

A Review On The Determinants Of Export Performance In The External And Internal Environments Of Small And Medium Manufacturing Enterprises

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Abstract:

The importance of exports contribution to economic growth should not be neglected. Exports offer businesses the opportunity to tap into new markets around the world and achieve exponential profit growth. Small and medium manufacturing enterprises represent most manufactures and are key contributors to job creation. This literature review aims to examine the main factors that influence factories' ability to export and compare the perception of export barriers of exporting and non-exporting factories of similar size and compare the external factors that affect export performance either negatively or positively in both developed and developing countries. In addition, the study presents the manufacturing technologies in which manufacturers make huge investments. This review article will help key stakeholders make informed decisions to create an empowering environment and be aware of the main factors that affect their ability to export, and ultimately enable small and medium manufacturing enterprises to reach their target markets and facilitate their export journey and overcome obstacles.

Keywords: Exports; economic growth; goods and services; Small and Medium Enterprises (SMEs); Small and Medium Manufacturing Enterprises (SMMEs) manufacturers.

1. Introduction

This paper aims to evaluate and present literature and studies over the years that are relevant to SMEs and their contribution to economic growth and identify determinants of export performance from both the internal and external environments of the manufacturing enterprises and industries.

The economy of Saudi Arabia is significantly influenced by its natural resources, crude oil, and petroleum products and it is one of the world's largest oil producing countries with a GDP of 684 USD, and it holds 16% of the world's total oil reserves [1]. In addition to the environmental impacts, one of the main risks of the continued reliance on oil and natural gas is that the prices in international markets are instable and are subject to geopolitical and economic factors and circumstances which are beyond the control of the Organization of the Petroleum Exporting Countries (OPEC) [1]. According to the International Monetary Fund (IMF) [2], Saudi Arabia experienced a 7.8% budget deficit in 2019 as a result of the drop in oil prices despite a 2.6% increase in non-oil exports. These surprising facts seem to highlight a drawback in the income reliance on oil-based exports [1]. A study has employed an Autoregressive Distributed Model (ARDL) for the period between 1980 to 2017 to analyze the effects of non-petroleum exports and tourism on Saudi Arabia's economic growth and found that they are positively correlated [1]. Trade openness has a number of benefits including the ability to create jobs and increasing the economic growth [3]. The neoclassical economists emphasized that the trade growth is the primary engine of economic growth and contended that trade and economic growth are strongly and significantly correlated [3]. Due to this importance, both developed and developing nations are beginning to concentrate more on improving production output and meet market demand for goods and services. Taking that into consideration, emerging economic markets such as Brazil, Russia, India, China, and South Africa (BRICS) are predicted to be the world's primary engine of new demand growth and purchasing power [3]. Furthermore, it is expected that by 2050, the emerging market economies would surpass those of the G6 countries—the United States, Italy, Japan, Germany, the United Kingdom, and France to become the largest economy in the world [3]. According to The Observatory of Economic Complexity (OEC), Saudi Arabia's largest export markets in 2022 were China (\$68 billion), India (\$46.2 billion), Japan (\$36.5 billion), South Korea (\$36 billion), and the United States of (\$23.9 billion). Crude Petroleum (\$236 billion), Refined Petroleum (\$45.3 billion), Ethylene Polymers (\$13.1 billion), Propylene Polymers (\$6.4 billion), and Acrylic Alcohols (\$6.19 billion) were the country's main exports [4]. Nevertheless, Saudi Arabia aspire to achieve

sustainable growth of its non-oil exports [5]. Although Saudi exports of goods and services are increasing, export performance still lags aspirations to reach its goal to increase the share of non-oil exports from 16% to 50% of non-oil GDP by 2030. In addition, Saudi exports lack diversification in goods with major reliance on petrochemicals which represent more than 70% of its total goods exports [6].

