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ANALYSIS OF EXPORT PERFORMANCE FACTORS OF ENTERPRISES FROM THE REPUBLIC OF SERBIA IN THE PROCESS OF EUROPEAN INTEGRATION

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Abstract

This paper focuses on the analysis of export problems and export strategies of enterprises from the Republic of Serbia, with the aim of identifying the major export problems and examining their impact on export performance in the light of European integration and future entry in international markets. The research model integrates export problems and export strategy as independent variables and then explores the relational connections of these variables with export performance. The study includes SMEs from the territory of the Republic of Serbia. We used a questionnaire to test the direct and indirect effects of variables on short-term export performance using the method of factor analysis. Research findings indicate that enterprises that have the personnel qualified for export into foreign markets have the most effective impact on improving export performance, and that the most important problems in entering the foreign market, especially the EU market, for the Serbian exporters are the complexity of export documentation, poor organization of the firm's export department, poor product design, high transportation costs, and inadequate promotion of enterprises on export markets.

Key words: export, export performance, export problems, EU market

АНАЛИЗА ЧИНИЛАЦА ИЗВОЗНИХ ПЕРФОРМАНСИ ПРЕДУЗЕЋА ИЗ РЕПУБЛИКЕ СРБИЈЕ У ПРОЦЕСУ ЕВРОПСКИХ ИНТЕГРАЦИЈА

Апстракт

Предмет истраживања је анализа извозних проблема и стратегија предузећа из Републике Србије, са циљем да се идентификују главни извозни проблеми и испита њихов утицај на извозне перформансе, у светлу европских интеграција и укључивања на инострано тржиште. Истраживачки модел обухвата извозне проблеме и извозну стратегију као независне варијабле, и потом истражује релационе везе ових варијабли са извозним перформансама. Истраживањем смо обухватили мала и

средња предузећа са територије Републике Србије. Користили смо упитник како би тестирали директан и индиректан утицај варијабли на краткорочне извозне перформансе употребом методе факторске анализе. Резултати истраживања указују да предузећа која поседују особље квалификовано за извоз на инострано тржиште имају директан утицај на побошање извозних перформанси, као и да су најважнији проблеми при уласку на инострано тржиште, а посебно на тржиште ЕУ, за српске извознике сложеност извозне документације, лоша организација извозног одељења предузећа, лош дизајн производа, високи трошкови превоза робе и неадекватна промоција предузећа на извозним тржиштима.

Кључне речи: извоз, извозне перформансе, извозни проблеми, тржиште ЕУ

INTRODUCTION

For Western Balkan Countries (WBC) export represents an important source for further growth and regional integration. Trade and economic relations play an important role in the process of integration of the WBC into European political and economic environment. Promotion of cooperation among the WBC with third partners, primarily EU members, highlights the long awaited process of strengthening stability, democracy, and economic prosperity of the WBC. The WBC are currently on the pathway to future EU integration, adoption and implementation of the *acquis communautaire*, and the set of EU rules and regulations. Vapa-Tankosić et al. (2013) pointed out that the WBC economies on the pathway to European integration “shall depend on enhancing their efficiency and performances in industry, service, and know-how. Modernizing production, raising efficiency and competitiveness, and accelerating structural changes toward knowledge based services are the major generators of value added exports and new jobs” (p. 229).

The improved market access instruments (elimination of all non-tariff barriers and rules of origin) are aimed toward enabling better conditions for trade and investment, preparing the countries for the EU market, and fostering economic growth. Western Balkan exporters are currently concentrated on the markets of the EU and Central European Free Trade Agreement member countries. The exports have gradually been increased, following the process of transition towards a functional market economy. However, commodities continue to dominate, trade remains concentrated, and intra-industry trade is below its potential. The aim of this paper is to find the critical problems that Serbian exporters face and to present results to public bodies that could develop successful export programs and build and promote industry support. An important contribution of this research is that the majority of previous studies have been conducted in developed countries (e.g. USA, Canada, and Western Europe) with very little attention given to developing countries (Julian, 2003).

