A

Project Report on

"A STUDY ON THE FINANCIAL BARRIERS HINDERING EXPORT GROWTH IN SMALL ENTERPRISES"

Submitted by

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SYMBIOSIS CENTRE FOR DISTANCE LEARNING

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SYMBIOSIS CENTRE FOR DISTANCE LEARNING, PUNE

Academic Year

BHARAT GEARS LIMITED

Geared for Life

NO OBJECTION CERTIFICATE

This is to certify that **Mr. ………………….** is permitted to use relevant data / information of this organization for his project in fulfillment of the PGDBA Program.

We wish him all the success.

Bharat Gear Limited
Faridabad
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Signature of the competent authority of the Organization

Place: Faridabad, Haryana

Date: May 12, 2025

Bharat Gear Limited

Address: Bharat Gears Limited 20 KM Mathura Road, P.O. Amar Nagar, Faridabad - 121003

<u>DECLARATION REGARDING ORIGINALITY</u>

This is to declare that I have carried out this project work myself in part fulfillment of the **<u>PGDBA</u>** Program of SCDL.

The work is original, has not been copied from anywhere else and has not been submitted to any other university/Institute for an award of any degree / diploma.

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CERTIFICATE OF GUIDE

Certified that the work incorporated in this Project Report **"A Study on the Financial Barriers Hindering Export Growth in Small Enterprises"** submitted by **Mr. …………………** is his original work and completed under my supervision.

Material obtained from other sources has been duly acknowledged in the Project Report.

Date: May 12, 2025 Place: Faridabad Signature of Guide: Kunal Satija

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ACKNOWLEDGEMENT

First and foremost, I thank the Almighty God, for granting me the strength, health and courage to complete this arduous task.

A special thank you to my supervisor **Mr. Kunal Satija** for their guidance, insight and encouragement in the writing and compilation of this study. Your invaluable support and patience throughout this journey have been unreal and is appreciated from the bottom of my heart.

To my colleagues and friends without whose interest and co-operation I could not have produced this study. I wish to thank them for supporting this initiative and affording me their time and sharing their experiences.

Finally, I thank my family for instilling in me unquestionable values and morals, thank you for your love, guidance and for always believing in me throughout the year.

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CHAPTER 1

INTRODUCTION

1.1. Introduction of the Study:

In today's globalized economy, international trade plays a vital role in driving economic growth, creating employment, and enhancing the competitiveness of a nation. Small enterprises, often recognized as the backbone of emerging economies, contribute significantly to industrial output and export performance. However, despite their potential, small businesses in many developing countries, including India, face considerable hurdles in expanding their presence in international markets. Among these, financial barriers are one of the most pressing challenges that restrict their ability to compete globally and scale their export operations.

Exporting requires substantial upfront investment in production, compliance, logistics, and market development. Small enterprises often lack access to affordable and timely finance needed to meet these demands. Issues such as high interest rates, rigid collateral requirements, delayed payments, and limited awareness of export credit schemes create significant roadblocks for these businesses. Additionally, many small firms find it difficult to navigate the complex processes associated with securing export finance, insurance, and guarantees. These challenges not only hamper their current export capabilities but also discourage them from exploring new international markets.

Governments and financial institutions have introduced various schemes and policies to support small exporters, but the effectiveness and accessibility of these initiatives remain questionable. A gap often exists between the availability of financial assistance and the ability of small enterprises to utilize it effectively. Therefore, it becomes essential to understand the nature and extent of financial barriers faced by these businesses and identify areas where policy and institutional support can be improved.

This research report seeks to study the financial challenges hindering the export growth of small enterprises by capturing insights directly from those engaged in export activities. Through a combination of primary data collection and secondary research, the study aims to explore the key financial constraints, analyze their impact on export performance, and highlight the support systems needed to overcome these barriers.

1.2. Theoretical Background of the Study:

Small Enterprises and Their Role in the Economy

Small enterprises, often referred to as small businesses or SMEs (Small and Medium Enterprises), form a vital component of any economy. In the Indian context, they are defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, and are classified based on investment in plant and machinery or equipment and annual turnover. As per the latest criteria revised in 2020, a small enterprise is defined as a business with investment up to ₹10 crore and turnover up to ₹50 crore.

