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MANAGEMENT'S PERCEPTION OF THE DETERMINANTS THAT INFLUENCE SMEs PERFORMANCE: EVIDENCE FROM KOSOVO

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Abstract: *Small and medium-sized enterprises (SMEs) are now unquestionable contributors to economic development on the one side and employment creation on the other. To promote sustained growth, SMEs must meet specific prerequisites, particularly the leadership structures of this segment. Therefore, this research aims to investigate and identify the determinants that affect SMEs performance. The research employs a qualitative technique, using questionnaires containing 52 questions. The study surveyed 336 SMEs owners or managers from March to April 2022. The Multinomial Logistic Regression (MLR) empirical technique explored the influence of education level, previous experience, training attendance, business plan, consultation services, and employees' insufficient competency in SMEs performance. The research has revealed that the level of education and consultancy services positively impact SMEs performance. In contrast, neglect of training and employees' insufficient competence harm SMEs performance. The study encourages SMEs owners and managers to take advantage of professional training opportunities and to invest in existing personnel through training to acquire acceptable competence, which will be reflected in management performance. From the perspective of the contribution, it provides the most recent evidence in the context of Kosovo's economy, employing the logistic regression analysis.*

Keywords: *SMEs; Management; Skills; Training; Kosovo; Influence*

INTRODUCTION

Small and medium-sized enterprises (SMEs) continue to be recognized as the central pillar of the economy in developing and advanced countries, particularly in the modern era of globalization. In the opinion of academics, SMEs are an essential component predicated on knowledge. Although numerous studies have been conducted on this topic utilizing various methodologies and variables, certain factors remain unexplored. In conclusion, with full rights, SMEs play an integral role in each country's economy (European Commission 2016a). They cannot be treated as separate from entrepreneurship because entrepreneurship is recognized as a promoter of economic growth (Audretsch 2009). The importance and emphasis on the exploration of SMEs have always been challenging. Still, the appearance of the Covid-19

pandemic and the circumstances caused by the war in Ukraine have shifted the focus even more since SMEs have faced several challenges.

The significance of assessing SMEs' capabilities is derived from various factors connected to these topics, which will be addressed critically and experimentally. Firstly, appropriate policy reflection is based on the notion that SMEs considerably influence the gross domestic product and the reduction of unemployment. Researchers claim that in the EU and worldwide, SMEs are responsible and contributing to a significant portion of GDP, dropping unemployment, and offering a wide range of services (Robu 2013). Secondly, in light of recent continuous technological changes in the global economy, globalization, and recovery as a result of the pandemic and current developments in Europe, SMEs have indeed been influenced to confront a wide range of challenges because the economic outlook is constantly advancing (Krasniqi *et al*. 2020). Lastly, SMEs seem to be the backbone of the free entrepreneurship initiative, which is considered an essential determinant of defining a competitive economy (Krasniqi *et al*. 2020), while it was discovered that SMEs play a significant role in the context of promoting technological progress and innovation in economic activity (Avdullahi and Hoti 2020). In the context of the empirical review, many studies have examined SME performance at the organizational level, stressing the interactions between internal factors or a mixture of (i.e., as in our case) internal and external factors.

Nevertheless, it is essential to emphasize that these studies can help businesses realize their efforts to discover the best approaches to improve the performance of SMEs. Consequently, our research will focus on external and internal variables, instead of macroeconomic indicators, to understand the correlation between the components that influence the efficiency of SMEs. Thus, our research develops the research question (RQ) based on the concerns mentioned above:

RQ: What variables can influence SME performance based on perceptions provided by managers/owners?

To respond to this dilemma, the first part explored the specifics of each parameter and the development of hypotheses. Consequently, the main objective of this research is to empirically examine the interaction and significance of education level (EL), previous experience (PE), attendance of training (AT), drafted business plan (DBP), consulting services (CS), and employees' insufficient competencies (EIC) in SMEs performance. To support this aim, research was conducted with a sample of 336 companies in March and April 2022. Additionally, the research is designed to empirically evaluate the factors affecting the productivity of SMEs by employing multinomial logistic regression (MLR) to determine the correlation between these factors. Starting from the perspective of innovation and originality, this study covered a combination method of internal and external factors to evaluate the performance of SMEs, employing a well-defined econometric model. Furthermore, empirical evidence provides a sustainable basis for SMEs and national strategies.