LITERATURE REVIEW AND THE CONCEPTUAL MODEL

A plethora of literature on export activities suggests the relevance of exports. Exports are identified as having a direct impact on the accumulation of foreign exchange reserves, resulting in increased employment levels, improved productivity, and enhanced prosperity (Czinkota, 1994). Extensive research has been conducted to identify and rank problems of export in different countries. Despite a substantial amount of literature with a critical review of the export problems over the past decades, most theoretical underpinnings are based heavily upon the research conducted in developed countries (Tesfom and Lutz, 2006). The problems most frequently cited in the literature (Leonidou, 1995; Shoham and Albaum, 1995; Leonidou, 2004) include identification of potential markets, learning of the mechanics of export (procedural aspects including documentation, logistics, and legal issues), communications, and fierce international competition, provision of adequate customer service, difficulties in matching competitors' prices, excessive transportation/insurance costs, different foreign customer habits, poor and deteriorating economic conditions abroad, and political instability in foreign markets.

Tesfom and Lutz (2006) derived a classification of export problems of SMEs from developing countries with a classification of problems into internal and external problems, with the internal problems including company and product problems and external export problems being the industry, the export market, and macro environment problems.

The analysis performed by Kastikeas et al. (1996) showed country-specific problems (interpreted as barriers) of Greek exporters such as poor quality of export packaging, meeting of importer's expectations of quality and design, poor organization of the export department, lack of available experts as consultants, ineffective national export promotion, red tape in Greek public institutions, and currency devaluations. Ignjatijević et al. (2012a, p. 1510) performed an analysis of Serbian food exports and identified the need for increase in exports and adjustment of export structure to import demand needs.

Leonidou (1995) identified that the major country-specific problems for Cyprus exporters were the inability to offer competitive prices, lack of government incentives, lack of production capacity, and lack of competent export personnel. Since the 1960s determinants of export performance have been attracting attention from international scholars as one of the most investigated issues in international marketing. Many theoretical frameworks of export performance have been formulated in the past period by Zou et al. (1998), Leonidou et al. (1998), Katsikea et al. (2000), Leonidou et al. (2002), Shoham (2002), Sousa (2004), and Ruppenthal and Bausch (2009). Katsikeas, Leonidou and Morgan (2000) have analyzed more than 100 empirical studies on export performance with different conclusions caused by differences in methodology, context, external environmental factors,

and statistical analysis. Shoham (1998) identified 29 measures of export performance, while Sousa (2004) reviewed 43 empirical studies and noted 50 different operational aspects of export performance. According to Salomon (2006), there has been no systematic research to examine the impact of multiple variables that are influencing the export performance of a company. Mariotti and Piscitello (2009) revealed that firms' export performance depends on their international experience and network structure. A sizeable number of studies have used a countless number of independent variables to assess export performance. Aaby and Slater (1989) and Leonidou et al. (1998) grouped the explanatory variables as external (industry, domestic and foreign market characteristics) and internal (managerial and firm characteristics). Export strategy is the prevailing theme of research of strategy characteristics with proven strong positive influence on export performance (Yeoh, 2004; Salomon and Shaver, 2005; Katsikea et al., 2007).

We observe that some authors performed an analysis of the impact of the factors on export of specific companies or countries. The authors analyzed specific export problems, strategies, and variables that affect the export performance of companies. Still, some authors did focus their studies on export, but in their research they delved into the problem by defining and analyzing the factors in relation to the importance of export marketing strategy.

Thus a review of the export marketing literature suggests the importance of strategy on export success (Morgan et al., 2004). Targeting and marketing strategy of the firm have been identified to have a direct influence on export performance as intervening variables (Katsikea et al., 2000). Export marketing strategy represents the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture (Cavusgil and Zou, 1994).

