Yönetim, Ekonomi ve Pazarlama Araştırmaları Dergisi
2019, 3(4): 37-66.
DOI: 10.29226/TR1001.2019.134.
ISSN: 2587–0785 Dergi web sayfası: https://www.yepad.org

CONCEPTUAL PAPER

Export Barriers and Their Role In Reducing the Export Capability of Libyan Small and Medium Enterprises

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Abstract
Internationalization is defined as a process and the approach that organizations go through in their pursuit to expand their operations to foreign markets, which is a concept examined through different models; Uppsala and I-M. Moreover, market entry modes vary according to the objectives of the organization, where exportation forms the most common type of entry mode during internationalization. However, several export barriers may face companies while they go through the different exportation stages from studying its feasibility until they are able to commit to several contracts in several international markets. In this research, the export barriers facing Libyan small and medium enterprises are examined through a wide sample of the registered companies for exportation. The results show that there are several differences between the companies in different exportation phases in their perception towards each barrier. Moreover, the final results show that the most important export barriers facing Libyan SMEs are related to domestic government support, foreign currency instability and meeting international quality standards.

Keywords: Internationalization; Export Barriers; Libya
Received: 24.04.2019
Accepted: 10.06.2019

Suggested Citation: Salem, A. (2019). Export Barriers and Their Role In Reducing the Export Capability of Libyan Small and Medium Enterprises**,** *Journal of Management, Economic and Marketing Research*, 3(4):37-66.

1. INTRODUCTION

The concept of internationalization is to target markets that are growing by utilizing the high production rate in the domestic economy. The way the new markets are targeted determines the concept that is used to enter the market balancing the risks and the benefits through several stages. Therefore, understanding the target market, as well as the capabilities of the company is essential in order to create a seamless internationalization process with the least losses and facilitating maximum profitability (Stremtan, 2009). Furthermore, small and medium enterprises (SMEs) are considered the core of a country's economy and due to their limited capabilities, they are expected to be faced with bigger challenges the would hinder the expansion of their operations to other markets. Generally, internationalization has been defined in different sources; however, the concept mainly describes the process a company undertakes to expand their operations to new markets through stages aiming to make a gradual movement without jeopardizing current operations in the domestic economy or impose losses in the new market (Welch and Luostarinen, 1988; Calof and Beamish, 1995; Pasco-Berho, 2000).

There are different definitions for SMEs according to the source and the classifying organization. Nonetheless, there is no doubt that small and medium enterprises face challenges in their operations that are similar to big enterprises, while the impact that can be imposed by those challenges can be more influential. Regardless if they choose to implement internationalization or not, the growth of SMEs on the domestic level has been shown to be affected by international trading factors (Sanjo and Ibrahim, 2017). Moreover, there are different factors that motivate SMEs to pursue internationalization, which can be classified into proactive and reactive, depending on the reason that pushed the company for the decision (Hollensen, 2011).

The entry modes that are used by the company depends on the method that allows it to achieve the maximum benefits from implementing the process. Exportation, turnkey projects, licensing, franchise and joint ventures are all different form of entry that are used by foreign companies in a new market (Masum and Fernandez, 2008). Thus, the internationalization process model that is adopted by the company plays a major role into determining the best entry mode to use for a new market, in addition to formulating a gradual process that allows achieving the objectives of internationalization (Coviello and McAuley, 1999).

There are several models and processes that were developed for internationalization, where choosing the suitable model depends on the capabilities of the company and the ultimate goal to achieve in the new market. The Uppsala model and the model of innovation are considered the top models used by enterprises to move towards new countries (Coviello and McAuley, 1999). Both models target internationalization through stages and develop processes and strategies that support their success. The Uppsala model targets taking the company through an exportation through an agent to owning subsidiaries in the new market. The model of innovation focuses on one mode of entry, exportation, taking it from experimental exportation to fully committed exportation (Johanson and Vahlne, 1977; Bilkey and Tesar, 1977).

The obstacles that face a company during the internationalization process are called barriers. Furthermore, since exportation is one of the most important entry modes, the barriers that face companies through it are considered very significant. Therefore, many exportation barriers have been identified. Export barriers can affect companies that are aiming to enter new markets to the extent of failure (leonidou, 2004). The factors that affect the way those barriers are perceived are also important to consider during research. Company characteristics and performance has many indicators that are studied in conjunction with export barriers (Martinovic and Matana, 2017).

This study performs an extensive study on the concepts of internationalization and export barriers in order to compile a suitable list to be utilized during the case study. Targeting understanding the export barriers that hider internationalization in Libyan companies, a questionnaire is created and filled by a suitable sample. The results and discussion will help understand the issues that face Libyan exporters, as well as recommending solutions to the main problems faced by them.

2. RESEARCH PROBLEM

The domestic economy of a country depends on the total production that is performed by within the country in a given year. There are economic indicators like the Gross Domestic Product (GDP) and Gross National Product (GNP) that measure the amount of production performed in a given country and subsequently the shortage or surplus within a given sector or product. The strategy of a healthy economy aims to diversify the income sources in order to reduce risks and produce a strong portfolio that supports the development ambitions of the nation. In the Libyan case, 95% of the Gross Domestic product depends on oil production and exportation, which contradicts the goals of a sustainable economy. Moreover, fluctuations in oil prices make it hard to build a steady development plan for the country as income from petroleum products cannot be reliable for such a goal. Additionally, the Libyan economy and exportation do not include a diversified portfolio that reinforces the strategies presented by the government. The non-oil exports formed only up to 5% of the total exports in the years prior 2016. Therefore, it is evident that the country has a problem regarding its exportation portfolio diversity and strength.

In the years following the 2012 security instability in Libya, the economy suffered from stagnation leading to a significant drop in the volume of exports. However, as the security dilemma is enhancing in the recent years, it is time for exporters and the government to look into issues and obstacles that are hindering the development of the economy, specifically exportation barriers with the goal to tackle them and imposing plans that allow more production and exportation. As small and medium enterprises form at least 85% of any given economy, addressing these challenges within these companies would have the most positive impact on the economic status of the country. Understanding the perception towards export barriers helps the concerned authorities to either increase the awareness towards the possible strategies to overcome them from the companies' perspectives or implement laws, policies and international trade agreements that allows remove or alleviate the impacts of export barriers.

