significantly determined the percentage of the export share in total sale. The estimated coefficient showed that if company gives higher importance to the innovation the export share in total sale increases by 4.6% and 3.2% for product. The estimated model was considered to be a very good model as 89% of the variation in the percentage of the export share in total sale can be explained by variables remained in the best fitted model.

However, with the raw equation presented above it was not possible to find out which of the variables was stronger in predicting the share of export in total sale, as the measure of units for all variables were not standardized (meaning that they were having different measuring units).

Equation 8:

$$\begin{aligned} PE_i = & -12.310 + 2.016 (\text{financial barriers}) - 0.411 (\text{infrastructure}) \\ & + 0.452 (\text{number of employees}) - 3.044 (\text{training}) \\ & + 5.387 (\text{marketing strategy}) - 3.212 (\text{place}) + 3.295 (\text{product}) \\ & + 4.689 (\text{innovation}) \end{aligned}$$

Coefficients presented in table 33 were standardized on Z-score with a mean 0 and standard deviation of 1.

Table 34: Estimated standardized coefficient, partial correlations and the collinearity statistics of the best fitted model

	Standardized	Correlations			Collinearity	
		Coefficients	Zero order	Partial	Part	Tolerance
(Constant)						
Financial barriers	-0.022	0.068	-0.023	-0.021	0.931	1.074
Infrastructure	-0.341	-0.335	-0.330	-0.329	0.931	1.074
(Constant)						
Financial barriers	0.093	0.068	0.254	0.080	0.752	1.329
Infrastructure	-0.016	-0.335	-0.045	-0.014	0.741	1.350
Firm size	0.392	0.861	0.594	0.225	0.330	3.033
Training	-0.082	-0.098	-0.248	-0.078	0.912	1.096
Marketing strategy	0.369	0.837	0.452	0.155	0.176	5.691
Place	-0.183	0.671	-0.222	-0.070	0.145	6.912
Product	0.189	0.658	0.258	0.082	0.186	5.374
Innovation	0.282	0.850	0.470	0.163	0.333	3.005

Equation 9:

$$\begin{aligned}
 PE_i = & 0.093 \text{ (financial barriers)} - 0.016 \text{ (infrastructure)} \\
 & + 0.392 \text{ (number of employees)} - 0.082 \text{ (training)} \\
 & + 0.369 \text{ (marketing strategy)} - 0.183 \text{ (place)} + 0.189 \text{ (product)} \\
 & + 0.282 \text{ (innovation)}
 \end{aligned}$$

From the standardized coefficients obtained in the equation 9 it was possible to see that the size of a company in terms of the number of employees was the strongest predictor of the export share in total sale, followed by marketing strategy, innovation, product and place. This was based on the height of the standardized coefficient obtained for each predictor in the model $0.392 > 0.369 > 0.282 > 0.189 > 0.183$.

Correlation coefficients particularly partial figures presented in the table 5 refer to the specific correlation between export share in total sale and other independent variables in the model.

The collinearity statistics signified no problems with multicollinearity or spurious regression equation, as both, the values of tolerance and the Variance Inflation Factors (VIF) were at the allowed limits. The tolerance values for all predictors in the model (Table 5) were greater than 0.01 and VIF were smaller than 10.

Table 35: Calculation of the unique account of each predictor in the variance of export share in total sale

Variables	Part	Squared value of the semi-partial measure	Squared value of the semi-partial measure*100
Financial barriers	0.08	0.0064	0.64
Infrastructure	-0.014	0.000196	0.0196
Firm size	0.225	0.050625	5.0625
Training	-0.078	0.006084	0.6084
Marketing strategy	0.155	0.024025	2.4025
Place	-0.07	0.0049	0.49
Product	0.082	0.006724	0.6724
Innovation	0.163	0.026569	2.6569

Correlation coefficients presented in the part column indicate semi-partial measure and the squared values gave the unique contribution of the variance of export share in total sale that can be accounted by the size of a company (number of employees), marketing strategy, innovation and the financial barriers. It showed that $(0.225)^2 = (0.050625*100) = 5.06\%$ of the variance of export share in total sale can be accounted for by the size of a company after all other predictors have been statistically controlled for. From the attained figures in the part section it has been revealed that most of the variance of export share in total sale was explained by the effect of overlap of the predictors.

6.5 Hypotheses Testing

6.6.1 Internal factors determining export performance of the company

H₁: Managerial characteristics such as education, age, training, experience, knowledge of information technology, foreign languages are positively associated with export performance.

Many variables can be considered to be determinants of the export share in total sale of a company. The empirical evidence from the study has shown that within managerial characteristics education, age, experience and training were negatively correlated to the company's export share in total sale. Whereas, other managerial characteristics such as IT knowledge and knowledge of foreign languages were positively and statistically significant correlated to the export share in total sale. In general, education level has positive relationship with performance in export Sousa, Martinez – Lopez and Coelho (2008).

They showed that managers are more successful in exporting when they have higher education level. Most of company benefits from some advantages of staff as educated managers, because educated managers have more experience and are able to apply their knowledge, experience, in planning, organizing and deciding for new opportunities in new export markets. This positive relation of these variables, educated managers can help companies to utilize and leverage preventing international threats and finding new international opportunities Moghaddam (2013).

High level of education is useful and essential factors in export markets and can influence better export performance because educations of managers have positive effect on total export sales, profits, growth and evaluation of export performance Moghaddam (2013).

Table 36: Correlation of managerial characteristics with the export share in total sale

	Variables	Pearson Correlation	P-value	H ₁
Education	Export share in total sale (in %)	-0.070	0.488	Rejected
Age	Export share in total sale (in %)	-0.266*	0.007	Rejected
Experience	Export share in total sale (in %)	-0.312**	0.002	Rejected
Training	Export share in total sale (in %)	-0.098	0.331	Rejected
IT knowledge	Export share in total sale (in %)	0.458**	0.000	Accepted
Knowledge of foreign languages	Export share in total sale (in %)	0.607**	0.000	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

H₂: In SMEs, more flexibility – innovative is positively associated with export performance.

Opportunities of being ready for the company to perceive and respond the changes from consumers, suppliers and their competitors depends on the market development and technological changes that companies possessing Wu and Fang (2010). For exporting firms, the firm's ability to innovate continues to be one of the most important factors, contributing to the growth of comparative advantage comparing to the others Wakelin (1998); Roper and Love (2002); Nassimbeni (2001); Lachenmaier and Wobmann (2006); Pla-Barber and Algere (2007).

