Journal of Liberty and International Affairs | Volume 9 · Number 1 · 2023 | eISSN 1857-9760
Published online by the Institute for Research and European Studies at www.e-jlia.com

Copyright © 2023 The author/s
This work is licensed under a CC-BY 4.0 license
(*) Corresponding author
Peer review method: Double-blind
Original scientific article
DOI: https://doi.org/10.47305/JLIA2391242s
Received: 23.01.2023 · Revised: 22.02.2023 · Accepted: 26.02.2023 · Published: 25.03.2023

EXAMINATION OF DECISION-MAKING STRUCTURES' PERCEPTIONS OF COMPONENTS ON THE INFLUENCES OF SME SUCCESS

Muhamet J. Spahiu[1], Esat A. Durguti[2*]

[1]Universum College - Prishtina, Kosovo https://orcid.org/0000-0001-8552-0432 ✉ spahiu.m@gmail.com
[2]University Isa Boletini, Faculty of Economics - Mitrovica, Kosovo https://orcid.org/0000-0002-5982-3664 ✉ esat.durguti@umib.net

Abstract: *Small and medium-sized enterprises (SMEs) have succeeded in being the main and dynamic pillar of national and international economies. Education and work experience is essential in increasing SMEs' efficiency and competitiveness. The changing business environment has created fierce competitiveness among SMEs, requiring active interaction between managers/owners and stakeholders. As a result, this study aims to explore the influence of education, experience, using a business plan, and barriers on the success of small and medium-sized businesses. This research employed an online questionnaire for scientific research. Through ordered logistic modeling, we observed 336 answers from businesses using the qualitative approach. The study's findings reveal that education and work experience have a statistically favorable influence on the performance of SMEs, whereas barriers have a substantial adverse influence. Findings on barriers are noteworthy in the context of this study since the governing institutions throughout the pandemic and later situations experimented with the measures adopted. The study also benefits SMEs and legislation authorities in understanding the critical concerns that are perceived as barriers to the growth and expansion of SMEs, resulting in the creation of even more sophisticated infrastructures to support sustainable development.*

Keywords: *SME Performance; Education; Experiences; Business Plan; Obstacles*

INTRODUCTION

SME is a prominent issue for discussion worldwide, particularly in European countries. It drives the economic growth of most economies and overcomes unemployment concerns. SME tendencies have continuously increased globally in recent decades. Numerous SME entrepreneurs would prefer to involve in this type of business since an SME may be started with a modest investment (Lim and Teoh 2021). To measure the economic development of a country, the number of SMEs is often taken as an indicator and priority of any economy, knowing that they employ the largest number of all employees. Therefore their importance is very high. Our country went through difficult post-war periods, which meant that for two decades, we still did not have genuine economic policies focusing on facilities and establishing better environments for doing business. Therefore, generating jobs does not mean investing large sums of money in building roads or facilities but in policies that inspire young entrepreneurs to turn their ideas into projects. Therefore, it is crucial to focus on creating a favorable environment for existing local and start-up businesses.

To develop appropriate innovation capabilities, SMEs should seek relevant information and expertise that can be used to enhance their competitive offers in their chosen sectors and

marketplaces. Therefore, as a result, an active and continuous investigation will provide the opportunity to improve creative performance even more (Ignas 2012). The contribution of the SME sector as a contributor to economic advancement is now universally recognized; however, it should be noted that in Kosovo, more concentration is placed on SME performance in the market, and very little has been studied on the influence of education on the consequences of SMEs (Williams and Krasniqi 2018).

The success of SME owners and managers is critical to Kosovo's and other countries economic and social development. This leadership organization can boost SMEs if they have important components such as education and expertise in the SME field. The researchers, Latifi-Mustafa and Havolli (2020), demonstrate that enterprises in any structured form should be devoted to the abilities of the people they employ to encourage them to demonstrate their knowledge, skills, and expertise for business operations. These human resources competencies have traditionally been and continue to be intended to be leveraged to promote organizational efficiency and effectiveness. On the other side, human resource management is continually changing as the business evolves, and this transformation should be tied to an increase in education, skills, and competencies that are valuable to SMEs. The discoveries revealed that specific lean start-up activities and drafting a business plan are connected to success. However, the planning process may help entrepreneurs systematize their initial operations apart from gathering data and drafting. Even though entrepreneurs may be involved in social resourcing (Keating et al. 2014) and teamwork sense-making (Wood and McKinley 2010), codifying the outcomes of these operations has the potential to objectify these practices. Entrepreneurs participate socially through many dimensions in pursuing a venture, but formally writing down a business plan that can be shared with others might serve as an assurance mechanism. Founders may share this strategy with various stakeholder groups only for reaction (Wood and McKinley 2010), but they may use it to obtain funds (Richbell et al. 2006).

Hence, grounded on the abovementioned matters, the research aims to investigate the factors that influence the performance and success of SMEs in Kosovo. This research will be of interest to various young scholars, start-up businesses, and SME entrepreneurs, as also the structure of policy-making. The research uses primary data designed and presented according to the standard setup outlined by the conceptual framework, including the different business activities, characteristics, and start-up businesses. To realize this premise, the study has designed research questions from the outset to formulate a causal and unique approach between research questions and hypotheses. Therefore, the research questions are:

(RQ1): How do the education and experiences of entrepreneurs and management staff affect the success of SMEs?