The ongoing research in export marketing literature is still investigating an accepted model of export performance. However, in their qualitative review of existing research of 91 studies, Ruppenthal and Bausch (2009) conclude that the company, industry, and institutional and/or market factors are major causes for variations in export performance.

Vapa-Tankosić and Stojsavljević (2014) identified the importance of the EU market for the placement of agricultural products from the Republic of Serbia. They stress the importance of establishing a functioning institutional framework and reforms, as well as improving management processes and controls. They concluded that modernization of production and increase of product finalization level and assortment, along with modern package and design, would affect the export growth. Ignjatijević et al. (2012b) performed an analysis of comparative advantages in the exports of the Republic of Serbia and emphasized the importance of adequate supply in terms of: assortment, quality, quantity, packaging, distribution, certificates, subsidies, and price. A small number of brands have a stable market

position and regional and international market visibility. They concluded that in the upcoming period it is necessary to make additional efforts in order to ensure brand and design visibility, product aesthetics, types of sales, packaging, and adaptation to international standards.

METHODOLOGY

By analyzing the relevant literature, we devised a model for exploring the export problems that affect the export performance of enterprises in the Republic of Serbia. As a basis for empirical research, we used the research of Katsikeas et al. (1996). We have selected a group of 70 companies from the Republic of Serbia that are engaged in the export process. The subsequent answers with regard to export problems were collected from SMEs, which are important factors in the foreign trade of the Republic of Serbia. Small and medium enterprises in the Republic of Serbia, according to Ožegović and Pavlović (2012), have a small number of employees, who perform multiple functions in the company, and they generally lack personnel and crucial knowledge for international marketing and international marketing research, with a proven constant lack of funds. In our opinion, SMEs need a stronger state support in order to improve their export performances.

The respondents were clients of the Development Bank of Vojvodina in Novi Sad and the Agency for Export Insurance and Financing. AOFI – Serbian Export Credit and Insurance Agency – is the official export credit agency of the Republic of Serbia established by a special Law on AOFI for the purpose of export promotion and development of foreign economic relations (“Official Gazette of the Republic of Serbia” No. 61 / 2005, dated July 15, 2005). The object of AOFI business is export credit insurance and financing business for Serbian export-oriented companies. In 2013 the majority of the exporters within AOFI portfolio came from the food industry (23%), mostly from Belgrade, Western Serbia, and Vojvodina regions. In addition to the short-term loans for financing export, AOFI also offers credit insurance, thus enabling secure collection of foreign receivables. The biggest clients within AOFI’s insurance portfolio are the companies Tarkett, Umka, Beohemija, and Petrohemija, which insured all their exports at AOFI. Finally, AOFI issues performance guarantees, bid bonds, and other types of guarantees (<http://www.aofi.rs/en/> accessed on Nov. 20, 2014).

Those institutions provided us with contacts and support for our research. We made sure that we provide equal territorial coverage of respondents, so that the SMEs respondents cover the entire territory of the Republic of Serbia. Companies involved in this study have a significant share in the total export of the Republic of Serbia, and some of them have used state incentives in the form of insurance and financing of exports for their export activities. Although we had sent 70 questionnaires, 49 replies were

returned and they constituted an effective response rate of 70%. As the share of export of the analyzed companies in total export of the Republic of Serbia is rather significant, we came to a conclusion that the group constitutes a representative sample for the research. The majority of respondents were male managers.

We created our survey modeled on the one used by Katsikeas et al. (1996) in the light of research of the export problems of Greece. We received the final version of the questionnaire after communicating with export executives and ensuring that the questions were relevant and phrased in a meaningful manner. In the data collection process, particular attention was given to the identification and selection of the most appropriate executive in each responding firm to answer the survey.