It is assumed that companies that are willing and able to better understand customers, suppliers and their competitors, market development and technological changes have greater possibility of perceiving and act to the environmental changes (Wu & Fang, 2010). The possibility of a company to innovate is intended to be one of the critical factors that add competitive advantages

related to the export (Lachenmaier & Woßmann, 2006; Nassimbeni, 2001; Pla-Barber & Alegre, 2007; Roper & Love, 2002; Wakelin, 1998). In fact, Rogers (2004) claims that innovative firms will tend to enter foreign markets to increase sales volume and spread the fixed costs of innovation over a more significant number of units. Moreover, change confers market power and, as a consequence, facilitates exports (Quintana, Vázquez, García, & Caballero, 2009).

In our study the importance given to the innovation by the company was strongly positively correlated with the share of export in total sale.

Table 37: Correlation of innovation with the export share in total sale

	Variables	Pearson Correlation	P-value	H ₂
Innovation	Export share in total sale (in %)	0.850***	0.000	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; ***P < 0.001.

H₃: Firm size (number of employees) is positively associated with export performance.

The relationship between the firm size and export often yield discrepancies in the results due to different measures for size like the number of employees or the sales level of the firm (Verwaal and Donkers 2001; Gabbitas 2003; Kalafsky 2004; Majocchi 2005; Pla-Barber 2007). In terms of firm size both large and the small one comprises competitive advantages (Moen, 1999). Large firms influence export performance through the economies of scale and via share of common expenses greater than those for expanded markets (Majocchi *et al*, 2005). Small firms on the other side can compete more on the bases of product quality as well as their flexibility to enter and exit foreign markets (Bonaccorsi, 1992).

From various author we have different relationship between firm size and export, if want to be more competitive in globally you have to be big Lefebvre and Lefebvre (2001). One thing is quite important that, most positive effect is if we measured size of firms based on total firm sales, and some negative effects if we measured size of firms based on number of employees Kaynak and Kuan (1993).

The positive impact justified by the fact, that you have more resources if you have a larger company, than this larger company can improve their performance from experience and also from economies of scale Maurel (2009). However small firms with high exports performance also exist, but based on initial capital, larger company has more opportunities to fulfill requirements of international trade by reducing transaction costs Maurel (2009). Some other author found negative relationship between firm size and exports James and Pett (2000). Chetty and Hamilton (1993), analyzed more than 111 studies in order to proof about validity and significance of key variables, among them they confirm that firm size is a causal factor in export success.

The obtained results from the study showed that there was a strong positive relationship between firm size measured with number of employees and the export performance of a company.

Table 38: Correlation of firm size with the export share in total sale

Variables		Pearson Correlation	P-value	H ₃
Firm size	Export share in total sale (in %)	0.861 **	0.000	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

H₄: Experience of company with export activities is positively associated with export performance.

Internationalization process of a firm was mainly considered to be determined by the level of productivity and the fixed costs for exporting (D. Sala and E. Yalcin; 2012). However, some authors found that managerial capabilities are equally important in overcoming the liability of selling on international markets.

Moreover, international experience can increase from both formal and informal associations. Formal associations are designed to develop relationship-specific benefits strengthening a firm's competitive advantage (Dyer, 1996); informal unions are designed for sharing asymmetric acquaintance (Mitchell, 2000). After all, exporting is the product of an energetic and extended

process where companies develop their own capabilities and experience from earlier accesses (Kogut, 1997).

Having a manager in company that has worked out earlier in any exporting firms is considerable advantage, because they can help finding new opportunities, understand threats or risks, and also in critical situation come up with effective solution in export market Shamsuddoha and Sohel (2004). It is well known from the literature review and empirical research; authors founded that previous export experience of workers and managers is the key determinants of new entry decision of export activity, trade intensity and export status Mion and Opromolla (2014). It can be seen that hiring employees with export experience in similar group of activity to yours could be expected in better results and in stronger effects of exporting, because they have higher knowledge with external environment and higher capacity of the context of donor and recipient, based in international experience, a habit that is acquired on the basis of numerous contacts with firms in international cooperation.

In our analysis international experience was measured as statement of a firm having or not international experience and it was found that this variable correlates positively and statistically significant with the export share in total sale of a firm.

Table 39: Correlation of international experience with the export share in total sale

Variables		Pearson Correlation	P-value	H ₄
International experience	Export share in total sale (in %)	0.459**	0.001	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

H5: Usage of computers and internet from company is positively associated with export performance.

Usage of computer and internet doing electronic business has different definitions, that depend in some factors as dynamic nature of business that is changing very fast in this recent time with such a new advancements American Marketing Association (2014). According to Truban et al., (2008) usage of computer and internet from firm's offers purchase and sales a product or service through the internet, new corporation between companies, distribution of information, economic activities realized through this electronic connections. Through this usage consumer have a wider range of products and services, helping export development and increase competition between corporations Lee and Joseph (1998). In our analysis usage of computer and internet was measured by question how often use computer and internet their firm doing business and related to this founded that this variable correlates positively and statistically significant with export share in total sale of a firm. The important argument is that small and medium enterprises are using the computer and internet to develop their relationship with customer and to have better export performance as well. This is quite well understandable based on the fact that firms most of the time connection with foreign markets happens in distance, through the information of technology, and this recent years internet is the most important innovation for SME exporters Mostafa et al., (2005). Companies that have success in their business create networks and alliances with foreign companies abroad the country, using new technology for accessing in their applications, doing foreign investment and orienting their company toward exports.

From our research, usage of information technologies by exporter companies was strongly positively correlated with export performance.

Table 39: Correlation of usage internet with the export share in total sale

Variables	Pearson Correlation	P-value	H ₄
Usage of computer Export share in total sale (in %)	0.327**	0.001	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

H₆: Firms that have marketing strategy are positively associated with export performance.

This hypothesis trying to describe performance differences between small and medium enterprises, why some of them are successful and some are not. What should they improve in their marketing strategy in order to raise this level of performance? According to Katsikeas et al., (2000) there are two main groups of explanatory variables describing export performance, intervening variables and background variables. This group of intervening variables is factors that indicate direct on export performance, like as marketing strategy and company's targeting Gomez and Valenzuela (2006). Export performance can be measure in different elements of marketing strategy, such as product, price, and distribution channels Gomez and Valenzuela (2006). For many years, it has been given considerable attention the influence on export performance of various product dimensions McGuinness and Little (1981). In general, it can be seen that product designs have a significant positive effect on performance. Also products can be differentiated with some advantages that derived from their attributes as quality, prestige, luxury. All these advantages indicate in export profit contribution. This progress by firm will lead to export positional advantage, development and success Beamish and Munro (1983). Leading to better export it is quite important to have proper channel of distribution, regarding this exporter can use numerous ways of supporting their sales force training, missionary selling, cooperative advertising, market research assistance, dealers, financing Czinkota and Ronkainen (1998). From our research, the importance given to the marketing strategy by surveyed companies was strongly positively correlated with export performance.