These enterprises are critical to economic development due to their extensive contribution to employment generation, industrial output, export promotion, and regional economic balance. Small enterprises account for a significant portion of India's GDP and serve as a key driver of inclusive growth by creating job opportunities, especially in semi-urban and rural areas. Their flexibility, innovation, and adaptability make them crucial for fostering entrepreneurship and sustaining competitive markets.

Moreover, small enterprises act as feeder units to large industries by providing components, services, and sub-assemblies. They also play a critical role in value chain development, especially in sectors like textiles, food processing, automotive, and handicrafts. Despite their potential, small enterprises often face structural challenges such as limited access to finance, inadequate infrastructure, and restricted access to global markets, which hinder their full-scale contribution to economic growth.

Why is the Export-Import Business Important?

The export-import business plays a critical role in shaping the economic landscape of any country. It acts as a bridge between domestic industries and the global market, enabling nations to leverage their unique resources, goods, and services while gaining access to those they lack. By facilitating the exchange of products across borders, the export-import sector fosters mutual growth, encourages innovation, and contributes significantly to a country's overall development. Below are the key reasons why this business domain is vital.

1. Boosts Economic Growth

Export-import activities increase trade volume, enhance GDP, and create new revenue streams for the country. A higher export rate often correlates with stronger economic performance, as it reflects global demand for domestic goods and services.

2. Balances Supply and Demand

Through imports, countries can access goods that are scarce or unavailable locally. Meanwhile, exports allow surplus production to reach international markets. This balance ensures resource optimization and stabilizes market conditions.

3. Generates Employment

The export-import sector directly and indirectly creates job opportunities in areas such as manufacturing, logistics, warehousing, shipping, and customs operations. This employment generation supports income growth and poverty reduction.

4. Encourages Business Expansion

International trade opens new markets for domestic companies, pushing them to scale operations, diversify product lines, and adopt competitive practices. This expansion leads to increased production and greater global visibility.

5. Strengthens International Relations

Trade fosters diplomatic and economic ties between nations. Through consistent and fair trade partnerships, countries build trust and cooperation, which often translate into stronger political and cultural relations.

6. Improves Product Quality and Innovation

Exposure to global markets compels businesses to adhere to international standards, driving improvements in product quality. Additionally, competition stimulates innovation and the adoption of modern production techniques.

7. Brings In Foreign Investment

Robust export-import performance attracts foreign direct investment (FDI). Investors are drawn to markets with strong trade potential, stable infrastructure, and favorable trade policies, contributing to economic development.

8. Supports the Agricultural and Industrial Sectors

Exporting agricultural and industrial products helps farmers and manufacturers tap into global demand. This reduces wastage, ensures better prices, and encourages the modernization of these critical sectors.

9. Enables Access to New Technologies

Importing advanced machinery, equipment, and technologies helps local industries upgrade their capabilities, improve efficiency, and remain competitive in the global market.

10. Contributes to National Development

The overall impact of a vibrant export-import business reflects in national development. With improved infrastructure, stronger industries, better employment rates, and global integration, the country moves toward sustained economic prosperity.

Financial Requirements of Exporting

Exporting involves a range of financial needs that go beyond those of domestic operations due to added complexities such as international logistics, currency exchange, documentation, and regulatory compliance. For small enterprises, understanding and managing these financial requirements is crucial to sustain and scale their export operations effectively.

1. Pre-shipment Finance

Before the goods are shipped, exporters require funds to procure raw materials, manufacture products, package goods, and complete other export-related processes. Pre-shipment finance, also known as packing credit, is typically extended by banks to meet these short-term working capital needs. It helps bridge the gap between order confirmation and shipment.

2. Post-shipment Finance

After goods are shipped, there is often a time lag before payment is received from foreign buyers. Post-shipment finance is provided to exporters to cover this gap. This may take the form of bill discounting, advances against export bills, or credit against duty drawback entitlements.