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THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

This section begins with the theoretical and empirical background and then continues with constructing research hypotheses. The effectiveness of SMEs can be evaluated quantitatively using various metrics such as efficiency through financial results, productivity, the number of clients (Anggadwita and Mustafid 2014), market participation, profitability indicators, turnover, liquidity, value add, and many other financial indicators (Gupta and Batra 2016; Zimon 2018; Claudiu, Popa, Marinescu, and Stefan 2019). A qualitative approach, on the other hand, is utilized to evaluate SMEs performance, with metrics like as leadership style, employee behavior, customer loyalty, managerial skills, consulting services, types of innovation, and several other parameters being employed (Expósito and Sanchis-Llopis 2019; Krasniqi *et al*. 2020). Studies have presented a set of multi-dimensional measures in the form of a guide of balanced outcomes in which organizational factors may be employed to determine the efficacy of SMEs performance as the paradigm for measuring management performance, respectively, SMEs performance (Avdullahi and Hoti 2020; Coelho, Duarte, and Borges 2018; and Durguti *et al*. 2020). As a result, the qualitative research method will be our primary focus in the context of our study.

Expósito *et al*. (2019) used a multi-dimensional approach to examine the influence of different sorts of novelty on SMEs in the scenario of Spanish SMEs. The discoveries of this revision advocate a significant connection for executives, decision-makers, and innovation to stimulate SMEs' growth. Additionally, the multi-dimensional outlook on the association between novelty and SMEs contends that making the right decision for innovation is vital in achieving the wanted outcomes in the context of limited resources for novelty. Krasniqi *et al*. (2020) examined the interaction of numerous parameters such as research and development (R&D), product innovation, patenting, the importance of staff experience, the creation of new business ideas, and the worth of flexibility on the level of profit from the perspective of the qualitative approach. The study was conducted using OLS, and the econometric outcomes reveal that R&D and patenting have a considerable favorable impact on firm profits. Continuing in this vein, Avdullahi and Hoti (2020) looked into the connection between SMEs growth and human capital-related factors, environment factors, firm-related factors, firm strategy variables, and information and technology. The observations based on the logistic regression methodology indicate that entrepreneurial age, company age, tough competition, innovation, and Internet use all influence the growth of SMEs.

Given a more clear perspective, Coelho *et al*. (2018) examined the literature devoted primarily to the causation between organizational behavior, firm strategy, economic circumstances, and business success. The study found a correlation between innovation, internationalization, and performance. Lastly, Durguti *et al*. (2020) employed multivariate analysis to evaluate the influence of management experience on the growth of SMEs, examining the determinants of experience, experience before starting the firm, business plan, perspective on the growth of the sector, and founder age. Throughout this study, 500 questionnaires were distributed to SMEs in seven (7) Kosovo regions, covering three activities: production, market, and services. As demonstrated by the study discoveries, there is a link between the manager's experience, previous business experience, and the growth of the industry in which they operate.

Development of Research Hypotheses

In this section, we will formulate the hypothesized relations based on the previous argument on the features affecting SMEs performance - (BP) by employing the probability sample method and the exhibition of verifiable facts to create appropriate reactions to the research question presented. Continuously education has been recognized as a crucial factor in BP, and then management should continue their education journey to sustain success. Eugene (2014) observed that education could support SMEs executives to create critical thinking skills and competitive ambitions to become effective in business. Education substantially impacts the expansion of general abilities like communication and collaboration via problem-solving. Corresponding to Etschmaier (2010), higher education improves the ambitions of SMEs to obtain a competitive lead and the opportunity to grow earnings since they have adequate education. In addition, research conducted by Magoutas, Agiomirgianakis, and Papadogonas (2011), analyzing a panel of 287 firms, revealed that education has a significant consequence on SMEs'.

H_1: Education has an important positive consequence on BP.

Work experience in the context of the expansion and growth of SMEs is essential, and without a doubt, an advantage can be created from the management of a business. According to a study performed by Fatimah and Azhari (2013), firms with a leadership structure with previous experience are more likely to be successful than businesses without experienced management. Frese and Gielnik (2014), as well as Durguti *et al.* (2020), came to the same result that managers with more than 5 years of experience in business leadership outperform those with less experience. Therefore, the hypothesis for this measurement is presented as follows:

H_2: Previous experience has an important positive consequence on BP.