The significance of the research emerges from its need, as no previous study has addressed the problem for the Libyan case. The current research forms a cornerstone for future research on the subject; allowing the continuous assessment of the internationalization status in the Libyan economy, in addition to evaluating the perception of export barriers within Libyan exporters. Such an understanding allows the concerned authorities and economic entities in the country to identify issues that hinder exportation and creates a communication channel that facilitates further solutions. The current Libyan export portfolio is humble in comparison with other developed and developing countries. Thus, the current study should highlight the issues that are suffered by the Libyan small and medium enterprises in pursuit for exportation.

Furthermore, the research allows the decisionmakers to understand the scientific correlations between the export barriers and the different characteristics of the company that would increase the efficiency of implementing internationalization policies. It is expected that the current study motivates the further investigation into laws and agreements that are considered obsolete within the current economic status on the domestic, regional and global levels. Moreover, understanding export barriers provides small and medium enterprises, that are entering the internationalization process, with a picture of the challenges that they are expected to face during the different stages.

3. INTERNATIONALIZATION

Depending on the way a company is entering a foreign market, several concepts have emerged to describe the stages, economical factors and networks that accompany its process. The concept of internationalization has determinants that depend on the commercial and industrial capabilities of the firm, the environment in the domestic and target markets, and the opportunity presented that motivates the initiation of an internationalization process. Similar to other business management decisions, internationalization bring a certain level of risk, which should be evaluated in order to ensure a successful operation; however, the risk taken by expanding the operations of the company brings opportunities (Stremtan, 2009).

Small and medium enterprises are working hard to accelerate and diversify international expansion strategies. Thus, the main aim was to obtain new opportunities for growth through expanding to the international economy's level (Dominguez & Mayrhofer, 2017). The entry of these institutions into the international market requires them to follow several stages in the internationalization process, where their entry must be incremental, allowing them to configure an accumulated knowledge about the market (Johanson & Vahlne, 1977; Dominguez &

Mayrhofer, 2017). By presenting the various models of the process of internationalization, it is noticed that the concept includes a set of steps or stages. In this aspect, the study will be presents the models of internationalization process, which are Uppsala Model, Innovation-Related Internationalization Model, Network Theory, and International Entrepreneurship Theory. However, it is necessary to present a set of points and concepts related to internationalization.

For several decades, internationalization has attracted the attention of researchers. There are many reasons companies are heading towards internationalization, including a small domestic market that seeks maximizing profits. Internationalization is not a new phenomenon. From a historical perspective, the internationalization of companies begun with the ability of people to travel overseas and borders (Masum & Fernandez, 2008). Scientists and academics tried to define the concept of globalization on many occasions using many different perspectives and variables. Internationalization is a vague term and its definitions are based on the phenomenon it contains. The following are the definitions for the concept of internationalization:

Welch and Luostarinen (1988) defined internationalization as the process that increase the involvement of the company with the international processes.

Calof and Beamish, (1995, p.116) illustrated that internationalization is "adapting corporate operations (strategy, structure, resources, etc. to international environments"

Internationalization is also defined as a gradual process involving stages to enter into foreign markets (l'OCDE, 2007). Some scholars have pointed out that the concept of internationalization refers to the process by which companies increase their awareness of the direct and indirect effects of international transactions on their future and to establish and conduct transactions with other countries (Masum & Fernandez, 2008).

Ruzzier believed that internationalization is the process of geographical expansion of economic activities outside the borders of the country, while others believe that internationalization is "a process or successive stages based on a combination of different skills that the institution have or control. These strategies allow institutions to gradually gain experience in international markets. It is clear that the concept of internationalization revolves around the intrusion of companies into foreign markets. This intrusion into foreign markets is not random but is planned and based on experience gained through exploiting a market close to the characteristics of the local market or by agents and partners who work in those markets (Pasco-Berho, 2000, p230). Therefore, the researcher can define internationalization as steps that were taken by companies to create demand for their products in foreign markets in order to take advantage of the multiple advantages that the company can gain when it enters such markets containing huge amounts of developed goods.

4. INTERNATIONALIZATION MODELS

According to Stremtan (2009) the choice of an internationalization model depends on the motives behind expanding the operations of the company on an international level. Moreover, there are four main determinants that shall be studied in choosing a certain model over another; commercial, industrial, environmental and opportunity. Nevertheless, these determinants are more related to the company capabilities that is making the decision of internationalization and the target market. The target of this section is to compare the two models, i.e. Uppsala and I-M, according to their structure and concept that enables SMEs to choose them (Table1). It is also understood that the capabilities and the management skills of the company influences the choice between the two models as they determine the extent of expansion in the international market (Masum & Fernandez, 2008).

Table 1: Comparison Between The Uppsala and I-M Internationalization Models

Aspect	**Uppsala Model**	**I-M Model**
Base of process	Network building and relationship focused process	Innovation focused process
Aim	Establishing a fully operational entity in new market	Becoming a major exporter to new market
Entry mode and stages	No specification of entry mode as it can evolve during the process; however, export is identified as the natural form of entry	Export is the primary and only mode for this model, which is performed gradually
Definition of core concept	Relationships and partnerships that increase the likability of learning the new market, shortening the learning curve, and producing mutual benefits	Increasing the competitiveness and productivity of the company, besides innovations on the product, process, organizational and marketing levels, which results into increasing the readiness of the company for internationalization
Expansion magnitude	Focusing on one target country, or few, at a time by establishing the full expansion process from	Fast expansion to the biggest number of countries and the furthest possible through export

Table 1: Comparison Between The Uppsala and I-M Internationalization Models

Aspect	Uppsala Model	I-M Model
	export to local manufacturing	
Pace and development	Gradual using commitment level as stages	Gradual using export level as stages
Competitive advantage	Strong relationships and partnerships that leads into learning the market and subsequently taking decisions and making commitments	Innovation is identified as the main competitive advantage of the company

As a conclusion, it can be understood that while the process in the Uppsala model focuses on building relationships and partnerships in the target markets, the I-M model focuses on increasing the innovation level to readiness for it. The Uppsala model recognizes that export is the least risky entry mode that could evolve into different stages to local manufacturing; however, the stages in the I-M model depends on incremental and gradual export reaching to the level, where the SME gains full experience and access to the trading process in the new market. Such entry modes and stages affect the main aim of the model. The Uppsala model aims to establish a fully operational entity in the new market, while the I-M model aims to developing the company to become a major exporter.