The questionnaire contains 29 questions for evaluating export problems, export strategy and export performance. In order to analyze the exporting problems (EP), we selected a total of 19 statements. Respondents were asked to indicate how frequently each export problem was experienced during their export operations. The scale polarized from “never” having a problem (1) to “always” having a problem (5). We also defined four claims on the export strategy, in order to capture the extent of the existence of future goals and objectives, knowledge and resources to collect information and position oneself in foreign markets, planned market entry strategy, and strategy to expand the product line. Respondents rated each item on a five-point scale (1 = extremely poor to 5 = extremely good) over the past year. Respondents evaluated the influence of their enterprise’s performance on export sales, export profit, and export sales growth.

Measurement of export performance is based on the attitude of respondents on how much the achieved results are related to their expectations. The export performance was also evaluated through new market entry to EU, CEFTA, and Russia and other states (governed by free trade agreements, for example Belarus and Kazakhstan) in order to indicate whether the results were below or above expectations using a five-point scale (1 = extremely poor to 5 = extremely good) over the past year. All items fit well within the confirmatory factor analysis, indicating high reliability and validity of the measure.

The motivation for the research stems from our desire to contribute to the improvement of the Serbian export performance and to identify the country-specific factors that inhibit the success of export enterprises from the Republic of Serbia. In this research, we started from the following hypothesis:

H1: Identification of export problems is related to export performance.

H2: Firm’s export strategy is related to export performance.

The reliability of the applied survey is satisfactory (Cronbach’s $\alpha=0.843$). In the analysis of the collected data, we used the SPSS software. By using factor analysis we examined the impact of the factors

in the field of export problems, export strategy, export performance for the achievement of export profitability, export sales growth, and foreign market entry.

Table 1. Reliability

Reliability Statistics	
Cronbach's Alpha	N of Items
.843	29

Source: Authors' calculation based on collected data

RESULTS

After a descriptive analysis the following results were obtained.

Table 2. Estimation of Export Problems

Export problems	Mean
Ineffective national export promotion programs	4.27
Red tape in Serbian public institutions	4.00
Lack of government assistance in overcoming export problems	3.98
Strong international competition	3.82
High transportation costs	3.37
High cost of capital to finance exports	3.33
Insufficient information about overseas markets	3.18
Inadequate promotion in export markets	3.18
Inability to self-finance exports	3.04
Complexity of export documentation requirements	3.04
Lack of competitive prices	2.69
Lack of education about foreign currency exposure products	2.53
Difficulty in meeting importer's product quality standards	2.33
Lack of "experts" in export consulting	2.29
Lack of personnel qualified for exporting	2.00
Ineffective communication with overseas customers and language problems	1.98
Poor product design and style for export markets	1.92
Poor quality of export packaging	1.90
Poor organization of firm's export department	1.84

Source: Authors' calculation based on collected data

The results from Table 2 indicate that the exporters consider the ineffective national export promotion programs (As=4.27), red tape in domestic public institutions (As=4.00), lack of government assistance in overcoming export problems (As=3.98), and the existence of a strong international competition (As=3.82). Once again, the crucial role that the government can play in the development of successful export activities is highlighted, as this finding gives credibility to the importance of those studies focusing on the appraisal of public policy programs for export

promotion (Kotabe and Czinkota, 1992; Seringhaus, 1986; Seringhaus and Botschen, 1991).

Ineffective national export promotion programs may be the most important problems to overcome in the attempt to maintain regular business activities and, subsequently, succeed in export markets. On the other hand, the results suggest that the exporters think that their staff is qualified for the exporting arrangements (As=2.00) and that they have effective communication with overseas customers with no language problems (As=1.98), that their product design and style for export markets is satisfactory (As=1.92), of proper quality in export packaging (As=1.90), and that the export department organization is absolutely satisfactory (As=1.84).