Training is an essential component of continuous education, which is seen as a crucial component that should benefit SMEs from an academic standpoint. Almost all research incorporates this component in the analysis. Still, one recent research by Idris, Saridakis, and Johnstone (2020) evaluates the correlation between training and performance (based on managers' perceptions) in the United Kingdom. The study relied on a company survey conducted in the United Kingdom, which comprised reliable data on over 15,000 owner-managers. The hypothesis was tested using ordered logistic probit, stating that there is a positive correlation between these two factors. As a result, our research provides a hypothesis based on this argument:

H_3: Training has an important positive consequence on BP.

The business plan, which firms use as a road map for reaching goals, has been utilized in research to determine managers'/owners' perceptions and if it has any considerable effect on increasing productivity. A considerable number of studies have attempted to defend divergent

views, revealing that there is no perfect agreement on the consequence of the business plan. Krasniqi *et al.* (2020) and Kunoviku-Demiri *et al.* (2021) support the claim that the business plan has a beneficial influence on BP. Durguti *et al.* (2020) and Avdullahi and Hoti (2020) argue that the business plan is insignificant in the context of Kosovo. The proposed hypothesis is:

H5: The drafted business plan has an important positive consequence on BP.

Cravo and Piza (2019) examined the link between consulting services and several additional determinants in firm performance using 40 data from low and medium-income countries. The survey used the 'Meta-Analysis' technique to establish findings from a review of the empirical literature and determined an important connection between them. Similarly, Song, You, and Park (2022) explored the features of consulting and consultants' expertise within public entities. It examined how this impacts the quality of consulting outputs when employed by SMEs. The authors surveyed 578 qualified respondents and employed a variety of statistical approaches. According to this study, applying consulting experience, reliability, and propriety is very important for business. The hypothesis in our specific circumstance is:

H_5: Consulting services have an important positive consequence on BP.

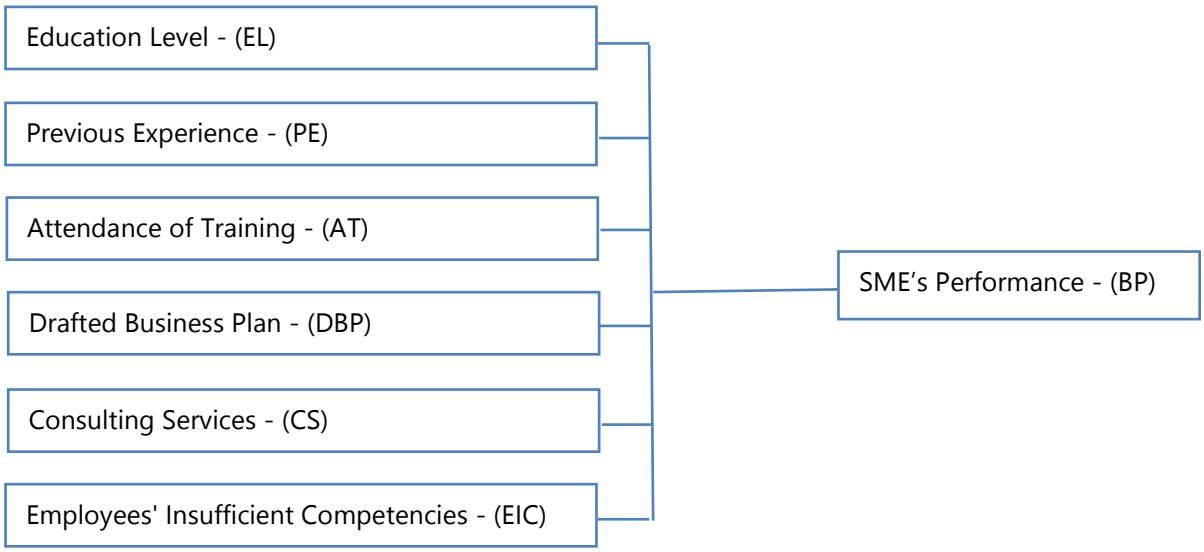
The last explanatory variable in this study's paradigm is employees' incompetency, which is directly connected to the quality of staff employed in organizations. There have been few studies on assessment based on managers'/owners' perceptions; hence this is regarded as an added value in this research. Zaim, Fatih, Unal, and Turkish (2013) looked into the impact of specific competencies on performance in the Turkish service industry. The survey included 2,679 inquiry forms, spanning around 89 percent of the service industry. The investigation employed exploratory factor analysis (EFA) to explore this interaction; the revealed findings provide evidence that there is a positive connection between specific competencies and firm performance, and if the employees do not have adequate competencies, it will have a hurtful reflection. As a result, our hypothesis is:

H_6: Employees' insufficient competencies have an important adverse consequence on BP.