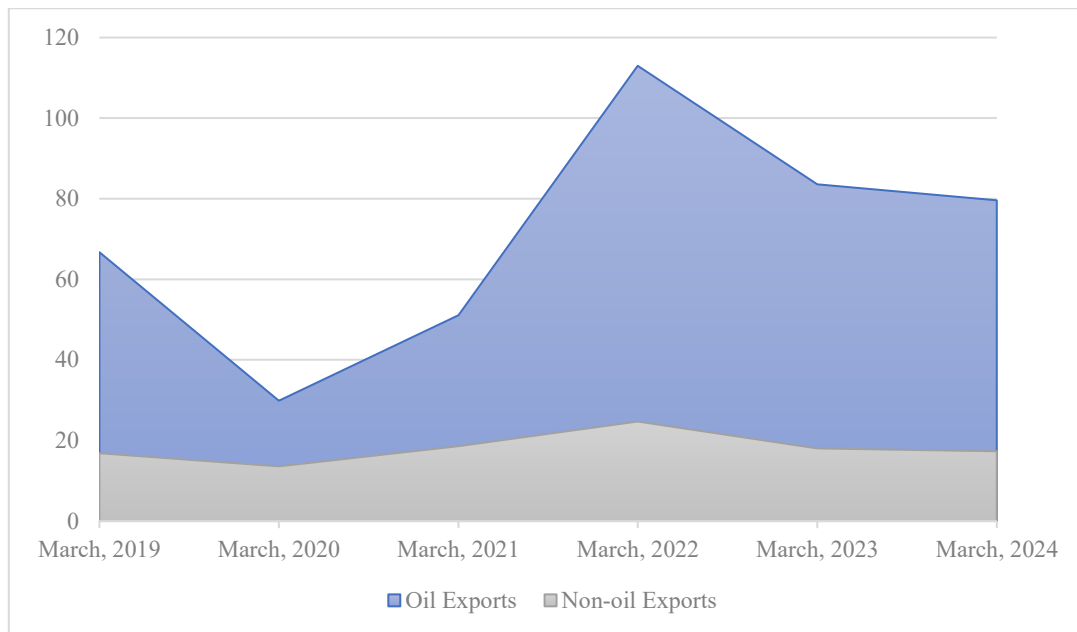


Figure 1. Comparison between oil and non-oil exports of Saudi Arabia in (000 Mn SAR) [6,7]

According to the Ministry of Industry and Mineral Resources, more than 90% of the 10,293 manufacturing establishments in the Kingdom of Saudi Arabia (KSA) are classified as small and medium enterprises (SME's) [8]. The Saudi Export Development Authority database shows that only 1,858 companies export in Saudi Arabia [5], and a survey that was conducted with many exporters showed that the majority of exporters are considered inexperienced exporters, and they need support in adjusting their product offering to match target markets, manage processes, manage costs, and obtain financing [5].

2. Theoretical background

2.1. Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are independent, non-subsidiary businesses that are distinguished by their financial resources and workforce. The upper limits of these parameters which determine SMEs, differ across countries, and depend on various factors such as the size of the domestic economy [9].

According to The Small and Medium Enterprises General Authority (Monsha'at) in Saudi Arabia, Table 1 below shows the classification of Saudi enterprises based on its number of employees and annual revenues [10].

Table 1. Identification of Saudi enterprises based on their sizes.

Enterprise	Number of Employees	Annual Revenues
Micro	1 to 5 full-time employees	0 to 3 million Saudi Riyals
Small	6 to 49 full-time employees	3 to 40 million Saudi Riyals
Medium	50 to 249 full-time employees	40 to 200 million Saudi Riyals
Large	250 or more full-time employees	More than 200 million Saudi Riyals

Small and medium enterprises heavily contribute to economic growth and offer various job opportunities [11]. In addition, they represent 99% of all firms in the European Union (EU) and have created approximately 85% of new jobs over the last five years [11]. In 2015, there were approximately 23 million SMEs that employed 90 million people, resulting in a higher added value of 3.9 billion Euros. Compared to larger firms, SMEs are highly adaptable, demonstrating superior flexibility to technological changes, greater promotion of income distribution and better adaptability to market fluctuations and new customer needs and requirements, while their organizational structure enables faster and easier decision making [11]. They represent nearly 40% to 60% of GDP in both developed and developing countries [12]. According to the SME Survey Report that was issued by King Abdullah University of Science and Technology, their contribution to the Kingdom's GDP was 20% in 2015, and Vision 2030 aims to increase their contribution to reach 35% by 2030 [13]. SMEs face various growth challenges, such as legal and administrative, financial, environmental, and managerial and organizational challenges [14]. In Russia, a study found that the most significant barrier to SME development is the shadow economy and corruption [15]. Access to finance is ranked second, followed by high transportation costs and political and economic instability [15]. A study that was con-

ducted on Sweden SMEs showed that the major growth challenges were classified into three main categories; the first is leadership-oriented challenges category that includes 134 challenges, the second is people-oriented challenges category in which 127 challenges are included, and finally business-model-oriented challenges category that includes 98 challenges [16]. The results of a study that was conducted in Turkey showed that the major concerns of SMEs are economic and geopolitical risks, although Turkish SMEs are vulnerable to several natural disasters including flooding, earthquakes, and drought, they were among the least important barriers [17]. A survey was conducted among 130,000 firms in 135 developing countries including countries from Sub-Saharan Africa, Eastern Europe, Central Asia, Latin America and the Caribbean, East Asia and Pacific, South Asia, Middle East, and North Africa [18]. As shown in Figure 2 below, the results showed that access to finance, electricity, competition, tax rates and political instability are the most critical concerns [18].

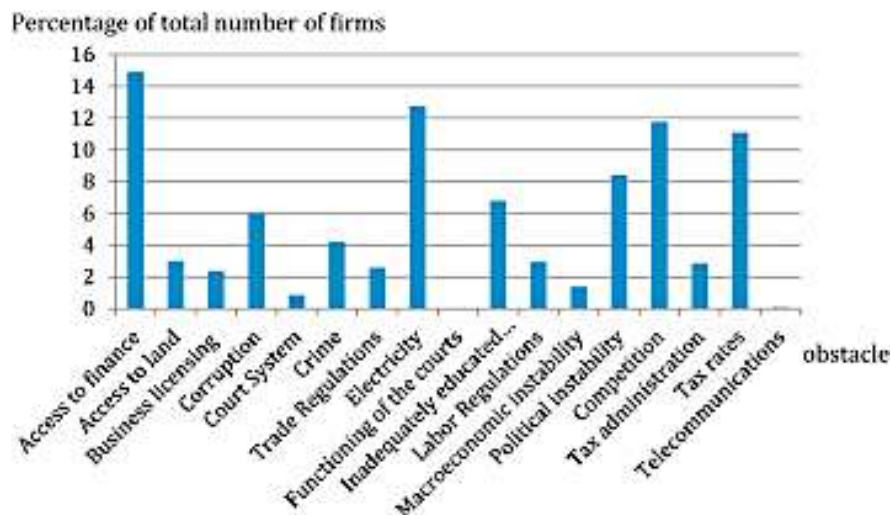


Figure 2. The main barriers to growth as perceived by SMEs [18].