3. Export Credit Insurance

To protect against non-payment or default by international buyers, exporters may obtain export credit insurance from agencies like the Export Credit Guarantee Corporation (ECGC) in India. This reduces the risk of non-receipt of payment due to commercial or political reasons and encourages banks to offer credit.

4. Currency Exchange and Hedging

Export transactions often involve multiple currencies, exposing small enterprises to foreign exchange fluctuations. Managing this risk through hedging instruments like forward contracts, options, or currency swaps becomes essential to ensure profitability and financial stability.

5. Documentation and Compliance Costs

Exporting requires extensive documentation, such as invoices, shipping bills, certificates of origin, and customs declarations. These tasks involve administrative and legal expenses, which must be factored into the overall financial planning of the export operation.

6. Logistics and Freight Charges

International shipping, warehousing, insurance, and freight forwarding involve considerable upfront costs. Small exporters often need advance capital or financing options to cover these expenses until reimbursement or payment is received from buyers.

7. Bank Guarantees and Letters of Credit (LCs)

Importers may demand letters of credit or bank guarantees as assurance of performance and payment. These instruments often require exporters to maintain sufficient creditworthiness and may involve additional charges or collateral requirements.

Role of Financial Institutions

Financial institutions and export credit agencies play a pivotal role in supporting the export activities of small enterprises by providing access to funding, reducing risks, and facilitating smoother cross-border transactions. Their services are crucial for addressing the financial challenges that often hinder small businesses from participating effectively in international trade.

1. Provision of Trade Finance

Banks and non-banking financial institutions provide both pre-shipment and post-shipment finance to exporters. This includes working capital loans, packing credit, bill discounting, and export receivables financing. These financial products help small enterprises manage their cash flow during the production and export cycle, ensuring uninterrupted operations.

2. Risk Mitigation through Credit Insurance

Export Credit Agencies (ECAs), such as the Export Credit Guarantee Corporation (ECGC) in India, offer export credit insurance to safeguard exporters against the risk of payment defaults by overseas buyers due to commercial or political reasons. This insurance coverage also boosts the confidence of financial institutions to lend to exporters by reducing their exposure to credit risk.

3. Letters of Credit and Bank Guarantees

Financial institutions facilitate secure international transactions by issuing Letters of Credit (LCs) and Bank Guarantees on behalf of exporters. These instruments act as payment assurances from buyers and are essential in building trust between trading partners in different countries.

4. Foreign Exchange Services and Hedging Solutions

Banks help exporters manage currency risks by offering foreign exchange services and hedging instruments, such as forward contracts and currency options. These tools protect exporters from exchange rate volatility, which can significantly impact profitability in international transactions.

5. Export Development and Technical Assistance

Some institutions, like EXIM Bank of India, go beyond financing and offer advisory services, market intelligence, overseas investment support, and export capability development programs. These initiatives help small enterprises identify global opportunities, improve competitiveness, and navigate foreign regulations and standards.

6. Government-Backed Support Schemes

Many financial institutions administer government-sponsored export promotion schemes. These include interest equalization schemes, export development funds, and subsidized credit lines, aimed specifically at supporting MSMEs in expanding their export footprint.

7. Role of Development Banks and Multilateral Agencies

Development financial institutions and international organizations such as the World Bank, IFC, and ADB also contribute through trade facilitation programs, credit guarantees, and capacity-building initiatives targeted at enhancing the export potential of small businesses in developing economies.

Government Policies and Support Mechanisms

Government policies and support mechanisms are essential for fostering a conducive export environment, especially for small enterprises that often face multiple barriers in accessing global markets. Through various policy initiatives, financial incentives, and institutional frameworks, governments aim to reduce entry barriers, enhance competitiveness, and stimulate the export potential of small businesses.

1. Export Promotion Schemes

The Indian government, through the Ministry of Commerce and Industry, implements several export promotion schemes. Notable among them are:

- Remission of Duties and Taxes on Export Products (RoDTEP): Provides reimbursement of embedded taxes and duties not refunded through other schemes.
- Export Promotion Capital Goods (EPCG) Scheme: Allows import of capital goods at concessional duties for export production.