METHODOLOGY AND DATA

The Conceptual Model

The research's overarching aim is to discover the effect of education level and constituent components, as well as the effect on SMEs performance. Meanwhile, the specific aims are to explore the impacts of determinants such as previous work experience, attendance in training (following professional training), drafted business plans, application of consulting services, and employees' insufficient competency in the predictor variables. The paradigm of the proposed model is reflected in Graph 1.



Graph 1: Conceptual Proposed Model (Source: Authors' compilations 2022)

Data and Sample

To discover the impact of education level, previous experience, training attendance, drafted business plan, consulting services, and employees' insufficient competence on SMEs performance, the study is constructed on the SMEs survey by Economic & Education Consulting in March-April 2022. This sample population was created to evaluate the multi-dimensional aspect of SMEs on the one side, as well as the obstacles that appear for the leadership and management that have clear consequences on the performance of SMEs on the other side. Using questionnaires as instruments for data collection is a common and quite effective method, especially for SMEs (Abanis 2013; Okafor 2012).

The overall sample research contained 539 enterprises, where all answers were accepted. However, after reasonable control and other examinations of the validity of the answers, 336 questionnaires were included in the research. The sample population reflects 1.38 percent of active enterprises in the country, which is considered a stable representative. The questionnaire was developed online using the apps, and the answers were submitted by the business's owners or general managers. The survey employed stratified/random probability sampling, which ensured that each section of a statistical population had an equal opportunity of being selected. The sample is stratified into seven regions of Kosovo, covering all business activities, and then separated into three primary categories to investigate trade, production, and services. Furthermore, the classification is done under the laws for classifying businesses in Kosovo, including micro, small, and medium businesses.

The questionnaire includes information on the owners'/general managers' perceptions of the issues that may influence their SMEs performance. Respondents were provided a list of potential barriers to performance, which were defined as external or internal concerns. All respondents in this study were asked to prioritize the barriers to SMEs performances on a Likert scale of 1 to 5, with 1 being the largest and 5 being the lowest. Premised on the above

considerations, we believe that the data are reliable for doing the research and that any concerns regarding the outcome that would be created are eliminated.

Data Limitations

The SMEs survey performed via questionnaires seems essential to face challenges, which may cause specific difficulties in the data and, as a result, may influence the empirical analysis. The population was selected carefully to minimize this issue by classifying and cross-referencing it with a list of active businesses. Thus, in the following, we will emphasize some possible concerns.

Firstly, a substantial portion of the studies to evaluate SMEs performance have employed the quantitative technique, which is discussed in the second section of this research. Secondly, the only dependent variable in our paradigm is the perception of SMEs owners/general management on measuring performance. Thirdly, due to perception biases, the qualitative validity of the research may influence the results of every empirical study. Therefore, some respondents may underestimate or exaggerate a specific topic or part of the questions and respond subjectively based on the current circumstances (Maksimovic *et al*. 2006). Finally, the absence of longitudinal dynamics is the methodology's main limitation. The MLR method analyzes the consequences of independent variables on their effect on SMEs performance.

Model and Variables

In this part, we constructed an econometric model (Multinomial Logistic Regression) to evaluate the individual and diverse influence of different obstacles on SMEs performance from the perspective of SMEs in the Kosovo economy. The model's derivation and development are based on the data employed; in our instance, the data are integrated and binary, and the predicted variable has three ranking characteristics (ranked 1, 2, 3). Whenever dealing with such data, the recommended model is primarily logistic regressions; if the predicted variable is binary, the most precise result and preferred models are ordinal logit or probit; if the predicted variable is not binary, the preferred model is MLR (Osborne 2015; Osborne 2017). When the dependent variable is not a serial number but has two or more categories, MLR regression is most often used (Osborne 2015; Adeleke and Adepoju 2010). In our model, SMEs performance is defined as the predictor variables, augmented with supplementary indicators assumed to be important in this research. As a result, the conventional model of measuring SMEs' performance resulted in the overall regression analysis exhibited below.

$$P_r(Y_{i,k}) = P_r(Y_i = k)|x_i;\ \beta_1, \beta_2, \beta_3, \dots, \beta_m) = \frac{\exp\left(\beta_{o,k} + x_i \beta_k^{'}\right)}{\sum_{j=1}^{m} \exp\left(\beta_{o,j} + x_i \beta_j^{'}\right)} \text{ with } k = 1,2, \dots, m \quad \dots\dots\dots\dots(1)$$