(RQ2): What impact has a well-structured and adequate business plan had on the performance of SME Business success?

(RQ3): How do administrative and procedural obstacles impact SME performance?

The hypotheses offered in the context of this investigation are continually tied to the research questions raised and the substance of the investigation:

H_1: There is a substantial positive correlation between education and SME business success.

H_2: There is a substantial positive correlation between experiences and SME business success.

H_3: A substantial positive correlation exists between drafted business plans and SME business success.
H_4: A substantial negative correlation exists between obstacles and SME business success.

The study, therefore, intends to contribute in multiple ways, firstly with the extension of the scientific literature in which these drivers are explored and their effect, and concluding with unique empirical evidence in the scenario of SME factors that influence efficiency. The study of the factors that affect the performance of SMEs will influence policymakers to provide situations for formal and informal education for young people who want to start businesses and self-employment, to support with formal education and necessary information for start-up businesses, and provide financial and technical support to existing businesses to enable them to improve business performance and penetrate international markets.

LITERATURE REVIEW

Every country's economic structure needs a high-quality business environment in the SME sector to be stable, successful, and competitive. The attractiveness of the business environment is a crucial component of a country's growth because it is essential to the expansion of the economy's competitiveness and its future and sustainable economic growth (Martin 2020). SMEs have emerged as a vibrant and active division of the worldwide economy, with various factors contributing to SMEs' improved efficiency and competitiveness. The sophisticated market environment has created severe competition among SMEs, requiring active interaction between owners and internal and external stakeholders. Qalati, Li, Ahmed, Manzor, and Khan (2021) although there is a confident association between entrepreneur qualities and firm performance in the context of SMEs, the association is still questionable, signifying that there are intervening constructs between the two constructs (Sidik 2012). The contribution of education, training, development, background experience and experience to SMEs' success was explored; however, only one category demonstrated conclusive proof that education and training had a beneficial effect on SMEs' success. Most businesses rely heavily on previous experience and skills (Simpson, Tuck, and Bellamy 2004). This review exposed the association between education and business experience with the business success of owner-managers. Whereas considering the education characteristic of SME's success conferring, Kim and Staw (1991) and Katz (1992) stated that those with advanced levels of education are more fruitful because higher education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage a business (Wanigasekara and Surangi 2010). Organizational business planning is critical for accomplishing these goals since it creates owners of small businesses with a roadmap for progress. One of the most fundamental and challenging things in this planning process is to formulate a vision for the organization that gives significance to the very heart of the company (Howard, Ulferts, and Hannon 2019). Several of the challenges that SMEs face are caused by the external business environment, over which they have limited influence. The government is responsible for combatting corruption, implementing a simple and fair tax structure, and guaranteeing regulations and policies to promote a business climate

favorable to SMEs. The more successful SMEs, are more and more employees they will employ (Ramukumba 2019).

Balkans has continuously been at a crossroads of diverse cultures and societies, where different religions and people have existed. The academic community agrees that SMEs are important job developers and economic drivers in the Balkan region. In the meantime, all Balkan economies still suffer from unemployment and economic underperformance. In the past several years, each country in the Balkans has established governmental departments focused on SMEs to support their development (Apak and Atay 2014). SMEs in Kosovo are characterized by resource shortage, flexibility, and a high risk of failure due to the dynamic environment, particularly in transition environments such as Kosovo, which are associated with more regular changes in the business environment (Mahmutaj and Krasniqi 2018).

Individual factors in SME performance arise as family background, education, and experience in the business. Various specific factors contributed greatly to the businesses that have had a long experience pursuing their efforts; on average, they are motivated to excel in business (Sarvoko and Frisdiantara 2016). The key features mentioned in the international literature, identified as success factors, empirically tested, are the experience (specifically in management), the strategic planning, the owners' skills, the quality of the human resources, the founders' age, and the existence of a marketing policy, the type of market, the business area and the surrounding economic context (Rodriguez, Franco, Rui, and Cidalia 2021). The previous exploration verified that SMEs substantially affect a country's economy.

Thus, the performance of the SME sector is strictly associated with the country's performance (Khan, Tufail, and Ali 2021). The indicator's highest individual factor, which the owners of SMEs own, is business experience, which means that experience has been the key to the success of small businesses. Some indicators of individuals who contributed greatly among business people had the experience long enough to pursue their efforts; they also have an average motivation to succeed in business. One indicator of the highest individual factors owned by the owners of SMEs is business experience, which means that the experience has been the key to the success of small business owners so that they can compete with other SMEs (Sarwoko and Frisdiantara 2016). As a result, the success of SMEs is intimately linked to the country's performance (Khan et al. 2021). The role of the business plan is vital in assessing bankers, and the lack of a solid business plan hindered ethnic minority businesses' access to external finance. There are some critical relationships between the existence of a business plan, the type of business ownership, the annual growth rate of an enterprise, and access to finance (Bender et al. 2020).

The internationalizing SMEs and their competitive tactics are then described, as are industry evolution and its consequences for how SMEs perform, evolutionary outlooks of internationalization, and competitor theory. Many studies conclude by hypothesizing diverse patterns of market and industry conditions and competitive responses. Education, both previous and training and experience of managers and entrepreneurs tend to plan objectives and wider businesses (Odlin 2019). Previous views on SMEs are being redesigned; however, several characteristics for measuring performance and barriers to SMEs remain unexplained. Various theories concerning SME barriers have been developed, like financial constraints, competition,

corruption, political instability, and high manufacturing costs. However, these theories were only marginally concerned with the effect of SMEs' growth patterns (Noshad et al. 2019).