2.2. Small and Medium Manufacturing Enterprises (SMMs)

In the manufacturing industry, many small and medium-sized enterprises (SMEs) offer specialized manufacturing and support services to larger companies [19]. Many newly industrialized economies rely heavily on small and medium manufacturing enterprises (SMMs) as their primary manufacturing sector which have different needs and operating requirements of those of larger businesses [19]. The Fourth Industrial Revolution widely known as Industry 4.0 which is currently occurring

through digitalization of manufacturing systems and processes, presents manufacturing companies with several technological, organizational, and management challenges [20]. To address some of the challenges of future factories, manufacturing firms could reduce production waste, guarantee improved working conditions, and modify business models by collaborating across the supply chain [21]. In addition, some researchers proposed a framework where strong alliances between universities and manufacturing enterprises are required, as they account for 99% of all businesses in the European Union [22]. By anticipating future issues or failures before they arise in the real world, artificial intelligence (AI) and deep learning can be utilized to address the issues caused by the uncertainty and complexity of manufacturing [23]. Manufacturing is a key sector of the global economy, and the interest in smart manufacturing is rising rapidly [24]. The advancement of information and communication technologies, such as, the Internet of Things (IoT), artificial intelligence (AI), and big data for various manufacturing applications has significantly influenced manufacturing sector [25]. Despite the widely emerging smart manufacturing applications, there are multiple challenges relating to smart manufacturing devices, dynamic reconstruction of resources, effective information interaction, and practical deployment [25]. In our continuously changing global environment, small and medium-sized manufacturing enterprises cannot achieve global competitiveness using the same strategies as large corporations [26]. In these circumstances, SMEs can use the proper smart factory concept to remain competitive and alleviate current technical and financial challenges [26]. Engaging in practical research at local universities and international collaboration with elite international institutes can help reduce development expenses, introduce industrial strategies for guidance and implementation and encourage worldwide and unrestricted standards for enhanced compatibility, all of which would greatly support small and medium-sized enterprises [26].

2.3. Exports of goods and services

The significance of the services sector in economic growth and development has historically been overlooked [27]. Economists have only recently recognized the importance of services and their tradability, due to globalization, industrial production

fragmentation, and advancements in information and communication technology [27]. This importance is demonstrated through the growing role of services in global and regional value chains as inputs for manufacturing [27]. Numerous researchers are highlighting strong connections and relationships between exports of goods and services, indicating a possible correlation between manufacturing sectors and services exports. One study found that the volume of trade in goods has a substantial impact on trade in services, and that services trade is increasingly focused in countries that engage in more trade of goods [28]. On the other hand, by using instrumental variable methods, another study suggests that the offering of services could potentially increase the demand for goods, enabling firms to raise prices without impacting the demand for goods [29]. Another study underlined that close relationship between services trade and goods trade, suggesting that they may complement each other [30]. Some services can help with entering global markets, while others can help in establishing international relations, and some can assist in increasing trade volume [31]. Firms might still grow exports even without these services but utilizing them can help lower trade costs [31]. For instance, intermediaries in foreign trade can help companies enter new markets by finding essential market information and making connections in global markets [31]. Translators and interpreters can assist in surpassing language and cultural obstacles [31]. The firms could also utilize legal, regulatory, and monitoring services to control opportunistic behaviors of foreign business partners and customers [31]. Marketing services are expected to play a key role in informing and attracting customers from foreign countries who may not be familiar with the company's product [31]. Government relations services can also help in entering new markets, growing exports, and reducing policy-related uncertainty [31]. There are many services that can directly be related to manufacturing activities or the trade goods, such as transportation, communications, finance, and insurance services [32]. Furthermore, some researchers found that the export of goods and services is affected by and positively correlated with the production of natural resources [33].

2.4. Manufacturing industries and technologies

Industrialization has been perceived as the primary path to economic growth for over a century [34]. The successful economies of today prove that manufacturing industries play a crucial role in the transformation process that drives their development success [34]. Various theoretical arguments, primarily concerning the unique opportunities offered by this industry to capitalize on technological expertise and dynamic economies of scale, support this perspective [34]. In comparison to other sectors of the economy, manufacturing is viewed as having greater opportunity for innovation, technological education, and knowledge sharing [34]. For a very long time, manufacturing has been the driving force behind new technology and has greatly boosted labor productivity [35]. International specialization has advanced beyond the traditional model where developed countries traded manufactured goods for raw materials with developing countries [36]. Today, many developing countries are among the most successful exporters of manufactured goods as a significant volume of their exports go to industrialized countries, from which they in turn import manufactured goods [36]. China and India, along with other developing countries, doubled the share of developing economies in global trade between 1994 and 2008 [37]. According to the 2023 world manufacturing report, the manufacturing industry is being transformed by the digital economy [38]. The digital economy involves the progress brought to society by digital technologies [38]. It originates from earlier economies that relied on information and knowledge, with the growth being driven by increased availability of information and human knowledge [38]. Nevertheless, it sets itself apart from earlier economic eras by heavily leveraging at least four basic digital technologies: Internet of Things (IoT), Cloud computing, Big Data, and Analytics, such as, Business Intelligence and Artificial Intelligence [38]. These technologies have the potential to greatly improve the intelligence and autonomy of systems that control and operate machinery, equipment, and products [38]. By utilizing these advanced technologies, firms are successfully narrowing the gap between physical and virtual environments, resulting in the emergence of cyber-physical systems that depend on these essential digital tools [38]. In this scenario, the digital transformation is seen as the result of the digital economy, showing the advancements made using digital technologies to improve cyber-physical systems [38]. According to Precedence 2023, Figure 3 below shows that the outcomes of this