2. Interest Equalization Scheme

This scheme provides interest rate subvention (typically 2-3%) on pre- and post-shipment rupee export credit for eligible MSME exporters. It reduces the cost of borrowing and encourages small businesses to engage in export activities.

3. Marketing and Branding Support

The government, through agencies like the India Trade Promotion Organization (ITPO) and Export Promotion Councils (EPCs), offers assistance for:

- Participation in international trade fairs and exhibitions
- Branding and marketing of Indian products abroad
- Buyer-seller meets and export awareness programs

4. Financial Assistance and Credit Schemes

Institutions like SIDBI, EXIM Bank, and MUDRA provide customized financial products for export-oriented MSMEs. Additionally, the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) offers collateral-free loans to reduce the credit risk faced by small exporters.

5. Infrastructure Support through SEZs and TIES

- Special Economic Zones (SEZs) provide duty-free environments, tax exemptions, and world-class infrastructure to boost exports.
- The Trade Infrastructure for Export Scheme (TIES) funds export-related infrastructure such as testing labs, cold storage, and container freight stations, which directly benefit small exporters.

6. Digital and E-Commerce Export Facilitation

To support the growing role of digital trade, the government has initiated support for cross-border e-commerce exports, including simplified documentation, logistics support, and integration with platforms like India Post and e-commerce marketplaces.

7. Skill Development and Capacity Building

Government programs like the Entrepreneurship and Skill Development Programme (ESDP) and Niryat Bandhu Scheme offer training and mentoring to aspiring exporters on topics such as export documentation, customs procedures, and market entry strategies.

International Trade Financing

The international trade finance landscape is a critical component of the global trading system, providing the financial infrastructure that enables businesses—especially small enterprises—to engage in cross-border commerce. It encompasses a wide range of financial instruments, institutions, and risk mitigation strategies that support the movement of goods and services across borders by ensuring timely payments, reducing default risks, and facilitating liquidity.

1. Overview of Trade Finance Instruments

International trade transactions often involve complex payment and credit arrangements. Common trade finance instruments include:

- **Letters of Credit (LCs):** A widely used instrument where a bank guarantees payment to the exporter on behalf of the importer upon fulfillment of specified conditions.
- **Bills of Exchange and Promissory Notes:** Serve as legally binding promises for future payment.
- **Documentary Collections:** A process where banks act as intermediaries to collect payment in exchange for shipping documents.
- **Trade Credit Insurance:** Protects exporters from buyer insolvency or non-payment risks.

2. Role of Banks and Financial Institutions

Banks play a central role in providing working capital, transaction finance, risk mitigation, and payment assurance in global trade. Leading banks offer services like supply chain finance, export factoring, and invoice discounting, which help small exporters maintain liquidity and reduce working capital stress.

3. Impact of Regulatory Frameworks

Global trade finance is influenced by regulatory standards such as Basel III, which sets capital requirements and risk controls for banks. While these regulations aim to stabilize the banking system, they also result in reduced credit availability for small exporters, as banks adopt stricter lending criteria and higher compliance costs.

4. Role of Multilateral Institutions and ECAs

Institutions like the World Bank, International Finance Corporation (IFC), Asian Development Bank (ADB), and regional ECAs (e.g., EXIM Bank, ECGC) play a vital role in enhancing trade finance availability. They offer:

- Risk guarantees and insurance
- Export development funding
- Capacity building for financial institutions
- Credit lines targeted at SMEs in developing economies

5. Emerging Trends: Fintech and Digital Trade Finance

Technological advancements are reshaping the trade finance landscape:

- **Blockchain:** Enables secure and transparent trade documentation and real-time tracking of goods.
- **Trade Finance Platforms:** Digital platforms like TradeLens, Contour, and Triterras connect exporters, importers, banks, and insurers in a seamless ecosystem.
- **AI and Big Data:** Assist in credit risk assessment and fraud detection.
- **E-invoicing and Digital LCs:** Simplify documentation and reduce processing time.