The importance given to the marketing strategy by surveyed companies was strongly positively correlated with export performance.

Table 40: Correlation of marketing strategy with the export share in total sale

Variables	Pearson Correlation	P-value	H ₆
Marketing strategy Export share in total sale (in %)	0.837**	0.000	Accepted

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

6.6.2 Financial Sources as External factors determining export performance of the company

H₇: Financial constrains are positively associated with export performance.

In financial terms, one way for measuring performance is to calculate the percentage of exports in total sale, through satisfaction with operators in foreign markets and also perceiving export success Cavusgil and Zou (1994). Different author's continuously argues the role of financial resources, starting from the Schumpeter (1934[1911]), on innovation, the greater innovation in firms is as a result of higher level financial resources and this financial system helps improves the degree of innovation and enhancing firm's innovative level.

Also, learning about strategies and entrepreneurial and having a success of small firms needs to have a considerable financial resources Wiklund and Shepherd (2005).

In our findings it has been shown that that financial sources was positively but weakly correlated to the export share in total sales of firms.

Table 41: Correlation of financial sources with the export share in total sale

Variables		Pearson Correlation	P-value	H ₇
Financial sources	Export share in total sale (in %)	0.068	0.502	Rejected

Note: Significance of variations is denoted as follows: *P < 0.05; **P < 0.01; *P < 0.001.**

6.7 Summary

This chapter provided a summary of the results and discussions from empirical data through quantitative approach. The findings of the research study were discussed in detail in order to investigate the conceptual model, as well as research hypotheses of this study.

From the analysis we found that, many variables can be considered to be determinants of the export share in total sale of a company.

The empirical evidence from the study has shown that within managerial characteristics education, age, experience and training were negatively correlated to the company's export share in total sale. Whereas, other managerial characteristics such as IT knowledge and knowledge of foreign languages were positively and statistically significant correlated to the export share in total sale.

The importance given to the innovation by the company was strongly positively correlated with the share of export in total sale.

The obtained results from the study showed that there was a strong positive relationship between firm size measured with number of employees and the export performance of a company.

International experience was measured as statement of a firm having or not international experience and it was found that this variable correlates positively and statistically significant with the export share in total sale of a firm.

The importance given to the marketing strategy by surveyed companies was strongly positively correlated with export performance and financial barriers was positively but weakly correlated to the export share in total sale of a firm.

CHAPTER VII - CONCLUSIONS AND POLICY IMPLICATIONS

7.1 Introduction

This chapter presents the analysis and conclusions of this research study that is comparable with the overall aim and objectives of this study.

“To empirically investigate the determinants of export performance of SMEs, measuring these effects on better export performance regarding sales, used in SMEs in Kosovo.”

Based on research questions that are related to the general aim of the study are given the conclusions, limitation of the research, followed by policy implications, regarding policymakers – government and the management of the company. Further research in the field of export performance of SMEs is presented as well.

This part starts with conclusions on the research topic, including all variables that were used during this study, elaboration of variables that affect export performance and some of them that are considered essential.

Based on the central research questions, the following section comprises conclusions about them.

Do these determinants affect export performance, and which of them affects it mostly?

The conducted study helps to make the following conclusions. Every research question is presented followed by a general assumption resulted from the questionnaire of the investigation.

7.2 Conclusion on the research topic

During this part, any relationship between managerial characteristics such as age, gender, and experience with export performance is explored. Many variables can be considered as a determinant that indicates better performance of SMEs. The empirical analysis has shown that some of the variables such as age, gender, and experience are negatively correlated with a company's export share in the total sale.

In the case of SMEs, from the research conducted by questionnaire and from model estimation resulted that managerial characteristic such as age, gender, experience and export performance is statistically not significant and all these three variables resulted in being not significant. Moreover, a lot of studies stated that there is a significant positive impact of management's commitment to the export performance of a firm. A survey conducted by Julian and Nhat Lu (2007) states that the commitment of the management has a significant positive impact towards the performance of the export marketing of the firm or organization.

Based on previous research, Madsen (1989); Aaby and Slater (1989) found a significant correlation between education staff of firms on reaching better performance and the degree of internationalization (Dominguez et al., 1993) and attitudes toward better future exports (Gripsrud, 1990). The obtained results from the conducted questionnaire of SMEs in Kosovo, concerning the dependency of managers' education and training were corresponding with those attained when testing dependency of managers' age and the international experience. The results indicated that managers belonging to the group age of 20 to 30 and with completed bachelor's and master's degree could have international experience compared to those belonging to the older group age and with higher education (PhD).

Hiring employees with export experience from companies can result in better outcomes and in stronger effects of exporting, because of their higher knowledge about external environment and higher capacity of the context of donor and recipient, based in international experience, a habit that is acquired on the basis of numerous contacts with firms in international cooperation (Sala and Yalcin, 2015). In this analysis, international experience was measured as a statement of a firm having or not having international experience, and it was found that this variable correlates

positively and is statistically significant with the export share in total sales of a firm. In the case of exporter SMEs in Kosovo, it can be recommended to these SME to hire employees that have international experience to have higher performance in exporting.

Literature review shows a different relationship between firm size and export. According to Lefebvre and Lefebvre (2001), if want to be more competitive in globally you have to be significant. But, these correlations depend on how the firm size is measured; with some employees or with the firm's sales total. The actual collision is reasoned by the fact that there are more resources to a larger company, and larger companies can improve their performance by relying on the experience (Maurel, 2009). This positive correlation can also be seen in this research for exporter SMEs in Kosovo when firm size is positively and strongly correlated with export performance. Some managerial characteristics such as knowledge of foreign languages are significantly associated with export performance, in that way that they are more flexible and more successful with international experience when they have a higher education level. Most of the SMEs benefit from this advantage related to staff because they are able to apply them to benefit from and to exploit opportunities in new foreign markets. High levels of education represent a useful and an essentials factor in export markets and can influence the export performance because education of managers has positive effects on total export sales, profit, growth, and evaluation of export performance (Moghaddam, 2013). This positive association can be seen in the empirical evidence, since in exporter SMEs in Kosovo, knowledge of foreign language is positively and strongly correlated with export performance.