transformation are impressive, as the worldwide digital transformation market is expected to reach over USD 9,149.49 billion by 2033 and an estimated market size of USD 752.17 billion in 2022, showing substantial growth at a remarkable Compound Annual Growth Rate (CAGR) of more than 25% from 2022 to 2033 [38,39].

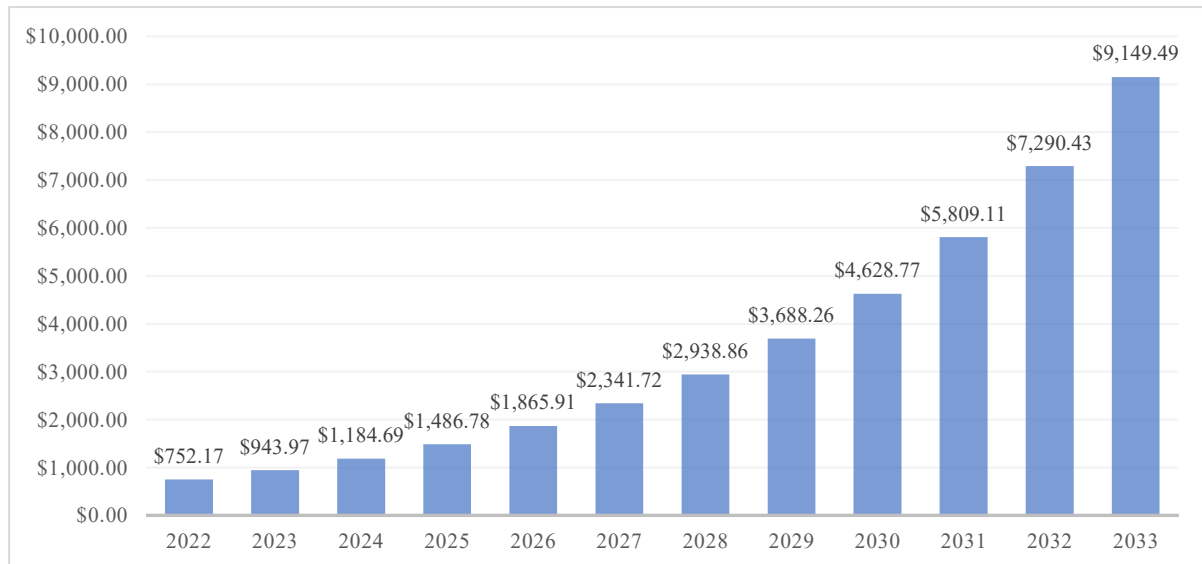


Figure 3. Digital Transformation Market Size 2022 to 2033 (USD Billion) [38,39]

Moreover, these technologies create opportunities to incorporate new technologies like additive manufacturing, advanced robotics, digital twins, and a variety of digital tools for different business functions [38]. Manufacturing firms have invested in different digital solutions to improve their operations, as indicated in Figure 4 below, a Deloitte report highlighted the most heavily invested technologies in the digital economy [38,40]. Estimates indicate that the global market for digital transformation in manufacturing in 2023 was approximately USD 307.87 billion, with forecasts predicting it will increase to USD 733.75 billion in the next five years [38].