METHODOLOGY

Our research employs qualitative methods to gather data from 336 enterprises via questionnaires to realize the premises presented in the form of hypotheses and to examine which of the selected factors influence SMEs' success in Kosovo. Based on empirical research, the models that yield the most accurate results and fit these data are generally logistic models (Osborne 2017). In our instance, ordered logistic regression was used. Therefore, the research from selecting features and empirical model is based on the authors' studies (Krasniqi and Mustafa 2016; Durguti and Arifi 2021; Avdullahi and Hoti 2020; and Expósito and Sanchis-Llopis 2019). This empirical method was employed since the dependent variable possesses two ranks (rank 1 - we expect better success in 2021, and 2 - we do not expect any change to 2020).

In such cases, multinomial logistic regression can also be applied but ordered logistic regression is preferred because when the dependent variable (is ranked in two groups) is projected, it gives an extra accurate representation of the results compared to other models. The execution of the model and the testing of the presented hypotheses are done at the significance level of 1, 5, and 10 percent. Our model has determined the dependent variable, the evaluation of the perception of the success of SMEs for the year 2021, while the independent variables are education, work experience, business plan, and barriers.

Empirical Model

The selection of the appropriate model and its development to analyze the effects of the variables on the success of SMEs is a sensitive issue that must be tailored to the complexities of the data that have been applied. Because the employed data are integrated and binary, and the predicted regressor has two characteristics, the approach designed and derived in our unique scenario is tailored to them (it is ranked 1, 2; where: 1 - indicates better success than in 2020, while 2 - represents the same or worse success than in 2020). When dealing with such data, logistic regression models are preferred, and if the dependent variable takes more than two attributes, then MLR is strongly suggested; if the predictor variable has two ranks (characteristics), then ordered logit or probit regression provides the most robust results (Osborne 2015; Osborne 2017). As a result, our investigation employs OLR to evaluate the impact of important variables like education, work experience, drafted business plan, and the barriers imposed during and after the pandemic on the success of SMEs, as perceived by business managers/owners. Logistic regression is a generalized linear model with a systematic component that directly describes the predicted value as a function of understanding the predicted output. The systematic component comprises predicted information that enables us to recognize the interaction between the binary feature of SMEs' success and other explanatory variables. Therefore, as a result, a general formulation for the logistic regression model is as follows:

$$O_r(Y = 1|X) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_m X_m + \mu_i + \varepsilon_i \quad (1)$$

(cc) BY

0_r represents the success of SMEs; meanwhile, β is the set of measures used in the study to evaluate their impact on SMEs' success. Expanding equation (1) over the probability technique (Pituch and Stevens, 2015. pp. 445), the paradigm is:

$$\rho = \frac{e^{(\beta_0+\beta_1 X_1+\beta_2 X_2+\cdots+\beta_m X_m)}}{1+e^{(\beta_0+\beta_1 X_1+\beta_2 X_2+\cdots+\beta_m X_m)'}} \ldots \quad (2)$$

Consequently, without burdening it with other arithmetical explanations, the actual equation in our research is:

$$\mathrm{SME's}_{\mathrm{performance}} \left(\mathrm{SME's}_{\mathrm{performance}\ ,i} = 1|X_i\right) = \alpha + \beta_1 \mathrm{EDU}_i + \beta_2 \mathrm{EXP}_i + \beta_3 \mathrm{BP}_i + \beta_4 + \beta_5 \mathrm{BAR}_i + \mu_i + \varepsilon_i \ldots \quad (3)$$

SMEs represent the possibility that a firm has no barrier in increasing success for participant i, while 1- SMEs represent the possibility that a firm has difficulty achieving success for participant *i*. To test and validate the hypotheses, the study employed OLR to explore the parameters (education, work experience, drafted business plan, and barriers) that significantly affect SMEs' success. Usually, when dealing with dependent constraints that are not continuous numbers but have two or more categories, ordered logistic regression is applied more often (Osborne 2015; Adeleke and Adepoju 2010).

EMPIRICAL APPROACH

Data and Sample

The survey approach comprises various specific phases and incorporates several variables associated with the performance of SMEs. The questionnaire was organized and collected through the questionnaire during April and May 2021, followed by their processing based on the data provided with STATA software. The company, Economic and Education Consulting, administered the survey. It was divided into three sections: the first covers general business characteristics, the second covers education, training, work experience, etc., and the third shed light such as the business plan, the challenges experienced by businesses, and the barriers created in particular during the pandemic and afterward. The survey was distributed in seven Kosovo districts (Prishtina, Mitrovica, Peja, Prizren, Ferizaj, Gjilan, and Gjakova), providing equal likelihood for selection. The selection of the sample was made from the database of the Business Registration Agency. Then this list was compared with the list of inactive businesses from the database of the Tax Administration of Kosovo, and finally, the active list of businesses was extracted.