Table 3. Descriptive Analysis of Export Strategy

Export Strategy	N	Mean
Company has set export goals for export operations	49	4.02
Company has increased the number of export products in the last three years	49	3.86
Company has identified target countries as part of the export strategy	49	3.65
Company possesses good resources and knowledge on gathering information and promotion on foreign markets	49	3.63

Source: Authors' calculation based on collected data

Generally speaking, as shown in Table 3, all export companies have clearly defined their goals of export strategy (As=4.02), have increased the number of export products (As=3.86), followed by companies that have identified target export countries (As=3.65), and possess good resources and knowledge for collecting information and presentation on foreign markets (As=3.63).

Table 4. Export Performance

Export Performance	N	Mean
Export Sale	49	3.55
Export Profitability	49	3.53
Export Sales Growth	49	3.43
Entry into EU market	49	3.14
Entry into CEFTA market	49	3.02
Entry into Russia, Belarus, and Kazakhstan market	49	2.67

Source: Authors' calculation based on collected data

The results from Table 4 show that the companies are generally satisfied with the export sales (As=3.55) and profitability (As=3.53), but the export sales growth (As=3.43), the entry into EU market (3.14), the entry into CEFTA (As=3.02), and especially into Russia, Belarus, and

Kazakhstan ($As=2.67$) indicate substantial evidence of the results that are far from satisfactory, although the Republic of Serbia has implemented Free Trade Agreements with these countries, generating beneficial trade climate, which is theoretically considered to be a prerequisite for entry into competitive markets.

Table 5. Export Strategy and Export Profitability

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.147	.566		3.792	.000		
Company has set export goals for export operations	.037	.147	.047	.251	.803	.553	1.809
Company has good resources and knowledge on gathering information and promotion on foreign markets	.195	.135	.234	1.439	.157	.721	1.387
Company has identified target countries as part of the export strategy	.164	.127	.226	1.286	.205	.619	1.615

a. Dependent Variable: Export Profitability

Source: Authors' calculation based on collected data

Furthermore, the study identified that the clearly defined goals of export strategy do not have a direct or significant influence on export profitability. Hence, the evidence from Table 5 indicates that the exporters with a specific set of export goals do not have higher profitability leading to higher export performance.

Turning to the effects of export commitment variables, this study revealed a strong positive relationship of companies that have identified target export countries with export performance (Table 6). This suggests that, with identified target export countries, strategy plays an important role of a significant predictor of Export Sales Growth ($Beta=0.390$ $p=0.016$), and the companies with the existent resources incorporating the transient opportunities in other export markets as the target countries exhibit higher export performance.

Table 6. Export Strategy and Export Sales Growth

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.504	.502		2.998	.004		
Company has set export goals for export operations	-.027	.130	-.034	-.205	.839	.553	1.809
Company has good resources and knowledge on gathering information and promotion on foreign markets	.072	.120	.086	.597	.554	.721	1.387
Company has identified target countries as part of the export strategy	.282	.113	.390	2.494	.016	.619	1.615

a. Dependent Variable: Export Sales Growth

Source: Authors' calculation based on data

Table 7. Export Strategy and Entry into EU Market, CEFTA Market, and Russia, Belarus and Kazakhstan Market

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.685	.790		.867	.391		
Company has set export goals for export operations	-.094	.205	-.080	-.457	.650	.553	1.809
Company has good resources and knowledge on gathering information and promotion on foreign markets	.612	.189	.493	3.237	.002	.721	1.387
Company has identified target countries as part of the export strategy	.146	.178	.135	.820	.417	.619	1.615

a. Dependent Variable: Entry into EU market, CEFTA market, and Russia, Belarus and Kazakhstan market

Source: Authors' calculation based on collected data

The evidence provided in Table 7 suggests that there is a direct relationship between exporters' good resources and knowledge about information collection and presentation on foreign markets and export performance, as initially hypothesized. Firms possessing relatively high levels of knowledge about export operations are likely to enter into and perform better on the markets of EU, CEFTA, Russia, Belarus and Kazakhstan (Beta=0.493 p=0.002) than exporters with less knowledge. However, as the present findings may be attributable to companies already engaged in regular export activity, for the sake of further research it would be interesting to investigate this issue across different export development stages.