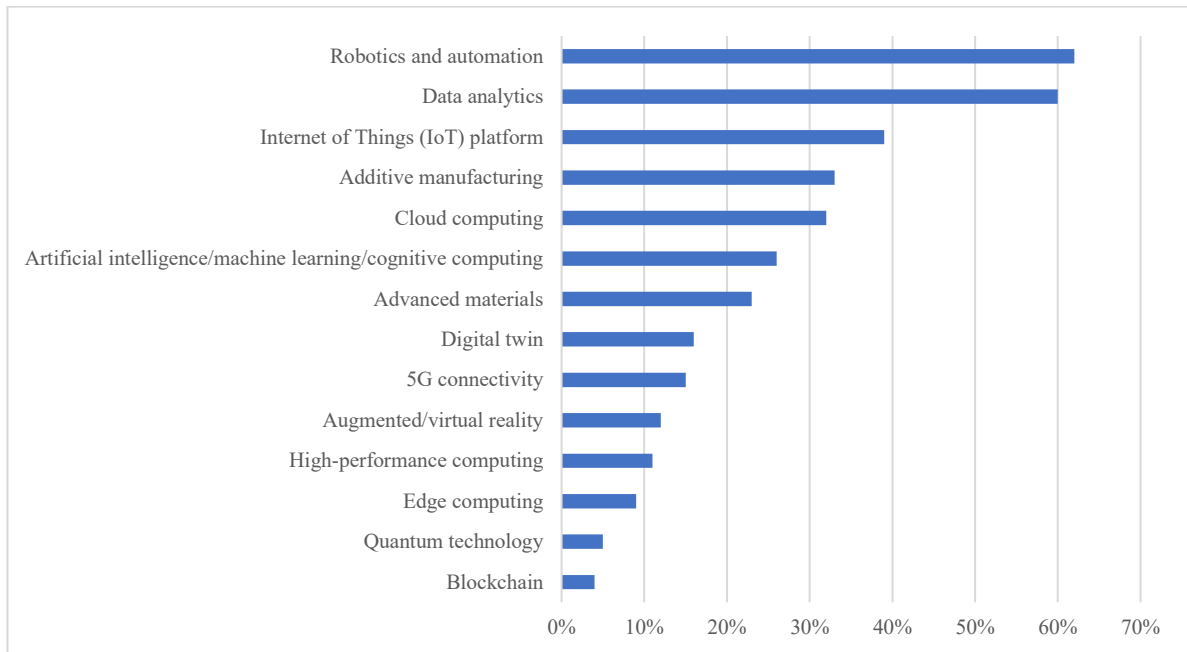


Figure 4. Surveyed manufacturers plan to focus on a range of technologies to increase operational efficiencies [38,40]

The significant increase in such investments in manufacturing highlights how the manufacturing sector is being transformed by digital economy [38]. Manufacturing is important to the United States because it creates well-paying jobs, drives commercial innovation, plays a crucial role in reducing the trade deficit, and makes a significant impact on environmental sustainability [41]. Manufacturing industries and enterprises that have the most impact on these four objectives also have the highest potential to sustain or increase employment rates in the United States [41]. Computers and electronics, chemicals including pharmaceuticals, transportation equipment such as aerospace and motor vehicles and their components, and machinery hold particular importance [41]. European trade reaches every other country in the world [42]. European manufactured exports include machine tools, cars, airplanes, chemicals including pharmaceuticals, as well as consumer goods like clothing, books, and artworks [42].

3. Determinants and Measures of Export Performance and Sustainable Growth in Factories and Possible Solutions

Findings from research on the Indian manufacturing industry suggest that export market entry does not enhance productivity [43]. Nevertheless, withdrawing from the export market

negatively affects productivity [43]. In addition, the results indicate that there is a significant sunk cost associated with exporting with limited knowledge of global markets [43]. However, there is inadequate literature review pertaining to whether productivity, manufacturing processes, and efficient resource utilization have direct impact on the manufacturing firm's export performance. Economic measures are the most commonly used in studies to evaluate export performance being perceived as export profitability, followed by export sales growth, export sales, and export intensity [44]. Using a multiple regression model, the results of a study of New Zealand manufacturing exporters shows that five out of seven independent variables positively correlate with export performance, as hypothesized and they are as follows: Marketing Orientation, Export Market Knowledge, Quality and Service, Cultural Affinity, and Channel Support [45]. Another study suggested that the location of SME exporters affect their ability to access networks, export-related infrastructure/services, and ultimately their export performance [46]. Companies located in metropolitan areas possess a benefit compared to those located in regional areas [46]. On the contrary, the export performance of firms in regional areas was not negatively affected by the lower level of competition [46].

Some researchers identify two specific factors that influence export performance: internal factors and external factors [44,47]. Internal factors include determinants related to export marketing strategy, firm characteristics/capabilities, and management characteristics [44,47]. On the other hand, external factors include determinants that are categorized into industry-level characteristics and country-level characteristics [44,47]. A review article analyzed several empirical works and categorized internal factors that affect export performance into four sections, discussing the impact of firm characteristics and competencies, management characteristics, management attitudes and perceptions, and product characteristics [48,49]. Multiple research studies have found that firm size positively affect export performance [48,50]. Similarly, a firm's international capabilities and competences are also linked to export performance [48,51]. Export performance has also been found to be associated with management characteristics [48]. Some researchers argue that the expertise and skills of top-level managers play a crucial role export performance [48,52]. Other

studies found that export performance is affected by the training of managers in international business [48,53]. Attitudes of top-level management towards exporting is often related to how many obstacles they believe exist in the exporting process [48,54]. Companies that have a positive attitude towards exporting tend to perceive fewer risks and challenges, which in turn, lead to better export performance [48,54]. Nevertheless, external factors that influence export performance were divided into three sections, discussing the impact of industry characteristics, foreign market characteristics, and domestic market characteristics [48,49]. Researchers discussed various topics related to industry's characteristics such as stability level, predictable changes, pace of change, seasonal fluctuations, risk level, competition level, and presence of new competitors [48,55]. According to some studies, the export performance of a company is influenced by the level of manufacturing complexity in the industry and the technical expertise required for products [48,51,56]. Based on the results, Austrian manufacturing companies with more complex manufacturing processes and intense technologies tend to have better export performance [48,51,56]. Foreign market characteristics are found to influence export performance [48]. Research shows that companies exporting to developing countries outperform those exporting to developed countries [48,57]. It is proposed that this could be attributed to the limited competition in developing countries [48,57]. Only a little research on how domestic market characteristics affect export performance has been carried out [48,55]. Political and legal factors within the domestic market, such as alterations in export regulations and the absence of government authorities that support export initiatives, play an important role [48,58]. The export performance of a firm is also influenced by the competition it faces in the domestic market [48,58].