This group of variables, including price, distribution, place, and promotion can directly indicate the export performance. During the last years, firms have been paying considerable attention to developing all these variables. Products design has positive effects on better performance, also differentiation attributes as quality, luxury, and prestige can lead to better performance (McGuinness and Little, 1981). All these advantages indicate the contribution of export in total profit. From the conducted research, the magnitude given to the marketing strategy by exporter SMEs surveyed was positively and strongly associated with export performance. During it is measured how the usage of computers and innovation indicates the exporting activity. For exporting firms, the firm's ability to innovate continues to be one of the most important factors, contributing to the growth of comparative advantages compared to the others (Wakelin, 1998;

Algere, 2007). From this research, exporter firms that are more flexible and more innovative are positively correlated with export performance. The essential dispute is that SMEs are using the computer and internet to build up their affiliation with clients and to have better export performance as well. This is comprehensible based on the fact that most of the time the firm's association with foreign markets happens in the distance, throughout the information technology, and these recent years internet is the most important innovation for SME exporters (Mostafa et al., 2005). Successful companies construct networks and deal with foreign companies overseas using new technologies for accessing their applications, doing foreign investment and orienting their company toward exports. In this research for exporting SMEs, it is seen that usage of information technologies by exporter companies was positively and strongly correlated with export performance.

Starting from Schumpeter (1934[1911]), higher levels of financial resources can improve the degree or the level of innovation, and have successful small firms need to have a considerable amount of financial resources (Wiklund and Shepherd, 2005). In the findings from exporter SMEs, it has been shown that that financial sources variable was positively but weakly correlated to the export share in total sales of firms.

7.3 Policy implication

The main purpose of the thesis was to investigate Kosovo's foreign trade. In particular the export development and impact of the process of trade liberalization and economic integration in its development; as well as assessing the competitiveness of Kosovo's economy in foreign markets, particularly in regional markets such as Albania, Macedonia, and Montenegro; European markets and broader. This thesis has involved a theoretical background and empirical research about exporting, to find answers to the research questions. The relationship between internal factors such as managerial characteristics, education, and training, international experience, firm size, knowledge of foreign language, business experiences, marketing strategy, innovation capability and external factors as financial sources with export performance.

Researching the literature review, exploring and analyzing the database of SMEs in Kosovo, this dissertation aimed to contribute to better understanding of the determinants of SMEs' exports performance. In most of the countries, SMEs play the most critical role in promoting economic growth, jobs creation, economic changes, creativity, information technology and communications. All these elements then contribute to enriching their capacity to be more competitive in the global market at the international level. After reviewing the literature about the export activity as a way of internationalization and analyzing data about this, it was possible to identify and analyze Kosovo SMEs' export activity and their prospects.

7.4 Company's management

Based on this research and on the hypothesis that is positively correlated with export performance, the following recommendations are presented:

Firm size, measured by some employees is a significant variable in a better performance of exporting enterprises. Enterprises should further focus on the employment of relatively young people in their enterprises, as the research shows that managerial features such as experience, knowledge for information technology, foreign language skills are positively correlated with the export performance of SME. About the level of education of management, it shows that managers that have higher education level are more successful in exporting. These companies can benefit from some advantages of hiring new people in their companies such as knowledge about planning, organizing and finding new opportunities in new export markets.

Exporting companies continue to invest in marketing because it has been shown that the marketing variable, including the price, product, place, and distribution, has a positive impact on export performance. This is an excellent way to be closer to the customers, and as a unique way to continue selling products even abroad.

7.5 Policy Makers - Government

Based on this research the following points are recommended for the policymakers:

Development policy should be made towards the added value and growth of competitive competencies of SMEs in the domestic market and the external market, as well as through this process to take facilitating steps in exporting promotional activities.

Agency for Supporting Small and Medium Enterprises should coordinate activities to improve the conditions for exporting enterprises by allowing access to public infrastructure.

The Ministry of Trade and Industry, working with the private sector and business agencies, should increase the level of investment in technology, use of information technology, raw material supply, research investment, and R&D development to improve the quality of exported products.

Support the development and intensification of marketing and research-development activities that would increase the level of innovation in the industry to penetrate into new markets and attract potential customers.

The Ministry of Trade and Industry through the cooperation with the trade associations and donors should make the support of exporting enterprises through promotional activities, such as systematic drilling and participation at international fairs for exporters.

Create an information system for exporting enterprises.

It is recommended for the Ministry of Trade and Industry to establish cooperation with regional organizations and international, export promotion oriented.

Internationally formal consultations for exporting enterprises to overcome barriers to the business environment and increase the competitive power of businesses.

Pay attention to the disadvantages of exporter SMEs that can be noticed in the obtained results and consider these barriers, by supporting these kinds of SMEs with adequate policies.

7.6 Limitation of the study

This thesis has some limitations, which lead to the development of questions that can be part of future research.

First, a limitation can be considered the use of data from 2012 instead of using data over an extended period which would have led to more reliable study results.

Second, in future research, it could be relevant to test the hypothesis based on different export performance measurements including time perspective. Also during the years, it is relevant to conduct similar research within various industries that may help to differentiate results for each specific market.

Indeed, it would be interesting to have similar studies including larger firms, not only small and medium enterprises but also in geographical contexts; the results could then be more generalized.

Finally, it would be fruitful to explore the impact of Information Technology as the modern way to enter into international trade. During all this study, only export is mentioned as the way of internationalizing a firm, but in future studies, other alternatives or different entryways as Foreign Direct Investment, Franchising, and Licensing can be explored.

7.7 Future research

The results of this research open new horizons for future research. Understanding the actual situation of SMEs and the ways how they can reach better performance on exporting, helps to increase the relevance of the study and also to attain new findings. Using data from 500 SMEs can give the best overall picture of exporting. A future research study can be focused on researching the companies from the preliminary step of the beginning of their export, which can help in reaching a better balance and more significant outcomes.

The reason why exporting is important it is thoroughly explained, however how to use this way of trading so that the companies can become more competitive in the market and show higher performance, stays behind merely as an optional question for further research.

Taking into consideration that this research topic is at an early stage of progress, it can be said that in Kosovo this field of research will be improved, knowing that export is a way of making competitive firms in the international market.

7.8 Summary

This chapter includes a summary of the contribution and implications of the study including research questions and research methodology. The personal suggestions of the researcher on this study expedition endow with concluding statements of this investigation.

This study explores the relationship between some variables of SMEs as firm size, product innovation, and experience of firms in business that is called the age of industry; knowledge of the market in exporting product/services; marketing strategy including price, product, place, and promotion and export performance.

To verify whether exporting is the first step in the process of internationalization, the findings of this study are linked with growing literature on exporting aspects. This also offered a more in-depth understanding of the relation between variables used in the study and export performance.