Throughout this study, sampling was employed. The dataset provides sufficient information for sample stratification, such as the sector in which business is conducted, the region, and the size. The sample of 336 active businesses is deemed sufficiently representative to achieve research objectives with a confidence level of 95 percent and an error margin of +/- 3 percent. To obtain accurate findings, the sample size is calculated by determining an acceptable proportion, which varies across research by 10 to 20 percent, but 10 percent is sufficient

(Saunders et al. 2009). Our sample represents 10 percent of the entire population of active firms in the three sectors (trade, production, and services) and provides a baseline for reaching empirical findings.

Variables and Statistical Summaries

The dependent variable used in this research is the manager/owners' perception of evaluating the success of SMEs. Generally, previous research has been conducted using two methodologies for evaluating the success of SMEs, namely the qualitative and quantitative approaches. Variables such as perceptions of overall productivity, management style, employee behavior, innovations, and target markets have been used to evaluate the success of SMEs from a qualitative perspective (Anggadwita and Mustafid 2014; Expósito and Sanchis-Llopis 2019; Durguti et al. 2020; Krasniqi et al. 2020). Additionally, based on the several perspectives in the literature review section, our research employs a qualitative technique to examine managers'/owners' perceptions of SME success. The examination and validation of SME success in 2021 are coded with 1 (e.g., better success than 2020), whereas the opposing perspective is coded as 2.

A priori independent variables such as education, drafted business plan, and work experience according to expectations should positively affect the success of SMEs. At the same time, the barriers (which include the limitations faced by SMEs during and after the Covid-19 pandemic) are expected to have had a negative influence since, during, and after the pandemic, the measures taken by the responsible bodies were contradictory following reality.

Table 1 summarizes the factors, the number of observations, the mean values, the standard deviation, the minimal, and the maximal values. According to the study, the dependent factor is influenced by the explanatory components in 2021 compared to the previous period in 2020. The mean value from 336 measurements was 1.34, with a sampling error of 0.032 percent. Education has a mean value of 2.1 as an explanatory factor, with the minimal and maximal values being 1 and 3, respectively. Another significant determinant of company performance is staff experience, which has resulted in a mean value of 7.09 (which means 7.1 years is the average of experience), with the lowest and greatest values of experience being 1 and 40, respectively. The sample mean from 336 observations for a drafted business plan was 1.54, suggesting that 77 percent of firms had a written business plan. In our scenario, barriers viewed as hurdles to company development in most research resulted in mean values of 3.48 with an ordinary deviation of 7.3%, or 66.6 percent of respondents indicated that barriers limit performance or business development.

Table 1: Variable and Statistics Description (Source: Authors' calculation)

Variables	Description	Obs.	Mean	St. dv.	Min.	Max.
Dependent Variable						
SME_p	Perception of SME's success for 2021	336	1.34	.032	1	2
Independent Variables						
EDU	Education	336	2.10	.536	1	3
EXP	Work experience	336	7.09	.505	1	40
BP	Do you have a business plan	336	1.54	.019	1	2
BAR	Barriers	336	3.48	.073	1	5

In addition to descriptive statistics, the survey employed correlation breakdown to determine the interaction with managers'/owners' perceptions as a dependent variable vis-à-vis for education, work experience, business plan utilization, and barriers imposed by government authorities' measures. Additionally, the outcomes of this breakdown will be exploited if the data gathered from respondents have any concerns about multicollinearity.

Table 2: Correlation Analysis (Source: Authors' calculation)

	SME_p	EDU	EXP	BP	BAR
SME_p	1.0000				
EDU	0.0953	1.0000			
EXP	-0.0678	0.0331	1.0000		
BP	0.0227	-0.2636	-0.1109	1.0000	
BAR	0.1005	0.0239	0.0372	-0.0146	1.0000

Table 2 shows that education, business plan, and barriers positively correlate with the perception of business development, but work experience has a negative correlation. In the deeper parts of the same tables, the strongest association between the explanatory factors appears. Because the data employed in the pattern does not exhibit multicollinearity, these results offer trustworthy evidence. Multicollinearity dilemmas are recognized when the constants among the dependent and explanatory factors are 0.80 or higher (Pituch and Stevens, 2015). This conclusion is further confirmed by the variance inflation factor (VIF) results, which show a mean value of VIF = 1.04 in the diagnostic testing section of Table 4.

Econometric Findings

To eliminate uncertainties regarding the soundness of the proposed model evaluation, the revision employs chi-square Pearson and Deviance. Thus, according to Table 3, the chi-square approach is usually tested at a relevance degree of $p < 0.05$. According to the report's results, the selection of the ordered logistic model is suitable and proper since the p-value is 0.006. This result presents that the model correctly predicted the observed data.

Table 3: Model Fit and Goodness-of-Fit Information (Source: Authors' calculation)

Model Fitting Information					Goodness-of-Fit			
Model	-2 Log-Likelihood	Chi-square	df	Sig.		Chi-square	df	Sig.
Intercept only	58.731				Pearson	28.060	15	.411
Final	42.112	24.184	9	0.006	Deviance	30.105	15	.357