Another study claims that export performance has two dimensions, namely, export propensity and export intensity [59]. The results support that political instability and informal competition strongly impact export propensity while export intensity depends on having skilled workers and access to external and new technologies [59]. The results of a quantitative study in Vietnam confirmed that government supportive policies are highly effective for promoting SMEs' export performance [60]. However, in Russia, despite the Russian president decree that aimed to increase the share of SMEs up to 10% in the overall

non-resource exports, there are various obstacles hampering the efficient utilization of small and medium-sized enterprise's export potential as a driver of economic development at the regional level [61]. The main issues include the limited competitiveness of small and medium-sized enterprises (SMEs) in manufacturing, lack of knowledge of foreign markets, inadequate support for SME exporters, insufficient utilization of SMEs' export capabilities in addition to ineffective implementation tools [61]. The results of a study of product and process innovation in Malaysian manufacturing demonstrate that government incentives, organizational innovation, and export play important roles in explaining innovative activities within companies [62]. When innovation is divided into product and process categories, research shows that organizational innovation and export occurrence are crucial for both types of innovation, whereas government incentives only play an important role in process innovation [62]. Therefore, government support in the form of tax and non-tax incentives, including technological support, does not impact product innovation, indicating a need for policy revision to enhance indigenous product development capabilities [62].

A study suggests that in order to create sustainable value for all stakeholders while minimizing negative impacts on the environment and society, future manufacturers need to quickly and economically respond to changing market demands [63]. Practicing sustainable manufacturing through 6R methods (Reduce, Reuse, Recycle, Recover, Redesign and Remanufacture) allows for closed-loop and multi-life cycle materials flow, resulting in more sustainable manufacturing processes and systems [63]. A study suggests that in a competitive market, lean practices are considered essential for the survival and success of manufacturing industries. Lean manufacturing helps companies to reach desired levels of productivity through the implementation of practical and sustainable methods and tools [64]. Its emphasis on reducing and eliminating waste allows it to be integrated into the culture of an organization and turns every process into a source of profit [64]. Lean manufacturing focuses on cost reduction and revenue increases by eliminating all activities that do not add value [64]. Sustainability development has gained significant attention in the manufacturing industry due to its competitive role in addressing global climate change, leading to improved production processes [65]. As shown in Figure 5 below, a sustainable

lean production framework (SLPF) was developed for manufacturing firms based on lean six-sigma and supported by the theory of practice-based view [65]. Due to many production frameworks not meeting sustainability goals during implementation, a framework with five stages and fifteen steps was proposed with input from practitioners and scholars [65].

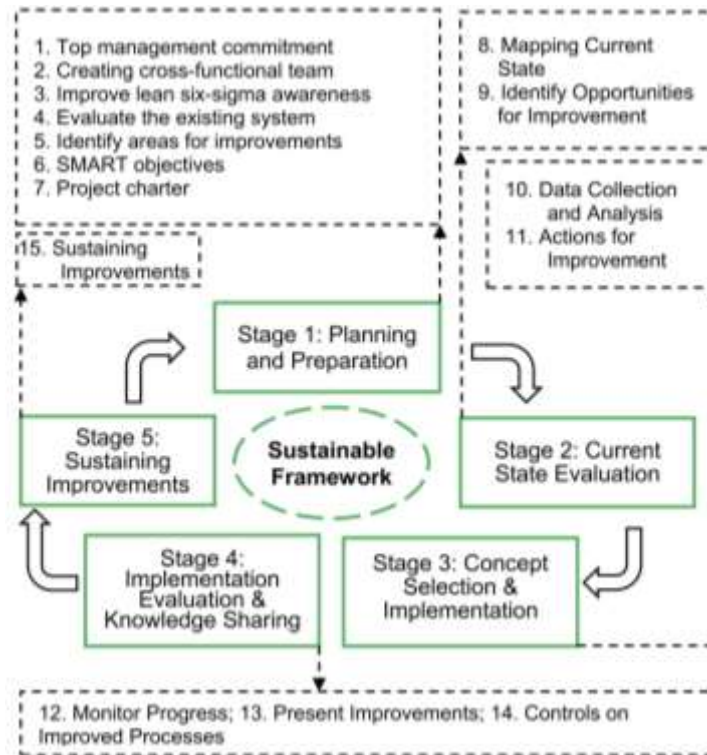


Figure 5. the proposed sustainable lean production framework (SLPF) [65]