The core concept can be defined as a partnership and relationship process that eliminates the geographical and cultural obstacles of market entry through trust building. Nonetheless, the I-M model is based on increasing the competitiveness and innovation of the SME in the domestic market to the level where the products and services can be exported to other new markets. It also seems that the two models are designed for different business concepts, which can differ according to factors associated with the domestic market environment. The Uppsala model depends on developing a full establishment success in a specific country, while the I-M model measures the magnitude of the success through exporting to the largest number of countries and the furthest possible. Finally, the Uppsala model builds the company based on partnerships, while the I-M model builds it through strengthening the innovation aspects of the company.

5. EXPORT BARRIERS

The contribution and importance of SMEs in domestic and international markets cannot be ignored, as their contribution is well established in the literature and through economic indicators. SMEs have attracted considerable attention from economic researchers. The focus of the researchers has been on export barriers. The outcomes of researches revealed that the small and medium-sized enterprises are the most affected by export barriers, particularly in developing countries. For example, according to Ibeh (2004), small and medium-sized enterprises in the Organization for Economic Co-operation and Development (OECD) countries own 4-6% of total exports, while small and medium-sized companies in the Asian economies own 12% (Junaidu, 2013)

Studies indicate that SMEs are more affected by imaging problems than large firms because they do not have the enough resources and expertise to deal with and overcome these problems (Karelakis, Mattas, & Chryssochoidis, 2008). Access to international markets and working there is not easier for a new company than a company that works in the local market or used to work in the international market. Professor Sune Carlson, a pioneer in the study of internationalization at Uppsala University, expressed this difficulty by saying that "The nature of human beings is doing international business" (da Rocha, Freitas, & da Silva, 2008).

Companies wishing to internationalize face a different marketing environment than those used in the local market. Due to cultural differences, these companies must adapt to their productive and commercial practices in line with international markets. Furthermore, the technology and product quality issues that have not been experienced by domestic market are challenges in foreign operations. Additionally, physical distance increases transport costs and increases administrative risks that require special capabilities for teleworking (Leonidou, 1995).

Many studies have attempted to answer the question of why companies sometimes export and stop exporting at other times. Some studies have indicated that there are many barriers to export development for small and medium-sized enterprises. Shaw and Darrochj (2004) noticed that the major obstacles faced by SMEs wishing to export their products were mainly related to limited financial resources, limited knowledge of the external market, lack of incentives and government support. Other studies indicated that the lack of qualified exporters and lack of knowledge of potential client markets are significant export barriers (Leonidou, 2004).

Other barriers facing SMEs, that are related to the host country, is the cultural differences; tariff and management barriers, foreign exchange risk, slow payment or risk of non-payment by foreign buyers, as well as barriers to the SME original country of lack of financial assistance, lack of market information, lack of qualified staff, and lack of IT platforms (Pinho & Martins, 2010). Other studies, such as Tesfom and Lutz (2006), indicate that the most important barriers faced by exporting companies relate to the nature and characteristics of the product, in terms of quality and price, is that they affect the competitiveness of the product in the international market.

Finally, the obstacles faced by the company may be enormous and extreme that they could prevent companies from entering foreign markets or pursue further development through international activities. The export barriers have received great attention from economists in the past years. Many studies have tried to develop a concept and a specific classification of these barriers. Each study has developed a different concept according to the environment in which the study was applied. The following are some of the definitions by the studies of export barriers.

Shepherd (1979) defined export barriers as "anything that reduces the likelihood, range or speed of entry of potential competitors into the market". Anders (2009) defined the export barriers as "barriers that prevent firms from establishing in a particular market". The previous definitions limited the concept of export barriers to the problems and obstacles that impede the entry of companies when trying to enter the foreign market and did not include the impediments faced by companies during their export process, which may lead to their failure or prevent their development.

Furthermore, Fish et al. (2014) defined export barriers as "those restrictions that hinder the company from trading in foreign markets." This definition is also referred to the constraints faced by companies' operation in the foreign market and did not refer to those barriers facing companies that wish to enter the foreign market.

After reviewing different definitions in the study literature, it could be concluded that there is no fundamental difference in defining the concept of export barriers. All of them focused on the obstacles faced by companies and the differences that arise only at the stage where companies face these obstacles. Therefore, the researcher defines export barriers as:

All the problems, internal and external obstacles that face companies and prevent them from entering the foreign market or limit their ability to develop the volume of exports and development or lead to the cessation of export.

The researcher believes that this definition includes all obstacles, whether from the same company such as administrative and operational impediments. It also includes obstacles related to the characteristics of the products and their ability to compete with similar products in foreign markets, or external obstacles that are outside the control of the company and are often related to the characteristics of the target market.

Export barriers affect the ability of small and medium-sized companies to enter international markets, regardless of whether these barriers are stable or dynamic (Kahiya, Dean, & Heyl, 2014). They are obstacles for exporters and non-exporters who seek to develop their exports.

Studies on export barriers to know their impact (Yannopoulos and Kefalakin, 2010; Leonidou, 2004) and their kinds and how different they are from one stage to another of internationalization stages were executed (Uner et al., 2013).