Link function: logit

Pearson and Deviance chi-square were used to validate goodness-of-fit information. The results of this analysis are presented in Table 3 at a significance level of $\rho<0.05$. The empirical data obtained using the STATA software confirm that the Order Logit Regression model is fit and goodness-of-fit since $\rho=0.006$, thus lower than $p<0.05$. This demonstrates that the proposed approach is ideal for sample research. The chi-square outcome provides additional proof for appropriate model determination, which reveals statistically insignificant deviance with a coefficient of $\rho=0.411$. If the Pearson and deviance coefficients are insignificant, the studies conducted by Petrucci (2009) and Field (2018) provide strong evidence that the model is specified appropriately and consistently. We employed pseudo-R-Square to observe the explanatory relation for the dependent and independent variables, which provides us with essential information. The pseudo-R-Square output of 0.5149 indicates that the explanatory variables explain 51.49% of the predictor variable, even though the remaining may be determined and explained by different factors not part of the analysis. Even though there is no explicit explanation or consensus for pseudo-R-Square interpretation, there seems to be little doubt that a specific algorithm impacts how this result is interpreted (Pituch and Stevens 2016). As a result, this finding should be interpreted carefully, and only the context of the interaction of the variables that affect business performance should be evaluated.

Table 4: Parameter Estimates (Source: Authors' calculation)

		Coefficients [Odd ratio]	Z [Statistics]	Significance [p-value]
Dependent variable: Perception for business evaluation for 2021 = 1				
Independent Variables	Education	.3746485	1.75	0.081
	Work experience	.0273565	1.41	0.057
	Having a business plan	.1945653	0.81	0.416
	Barriers	-.2054088	-2.12	0.034
Diagnostics				
Likelihood ratio test		24.148	-"-	0.006
Pseudo R-square		0.5149	-"-	0.005
Durbin-Watson		1.6667	-"-	-"-
Breusch-Pagan / Cook-Weisberg for heteroskedasticity		14.2611	-"-	0.613
Mean VIF		1.04	-"-	-"-
Breusch-Godfrey LM test for autocorrelation		9.157	-"-	0.0025
N		336	-"-	-"-

Link function: logit

The Durbin-Watson testing investigated whether the data set exhibited serial correlation concerns. The validation coefficient is 1.6667, confirming that the statistics are within the specified range (Durbin and Watson 1971). The Breusch-Pagan/Cook-Weisberg test was performed to examine if the reported data had a heteroskedasticity problem. The reliability of the test reveals that the data provided by the determined sample does not have such concerns since the coefficient value is 0.613. Lastly, the Breusch-Godfrey LM autocorrelation test was utilized, and the results validated the underlying premise that the evaluated data did not contain autocorrelation, with ρ=0.0025.

RESULTS AND DISCUSSION

The results presented in Table 4 reveal that education is positively and with significant influence related to the success of the SME, and at the level of reliability of 10 percent since the p-value and odd ratio are ρ=0.081, and with coefficient β=0.3746485. This outcome is consistent with expectations and verifies the first hypothesis, which is that education significantly impacts the success of SMEs. Our analytical result implies that increasing the level of education by one unit (odd ratio) increases the success of SMEs by 0.37 units, presuming all those other factors remain constant. The findings of our study are in the spirit of the results revealed by Eugene (2014), advocating that education is a critical issue since it enables the management structure to gain knowledge of critical thinking, making them more competitive in the market. Magoutas et al. (2011) reached the same conclusion arguing that there is a positive relationship between

these two variables based on panel data for 287 firms in the context of the Greek economy. Similarly, the research performed by Meshram and Rawani (2019), examining the factors to determine their effect on the success of SMEs, argues that the level of education and management abilities are the key determinants of the success of SMEs.

Professional experience is an essential characteristic that should benefit the development of SMEs, whether directly or indirectly. As a result, several studies have been conducted in this sense to explore the function of work experience and its relationship with the success of SMEs. Throughout their survey of the psychology of entrepreneurship, the scholars Frese and Gielnik (2014) addressed the meta-analytic approach by presenting the findings from the aspect of personality dimension, self-efficacy, the need to achieve success, and entrepreneurial orientation, which have emphasized a strong connection between the success of SMEs. Based on the p-value (ρ=0.057), previous work experience has a positive and important influence on the success of SMEs, with a confidence interval of 10 percent. Our result at the same time also confirms the second hypothesis. It indicates that SMEs with leadership structures with longer work experience are predisposed to be more successful than those with leadership structures with lower experience. Based on the results of the coefficient (odd ratio) β=.0273565, each increase per unit of work experience has a positive consequence on the success of SMEs by 0.027 units, assuming that all other factors stay constant. Similar outcomes were also discovered by Krasniqi et al. (2020), who reported that management with experience outperforms management with less experience. Owalla et al. (2020) reached the same statements after analyzing (reviewing) 109 scientific research, arguing that the organizational environment and management expertise have a significant impact.

Based on the results performed by the analysis for the variable having a business plan, it turned out to be statistically insignificant in determining the success of SMEs. This argument is supported by the probability of ρ-value (ρ=0.416). Our conclusion deviates from the predicted outcomes, and the third hypothesis is not accepted. The research results oppose the hypothesis of Durguti et al. (2020) and Kunoviku-Demiri et al. (2021), who discovered that SMEs in the setting of Kosovo with a business plan had high efficiency and efficient access to financing.