4. Key challenges and barriers of small and medium manufacturing enterprises to export in comparison to larger firms

In addition to the challenges of sustainable growth in small and medium enterprises, they face many challenges while competing globally with larger firms and multinational organizations [66]. In contrast to larger firms, SMEs have an advantage in terms of fast decision-making and adaptability [66]. Nevertheless, their relative strengths tend to be behavioral, such as dynamism, flexibility, and motivation [66]. On the contrary, large firms have advantages such as economies of scale and scope as well as access to financial resources and technology [66]. A study on Portuguese small and medium-sized exporters and non-exporters found that non-exporters perceive lack of foreign market knowledge, lack of skilled export personnel and

human resources, lack of technical expertise, high sector competition, lack of financial support from both governmental and financial institutions as major barriers to exporting [67]. In comparison, exporters found that managing warehouses and overseeing the flow of physical products in the target markets were the main barriers [67]. Research investigates how export barriers change as a company expands internationally [68]. An analysis was conducted on 7,515 European SMEs to study the different perceptions of different categories of firms: firms uninterested in exports, future exporters, pre-exporters, experimental exporters, engaged exporters, active exporters, dedicated exporters, unsuccessful exporters [68]. The research examined both external barriers (caused by environment, domestic or foreign markets) and internal barriers (pertaining to the firm's resources, marketing and strategy) [68]. Significant differences were discovered among some of the studied groups, indicating a shift in perception of internationalization barriers as the firm progresses through its lifecycle [68]. As illustrated in Figure 6 below, the descriptive statistical analysis shows that external barriers are seen as higher than internal barriers in all company groups [68]. In addition, it shows a decline in both external and internal barriers in later stages of the internationalization process, except for the last stage – failed exporters perceive more barriers than exporters [68]. Also, the decrease in perceived internal barriers over subsequent stages is more dynamic than it is in perceived external barriers [68].

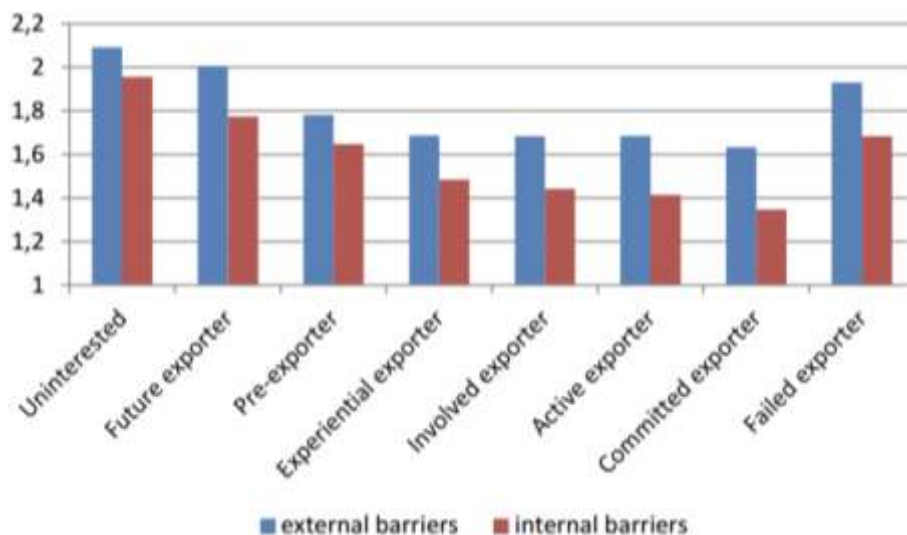


Figure 6. Companies' perception on export barriers at subsequent internationalization stages [68]

Shifting from being ‘future exporters’ stage where companies are considering expansion in the future to ‘pre-exporters’ stage where companies are actively trying to enter foreign markets relies heavily on overcoming external barriers such as finding a foreign partner [68]. In the following stages of the global expansion, internal barriers play a key role in distinguishing between different group [68]. The effects of learning and resource acquisition, such as market knowledge and specialized staff justify a significant decrease in perceived internal barriers as the company moves from one stage to another [68].

Some external barriers which apply to both exporting and non-exporting factories are considered barriers to good export performance. For example, according to the World Bank Data, Figure 7 below shows that the average time to export in a group of 7 developed countries, namely, the United States, the United Kingdom, France, Germany, Italy, Japan, and Canada, has always been less than the average time to export in a group of 7 developing countries, namely, Argentina, China, India, Kenya, South Sudan, Turkey, and Vietnam [69] and it might be one the challenges that need to be tackled.

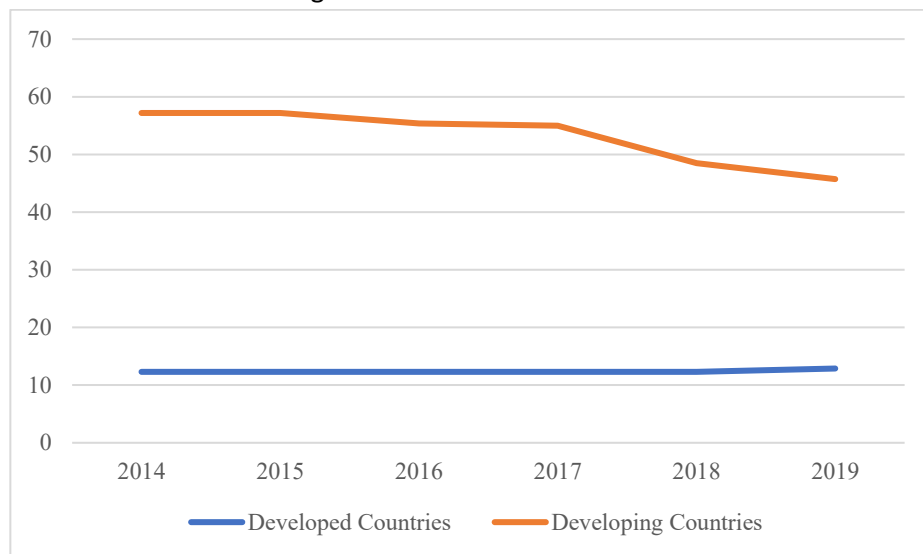


Figure 7. Average time to export, border compliance (hours) of developed and developing countries [69]

In addition, Figure 8 below shows that the majority of the selected group of developed countries rank higher than developing countries in the ease of doing business indicator, which means that regulations are more business friendly in developed countries than they are in developing countries [69].