With the adoption of our study parameters, the equation is:

$$BP_i(BP_{i,k}) = BP_i(BP_i = k)|x_i$$
$$= \beta_1 EL_i + \beta_2 PE_i + \beta_3 AT_i + \beta_4 DBP_i + \beta_5 CS_i + \beta_6 EIC_i + \vartheta_i + \varepsilon_i \dots\dots\dots\dots\dots (2)$$

BP_i signifies SME's performance outlook, then ϑ, reflects the constant variance. The likelihood technique is naturally used to predict β parameters. We tested the hypotheses using the MLR model to see if the applied parameters (i.e., level of education, previous experience, attendance of training), drafted business plan, and employees' insufficient competence have any significant effect on the assessment of SMEs' performance.

The SMEs performance is specified as the predicted regressor in the concrete scenario. The SMEs performance is a measure of its degree of achievement and represents the effectiveness of the management structure. Generally, there are two lines to evaluate performance: quantitative and qualitative. From the aspect of dealing with the SMEs performance from a quantitative standpoint, it is estimated using productivity, financial ratios, the level of production, number of clients (Anggadwita and Mustafid 2014), market penetration, the dynamics of income creation, access to finance, costs and liquidity (Gupta and Batra 2016; Zimon 2018; Kunoviku-Demiri *et al*. 2021). Meanwhile, from a qualitative standpoint, several researchers have utilized the fulfillment of objectives and the perception of owners or general managers on the level of turnover, leadership style, employee behavior, and product innovation as metrics of SMEs performance (Anggadwita and Mustafid 2014; Expósito and Sanchis-Llopis 2019; Durguti *et al*. 2020; and Krasniqi *et al*. 2020). Based on the arguments stated, our study approach relates to the second group, namely the evaluation of SMEs performance from a qualitative perspective. Measurement and testing of the predicted variable to assess SMEs performance for 2022 are coded with 1 better performance than 2021, 2 same performances as 2021, and 3 worse performances than 2021.

Independent variables. The revision incorporated factors such as level of education, previous experience, training attendance, consulting services, drafted business plan, and employees' insufficient competency to evaluate the perception of owners/general directors on the SMEs performance.

A priori, 'education' as a parameter is predicted to have a strong influence on boosting management skills and hence SMEs performance. According to the data collected and subsequently analyzed, many businesses are managed by personnel with university education. Based on this premise, businesses with professional managerial structures are more likely to succeed than enterprises managed by managers with insufficient education. Consequently, this could be considered an advantage of these firms, which is also highlighted throughout the literature survey.

'Previous work experience' is included in the study to see if it affects the growth of SMEs performance. This metric is predicted to have a considerable influence in the academic sphere because the degree of compensation plays a significant role in recruitment.

Like a connective component of education, 'attendance of training' is also included, where the management must constantly be with the development trends in the interdisciplinary aspect. During the data analysis related to this parameter, it was discovered that confident respondents had mistaken this issue for the business personnel. As a result, expectations may be positive or negative.

'Drafting a business plan' *a priori* should have a positive effect since each business determines short-term and long-term objectives. During the empirical investigation, nearly half

of the respondents claimed they had created a business plan. Therefore evaluating the influence of this parameter would be interesting.

'Consulting services' are a unique feature in the research context since consulting has reached a peak of development in the global economy. As a result, the application of this service is expected to considerably influence the completeness of knowledge regarding leadership structures and SMEs performance in general.

'Employees' insufficient competence' was also applied to evaluate the management's perception regarding the competence of the personnel they employ. The expectations of this metric are considered challenging since management is never pleased with the performance of the staff. However, according to data, the labor market in Kosovo includes employees with university qualifications.

RESULTS AND DISCUSSIONS

Descriptive Analysis

The statistical data presented were processed and evaluated in four different stages. First, the study revealed the characteristics that were treated as well as their details. The research then proceeds to the general statistics observed from the applied sample, followed by the correlation analysis. Finally, the analysis was performed utilizing Multinomial Logistic Regression to explore the relationship and influence of the explanatory determinants on the dependent one. Table 1 displays the summary statistics for each parameter individually, including the predicted variable.