As previously stated in the research topic, the scientific models are connected to the redesign of the legal infrastructure for SMEs; nonetheless, a variety of factors remain to be addressed to determine their influence on the success of SMEs. Most earlier research on barriers to SMEs' success has concentrated on financial challenges, market dynamics, perception of corruption, and political instability. In contrast, internal factors directly connected to management abilities and their effect on SMEs' success have received less attention (Noshad et al. 2019). Within our scenario, the barriers are addressed by government decisions taken during and after the pandemic (including restrictions on specific activities, limitations on mobility, compensation packages for enterprises, etc.), which have been seen as experimental in most situations. The results of ordered logistic regression, as summarized in Table 4, reveal that the barriers have a statistically significant influence with a negative sign in the confidence interval of 5 percent since p=0.034 is less than α=0.05. The data analysis evidence comes to light in the trajectory of the study conducted by Asif-Khan, (2022), which demonstrates that the determinants that have a significant influence on the success of SMEs include a lack of financial accessibility, legal infrastructure, and the decision-making process, as well as economic barriers.

CONCLUSION

The study's main goal was to explore business perceptions regarding education, experiences, business plans, and barriers to business success, focusing on perceptions and self-evaluation of business management in the context of the Kosovo private sector. SME development offers many employment opportunities, which can help reduce unemployment and meet the demographic challenges of these populations, which are growing rapidly. In addition, developing the SME sector can enhance competitiveness and productivity while boosting global revenue and per capita incomes. This development will also promote the structural transformation of the SME sector due to its connection with innovation and technological development. Business perception for success factors is very important for two main reasons. First, the perception of the actors who are challenged daily by different barriers is an address that businesses think they need to develop further. Second, internal business factors are success determinants that are difficult to evaluate from an outside perspective.

Although in Table 1, it appears that the independent variables are related to the dependent variable, that is, to the perception of businesses to evaluate success, some of these variables show us the urgency to influence these factors in order for businesses to be successful and consequently, the national economy grows through them. Education and work experience are rated as two highly influential factors; therefore, it is more than necessary to reform and implement professional education as soon as possible as direct components that help businesses prepare staff for their needs in the future. Also, the associations that connect businesses with public institutions and professional schools are proven to offer very good and necessary conditions for the informal education of existing business staff. Kilpatrick and Crowley (1999) emphasized that businesses with partners or employees with post-school qualifications were likelier to engage in ongoing learning activities, especially courses and learning from consultants and mentors, suggesting a relationship between an orientation to training and learning and success. There appears to be a relationship between success and learning on the job; that is, learning undertaken in recent times and achieved as a result of trial and error or experience gained when establishing a business. No other category of ongoing learning activity was used more (or less) by successful businesses.

On the other hand, the business plan variable is related but less than the other two variables. Fernández-Guerrero et al. (2012) show that variables that evaluate business plan quality influence survival chances. Adding essential characteristics related to the entrepreneur and the business (education and training, experience, kind of motivation, number of employees, and start-up capital) does little to increase the model's predictive capabilities. However, the business plan is more of a necessary tool for starting a business than for increasing the performance and success of the business. The education and experience of the staff also fulfill the natural requirements for a business plan by replacing them with other planning models such as strategic management or projects. Barriers that in most studies are treated as obstacles to business development in our scenario have resulted in these average values of 3.48 with a standard deviation of 7.3% or 66.6% of respondents answered that barriers hinder performance or business development. Based on the study, the barriers are mainly influenced by external influence, and very few are internal factors. Therefore their elimination depends very little on the

businesses themselves. The elimination of barriers is mainly in the hands of business associations to influence the improvement of the business environment and also in the competent public institutions with duties and responsibilities.

Policy-making Implications

Policy-making processes and business organizations might also benefit significantly from studies on business policy redesign, particularly in a policy of self-education and providing improved services to businesses. Even though public education spending has increased in GDP terms and is currently equivalent to the EU average, educational quality continues to lag behind peers, as evidenced by PISA results that remain the lowest in the Western Balkans. The pandemic has affected education quality even more since virtual instruction has been hindered by insufficient computer access in schools and homes. University enrolment is heavily skewed toward social sciences, with natural, applied, and formal sciences receiving relatively lesser curiosity. In compliance with this, companies refer to a skills mismatch as a barrier to doing business. The IMF Report for Kosovo 2021 stressed the importance of promoting vocational education, improving classroom instruction, updating the curriculum, and increasing collaboration with higher education and businesses. Boosting students' access to technology is critical in the short term to preserving education quality if virtual learning is resumed.

The establishment of a business court is still in process. Additional work must be done to reinforce the institutional framework and technological infrastructure of the Kosovo Cadaster Agency, as well as the entire privatization of public buildings. Reinforcing the rule of law, notably in contract enforcement and property rights areas, is an important and urgent step. Even though the overall effectiveness of these reforms remains low, substantial political and criminal justice reactions are necessary to effect serious reform on this issue. Judiciary reforms to combat criminal activity and high-level corruption help reduce structural lending barriers. Broad-based credit expansion before the 2020 Covid-19 pandemic was partly represented by the loosening of supply constraints as reforms boosted the claims enforcement system. Nonetheless, more actions, such as establishing a commercial court (a proposed statute) and constructing a housing price index, are required to boost contract enforcement and decrease information asymmetries.

COMPLIANCE WITH ETHICAL STANDARDS

Acknowledgments:
Not applicable.

Funding:
Not applicable.

Statement of Human Rights:
This article does not contain any studies with human participants performed by any authors.

Statement on the Welfare of Animals:
This article does not contain any studies with animals performed by any authors.

Informed Consent:
Not applicable.