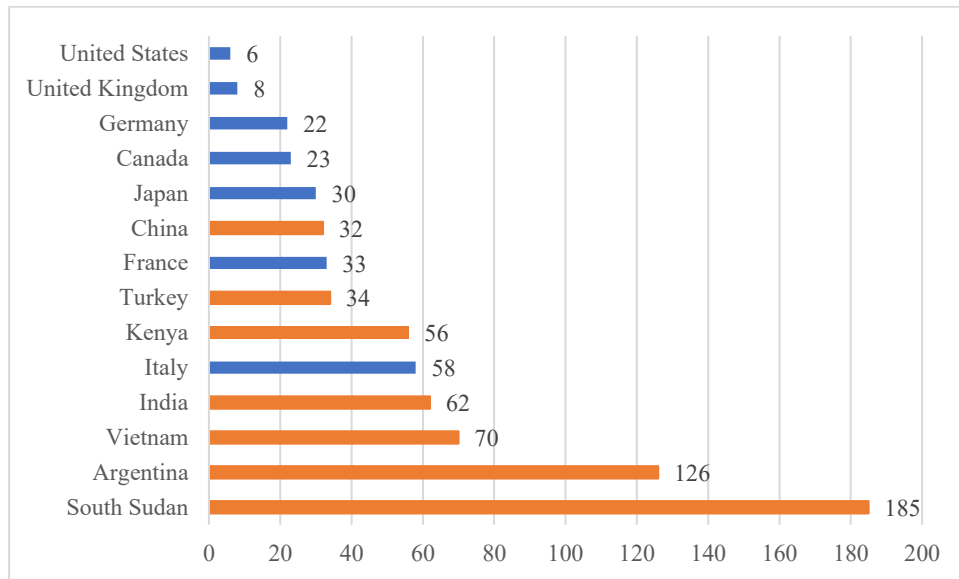


Figure 8. Ease of doing business rank 2019 [69]

The literature on the relationship between various exporting measures and different dimensions of firm performance such as productivity, profitability, and survival, grows rapidly [70]. For example, a study investigated the relationship between export and productivity by destination using regression analysis [70,71]. Another study found that there is a negative relation between number of exporting firms in Belgium and number of markets served which increase with productivity, using descriptive statistics and regression methods [70,72]. Furthermore, using the same methods, a study found that total factor productivity (TFP) is negatively correlated with export intensity to low-income markets, but it uncorrelated with export intensity to high-income markets [70,73]. Another study employed the ordinary least squares (OLS) algorithm and propensity score matching to find that larger companies are likely to export to more countries [70,74]. These techniques mentioned above can be utilized by developing countries to better measure their export performance and manufacturing productivity.

5. Findings and discussion

Export managers need to consider both the firm's internal characteristics and external environments, as they both play important roles in determining export performance [75]. Regarding internal characteristics, research shows that having a skilled management team affects exporting performance positively; therefore, export managers are encouraged to gain ex-

port experience and knowledge and develop their commitment to exporting [75]. According to a study of small and medium-sized enterprises (SMEs) export performance in Vietnam, it is suggested that small and medium-sized enterprises (SMEs) can improve their export activities by concentrating on marketing strategies, expanding their local and international business connections, and developing new business networks, studying, and realizing the demands of the business market [76]. This can be accomplished with government support and participating in international trade shows and exhibitions [76]. Furthermore, small, and medium-sized enterprises (SMEs) should offer training to prepare their employees with fundamental knowledge about export foreign markets, import and export regulations, legal framework, technological advancements, online commerce, and English language skills [76]. In addition, governments usually fund export promotion programs (EPPs) to help small and medium-sized companies achieve their goals of global expansion and overcome barriers [77].

6. Conclusions

Although there are various internal and external factors that are major determinants of export effectiveness, and this paper supports the fact that they strongly affect exporting and can be barriers to good export performance, internal factors need to be clearly identified to develop more practical solutions and corrective actions in manufacturing enterprises in order to have better exporting opportunities.

The findings in this literature review support the fact that well trained labor, advanced manufacturing technologies and machines will contribute to better export performance. So, managers should focus on hiring skilled labor, providing training programs, and participating in international exhibitions. Furthermore, countries can support and incentivize SMEs to increase industrial production and export volume by delaying payments, creating specific loan products and grants to SMEs, and providing marketing consulting services,

Future research can potentially include examining the internal manufacturing practices of exporting companies and non-exporting companies and to compare export performance. Also, statistical quality control methods and techniques might be used to measure resource utilization, machine failure, waiting and transfer times and operational costs to see if efficient manufacturing and producing high-quality products with

less waste have a direct impact on export performance. One of the limitations of this paper is that internal factors are not applicable to the nature of all manufacturing companies.

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