Table 8. The Influence of Export Problems on Export Profitability

<i>Model</i>	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	4.355	1.102		3.953	.000		
Lack of education about foreign currency exposure products	-.046	.147	-.068	-.317	.754	.499	2.006
High cost of capital to finance exports	.136	.161	.187	.841	.407	.473	2.115
Inability to self-finance exports	-.126	.119	-.205	-1.058	.299	.622	1.609
Lack of government assistance in overcoming export problems	.064	.236	.075	.271	.788	.304	3.288
Ineffective national export promotion programs	.153	.284	.143	.541	.593	.335	2.981
Red tape in Serbian public institutions	.057	.175	.074	.323	.749	.448	2.233
Complexity of export documentation requirements	-.091	.237	-.125	-.385	.703	.222	4.504
Lack of personnel qualified for exporting	.258	.276	.272	.934	.358	.275	3.633

Lack of “experts” in export consulting	-.090	.228	-.118	-.396	.695	.264	3.789
Poor organization of firm’s export department	-.097	.263	-.089	-.370	.714	.403	2.482
Ineffective communication with overseas customers and language problems	-.035	.188	-.044	-.185	.855	.410	2.437
Strong international competition	-.102	.165	-.138	-.617	.542	.464	2.156
Insufficient information about overseas markets	-.228	.224	-.262	-1.016	.318	.350	2.853
Difficulty in meeting importer’s product quality standards	.008	.177	.009	.045	.964	.597	1.675
Poor product design and style for export markets	.126	.252	.149	.502	.620	.263	3.802
Poor quality of export packaging	-.277	.252	-.294	-1.102	.279	.327	3.058
Lack of competitive prices	-.200	.189	-.243	-1.056	.300	.441	2.267
High transportation costs	.117	.196	.138	.598	.554	.438	2.282
Inadequate promotion in export markets	-.054	.168	-.075	-.323	.749	.432	2.313

a. Dependent Variable: Export Profitability

Source: Authors’ calculation based on collected data

The results from Table 8 clearly indicate that none of the assumed export problems contribute significantly to Export Profitability. The closest problem that has a significant influence is the poor quality of export packaging (Beta=-0.294 p=0.279).

Table 9. The Influence of Export Problems on Export Sales Growth

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3.565	.908		3.925	.000		
Lack of education about foreign currency exposure products	-.102	.121	-.150	-.840	.408	.499	2.006
High cost of capital to finance exports	.040	.133	.055	.297	.768	.473	2.115
Inability to self-finance exports	.012	.098	.020	.123	.903	.622	1.609
Lack of government assistance in overcoming export problems	.328	.195	.385	1.683	.103	.304	3.288
Ineffective national export promotion programs	.095	.234	.088	.406	.688	.335	2.981
Red tape in Serbian public institutions	.222	.144	.289	1.534	.136	.448	2.233
Complexity of export documentation requirements	-.195	.195	-.267	-.996	.328	.222	4.504
Lack of personnel qualified for exporting	.462	.228	.488	2.029	.042	.275	3.633
Lack of "experts" in export consulting	-.052	.188	-.067	-.274	.786	.264	3.789
Poor organization of firm's export department	-.160	.216	-.147	-.741	.465	.403	2.482
Ineffective communication with overseas customers and language problems	-.173	.155	-.219	-1.114	.275	.410	2.437