This chapter is summarized with some specific recommendations for the management of SMEs and for government institutions to increase the export performance in Kosovo. The chapter also provides a list of limitations and on the other hand of opportunities for further research in this section of trading.

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Appendixes

Probit Model

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501

Included observations: 501

Convergence achieved after 7 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.028454	0.011299	-2.518301	0.0118
GJINIA	-1.101125	0.373603	-2.947311	0.0032
PERGATITJE_PROFESIONALE	0.434909	0.162579	2.675070	0.0075
JETA_E_NDERMARRJES	-0.000897	0.010990	-0.081622	0.9349
A_KENI_QENE_TE_PUNESUAR_	0.152835	0.215779	0.708292	0.4788
NR_I_TE_PUNESUAREVE_NE_N	0.014478	0.002979	4.860076	0.0000
TAJNIME	1.263148	0.226518	5.576360	0.0000
FOREIGN_LANGUAGE	0.421448	0.090864	4.638210	0.0000
INTERNATIONAL_EXPERIENCE	0.795413	0.222959	3.567527	0.0004
MARKETING_STRATEGY	0.194110	0.087603	2.215777	0.0267
PROMOTION	0.433186	0.205520	2.107758	0.0351
PLACE	-0.618407	0.288433	-2.144019	0.0320
PRODUCT	0.885350	0.343406	2.578146	0.0099
PRICE	-0.457142	0.276807	-1.651483	0.0986
INNOVATION	-0.506408	0.121852	-4.155943	0.0000
INFRASTRUCTURE	1.210770	0.223481	5.417777	0.0000
BARRIERAT_FINANCIARE	-0.175833	0.152648	-1.151891	0.2494
C	-5.407357	1.145870	-4.718996	0.0000
McFadden R-squared	0.581622	Mean dependent var	0.201597	
S.D. dependent var	0.401594	S.E. of regression	0.260168	
Akaike info criterion	0.492417	Sum squared resid	32.69303	
Schwarz criterion	0.643912	Log likelihood	-105.3504	
Hannan-Quinn criter.	0.551858	Deviance	210.7008	
Restr. deviance	503.6133	Restr. log likelihood	-251.8067	
LR statistic	292.9125	Avg. log likelihood	-0.210280	
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs	501	
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501

Included observations: 501

Convergence achieved after 7 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.028474	0.011298	-2.520396	0.0117
GJINIA	-1.103522	0.372851	-2.959683	0.0031
PERGATITJE_PROFESIONALE	0.434647	0.162565	2.673687	0.0075
A_KENI_QENE_TE_PUNESUAR	0.152139	0.215618	0.705593	0.4804
NR_I_TE_PUNESUAREVE_NE_N	0.014471	0.002977	4.860431	0.0000
TAJNIME	1.265521	0.224733	5.631216	0.0000
FOREIGN_LANGUAGE	0.421079	0.090777	4.638588	0.0000
INTERNATIONAL_EXPERIENCE	0.793685	0.221982	3.575450	0.0003
MARKETING_STRATEGY	0.194206	0.087556	2.218078	0.0265
PROMOTION	0.433964	0.205251	2.114309	0.0345
PLACE	-0.618660	0.288506	-2.144356	0.0320
PRODUCT	0.885776	0.343445	2.579092	0.0099
PRICE	-0.457222	0.276744	-1.652149	0.0985
INNOVATION	-0.506183	0.121841	-4.154457	0.0000
INFRASTRUCTURE	1.208962	0.222399	5.436000	0.0000
BARRIERAT_FINANCIARE	-0.174716	0.152069	-1.148927	0.2506
C	-5.416084	1.141316	-4.745472	0.0000
McFadden R-squared	0.581609	Mean dependent var	0.201597	
S.D. dependent var	0.401594	S.E. of regression	0.259850	
Akaike info criterion	0.488438	Sum squared resid	32.68059	
Schwarz criterion	0.631517	Log likelihood	-105.3537	
Hannan-Quinn criter.	0.544577	Deviance	210.7075	
Restr. deviance	503.6133	Restr. log likelihood	-251.8067	
LR statistic	292.9059	Avg. log likelihood	-0.210287	
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs	501	
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501

Included observations: 501

Convergence achieved after 7 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.027301	0.011085	-2.462909	0.0138
GJINIA	-1.136858	0.371737	-3.058233	0.0022
PERGATITJE_PROFESIONALE	0.459029	0.159214	2.883092	0.0039
NR_I_TE_PUNESUAREVE_NE_N	0.014420	0.002961	4.869610	0.0000
TAJNIME	1.269502	0.224905	5.644605	0.0000
FOREIGN_LANGUAGE	0.424068	0.090685	4.676265	0.0000
INTERNATIONAL_EXPERIENCE	0.796902	0.221927	3.590830	0.0003
MARKETING_STRATEGY	0.199073	0.086837	2.292481	0.0219
PROMOTION	0.429912	0.205030	2.096827	0.0360
PLACE	-0.593417	0.285652	-2.077416	0.0378
PRODUCT	0.851012	0.338674	2.512774	0.0120
PRICE	-0.444509	0.275010	-1.616337	0.1060
INNOVATION	-0.511600	0.121020	-4.227400	0.0000
INFRASTRUCTURE	1.249927	0.215555	5.798651	0.0000
BARRIERAT_FINANCIARE	-0.163475	0.150635	-1.085242	0.2778
C	-5.549775	1.133191	-4.897477	0.0000
McFadden R-squared	0.580618	Mean dependent var	0.201597	
S.D. dependent var	0.401594	S.E. of regression	0.260736	
Akaike info criterion	0.485442	Sum squared resid	32.97199	
Schwarz criterion	0.620104	Log likelihood	-105.6033	
Hannan-Quinn criter.	0.538279	Deviance	211.2065	
Restr. deviance	503.6133	Restr. log likelihood	-251.8067	
LR statistic	292.4068	Avg. log likelihood	-0.210785	
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs	501	
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501