However, export barriers point to all obstacles or hinders that limit the ability of companies to start exporting or developing exports (Leonidou, 2004; Yannopoulos & Kefalaki 2010; Arteaga-Ortiz & Fernandez-Ortiz, 2010). Many researchers have identified export barriers as a set of environmental, structural, operational or operational factors that prevent the company from initiating or developing international marketing processes (Leonidou, 1995). Through literature review, it is found that it identifies two forms of export barriers, pre-export barriers, post-export barriers (Uner et al., 2013), which differ in nature from one another. Pre-export barriers reflect the opinions and views of managers and entrepreneurs while post-export barriers are barriers that face exporters on the ground through the various stages of internationalization. These difficulties may be internal or external, which often lead to the failure of international marketing activities of companies, and led to many financial losses (Leonidou, 1995). It is worth to know that these barriers are three types (Leonidou, 2004):

1. Companies that that used to export and no longer do so;
2. Companies that do not export but have the ability to export in the future;
3. Companies currently are engaging in export activities. All these companies face export barriers according to their internationalization stage.

The impact of these barriers varies widely between these three groups of companies. Difficulties can be found at any stage of the export development process (Leonidou, 2004). A Croatian study researched the influence of export barriers' perception on the export volume through surveying 100 manufacturing companies in the country. The most highly perceived barriers are the lack of government assistance, lack of target market information and high interest rates for financing exports. The correlational analysis showed no correlations between the seventeen considered export barriers. The regression analysis showed that export barriers influence the export volume by 23.2% (R^2= 0.232, β=-747, Sig.=0.000), while the percentage changed by 0.5% (R^2=0.238) when the company size factor was added (β=-0.761 for influence, Sig.=0.000 and β=0.326 for relation, sig.=0.001) and changed to the positive direction by 8% (R^2=0.318) when the manager's experience was added (β=0.422, Sig.=0.004) (Martinovic & Matana, 2017). Such results show the nature of influence of export barriers on the volume of export, which subsequently influences the domestic economy, in addition to the low influence of the company's size on the export barriers, its high influence on export volume and the significant positive influence of the manager's experience in exporting performance.

The main classification of the export barriers divides them into two categories; internal that are related to the operations, processes and activities of the company, and external that are related to the environment in the new targeted market. Some of the reviewed studies provided a comprehensive classification for the possible barriers an SME could face entering the new market through export. Nevertheless, other studies choose to focus on specific barriers that are suitable to a case study related to a specific country or sector. The most comprehensive classifications in this aspect were provided by Leonidou (2004), Uner, et al., (2013) and Narayanan (2015). Such studies developed the classification further to address barriers related to functionality, marketing, product, price, distribution, logistics and promotions on the internal level. On the external level, the barriers were classified according to the procedures, governmental assistance and economic, political, legal and sociocultural environments in the new market.

Another way to classify the export barriers was to divide them according to their discipline, whether it was marketing, human resources, operations, communication, financial, knowledge, image or support structure, which can be related to both internal and external levels. The most comprehensive classification provided in this aspect is by Tesfom, et al. (2008), Arteaga and Fernandez (2010), Abu Hatab and Hess (2013) and Junaidu (2013). Other studies did not provide a certain classification for the export barriers, rather than considering the most relevant. It can be concluded that the two main classifications are close to each other; however, it seems that classifying the barriers into internal and external barriers is the best first level of classification. Such a classification allows the company to address the problem according to their location. The sub-classification can address the internal and external aspects according to their relevance to the case study design. Nonetheless, main business management aspects concerning product, marketing, processes and environmental-imposed seem to be the most suitable to consider generally.

6. METHOD AND SCALE

There are several classifications for export barriers. Studies that considered a more broadened approach towards the export barriers' classifications have a consensus that export barriers are mainly classified into internal barriers that emerges from the domestic environment and the characteristics of the exporters and external barriers that emerge from the environment at the foreign market. Nonetheless, the way export barriers are classified under these two categories differs between different studies, which either address them according to their discipline or functionality. Considering the current status of exportation within the Libyan market, it is beneficial to understand the functional issues that are facing exporters rather than specific discipline issues that can be addressed in a more developed economy. Therefore, the measuring scale adopted in this research is based on the scale provided by Uner, et al (2013) in a study that targeted understanding barriers to internationalization from Turkish companies.

The scale includes thirty-nine export barriers primarily divided into internal and external within seven secondary classifications. The internal export barriers are divided into informational, functional and marketing barriers as the main issues that face exporters prior entering foreign markets. Through an understanding of these barriers, the researcher is able to form an idea about the readiness of the firms towards internationalization based on internal issues. The external export barriers are divided into procedural, governmental, task and environmental barriers as perceived challenges in foreign markets based on experience. The external export barriers allow the researcher to form an understanding of the possible risks that are expected to face Libyan exporters when targeting foreign markets through the different stages of the internationalization process.

Based on the adopted scale, the questionnaire used for the study is designed with eight sections, as provided in Appendix A. The first section of the questionnaire provides an assessment of the participating firm based on its characteristics and export volume. Questions addressing the annual sales and total number of employees allows the researcher to classify the company into a small, medium or large enterprise. Furthermore, the participating firms are asked for their annual export volume in US dollars, years of exporting experience and the exporting stage they are in at the moment. The researcher aims to create an exportation portfolio for the participating companies to understand the relation between them and the perception towards export barriers. The participating firms are asked to indicate their main activity, merchandising, manufacturing and service, to evaluate the difficulties faced by each sector.

The remaining seven sections of the questionnaire are divided based on the classification of export barriers provided by Uner et al. (2013), which are divided into internal barriers under sections B, C and D, and external barriers under sections E, F, G and H. The internal informational barriers in section B address the lack of information acquired by the company of the foreign market and the lack of ability to identify opportunities and contact customers. The internal functional barriers in section C deal with issues that emerge from the operational status of the company, where time, production, knowledge or capital shortage can hinder exportation. The internal marketing barriers in section D targets issues that are related to product, price, distribution, logistics and promotions, which evaluate the internal processes used within the company in order to be able to compete in foreign markets.