Strong international competition	.040	.136	.054	.291	.773	.464	2.156
Insufficient information about overseas markets	-.277	.185	-.320	-1.501	.144	.350	2.853
Difficulty in meeting importer's product quality standards	-.182	.146	-.204	-1.250	.221	.597	1.675
Poor product design and style for export markets	.246	.208	.292	1.184	.246	.263	3.802
Poor quality of export packaging	-.267	.207	-.284	-1.285	.209	.327	3.058
Lack of competitive prices	-.121	.156	-.147	-.774	.445	.441	2.267
High transportation costs	-.028	.162	-.033	-.174	.863	.438	2.282
Inadequate promotion in export markets	-.192	.138	-.266	-1.388	.176	.432	2.313

a. Dependent Variable: Export Profitability

Source: Authors' calculation based on collected data

As shown in Table 9, the lack of personnel qualified in exporting (Beta=0.488 p=0.042) has a significant influence on export sales growth.

The most important problems for entry into EU market, CEFTA market, and Russia, Belarus and Kazakhstan market (see Table 10) for Serbian exporters are the complexity of export documentation requirements (Beta=-0.755 p=0.003). The negative sign indicates that the more the problem is pronounced the smaller is the chance to enter into mentioned markets, due to poor organization of firm's export department (Beta=-0.420 p=0.023), poor product design and style for export markets (Beta=-0.546 p=0.018), high transportation costs (Beta=-0.310 p=0.046), and inadequate promotion in export markets (Beta=-0.289 p=0.049).

Table 10. The Influence of Export Problems on Entry into EU Market, CEFTA Market, and Russia, Belarus and Kazakhstan Market

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance VIF
1 (Constant)	5.958	1.197		4.979	.000	
Lack of education about foreign currency exposure products	-.125	.159	-.124	-.785	.439	.499 2.006
High cost of capital to finance exports	.056	.175	.052	.321	.750	.473 2.115
Inability to self-finance exports	-.069	.130	-.075	-.528	.601	.622 1.609
Lack of government assistance in overcoming export problems	.423	.257	.333	1.649	.110	.304 3.288
Ineffective national export promotion programs	-.224	.308	-.139	-.726	.474	.335 2.981
Red tape in Serbian public institutions	.310	.190	.271	1.631	.114	.448 2.233
Complexity of export documentation requirements	-.824	.257	-.755	-3.199	.003	.222 4.504
Lack of personnel qualified for exporting	.187	.300	.132	.622	.539	.275 3.633
Lack of "experts" in export consulting	.193	.248	.169	.780	.442	.264 3.789
Poor organization of firm's export department	-.683	.285	-.420	-2.395	.023	.403 2.482

Ineffective communication with overseas customers and language problems	-.164	.204	-.140	-.804	.428	.410	2.437
Strong international competition	-.254	.179	-.232	-	.166	.464	2.156
Insufficient information about overseas markets	-.382	.243	-.295	-	.127	.350	2.853
Difficulty in meeting importer's product quality standards	.027	.192	.021	.143	.887	.597	1.675
Poor product design and style for export markets	-.689	.274	-.546	-	.018	.263	3.802
Poor quality of export packaging	-.154	.273	-.109	-.562	.579	.327	3.058
Lack of competitive prices	-.155	.206	-.127	-.755	.456	.441	2.267
High transportation costs	-.393	.213	-.310	-	.046	.438	2.282
Inadequate promotion in export markets	-.311	.182	-.289	-	.049	.432	2.313

a. Dependent Variable: Entry into EU market, CEFTA market, and Russia, Belarus and Kazakhstan market

Source: Authors' calculation based on collected data

DISCUSSION

The obtained results confirmed both hypotheses and also showed that the identified export problems have a significant influence on export performance. The results indirectly and directly indicate that the most important export problems for the Serbian exporters are: ineffective national export promotion programs, red tape in domestic public institutions, lack of government assistance in overcoming export problems, and existence of strong international competition. The results suggest that the exporters have also considered their staff as qualified for the export arrangements, and that

their organization of export department is on a satisfactory level, ready to engage in effective communication with overseas customers without language problems. The research revealed that product design and style and export packaging are satisfactory and of proper quality, and that they may not be the most important problems to overcome.