Included observations: 501

Convergence achieved after 6 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.027317	0.011048	-2.472458	0.0134
GJINIA	-1.176518	0.371278	-3.168828	0.0015
PERGATITJE_PROFESIONALE	0.468769	0.158942	2.949320	0.0032
NR_I_TE_PUNESUAREVE_NE_N	0.014342	0.002965	4.837099	0.0000
TAJNIME	1.296033	0.223502	5.798755	0.0000
FOREIGN_LANGUAGE	0.426013	0.090502	4.707197	0.0000
INTERNATIONAL_EXPERIENCE	0.816169	0.221587	3.683284	0.0002
MARKETING_STRATEGY	0.210663	0.085616	2.460564	0.0139
PROMOTION	0.469232	0.201658	2.326868	0.0200
PLACE	-0.650410	0.283185	-2.296763	0.0216
PRODUCT	0.899147	0.337770	2.662008	0.0078
PRICE	-0.458222	0.274219	-1.671011	0.0947
INNOVATION	-0.529259	0.120274	-4.400438	0.0000
INFRASTRUCTURE	1.309842	0.210137	6.233286	0.0000
C	-6.161813	1.000774	-6.157049	0.0000
McFadden R-squared	0.578281	Mean dependent var		0.201597
S.D. dependent var	0.401594	S.E. of regression		0.261307
Akaike info criterion	0.483800	Sum squared resid		33.18484
Schwarz criterion	0.610045	Log likelihood		-106.1918
Hannan-Quinn criter.	0.533334	Deviance		212.3836
Restr. deviance	503.6133	Restr. log likelihood		-251.8067
LR statistic	291.2298	Avg. log likelihood		-0.211960
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs		501
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
 Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501

Included observations: 501

Convergence achieved after 7 iterations

Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.028383	0.010959	-2.589847	0.0096
GJINIA	-1.107440	0.364709	-3.036505	0.0024
PERGATITJE_PROFESIONALE	0.457732	0.157948	2.897993	0.0038
NR_I_TE_PUNESUAREVE_NE_N	0.013747	0.002889	4.758149	0.0000
TAJNIME	1.306744	0.222989	5.860132	0.0000
FOREIGN_LANGUAGE	0.432900	0.090139	4.802590	0.0000
INTERNATIONAL_EXPERIENCE	0.799275	0.219884	3.634985	0.0003
MARKETING_STRATEGY	0.183721	0.083918	2.189302	0.0286
PROMOTION	0.268664	0.156817	1.713236	0.0867
PLACE	-0.604793	0.277888	-2.176390	0.0295
PRODUCT	0.598026	0.287761	2.078203	0.0377
INNOVATION	-0.524463	0.118962	-4.408666	0.0000
INFRASTRUCTURE	1.296069	0.211113	6.139228	0.0000
C	-6.021341	0.980762	-6.139455	0.0000
McFadden R-squared	0.572549	Mean dependent var		0.201597
S.D. dependent var	0.401594	S.E. of regression		0.263499
Akaike info criterion	0.485569	Sum squared resid		33.81330
Schwarz criterion	0.603398	Log likelihood		-107.6350
Hannan-Quinn criter.	0.531801	Deviance		215.2699
Restr. deviance	503.6133	Restr. log likelihood		-251.8067
LR statistic	288.3434	Avg. log likelihood		-0.214840
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs		501
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501
Included observations: 501
Convergence achieved after 7 iterations
Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.026960	0.010852	-2.484309	0.0130
GJINIA	-1.076911	0.357312	-3.013925	0.0026
PERGATITJE_PROFESIONALE	0.442014	0.155877	2.835650	0.0046
NR_I_TE_PUNESUAREVE_NE_N	0.013631	0.002871	4.747479	0.0000
TAJNIME	1.289029	0.220325	5.850591	0.0000
FOREIGN_LANGUAGE	0.426434	0.087980	4.846932	0.0000
INTERNATIONAL_EXPERIENCE	0.754724	0.214679	3.515598	0.0004
MARKETING_STRATEGY	0.216671	0.080749	2.683271	0.0073
PLACE	-0.444158	0.254471	-1.745416	0.0809
PRODUCT	0.659682	0.280617	2.350828	0.0187
INNOVATION	-0.490029	0.116492	-4.206527	0.0000
INFRASTRUCTURE	1.264309	0.205484	6.152824	0.0000
C	-5.958631	0.968524	-6.152280	0.0000
McFadden R-squared	0.566693	Mean dependent var		0.201597
S.D. dependent var	0.401594	S.E. of regression		0.265518
Akaike info criterion	0.487463	Sum squared resid		34.40393
Schwarz criterion	0.596876	Log likelihood		-109.1096
Hannan-Quinn criter.	0.530393	Deviance		218.2192
Restr. deviance	503.6133	Restr. log likelihood		-251.8067
LR statistic	285.3942	Avg. log likelihood		-0.217784
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs		501
Obs with Dep=1	101			

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Binary Probit (Newton-Raphson / Marquardt steps)

Sample: 1 501
Included observations: 501
Convergence achieved after 6 iterations
Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.027760	0.010720	-2.589591	0.0096
GJINIA	-1.043173	0.348314	-2.994918	0.0027
PERGATITJE_PROFESIONALE	0.478962	0.153205	3.126288	0.0018
NR_I_TE_PUNESUAREVE_NE_N	0.013043	0.002797	4.662577	0.0000

TAJNIME	1.298775	0.216911	5.987587	0.0000
FOREIGN_LANGUAGE	0.422518	0.087134	4.849063	0.0000
INTERNATIONAL_EXPERIENCE	0.750245	0.211552	3.546390	0.0004
MARKETING_STRATEGY	0.219870	0.079973	2.749315	0.0060
PRODUCT	0.217334	0.105034	2.069178	0.0385
INNOVATION	-0.474299	0.114287	-4.150079	0.0000
INFRASTRUCTURE	1.232441	0.196309	6.278076	0.0000
C	-5.973748	0.950996	-6.281573	0.0000
McFadden R-squared	0.560464	Mean dependent var	0.201597	
S.D. dependent var	0.401594	S.E. of regression	0.265822	
Akaike info criterion	0.489732	Sum squared resid	34.55346	
Schwarz criterion	0.590729	Log likelihood	-110.6780	
Hannan-Quinn criter.	0.529360	Deviance	221.3560	
Restr. deviance	503.6133	Restr. log likelihood	-251.8067	
LR statistic	282.2574	Avg. log likelihood	-0.220914	
Prob(LR statistic)	0.000000			
Obs with Dep=0	400	Total obs	501	
Obs with Dep=1	101			

Tobit model

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501

Included observations: 501

Left censoring (value) at zero

Convergence achieved after 6 iterations

Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.019768	0.007090	-2.788024	0.0053
GJINIA	-0.554517	0.216377	-2.562730	0.0104
PERGATITJE_PROFESIONALE	0.257049	0.093147	2.759606	0.0058
JETA_E_NDERMARRJES	0.001734	0.006237	0.278086	0.7809
A_KENI_QENE_TE_PUNESUAR_	0.100305	0.127807	0.784819	0.4326
NR_I_TE_PUNESUAREVE_NE_N	0.010351	0.002004	5.165327	0.0000
TAJNIME	0.792547	0.132184	5.995778	0.0000
FOREIGN_LANGUAGE	0.255762	0.055216	4.632054	0.0000
INTERNATIONAL_EXPERIENCE	0.439671	0.135823	3.237084	0.0012
MARKETING_STRATEGY	0.129893	0.053204	2.441414	0.0146
PROMOTION	0.166882	0.105652	1.579546	0.1142
PLACE	-0.261806	0.145637	-1.797667	0.0722
PRODUCT	0.411330	0.173966	2.364422	0.0181
PRICE	-0.224388	0.149480	-1.501127	0.1333
INNOVATION	-0.307103	0.069194	-4.438269	0.0000
INFRASTRUCTURE	0.583484	0.104413	5.588250	0.0000
BARRIERAT_FINANCIARE	-0.104934	0.082797	-1.267358	0.2050
C	-2.752144	0.630437	-4.365454	0.0000