The procedural external barriers in section E of the questionnaire are designed to measure the unfamiliarity and communication issues that are faced by the domestic Libyan exporters when dealing with foreign market authorities and customers, as well as payment procedures that may decrease the flexibility of operations. Moreover, the governmental external barriers in section F target the difficulties faced by the exporters due to lack of support from their government or laws. The task external barriers in section G address the challenges that are faced by the differences in customer habits in new markets, in addition to competition within these markets. Furthermore, the environmental external barriers in section H allows the researcher to understand the economic, political, legal and sociocultural difficulties faced when dealing with foreign markets. Overall, understanding the internal and external export barriers in conjunction with the firm characteristics and export portfolio would enable the researcher to assess the readiness of the Libyan firms towards internationalization, while comparing the results to other studies would facilitate solutions and recommendations to overcome any difficulties.

7. PARTICIPATING FIRMS

The population of firms is the registered companies with the national authority of international trading within the fiscal year of 2017 containing a total of 259 companies. The list provided by the authority for 2018 is not considered as some of the due date for registration renewal may be after the conducting this research. Through studying the population of firms, it can be noticed that 48.3% of the firms are manufacturing companies, while 39.4% are merchandizing and 12.4% are service companies, as shown in Figure 1. The locations of the firms play a major role in their ability to facilitate communication and operations for exportation. Through studying the locations of the firms, there are 104 companies that are located in Tripoli and 43 companies located in Misrata; however, the remaining 112 companies are distributed in small numbers among more than 20 regions, including Benghazi, Sabha, Tarhuna, Sobrata, Zawya, Zlitin and Zwara. Figure 2 illustrates the percentages according to city.

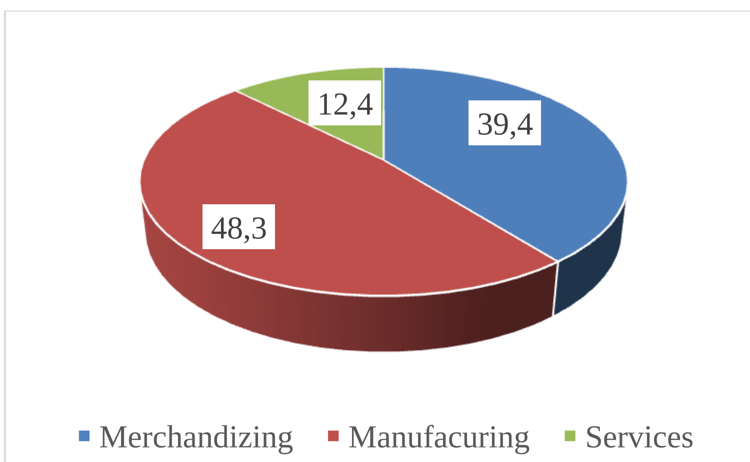

Figure 1: Registered exporting firms according to their main activity

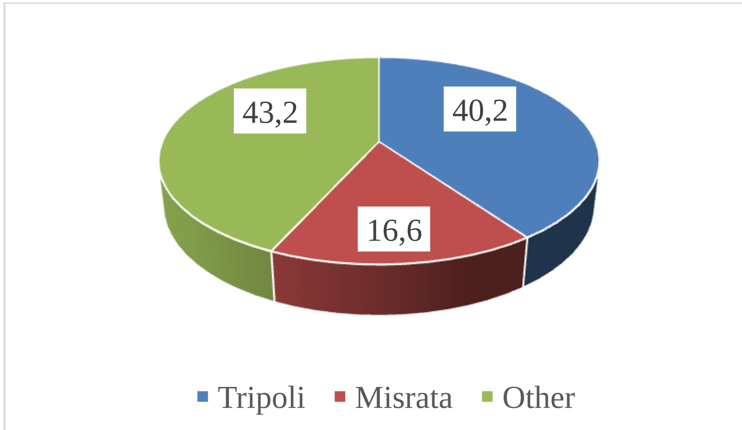

Figure 2: Registered exporting firms by region

8. RESULTS

The questionnaires were sent to all 259 registered exporting firms in Libya in order to obtain the maximum sample possible in achieving the 95% reliability. Between the months of October and December 2018, all firms were contacted through telephone and email reminders in order to ensure their participation in the study. After obtaining 132 questionnaires, eleven questionnaires were disqualified due to incompletion. The remaining 121 questionnaires were entered into SPSS Statistics to run the reliability analysis, as the remining firms were not responsive. As shown in Table 2, the overall Cronbach's alpha is 0.954, which exceeds the 95% reliability targeted by the research.

Table 2: Cronbach's Alpha Reliability Analysis (N=121)

Barrier Type	Category Alpha	Overall Alpha
Internal Barriers	0.936	0.954
External Barriers	0.898	

In order to be able to perform the correlational analysis in the next section, the participating firms were asked to indicate their annual sales volume, annual export volume, their export experience years, the number of employees, the main firm's activity and the export stage. As shown in Table 3, more than 90% of the participating firms have an annual sales volume less than $15 million, which indicates that companies with export license in Libya are mainly small and medium enterprises. Moreover, the majority of the firms have less than 300 employees, which confirms this categorization. The majority of the SME's in Libya are manufacturing companies (66.1%), followed by 25.6% trading companies.

In studying the exportation characteristics of the Libyan SME's, 52.9% indicated that they are not exporting, while 41.3% indicated that they have no experience in exportation. Furthermore, 37.2% of SME's are only serving the domestic market, 22.3% studying exportation feasibility, 13.2% performing trial exportation, and 27.3% have active exportation between one or more countries. The results show that the majority of the Libyan SME's have issues and challenges that prevent them from exporting their products and service.