Publisher's Note:
The Institute for Research and European Studies remains neutral concerning jurisdictional claims in published maps and institutional affiliations.

REFERENCES

1. Adeleke, K. A. & Adepoju, A. A. 2010. "Ordinal Logistic Regression Model: An Application to Pregnancy Outcomes". *Journal of Mathematics and Statistics*, 6(3), 279-285. https://doi.org/10.3844/jmssp.2010.279.285
2. Anggadwita, G., & Mustafid, Q. Y. 2014. "Identification of factors influencing the performance of small and medium enterprises (SMEs)". *Procedia Social and Behavior Sciences*, 115, 415–423. https://dx.doi.org/10.1016/j.sbspro.2014.02.448
3. Avdullahi, A., and Hoti, A., 2020. "The search for determinants of Kosovan Small and Medium Enterprises performance". *International Journal of Economic Sciences*, Vol. IX(2), pp. 1-22., https://doi.org/10.20472/ES.2020.9.2.001
4. Durguti, E. A. ., &Arifi, E. A. . 2021. "Challenges and Difficulties for Micro-Businesses in Adapting IFRS for SMEs Requirements: Kosovo Evidence". *Journal of Liberty and International Affairs*, 7(3), 85-101. https://doi.org/10.47305/JLIA2137085d
5. Durguti, E., Krasniqi, E., & Krasniqi, D. 2020. "The impact of managers' experiences in entrepreneurship evidence from Kosovo SMEs". *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah*, 8 (2), 175 - 184. https://doi.org/10.22437/ppd.v8i2.9447
6. Eugene McManus, T. 2014, "Dreams, visions, and values in fundamental business education", *Journal of Management Development*, Vol. 33 No. 1, pp. 32-47. https://doi.org/10.1108/JMD-11-2013-0134
7. Expósito, A., Sanchis-Llopis, J.A.2019. "The relationship between types of innovation and SMEs' performance: a multi-dimensional empirical assessment". *Eurasian Business Review*. 9, 115–135. https://doi.org/10.1007/s40821-018-00116-3
8. Fernández-Guerrero, Rafael., Lorenzo Revuelto-Taboada & Virginia Simón-Moya. 2012. "The business plan as a project: an evaluation of its predictive capability for business success", *The Service Industries Journal*, 32:15, 2399-2420, https://doi.org/10.1080/02642069.2012.677830
9. Field, A. (2018). "Discovering Statistics Using IBM SPSS Statistics". 5th Edition, *SAGE Publications Ltd.*, London.
10. Frese, M. & Gielnik, M. M. 2014. "The Psychology of Entrepreneurship". *Annual Review of Organizational Psychology and Organizational Behavior*, 1(1), 413–438. https://doi.org/10.1146/annurev-orgpsych-031413-091326
11. Howard, T., Ulferts, G., & Hannon, J. 2019. "Leadership Styles of Small Business Owners: Linking Theory to Application". *Journal of Leadership, Accountability, and Ethics*, 16, 47-55. https://doi.org/10.33423/jlae.v16i2.2021
12. Ignas G. Sidik. 2012. "Conceptual Framework of Factors Affecting SME Development: Mediating Factors on the Relationship of Entrepreneur Traits and SME Performance", *Procedia Economics and Finance*, Volume 4, 2012, Pages 373-383, ISSN 2212-5671, https://doi.org/10.1016/S2212-5671(12)00351-6
13. Khan, A. J., Tufail, S., & Ali, A. 2021. "Factors Affecting Performance of Small & Medium Enterprises: The Mediating Role of Knowledge Management". *Pakistan Journal of Humanities and Social Sciences*, 9 (2), 197–209. https://doi.org/10.52131/pjhss.2021.0902.0129