Error Distribution

SCALE:C(19)	0.751348	0.061379	12.24105	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.303373	Akaike info criterion	0.834407	
Sum squared resid	44.36094	Schwarz criterion	0.994318	
Log likelihood	-190.0190	Hannan-Quinn criter.	0.897151	
Avg. log likelihood	-0.379279			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
 Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
 Included observations: 501
 Left censoring (value) at zero
 Convergence achieved after 6 iterations
 Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.019738	0.007086	-2.785518	0.0053
GJINIA	-0.548723	0.214768	-2.554961	0.0106
PERGATITJE_PROFESIONALE	0.256423	0.093078	2.754933	0.0059
A_KENI_QENE_TE_PUNESUAR	0.101830	0.127656	0.797688	0.4251
NR_I_TE_PUNESUAREVE_NE_N	0.010350	0.002004	5.163453	0.0000
TAJNIME	0.788108	0.130996	6.016268	0.0000
FOREIGN_LANGUAGE	0.256414	0.055137	4.650498	0.0000
INTERNATIONAL_EXPERIENCE	0.443581	0.135061	3.284312	0.0010
MARKETING_STRATEGY	0.128497	0.052987	2.425058	0.0153
PROMOTION	0.163293	0.104834	1.557633	0.1193
PLACE	-0.258805	0.145121	-1.783372	0.0745
PRODUCT	0.407080	0.173156	2.350939	0.0187
PRICE	-0.221346	0.149018	-1.485363	0.1374
INNOVATION	-0.307830	0.069133	-4.452715	0.0000
INFRASTRUCTURE	0.586208	0.104012	5.635944	0.0000
BARRIERAT_FINANCIARE	-0.108920	0.081546	-1.335689	0.1817
C	-2.722099	0.619658	-4.392903	0.0000

Error Distribution

SCALE:C(18)	0.751356	0.061382	12.24074	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.302972	Akaike info criterion	0.830569	
Sum squared resid	44.33547	Schwarz criterion	0.982064	
Log likelihood	-190.0576	Hannan-Quinn criter.	0.890010	
Avg. log likelihood	-0.379356			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
Included observations: 501
Left censoring (value) at zero
Convergence achieved after 6 iterations
Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.019103	0.007012	-2.724452	0.0064
GJINIA	-0.571963	0.214445	-2.667178	0.0076
PERGATITJE_PROFESIONALE	0.274522	0.090952	3.018321	0.0025
NR_I_TE_PUNESUAREVE_NE_N	0.010297	0.002002	5.143797	0.0000
TAJNIME	0.783818	0.130677	5.998114	0.0000
FOREIGN_LANGUAGE	0.257868	0.055166	4.674430	0.0000
INTERNATIONAL_EXPERIENCE	0.448202	0.135354	3.311321	0.0009
MARKETING_STRATEGY	0.130515	0.052940	2.465351	0.0137
PROMOTION	0.163889	0.105113	1.559166	0.1190
PLACE	-0.248111	0.144713	-1.714498	0.0864
PRODUCT	0.390729	0.172065	2.270823	0.0232
PRICE	-0.217858	0.149125	-1.460909	0.1440
INNOVATION	-0.313655	0.068950	-4.549008	0.0000
INFRASTRUCTURE	0.611391	0.100238	6.099418	0.0000
BARRIERAT_FINANCIARE	-0.104426	0.081447	-1.282125	0.1998
C	-2.781689	0.619886	-4.487420	0.0000

Error Distribution				
SCALE:C(17)	0.753158	0.061529	12.24062	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.304297	Akaike info criterion	0.827850	
Sum squared resid	44.81677	Schwarz criterion	0.970929	
Log likelihood	-190.3764	Hannan-Quinn criter.	0.883989	
Avg. log likelihood	-0.379993			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
Included observations: 501
Left censoring (value) at zero
Convergence achieved after 6 iterations
Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
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MOSHA	-0.019103	0.007035	-2.715450	0.0066
GJINIA	-0.597603	0.215650	-2.771164	0.0056
PERGATITJE_PROFESIONALE	0.279421	0.091591	3.050752	0.0023
NR_I_TE_PUNESUAREVE_NE_N	0.010259	0.002010	5.104125	0.0000
TAJNIME	0.804248	0.130733	6.151828	0.0000
FOREIGN_LANGUAGE	0.257047	0.055193	4.657210	0.0000
INTERNATIONAL_EXPERIENCE	0.456232	0.135857	3.358182	0.0008
MARKETING_STRATEGY	0.142847	0.052296	2.731496	0.0063
PROMOTION	0.186113	0.104510	1.780815	0.0749
PLACE	-0.276176	0.144125	-1.916232	0.0553
PRODUCT	0.406640	0.172490	2.357474	0.0184
PRICE	-0.222648	0.149685	-1.487446	0.1369
INNOVATION	-0.322405	0.069297	-4.652522	0.0000
INFRASTRUCTURE	0.648572	0.097717	6.637224	0.0000
C	-3.163668	0.561811	-5.631195	0.0000

Error Distribution

SCALE:C(16)	0.757131	0.061870	12.23740	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.305534	Akaike info criterion	0.827126	
Sum squared resid	45.27529	Schwarz criterion	0.961788	
Log likelihood	-191.1950	Hannan-Quinn criter.	0.879962	
Avg. log likelihood	-0.381627			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
Included observations: 501
Left censoring (value) at zero
Convergence achieved after 6 iterations
Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.020195	0.007050	-2.864377	0.0042
GJINIA	-0.573777	0.214487	-2.675110	0.0075
PERGATITJE_PROFESIONALE	0.277476	0.091919	3.018716	0.0025
NR_I_TE_PUNESUAREVE_NE_N	0.010085	0.002004	5.032151	0.0000
TAJNIME	0.814446	0.131770	6.180794	0.0000
FOREIGN_LANGUAGE	0.261485	0.055523	4.709532	0.0000
INTERNATIONAL_EXPERIENCE	0.458170	0.136567	3.354916	0.0008
MARKETING_STRATEGY	0.136099	0.052294	2.602561	0.0093
PROMOTION	0.110553	0.091253	1.211493	0.2257
PLACE	-0.278732	0.143283	-1.945323	0.0517
PRODUCT	0.262021	0.141716	1.848915	0.0645
INNOVATION	-0.321992	0.069229	-4.651141	0.0000