Table 3: Participating Firm's Operational and Exportation Characteristics

Data	Category	Number	Percent
Annual Sales Volume	Less than $100,000	47	38.8
	$100,000 to $3 M	42	34.7
	$3 M to $15 M	21	17.4
	More than $15 M	11	9.1
Annual Export Volume	No exports	64	52.9
	Less than $25,000	14	11.6
	$25,000 to $75,000	14	11.6
	$75,000 to $150,000	12	9.9
	$150,000 to $500,000	13	10.7
	$500,000 to $ 2 M	1	0.8
	$2 M to $5 M	1	0.8
	More than $5 M	2	1.7
Years of experience in export	Never exported	50	41.3
	Less than 1 year	11	9.1
	1 to 3 years	24	19.8
	3 to 7 years	19	15.7

	7 to 12 years	11	9.1
	More than 12 years	6	5.0
Company's number of employees	Less than 10 employees	42	34.7
	10 to 50 employees	56	46.3
	50 to 300 employees	20	16.5
	More than 300 employees	3	2.5
Company's main activity	Trading	31	25.6
	Manufacturing	80	66.1
	Services	10	8.3
Current export stage	Domestic Market	45	37.2
	Studying export feasibility	27	22.3
	Performing trial export	16	13.2
	Having active exportation	24	19.8
	Having export contracts	6	5.0
	Having export contracts in several countries	3	2.5

According to the performed questionnaire for the registered exporting companies in Libya, the participating firms indicated that they are within one of the six exportation stages that vary between solely serving the domestic market and having export contracts in several countries. Therefore, the six stages are as the following:

- Stage 1: Serving domestic market only
- Stage 2: Studying export feasibility
- Stage 3: Performing trial export
- Stage 4: Having active exportation
- Stage 5: Having export contracts
- Stage 6: Having export contracts in several countries

A statistical analysis is performed to understand the difference in export barrier perception between the Libyan companies at the different internationalization stages. A one-way ANOVA, as well as a post hoc (Games-Howell), test is performed for the several categories of export barriers. As shown in Tables 4 and 5 for the informational export barriers, there is a significant difference in identifying business opportunities between firms at stage 1 and 3, while firms at stage 5 consider inability to contact foreign customers as the most important barrier, when compared with firms at stages 1, 2 and 4.

Table 4: Differences in Internal Informational Exportation Barriers in Libyan SME's Based on İnternationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Limited in formation to locate/ analyze market	5.11	5.19	5.87	5.13	5.83	6.00	.405
Problematic international market data	5.33	5.85	5.94	5.29	6.17	6.33	.481
Identify foreign business opportunities	4.80	4.81	6.13	5.29	5.00	6.00	.121
Inability to contact foreign customers	5.20	5.44	5.88	5.25	6.67	4.33	.173

Table 5: Internal Informational Exportation Barriers İn Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Identify foreign business opportunities	Stage 1	-		.001			
Inability to contact foreign customers	Stage 5	.002	.041		.007	-	

For functional export barriers, as shown in Tables 6 and 7, there were no significant differences between the perceptions of lacking managerial time to deal with exports and inadequate or untrained personal for exporting. Nonetheless, the post hoc test (Table 5.13) shows that firms at stage 5 consider shortage of working capital to fiancé export as the most important export barrier within this category, with significant difference in comparison with firms at stage 1 and stage 2.

Table 6: Differences in Internal Functional Exportation Barriers in Libyan SME's Based on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Lack of managerial time to deal with exports	4.91	5.15	4.69	5.21	4.50	4.00	.450
Inadequate/ untrained personal for exporting	5.38	5.85	4.81	5.37	5.83	2.67	.050
Shortage of working capital to finance export	4.73	4.48	4.94	5.63	6.00	4.33	.306

Table 7: Internal Functional Exportation Barriers in Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Shortage of working capital to finance export	Stage 5	.049	.038			-	

The ANOVA testing of the marketing export barriers show that granting credit services to foreign customers, as shown in Table 8, unavailability of warehouse facilities abroad and excessive transportation or insurance costs are the export barriers that had the most significant differences between the firms at the different stages within this category. As shown in Table 9, firms at stage 5 view developing new products for foreign markets with the greatest importance rating, with significant difference from firms at stage 1 with no exportation activities. There a significant difference between firms in stage 1 and stage 2 in perceiving the importance in meeting export product quality standards, while firms at stage 5 find it difficult to match competitors' prices abroad with significant difference with firms at stage 1.

Furthermore, firms at stage 4 were the highest to rate granting credit to foreign customers as an export barrier, with significant differences between firms at stage 1 and stage 2. Complexity in foreign distribution channels was rated the highest by firms at stage 5, with significant difference with firms at stage 1. Firms at stage 2 showed a higher mean score and a significant difference with firms at stage 1 with regards to obtaining reliable foreign representation, firms at stage 5 indicated that the unavailability of warehouse facilities abroad is of a high importance compared to firms in the other stages, with significant difference with firms at stages 1 and 2. Firms at stage 4 were the highest to rate the excessiveness of costs of transportation and insurance, with significant difference with firms at stage 1.

Table 8: Differences in Internal Marketing Exportation Barriers in Libyan SME's Based on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Developing new product for foreign markets	4.84	5.96	5.69	5.54	6.67	5.33	.079
Adopting export product design/ style	5.33	5.41	5.62	6.13	6.17	3.67	.167
Meeting export product quality standards	5.62	6.63	6.25	6.42	6.67	6.33	.038
Meeting export packaging/ labelling requirements	5.51	6.00	5.81	5.38	6.33	3.33	.211
Offering technical/ after sale services	5.53	5.52	4.94	5.08	5.67	4.00	.564
Offering satisfactory price to customers	5.73	6.07	6.13	6.25	6.50	5.67	.645
Difficulty in matching competitors' price abroad	4.87	5.15	4.87	4.92	6.33	6.00	.401
Granting credit services to foreign customers	4.64	4.33	5.38	6.08	4.67	2.33	**.001**
Complexity of foreign distribution channels	4.76	5.59	4.75	5.83	6.33	4.67	.038