These innovations are especially beneficial for small enterprises that lack traditional credit access, as they offer alternative financing models and lower transaction costs.

6. Challenges in the Trade Finance Ecosystem

Despite advancements, significant gaps remain:

- **Trade Finance Gap:** As per the Asian Development Bank, the global trade finance gap is estimated to exceed **$1.7 trillion**, disproportionately affecting SMEs.
- **Compliance and KYC/AML Issues:** Small enterprises often struggle with the complex requirements of Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations.
- **Limited Financial Literacy:** Many small exporters lack awareness of available trade finance tools and how to access them.

Challenges Faced by Small Exporters

Small exporters play a vital role in global trade, especially in emerging economies like India. However, they face several challenges that hinder their ability to compete effectively in international markets. These challenges are often financial, operational, regulatory, or informational in nature, and addressing them is crucial to unlocking their export potential.

1. Limited Access to Finance

One of the most significant barriers faced by small exporters is restricted access to affordable and timely credit. Due to lack of collateral, limited credit history, and high perceived risk, many small enterprises are unable to secure export finance from banks and financial institutions. This limits their ability to fulfill large orders or expand into new markets.

2. High Cost of Compliance and Documentation

International trade involves complex procedures and documentation requirements, such as export licenses, shipping bills, certificates of origin, and customs declarations. Small exporters often lack the expertise and resources to handle these efficiently, leading to delays, penalties, or missed opportunities.

3. Currency Fluctuations and Payment Risks

Small exporters are vulnerable to foreign exchange volatility, which can erode profit margins if not properly hedged. Additionally, they face payment risks due to buyer defaults, long credit terms, or political instability in the importing country, especially when lacking access to trade insurance or secure payment mechanisms like Letters of Credit.

4. Lack of Market Information and Export Readiness

Many small enterprises lack market intelligence, such as information on demand trends, regulatory requirements, competitor analysis, and buyer networks in foreign markets. This limits their ability to make informed decisions, identify viable markets, and develop competitive products.

5. Inadequate Infrastructure and Logistics Support

Poor logistics infrastructure, such as unreliable transportation, limited access to ports, and high freight costs, increases the cost and complexity of exporting. Small businesses also struggle with delays in customs clearance and limited warehousing facilities, particularly in non-metro regions.

6. Low Awareness and Utilization of Government Schemes

Although several government schemes exist to promote exports, many small exporters are unaware of these programs or find them difficult to access due to bureaucratic hurdles, unclear guidelines, or lack of proper guidance from nodal agencies.

7. Technological and Quality Constraints

Small exporters often lack access to modern technology, quality certifications, and testing labs, which are essential to meet international standards. This makes it difficult for them to compete with large, well-equipped exporters or gain entry into highly regulated markets like the EU and US.

8. Limited Networking and Brand Recognition

Small businesses typically have low international visibility and limited buyer networks, making it hard to find and retain foreign clients. They also face challenges in building brand recognition due to constrained marketing budgets and lack of digital presence.

1.3. Company Profile:

BHARAT GEARS LIMITED

Geared for Life

1.3.1. History and Background of the Company

Bharat Gears Limited (BGL), established in 1971, stands as India's largest gear manufacturer and a prominent global supplier of automotive gears and heat treatment furnaces. With a legacy spanning over five decades, BGL has been at the forefront of delivering precision-engineered solutions to the automotive, agricultural, and construction equipment sectors.

Headquartered in Faridabad, Haryana, BGL operates three advanced manufacturing facilities located in Mumbra (near Mumbai), Faridabad, and Lonand (near Pune). These plants specialize in producing a diverse range of products, including ring gears and pinions, transmission gears and shafts, differential gears, gearboxes, and value-added sub-assemblies. Additionally, BGL's furnace division designs and constructs both batch and continuous heat-treating furnace systems, catering to various industrial needs.