Table 1: Variable and Statistics Description (Source: Author's calculation 2022)

Variables	Description	Obs.	Mean	St. dv.	Min.	Max.
Dependent Variable						
BP	Business performance	336	1.76	0.178	1	3
Independent Variables						
EL	Education level	336	2.10	0.253	1	3
PE	Previous experience	336	1.25	0.435	1	2
AT	Attendance of training	336	1.27	0.447	1	2
DBP	Drafted business plan	336	1.34	0.473	1	3
CS	Consulting services	336	1.52	0.500	1	2
EIC	Employees' insufficient competence	336	2.46	1.2369	0	4

Based on the results in Table 1, SMEs performance (BP) has a mean value of 1.76, with a standard deviation of 0.178. Examining the perception of BP from 336 interviews, 53.5 percent of respondents reported that they predict a better performance than in 2021, whereas 17.3 percent stated that they do not expect any positive or negative change, and 29.2 percent stated that they expect a worse performance than in 2021. Education revealed a mean value of 2.10, with a standard deviation of 0.253. In contrast, previous experience yielded a mean value of 1.25, the lowest mean value compared to all variables tested, with a standard deviation of 0.435.

Attendance of training has a mean value of 1.27, nearly equal to previous experience, as can be seen by the standard deviation value of 0.447. The drafting of the business plan has a mean value of 1.34, indicating that nearly 50 percent of SMEs have drafted a business plan. An encouraging discovery is that most business managers use consulting services, as the mean value of this parameter is 1.52, and that the perception of employees' insufficient competence has resulted in a mean value of 2.46, the highest of all estimated parameters. Likewise, table 1 has detailed information on the smallest and highest values.

Correlation Analysis

The correlation matrix was employed to perform consistency and interconnection across the observed features in our specific scenario. For determining statistical importance, the significance level ά=0.05 was used. Based on empirical findings, the range of the constant up to 0.3 is presumed as a low interconnection, and the interval from 0.3 to 0.5 is presumed as an average interconnection. In contrast, a value above 0.5 is presumed as a robust interconnection across features (Pallant 2017).

Table 2: Correlation Analysis (Source: Author's calculation 2022)

	BP	EL	PE	AT	DBP	CS	EIC
BP	1.000						
EL	.160**	1.000					
PE	.021	-.008	1.000				
AT	.019	-.166**	-.020	1.000			
DBP	-.147**	-.264**	-.037	.326**	1.000		
CS	-.131*	-.030	-.196**	.282**	.368**	1.000	
EIC	.203**	.028	.092	-.059	-.059	.060	1.000

Note: *(***), (**), (*) correlation is significant at 1, 5, and 10 percent.*

Table 2 displays the interconnection background for all parameters tested. The correlation study revealed a substantial connection with a probability of 90 to 95 percent between specified pairs of features. The spotlight in this analysis will be on the connection between BP and explanatory covariates. Table 2 displays that BP has a modest positive connection at a confidence level of 95 percent with education and employees' insufficient competencies (based on the coefficient .160**, respectively .203**). However, there is a modest negative association relating BP and drafted business plans with a confidence interval of 95 percent and consulting services with a probability interval of 90 percent. The constants argue this fact -.147** and -131*. Examining the link between other pairs reveals a pattern: there is an average linkage between attendance training and a drafted business plan with a constant of.326**, as well as a drafted business plan to consulting services with a constant of.368**. Even though other correlations are described for each variable in Table 2, this methodology is utilized to test for multicollinearity, which offers consistent evidence that the examined data do not have such a concern because no coefficient exceeds the value of 0.70.

Econometric Findings

The study employed Multinomial Logistic Regression to evaluate the perception of business managers/owners and the influence of education, previous experience, training attendance, drafted business plan, consulting services, and employees' insufficient competencies on the SMEs performance. The maximum likelihood estimates reflected by the Chi-square test provide consistent evidence that the model is well defined, as it is statistically important (see Table 3; ρ=0.000). Then before performing the MLR, the six explanatory variables were tested for multicollinearity with the Variation Inflation Factor (VIF). The research discovered that all constants had a value less than 10, with a mean value of 1.16. This result demonstrates that the data have no implications in this direction, further confirmed by the correlation analysis.

Table 3: Model fit & Goodness-of-Fit Information (Source: Authors' calculation 2022)

Model Fitting Information				
Model	-2 Log-Likelihood	Chi-square	df	Sig.
Intercept only	411.420			
Final	369.789	41.631	12	0.000

Pseudo-R-square, on the other hand, has a coefficient of .062, according to McFadden, is an estimator that evaluates the variance of the observed outcome, which is reliant on the predicted probability. According to Pituch and Stevens (2015), the higher this coefficient is, the variables in the conceptual model are better suited. Many investigations have been performed in this context, and it should be emphasized that there is no agreement on the proper form of interpretation. In our specific scenario, we will follow Menard's (2011) proposal to employ Pseudo-R-square according to McFadden. According to this recommendation, R_L^2 can be used for the dependent variable when we have more than two categories (i.e., specific cases of MLR).