Accessing foreign distribution channels	5.00	5.30	5.19	5.62	4.33	4.67	.697
Obtaining reliable foreign representation	5.11	6.30	5.44	5.75	6.50	5.00	.058
Maintaining control over foreign middlemen	4.98	5.63	4.94	5.29	5.17	5.67	.683
Difficulty in supplying inventory abroad	4.64	4.89	4.69	5.54	5.33	3.00	.147
Unavailability of warehousing facilities abroad	3.87	4.41	4.38	5.08	6.00	3.33	**.038**
Excessive transportation/ insurance cost	4.78	5.81	6.00	6.25	6.17	5.00	**.012**
Adjusting export promotion activities	5.33	5.07	5.31	5.08	5.67	4.33	.921

Table 9: Internal Marketing Exportation Barriers in Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Developing new product for foreign markets	Stage 1	-				.001	
Adopting export product design/ style							
Meeting export product quality standards	Stage 1	-	.028				
Offering satisfactory price to customers							
Difficulty in matching competitors' price abroad	Stage 1	-				.041	

Granting credit services to foreign customers	Stage 4	.002	.004		-		
Complexity of foreign distribution channels	Stage 1	-				.002	
Accessing foreign distribution channels							
Obtaining reliable foreign representation	Stage 1	-	.015				
Difficulty in supplying inventory abroad							
Unavailability of warehousing facilities abroad	Stage 5	.000	.009			-	
Excessive transportation/ insurance cost	Stage 1				.019		

For procedural export barriers, as shown in Tables 10 and 11, the post hoc testing shows a significant difference between firms at stage 4 and firms at stage 5 in perceiving the unfamiliarity with export procedures and paperwork. For issues of communication with foreign customers, firms at stage 2 showed the highest mean score, with significant difference with firms at stage 1.

Table 10: Differences in External Procedural Exportation Barriers in Libyan SME's Based on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Unfamiliar export procedures/ paperwork	5.22	5.63	4.06	4.96	6.33	5.33	.158
Problematic communication with foreign customers	4.93	6.15	4.69	5.25	5.83	4.33	.077
Slow collection of payment from abroad	4.62	4.96	5.19	5.75	5.83	6.33	.114

Table 11: External Procedural Exportation Barriers in Libyan SME's (Post Hoc – Games

Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Unfamiliar export procedures/ paperwork	Stage 4				-	.020	
Problematic communication with foreign customers	Stage 1	-	0.17				

The governmental export barriers had several differences between the firms at the difference stages (Tables 12 and 13). Firms at stage 4 and 6 indicated the highest importance to the lack of assistance and incentives from the Libyan government, with significant differences with firms in stage 1. Moreover, the firms at stage 6 gave the highest mean score for unfavorable domestic rules and regulations in Libya, with significant differences with firms at stages 1, 2 and 4.

Table 12: Differences in External Governmental Exportation Barriers in Libyan SME's Based on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Lack of domestic government assistance/ incentives	5.98	6.44	6.25	6.92	6.00	7.00	.089
Unfavorable domestic rules and regulation	5.69	6.33	6.56	6.25	6.33	7.00	.184

Table 13: External Governmental Exportation Barriers in Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lack of domestic government assistance/ incentives	Stage 1	-			.014		.005
Unfavorable domestic rules and regulation	Stage 6	.000	.045		.041		-

As shown in Tables 14 and 15 for task exportation barriers' ANOVA and post hoc testing, the different habits and attitudes of foreign customer yielded the most significant difference, especially between the firms at stage 1 and stage 2. The keen competition in the foreign markets showed the similar results in the post hoc testing, where firms in stage 2 rated this barrier with the highest mean score among other categories, and with significant difference with firms at stage 1.

Table 14: Differences in External Task Exportation Barriers in Libyan SME's Based on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Different foreign customer habits/ attitudes	3.67	5.48	4.94	4.63	4.67	5.33	**.004**
Keen competition in foreign markets	5.42	6.48	5.13	5.67	6.33	5.33	.087

Table 15: External Task Exportation Barriers in Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Different foreign customer habits/ attitudes	Stage 1	-	.000				
Keen competition in foreign markets	Stage 1	-	.019				

In the environmental exportation barriers, as shown in Table 16, foreign exchange risks, strict foreign rules and regulations, and high tariff and nontariff barriers yielded the most significant differences according to ANOVA testing. Firms at stage 2 rated currency exchange and strict regulations with the highest mean score, while firms at stage 5 had the highest mean score for high tariff and nontariff barriers.

Table 16: Differences in External Environmental Exportation Barriers in Libyan SME's Based

on Internationalization Stage (ANOVA) – Significant at the .05 Level

Export Barrier	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Sig.
Poor/ deterioration of economic conditions abroad	4.38	5.59	4.50	5.25	5.33	3.33	.075
Foreign currency exchange risks	5.36	6.52	5.75	6.37	7.00	7.00	**.007**
Political instability in foreign markets	4.62	5.56	4.19	5.17	6.17	3.67	.099
Strict foreign rules and regulations	5.27	6.41	6.13	5.88	6.50	5.67	**.046**
High tariff and nontariff barriers	4.87	6.07	5.56	5.67	6.33	1.33	**.000**
Unfamiliar foreign business practice	5.29	5.48	4.88	4.96	6.17	3.67	.282
Different sociocultural traits	4.38	4.37	4.56	4.17	4.17	2.67	.766
Verbal/ nonverbal language differences	4.09	3.78	3.75	3.83	3.50	1.00	.348

In the post hoc testing, as shown in Table 17, more differences were found between the firms in the difference internationalization stages with regard to different environmental exportation barriers. Barriers related to risks in foreign currency exchange showed significant differences between firms in stages 2, 5 and 6 in comparison to firms in stage 1, significant differences between firms in stages 5 and 6 in comparison to forms in stage 3. Moreover, firms at stage 5 had the highest mean score for political instability in foreign markets, with significant differences with firms in stage 1 and stage 3. Firms in stage 2 and stage 5 showed significant differences with firms in stage 1 in perceiving the strictness of foreign rules and regulations. Firms in stage 6 showed the lowest mean score for high tariff and nontariff barriers in comparison with all other stages. Similar results were also shown with regards to verbal and nonverbal language differences, where firms in stage 6 indicated the lowest mean score with significant differences with stages 1, 2, 3 and 4.