BGL's commitment to quality and innovation has earned it a significant presence in international markets, with exports reaching countries across Europe, the United States, Mexico, and Asia. The company's dedication to sustainable manufacturing practices is evident in initiatives like the installation of a 1300 kWp solar power plant at its Lonand facility, aiming to offset approximately 1,400 metric tons of CO_2 emissions annually.

With a workforce of over 500 employees, BGL continues to uphold its mission of delivering excellence in gear and transmission technology, reinforcing its position as a trusted partner in the global automotive industry.

1.3.2. Mission:

Bharat Gears Limited is committed to delivering world-class gear and transmission solutions by leveraging advanced manufacturing technologies, fostering innovation, and maintaining high standards of quality to meet the evolving needs of global automotive and industrial customers.

1.3.3. Vision:

To be a globally recognized leader in gear manufacturing and heat treatment solutions, known for technological excellence, customer satisfaction, and sustainable business practices that drive long-term growth and value creation.

1.3.4. Core Values:

- Customer-centric approach
- Innovation and technological excellence
- Quality and reliability
- Integrity and transparency
- Commitment to sustainability
- Employee empowerment and safety
- Continuous improvement and learning

1.3.5. SWOT Analysis

Strengths

- **Established Legacy**: Over five decades of experience in gear manufacturing, making it a trusted brand.
- **Diverse Product Portfolio**: Offers a wide range of gears, shafts, axles, and furnace systems for various industries.
- **Export-Oriented Business**: Strong international presence with exports to Europe, USA, and Asia.
- **Advanced Manufacturing Facilities**: Equipped with modern plants in Faridabad, Mumbra, and Lonand.
- **Quality Certifications**: Complies with global quality standards like ISO/TS certifications.
- **Skilled Workforce**: Employs experienced engineers and technicians for precision engineering.

Weaknesses

- **Dependence on Automotive Sector**: Major revenue dependent on auto industry, which is cyclical and volatile.
- **Limited Brand Visibility**: Compared to larger global players, BGL's brand awareness is relatively modest.
- **High Capital Requirements**: Gear manufacturing and heat treatment facilities demand constant investment.

Opportunities

- **Growth in EV Market**: Rising demand for electric vehicles creates new opportunities for drivetrain and transmission innovations.
- **Make in India Initiative**: Government policies promoting domestic manufacturing could offer subsidies and incentives.
- **Diversification into Aerospace & Defense**: Opportunity to expand beyond automotive and industrial segments.
- **Strategic Collaborations**: Potential to partner with global OEMs and technology providers.

Threats

- **Intense Competition**: Faces competition from both domestic and international gear manufacturers.
- **Raw Material Price Fluctuations**: Volatility in steel and alloy prices can impact production costs.
- **Technological Disruption**: Rapid tech advancements may require continuous upgrades to stay competitive.
- **Global Economic Uncertainty**: Recession or geopolitical tensions can affect exports and demand.

CHAPTER 2

OBJECTIVES AND SCOPE OF THE STUDY

2.1. Statement of the Problem:

Small enterprises play a crucial role in driving economic development and generating employment, particularly in emerging economies. Despite their potential, many of these enterprises face significant challenges in expanding their reach to international markets. One of the most critical obstacles is the presence of financial barriers that hinder their ability to compete globally. Issues such as limited access to export credit, high cost of compliance with international standards, inadequate knowledge of trade finance options, and lack of collateral restrict their export potential. Traditional financial institutions often perceive small enterprises as high-risk borrowers, further compounding their difficulties in securing funding. As a result, many promising small businesses either fail to enter global markets or struggle to sustain their export operations. This study seeks to investigate the specific financial barriers that constrain export growth in small enterprises and to understand the extent to which these barriers impact their international business expansion.

2.2. Objective of the Study:

1. To identify the key financial barriers faced by small enterprises in the export sector.
2. To analyse the impact of limited access to trade finance on export performance.
3. To evaluate the role of institutional support and credit facilities for small exporters.
4. To study the effect of high transaction and compliance costs on export activities.
5. To understand the challenges related to collateral requirements and risk perception by financial institutions.