Consequently, we will go through the outcomes of the -2 Log Likelihood of Reduced Model (see Table 4), which provides evidence that education, attendance of training, consulting services, and employees' insufficient competencies have turned out to be significant in the applied model. Whereas previous experience and drafted business plans have revealed insignificant outcomes. Relying on these analyses, the basic hypothesis is rejected since we have two parameters with effects that are not equivalent to zero, and thus the alternate hypothesis is accepted.

Table 4: Likelihood Ratio Tests (Source: Authors' calculation 2022)

	Model fitting Criteria	Likelihood Ratio Tests		
Effect	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	375.601	5.812	2	.055
Education level	377.089	7.301	2	.026
Previous experience	370.903	1.114	2	.573
Attendance of training	375.311	5.523	2	.063

Drafted business plan	372.822	3.033	2	.219
Consulting services	375.903	6.114	2	.047
Employees' insufficient competence	389.628	19.839	2	.000

After ensuring that the model is specified correctly, we assessed the effects of explanatory variables on SMEs performance (ranked better than 2021, same as 2021, and worse than 2021), with the third rank representing the last definite reference. The early findings from the collected data regarding the perception of the business managers/owners have resulted in over 53.5 percent expecting a better performance compared to 2021. Table 5 shows the results of MLR for every variable included in the sample, including the threshold of significance and odds ratio - Exp(β). According to the findings, two of the six (6) included variables had a significant positive effect, two had a significant negative effect, and two had an insignificant effect.

Table 5: Parameter Estimates (Source: Authors' calculation 2022)

Business Performance		β	SD	df	Sig	OR
Better BP than 2021	Intercept	2.141	.983	1	.029	
	Education level	.691	.263	1	.009	.501
	Previous experience	.191	.316	1	.546	1.210
	Attendance of training	-.727	.326	1	.026	.484
	Drafted business plan	.523	.337	1	.121	1.687
	Consulting services	.739	.303	1	.015	2.095
	Employees' insufficient competence	-.449	.110	1	.000	.638
Same BP as 2021	Intercept	.373	1.264	1	.768	
	Education level	-.337	.335	1	.314	.714
	Previous experience	.415	.393	1	.291	1.515
	Attendance of training	-.749	.427	1	.080	.473
	Drafted business plan	.632	.423	1	.135	1.881
	Consulting services	.442	.387	1	.253	1.556
	Employees' insufficient competence	-.470	.141	1	.001	.625
Other Information on Model						
Pseudo R-Square	Cox and Snell	.117				
	Nagelkerke	.135				
	McFadden	.062				
Multicolliniarity	Mean VIF	1.16				
Observation		336				

a. The reference category is: Worse BP than 2021
Link function: Multinomial regression model. Significant at less than 1, 5, and 10% probability levels, respectively.

As expected, the 'education level' (EL) was found to be important at the 1 percent likelihood level to positively affect SMEs performance (BP), based on the respondents' perception that for 2022 they expect better performance than in 2021. This result confirms the hypothesis (H_1) presented in the literature section that there is a positive link between these two variables. The explanation of the odds ratio means that if other parameters are held constant, the odds ratio is in favor of the possibility that each unit increase in the education level affects the increase of .501 units per year of BP. The study's discoveries continue the research performed by Eugene (2014), arguing that the education level offers SMEs managers the ability to create critical thinking skills and be further competitive in the market. In addition, Magoutas *et al.* (2011) reached a similar conclusion arguing a positive link between the education level and BP, analyzing the panel with 287 firms in the context of Greece. The 'previous experience' variable is predicted to have a substantial positive effect in our context; nonetheless, the data reported in Table 5 indicate the opposite and that the hypothesis (H_2) is not validated since it is insignificant. The above argument relies on the coefficient of 1.210 and the ρ - value (ρ = .546). This result contradicts the findings of Frese and Gielnik (2014) and Krasniqi *et al.* (2020), who claim that firms with experienced management outperform inexperienced management.