Table 17: External Environmental Exportation Barriers in Libyan SME's (Post Hoc – Games Howell) – Significant at the .05 Level

Export Barrier		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Foreign currency exchange risks	Stage 1	-	.015			.000	.000
	Stage 3			-		.040	.040
Political instability in foreign markets	Stage 5	.003		.027		-	
Strict foreign rules and regulations	Stage 1	-	.024			.028	
High tariff and nontariff barriers	Stage 1	-	.017				
	Stage 6	.002	.002	.000	.000	.000	-
Verbal/ nonverbal language differences	Stage 6	.000	.000	.001	.000		-

9. DISCUSSION

The analysis of the results given by the Libyan firms at the several internationalization stages indicate that the main differences are between the firms at stage 1, which have no exportation activities and serve only the domestic market, and the rest of the firms, which are involved with exportation to different extents. It is important to understand the most important export barriers for firms at each stage based on the obtained results. Therefore, Table 18 shows the top three export barriers based on the highest mean scores aggregated by the firms at each internationalization stage. The top export barrier perceived by Libyan firms is the lack of domestic government assistance and incentives, as it was indicated by as the first barrier by firms in stage 1, stage 4 and stage 6, and as the third barrier by the firms in stage 3. Another issue with similar importance is the ability to meet export product quality standards, as it was indicated as the first barrier for firms in stage 2, the second barrier for firms in stage 3 and stage 4, and the third barrier for firms in stage 5. The third urging export barrier is the risks associated with foreign currency exchange, as it was indicated as the first barrier for firms at stage 5, the second barrier for firms at stage 2, and the third barrier for firms at stage 4 and stage 6. Unfavorable domestic rules and regulations is an important barrier, as it is indicated as the first barrier for firms in stage 3, the second barrier for firms in stage 6, and the third export barrier for firms in stage 1.

Table 18: Top Three Export Barriers Perceived by Libyan Smes

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
First	Lack of domestic government assistance/ incentives	Meeting export product quality standards	Unfavorable domestic rules and regulation	Lack of domestic government assistance/ incentives	Foreign currency exchange risks	Lack of domestic government assistance/ incentives
Second	Offering satisfactory price to customers	Foreign currency exchange risks	Meeting export product quality standards	Meeting export product quality standards	Developing new product for foreign markets	Unfavorable domestic rules and regulation
Third	Unfavorable domestic rules and regulation	Keen competition in foreign markets	Lack of domestic government assistance/ incentives	Foreign currency exchange risks	Meeting export product quality standards	Foreign currency exchange risks

The results of the research show that both internal and external export barriers affect the export volumes and the exportation stages for the Libyan SME's. Seven of the thirteen export barriers are mutual between the two categories, which shows the link between the growth in sales and export volumes. The lack of working capital, difficulty in offering after sales service, difficulty in offering competitive prices and obtaining reliable foreign representation are the top internal export barriers facing the Libyan SME's. Moreover, keen competition in foreign markets, poor economic conditions abroad and political instability in foreign markets are the top external export barriers facing them.

Limitation in financial resources is mentioned as one of the most critical export barriers by Boscor (2017), as well as lack of exportation specialists within the Romanian companies. Such factors impact several aspects of the export operations including marketing, warehousing, supply chain and pricing. All of these barriers were indicated within high mean scores by the participating firms in the current study. Furthermore, Fish et al. (2014) found that shortage in foreign currencies and the changes in their exchange rates as one of the significant export barriers facing South African companies. The results of the current research indicate that the constant changes in the foreign currency exchange rates is one of the main factors that makes Libyan SME's refrain from taking risks with exportation operations and contracts. The same study found also that lack of working capital is one of the major export barriers; confirming the results of Boscor (2017) and the current study on Libyan SME's.

10. CONCLUSIONS

The designed questionnaire was distributed on the two hundred fifty-six exporting companies registered with the exportation and importation authority of Libya. One-hundred and twenty-one questionnaire were qualified, achieving a Cronbach's alpha of 0.956. The collected sample supports the goal of the research in achieving a minimum reliability of 95%. The results of the study show that there are nineteen export barriers that impose significant difference in annual sales volumes and annual exportation volumes for the Libyan SMEs. The shortage in working capital is considered one of the most critical issues that are facing the Libyan SME's. Moreover, the quality standards implemented in the Libyan market is challenging during the exportation process, as it becomes difficult to export to counties with strict quality and procedural regulations.

On the marketing level, the participating firms indicated that it is challenging to find reliable representation in the foreign markets and to offer competitive prices in them. The supply chain forms another challenge, as well as warehousing facilities in new markets. One of the major issues is the fluctuating exchange rates of foreign currencies. Such an issue makes it difficult for the Libyan companies to commit to international contracts. Furthermore, a few participating firms provided further feedback on the export barriers that are facing them, where the lack of governmental support and adequate regulations, in addition to the political and security instability in Libya formed two of the most important export barriers in the current time.

Based on the research and the results of the Libyan SMEs case study, the researcher provides her recommendations as the following:

1. The Libyan Central Bank and Monetary authorities shall find solutions with the local and international financial institutions to finance Libyan exportation in order to expand the market and increase sales volumes.
2. National and foreign experts in exportations shall be encouraged to work with the government and the private sector in order to provide training and development programs that allows the Libyan exporters to gain knowledge on the most important aspects of the exportation and internationalization process.

3. A national association shall be established containing the exporters of Libya in order to advocate the rights of the exporters and encourage the government to ease procedures and provide incentives for the export operations.
4. The Libyan central bank and the Libyan government shall work to enhance the stability of the foreign currency exchange rate fluctuations, while the government work on the political and security challenges facing the country.
5. Working exporters in the Libyan markets could share their experience and resources with benefits with other national companies in order to help the country's economy as a whole.
6. A national quality standard shall be developed based on international exportation qualities in order to be implemented in the manufacturing processes in the Libyan firms. Such a measure will enhance the quality standards of the Libyan product and ensures that they are aligned with international quality standards for exportation.

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