14. Khan, M.A. 2022. "Barriers constraining the growth of and potential solutions for emerging entrepreneurial SMEs", *Asia Pacific Journal of Innovation and Entrepreneurship*, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/APJIE-01-2022-0002
15. Kilpatrick, Sue and Crowley, Suzzane. 1999. "Enhancing small business success", *Published by NCVER ACN 007 967 311 252 Kensington Road*, Leabrook, SA 5068 PO Box 115, Kensington Park, SA 5068, Australia.
16. Krasniqi, B. A., & Mustafa, M. 2016. "Small firm growth in a post-conflict environment: the role of human capital, institutional quality, and managerial capacities". *International Entrepreneurship and Management Journal*, 12(4), 1165–1207. https://doi.org/10.1007/S11365-016-0384-9
17. Krasniqi, E., Durguti, E., and Krasniqi, D. 2020. "The Innovations and Entrepreneurship – Evidence from Kosovo's SME Sector". *Annals of "Dunarea de Jos" University of Galati Fascicle I. Economics and Applied Informatics*. 1 (2020). https://doi.org/10.35219/eai1584040977
18. Latifi-Mustafa, N., and Havolli, Y. 2020. "Founders' Education and SME Performance in Kosovo", *Journal of Economics and Management Sciences*, Vol 3 No 1 (2020), DOI: https://doi.org/10.30560/jems.v3n1p29
19. Lichy, J. and McLeay, F. 2021. "The SME 'styling' of HEI – HR of management of international mobility: motivations, benefits, and barriers as drivers of innovation", *Employee Relations*, Vol. 43 No. 2, pp. 571-588. https://doi.org/10.1108/ER-02-2020-0042
20. Lim, C. H., & Teoh, K. B. 2021. "Factors influencing SME business success in Malaysia". *Annals of Human Resource Management Research*, 1(1), 41-54. https://doi.org/10.35912/ahrmr.v1i1.380
21. Magoutas, A., Agiomirgianakis, G., &Papadogonas, T. 2011. "Education and firm performance. Empirical evidence from Greece". *International Journal of Economic Research*, 8(2), 141-152.
22. Mahmutaj, L., & Krasniqi, B. 2020. "Innovation Types and Sales Growth in Small Firms Evidence from Kosovo". *The South East European Journal of Economics and Business*, 15(1), 27-43. Retrieved from http://journal.efsa.unsa.ba/index.php/see/article/view/1183
23. Martin, C. 2020."Social and Cultural Factors and Their Impact On The Quality Of Business Environment In the SME Segment", *International Journal of Entrepreneurial Knowledge*, Issue 1/2019, Volume 7, http://dspace.vsp.cz/handle/ijek/107
24. Meshram, S., and Rawani, A.M. 2019. "Analyzing Success Factors of Small and Medium Enterprises (SMEs): A Study in Indian Context". *Advances in Industrial and Production Engineering*. Springer, Singapore. https://doi.org/10.1007/978-981-13-6412-9_78
25. Noshad, M., Amjad, M., Shafiq, M.N. and Gillani, S. 2019. "Performance and Obstacles of SMEs: An Empirical Evidence from BRICS Countries". *IRASD Journal of Economics*. 1, 2 (Dec. 2019), 113–131. https://doi.org/10.52131/joe.2019.0101.0010
26. Odlin, Denis. 2019. "Domestic competitor influence internationalizing SMEs as an industry evolves". *Journal of World Business*, 54 (2), 119-136. https://doi.org/10.1016/j.jwb.2018.12.003

27. Osborne Jason W. 2017. "Regression & Linear Modeling: Best Practices and Modern Methods". *SAGE Publications Ltd.*, London.
28. Osborne, Jason W. 2015. "Best Practices in Logistic Regression". *SAGE Publications Ltd.*, London. https://dx.doi.org/10.4135/9781483399041
29. Owalla, B., Gherhes, C., Vorley, T. 2022."Mapping SME productivity research: a systematic review of empirical evidence and future research agenda". *Small Business Economics* 58, 1285–1307. https://doi.org/10.1007/s11187-021-00450-3
30. Petrucci, C. (2009). "A Primer for Social Worker Researchers on How to Conduct a Multinomial Logistic Regression". *Journal of Social Service Research*, 35, 193 -205.
31. Pituch, K.A., & Stevens, J.P. 2015. "Applied Multivariate Statistics for the Social Sciences": Analyses with SAS and IBM's SPSS (6th ed.). *Routledge*. https://doi.org/10.4324/9781315814919
32. Qalati, Ali., Sikandar, Wenyuan Li, Naveed Ahmed, Manzoor Ali Mirani, and Asadullah Khan. 2021. "Examining the Factors Affecting SME Performance: The Mediating Role of Social Media Adoption" *Sustainability* 13, no. 1: 75. https://doi.org/10.3390/su13010075
33. Ramukumba, T. 2014. "Overcoming SMEs Challenges through Critical Success Factors: A Case of SMEs in the Western Cape Province, South Africa". *Economic and Business Review*, 16(1). https://doi.org/10.15458/2335-4216.1178
34. Rodrigues, Margarida, Mário Franco, Rui Silva, and Cidália Oliveira. 2021. "Success Factors of SMEs: Empirical Study Guided by Dynamic Capabilities and Resources-Based View" *Sustainability* 13, no. 21: 12301. https://doi.org/10.3390/su132112301
35. Sarwoko, Endi, and Frisdiantara, Christea. 2016. "Growth Determinants of Small Medium Enterprises (SMEs)". *Universal Journal of Management*, 4(1), 36 - 41. https://doi.org/10.13189/ujm.2016.040105
36. Saunders, Mark, Lewis, Philip, and Thornhill, Adrian. 2009. "Research Methods for Business Students" (5th Ed.), London: Pearson Education Ltd.
37. Simpson, M., Tuck, N. and Bellamy, S. 2004. "Small business success factors: the role of education and training", *Education + Training*, Vol. 46 No. 8/9, pp. 481-491. https://doi.org/10.1108/00400910410569605
38. Sudi Apak, and Erhan, Atay. 2014. "Global Innovation and Knowledge Management Practice in Small and Medium Enterprises (SMEs) in Turkey and the Balkans", *Procedia - Social and Behavioral Sciences*, Volume 150, 2014, Pages 1260-1266, ISSN 1877-0428, https://doi.org/10.1016/j.sbspro.2014.09.142
39. Wanigasekara, W.M.S.K. and Surangi, H.K.N.S. 2010. "Impact of Level of Education and Business Experience on Business Success among Small Retail Owner Managers in Sri Lanka", *In Proceedings of the 1st International Conference on Business and Information*, University of Kelaniya.
40. Williams, Collin C., and Krasniqi, B. 2018. "Explaining Informal Sector Entrepreneurship in Kosovo: An Institutionalist Perspective", *Journal of Developmental Entrepreneurship*. 23, (02), 1850011, https://doi.org/10.1142/S1084946718500115