As a complementary part offered across informal education in the research background, the explanatory variable AT has proven to be significant with a 5 percent probability with a negative sign via SMEs performance. The discoveries for this metric confirm the hypothesis (H_3) that non-attendance of continuous training by managers/owners has a consequence on reducing the performance of managerial skills, respectively, in a business. This indicates that if all other factors in the study background remain constant, an increase in this metric per unit reduces SMEs performance by .484 per year based on the coefficient of the odds ratio - (OR). Compared with previous studies, the outcomes of our research are the contrary. Kanapathipillai and Azam (2020) examined the association between training, personnel evaluation performance, and work motivation in the firm's performance. Their findings argue that training has a significant positive consequence on the company's performance. Truitt (2011), on the other side, examined a sample of 237 personnel at an academic institution in three distinct states in the United States and claimed that there is a direct positive correlation between training and management skills. Additionally, managers/owners with neglectful mindsets and insufficient training had a negative impact.

The encouraging result in our scenario has resulted in consulting services (CS) with a substantial positive effect and a probability of 1 percent, indicating that the appliance of CS by managers/owners promotes SMEs performance. This premise is based on a coefficient of 2.095 and ρ = 0.015, which signifies that any increase in the usage of consultancy is effectively reflected helpfully in the improvement of the company's performance. The observed shreds confirm (H_5) that CS promotes BP. The study's outcomes are entirely consistent with the authors Cravo and Piza (2019), who stated that organization support services boost firm performance predicated on 40 comprehensive evaluations from lower and middle-income economies. Similarly, Park and Seo (2020) employed 131 questionnaires to explore the causal link between consulting service characteristics and an organization's performance. The outcomes of the revision demonstrated that expertise and consulting services have an important effect on managing performance via inclusion and innovative ability.

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Finally, as predicted, employees' insufficient competencies have a significant adverse impact on SMEs performance with a probability of 1 percent, confirming the hypothesis (H_6) that employees' insufficient capabilities have an adverse impact. This predictor resulted in a significant effect in both ranks, with a probability of 1 percent, in better BP than 2021 and the same BP as 2021. Based on the coefficient - (OR =.638) with ρ = 0.000, the outcome of this variable specifies that if firms do not have employees with the capability to reflect on SMEs performance, it will have an adverse effect. The results of this analysis are entirely in harmony with earlier research that claims a steady association exists between these two components. Diamantidis and Chatzoglou (2019) explored this issue regarding employees inside the organization (training culture, management support, job-related characteristics, etc.) and their influence on SMEs performance. Thus according to their results, there is a consistent association between these components and SMEs performance.

CONCLUSION

The study's objective is to explore the effects and properties of the variables with education character and its components and the effects of previous experience in present businesses. The study reveals that education, training, consulting services, and employees' inadequate competencies appear to substantially impact company performance in the context of Kosovo's economy during the observed time. Therefore, we explored the effects of awareness from the context of education via hypotheses (H_1, H_3, and H_5) and oriented to experience, drafted business plans, and employees' insufficient competencies via hypotheses (H_2, H_4, and H_6). Empirical data confirm the relevance of the factors in the analysis and provide indicators of their impact on SMEs effectiveness.

The results validate numerous of our theoretical assumptions and imply that management/owners of businesses that education, training, and consulting services are more complicated than first-sight outlooks. Regarding the level of education, the findings fully support the hypothesis's confirmation, and we may conclude that education should be prioritized. Nevertheless, education alone seems insufficient to convert into business success even without other components such as attending training and using advisory services. These apostrophized reasons should be examined beyond this methodology, incorporating additional elements such as proactive management over employees through motivation benefits, personnel training, and other appropriate forms from the perspective of strategic human resource management. Additionally, failure to follow training based on empirical evidence has a critical effect on SMEs performance, validated during data processing and analysis, since company managers'/owners' perceptions have not been given proper importance due to their cost. Companies will confront an even more significant shortage of qualified employees if this trend continues.

The current Kosovo market offers a wide-ranging and high-quality spectrum of consulting and professional training services, and businesses are recommended to take advantage of these opportunities. The unexpected result revealed the previous experience and the business plan since they were insignificant. However, the study provides a modest academic and empirical contribution based on long-term considerations about the components that affect

company performance. This revision has implications for some categories of SMEs who want to improve their performance. SMEs that have neglected the apostrophized issues above should constantly try to reduce the gap between the expertise they possess and those required for the nature of the business they practice. Although the investigation possesses limitations, which are mentioned in the third section of the research, it is worth mentioning that it was done in the context of Kosovo, the sample size was restricted, and those conclusions may be taken from other countries with similar features. The forthcoming study can employ the combined qualitative and quantitative methodologies to determine whether they can reach any more valuable insights.

COMPLIANCE WITH ETHICAL STANDARDS

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