INFRASTRUCTURE	0.642211	0.097890	6.560569	0.0000
C	-3.110284	0.557301	-5.580972	0.0000
Error Distribution				
SCALE:C(15)	0.761836	0.062294	12.22962	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.304073	Akaike info criterion	0.827602	
Sum squared resid	44.93565	Schwarz criterion	0.953847	
Log likelihood	-192.3142	Hannan-Quinn criter.	0.877136	
Avg. log likelihood	-0.383861			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
Included observations: 501
Left censoring (value) at zero
Convergence achieved after 6 iterations
Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.019877	0.007065	-2.813604	0.0049
GJINIA	-0.580315	0.215092	-2.697990	0.0070
PERGATITJE_PROFESIONALE	0.277717	0.092486	3.002806	0.0027
NR_I_TE_PUNESUAREVE_NE_N	0.010097	0.002014	5.012174	0.0000
TAJNIME	0.817323	0.132272	6.179123	0.0000
FOREIGN_LANGUAGE	0.264127	0.055495	4.759423	0.0000
INTERNATIONAL_EXPERIENCE	0.447740	0.136398	3.282599	0.0010
MARKETING_STRATEGY	0.151202	0.051179	2.954397	0.0031
PLACE	-0.220668	0.134309	-1.642988	0.1004
PRODUCT	0.291328	0.140182	2.078204	0.0377
INNOVATION	-0.309845	0.068519	-4.522022	0.0000
INFRASTRUCTURE	0.644288	0.098211	6.560257	0.0000
C	-3.140895	0.560603	-5.602711	0.0000
Error Distribution				
SCALE:C(14)	0.765509	0.062615	12.22565	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.304200	Akaike info criterion	0.826525	
Sum squared resid	45.06598	Schwarz criterion	0.944355	
Log likelihood	-193.0446	Hannan-Quinn criter.	0.872758	
Avg. log likelihood	-0.385319			
Left censored obs	400	Right censored obs	0	

Uncensored obs

101 Total obs

501

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
 Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501

Included observations: 501

Left censoring (value) at zero

Convergence achieved after 6 iterations

Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.020611	0.007076	-2.912877	0.0036
GJINIA	-0.582840	0.215380	-2.706104	0.0068
PERGATITJE_PROFESIONALE	0.293898	0.092360	3.182099	0.0015
NR_I_TE_PUNESUAREVE_NE_N	0.009962	0.002012	4.950647	0.0000
TAJNIME	0.837026	0.132830	6.301475	0.0000
FOREIGN_LANGUAGE	0.263749	0.055621	4.741888	0.0000
INTERNATIONAL_EXPERIENCE	0.451600	0.136609	3.305790	0.0009
MARKETING_STRATEGY	0.145567	0.051036	2.852248	0.0043
PRODUCT	0.087504	0.062464	1.400874	0.1613
INNOVATION	-0.315887	0.069222	-4.563364	0.0000
INFRASTRUCTURE	0.661473	0.098666	6.704183	0.0000
C	-3.214546	0.562769	-5.712021	0.0000

Error Distribution

SCALE:C(13)	0.770273	0.063066	12.21384	0.0000
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Mean dependent var	0.201597	S.D. dependent var	0.401594
S.E. of regression	0.302750	Akaike info criterion	0.827974
Sum squared resid	44.72892	Schwarz criterion	0.937387
Log likelihood	-194.4075	Hannan-Quinn criter.	0.870904
Avg. log likelihood	-0.388039		

Left censored obs	400	Right censored obs	0
Uncensored obs	101	Total obs	501

Dependent Variable: EKSPORTUESE_OSE_JOEKSPOR
Method: ML - Censored Normal (TOBIT) (Quadratic hill climbing / EViews legacy)

Sample: 1 501
Included observations: 501
Left censoring (value) at zero
Convergence achieved after 6 iterations
Coefficient covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
MOSHA	-0.021108	0.007139	-2.956677	0.0031
GJINIA	-0.607556	0.217121	-2.798236	0.0051
PERGATITJE_PROFESIONALE	0.303714	0.093100	3.262243	0.0011
NR_I_TE_PUNESUAREVE_NE_N	0.009962	0.002029	4.908696	0.0000
TAJNIME	0.830558	0.133193	6.235759	0.0000
FOREIGN_LANGUAGE	0.268144	0.055943	4.793144	0.0000
INTERNATIONAL_EXPERIENCE	0.449226	0.137529	3.266409	0.0011
MARKETING_STRATEGY	0.161892	0.050606	3.199077	0.0014
INNOVATION	-0.267411	0.058905	-4.539721	0.0000
INFRASTRUCTURE	0.668361	0.099576	6.712083	0.0000
C	-3.163818	0.563468	-5.614901	0.0000
Error Distribution				
SCALE:C(12)	0.776164	0.063547	12.21404	0.0000
Mean dependent var	0.201597	S.D. dependent var	0.401594	
S.E. of regression	0.302755	Akaike info criterion	0.827884	
Sum squared resid	44.82199	Schwarz criterion	0.928880	
Log likelihood	-195.3849	Hannan-Quinn criter.	0.867511	
Avg. log likelihood	-0.389990			
Left censored obs	400	Right censored obs	0	
Uncensored obs	101	Total obs	501	



Date: July 24, 2018

Letter of Permission

Subject: Permission to use SMEs database on Entrepreneurship and Small Business Development in Kosovo in 2012 for Sevdie Alshiqi Bekteshi

BSC Kosovo grants the permission to Sevdie Alshiqi Bekteshi, to use the survey data of SMEs conducted in 2012 by BSC Kosovo for her Phd thesis on the "The Determinants of Export Performance of Small and Medium Enterprises: Kosovo Case, under the following conditions:

- Sevdie Alshiqi Bekteshi will use this survey data only for her PhD Thesis and will not sell or use it with any compensated or curriculum development activities.
- Sevdie Alshiqi Bekteshi will include the copyright statement on all copies of the instrument.
- Upon our request, Sevdie Alshiqi Bekteshi will send a copy of her dissertation before publication.

Regards,

A handwritten signature in blue ink, appearing to read "Besnik Krasniqi".

Prof. Dr. Besnik Krasniqi, Founder & Director

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