In the light of the influence of export strategy on export performance, the direct positive relationship of identified target countries with export performance was expected. Regarding the effects of entry into the EU market, CEFTA market, and Russia, Belarus and Kazakhstan market, the research revealed a strong positive relationship of good resources and knowledge for information collection and presentation on foreign markets with export performance, consistent with Johanson and Vahlne's (1990) contention that export market knowledge generates business opportunities and consequently drives the internationalization process. Hence, the overall export marketing strategy may play a moderating role between the possession of competitive advantage and export performance, which in turn could explain the lack of significance in the relationships of export performance with declared export strategy, in contrast with our initial expectations.

Furthermore, the direct link of export problems with export performance revealed a need for structural change in the management of human resources as a prerequisite for the adoption of better organization of the export department for entry into foreign markets. The findings also indicate that top management should be further educated to find the best practices of promotion/placement of their products in order to be competitive in the foreign markets, especially in the EU market.

CONCLUSION

From the Interim Agreement on provisions on trade and trade-related matters stemming from the Stabilization and Association Agreement, the Republic of Serbia has taken significant measures to expand both regional trade and trade with the EU, in order to improve the level of economic cooperation. The Republic of Serbia is a European Union candidate country that is currently in the course of transition to a market economy, aiming to foster trade integration with the EU market. This paper examined the current export performance of Serbian SMEs while identifying export problems. The research generally confirmed the finding from previous literature sources, but also reached some original conclusions, based on export problems of the Serbian exporters. The identified explanatory variables associated with the firms' performance in export markets can serve as valuable guidelines for the formulation and implementation of export strategy and export promotion in the Republic of Serbia. The implementation of research findings together with the public policy makers can contribute to greater competitiveness of Serbian export to the EU market, CEFTA market, and Russia, Belarus and Kazakhstan market.

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АНАЛИЗА ЧИНИЛАЦА ИЗВОЗНИХ ПЕРФОРМАНСИ ПРЕДУЗЕЋА ИЗ РЕПУБЛИКЕ СРБИЈЕ У ПРОЦЕСУ ЕВРОПСКИХ ИНТЕГРАЦИЈА

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Резиме

Циљ овог рада је идентификовање главних извозних проблема економских субјеката из Републике Србије, у светлу европских интеграција и будућег уласка на европско тржиште. Ово истраживање је урађено са циљем идентификације главних проблема која мала и средња предузећа имају при извозу, а који значајно утичу на њихове извозне перформансе. Мотивација за овај рад произилази из наше жеље, да у датом моменту, истражимо специфичне чиниоце који инхибирају успех српских извозних фирми. Истраживачки модел обухвата извозне проблеме и извозну стратегију као независне варијабле, и потом истражује релационе везе ових варијабли са извозним перформансама. Истраживања су рађена на основу податка из литературе и дистрибуираних упитника који се користе за тестирање директног и индиректног утицаја варијабли на краткорочне извозне перформансе употребом метода факторске анализе. Резултати рада потврђују да су најважнији проблеми, за српске извознике, сложеност извозне документације, лоша организација извозног одељења предузећа, лош дизајн производа и улаз на извозна тржишта, високи трошкови превоза робе и неадекватна промоција предузећа на извозним тржиштима. Такође је утврђено да предузећа која поседују особље квалификовано за извоз на тржиште ЕУ, ЦЕФТЕ, Русије, Белорусије и Казахстана имају најефикаснији утицај на раст извоза. Ово истраживање потврђује налазе стручне литературе, али долази и до оригиналних закључака, заснованих на емпиријском истраживању. Путем идентификације најважнијих проблема малих и средњих предузећа при извозу, овај рад у перспективи може послужити и као смерница у формулисању стратегије унапредјења извоза у Републици Србији. Имплементација закључака овог истраживања може да доприне се већој конкурентности малих и средњих предузећа у Републици Србији.