2.3. Scope of the Study:

The study focuses on identifying and analyzing the financial barriers that hinder export growth in small enterprises. It is limited to selected small businesses engaged in export activities and aims to understand their challenges related to trade finance, credit access, and financial support systems. The findings are based on responses from a sample size of 100 participants collected over a 45-day period.

2.4. Rationale of the Study:

Small enterprises are vital contributors to economic development, innovation, and employment generation. However, their participation in international trade remains limited due to several financial constraints. Understanding these financial barriers is crucial for enabling policy makers, financial institutions, and support organizations to create more inclusive export support mechanisms. This study is significant as it sheds light on the specific financial challenges that small enterprises face, such as inadequate access to export credit, high compliance costs, and limited knowledge of financial instruments. By exploring these issues, the research aims to provide insights into how financial limitations affect export readiness and growth potential. The findings of this study will be valuable in promoting a more supportive financial ecosystem for small exporters, ultimately contributing to the broader goal of enhancing the country's export performance and economic resilience.

CHAPTER 3

THEORETICAL PERSPECTIVE

3.1. Topic Specific Review

1. Nwachukwu et al. (2006) "Factors Impeding the Development of Export Activities: A Survey of Louisiana Small Businesses."

This study investigated export barriers among 151 small businesses in Louisiana through a structured questionnaire. Findings revealed that the primary barriers were lack of knowledge on initiating exports (53.19%), limited financial resources (21.28%), and low profit expectations in export sales (12.76%). Additional obstacles included failure to meet foreign standards, high prices, and export logistics issues, though these were less frequently cited. The study emphasized the importance of aligning export assistance programs with firms' stages in the internationalization process and recommended targeted support to stimulate export participation. The authors concluded that understanding organizational characteristics is key to designing effective policy support for SMEs.

2. Leonidou (2004) "An Analysis of the Barriers Hindering Small Business Export Development."

Leonidou conducted a meta-analysis of 32 empirical studies between 1960 and 2000 to identify and classify export barriers faced by SMEs. He categorized barriers as internal (informational, functional, marketing, financial) and external (procedural, governmental, task, environmental). Informational barriers, such as limited access to market data and challenges in identifying foreign customers, consistently emerged as the most significant. The study emphasized the variability of barrier impact based on firm-level and contextual variables, calling for differentiated export strategies and assistance programs tailored to SME characteristics.

3. Arteaga-Ortiz & Fernández-Ortiz (2010) "Why Don't We Use the Same Export Barrier Measurement Scale?"

This paper critiques the fragmented approach to export barrier research and proposes a standardized measurement scale. Based on responses from 478 Spanish SMEs, the authors used structural equation modeling to validate a four-dimension framework—knowledge, resources, procedural, and exogenous barriers. They argue that this classification can serve as a universal model to improve cross-study comparability and theoretical clarity. The study fills a significant gap in export barrier literature by offering an empirically validated and replicable measurement structure.

4. Mpunga (2016) "Examining the Factors Affecting Export Performance for Small and Medium Enterprises (SMEs) in Tanzania."

Conducted in Dar es Salaam, this study assessed the influence of various barriers on export performance using data from 130 SME owners across multiple sectors. Barriers examined included limited financial capital, weak ICT capabilities, inadequate product standards, language difficulties, and complicated export procedures. National policy-related obstacles—such as accreditation delays and high taxes—were also prominent. Using descriptive statistics and correlation analysis via SPSS, the study highlighted the critical role of both internal competencies and external market structures in determining SME export success.

5. Vijay Narayanan (2020) "Export Barriers for Small and Medium-sized Enterprises: A Literature Review."

This comprehensive review synthesized findings from various empirical studies, particularly building on Leonidou's (2004) classification. The review emphasized that SMEs face both internal and external barriers—such as knowledge gaps, resource constraints, government policy restrictions, and market uncertainties. It also highlighted how country-specific factors and managerial capabilities influence the impact of these barriers. The author called for continued research to establish a unified theory of export barriers and encouraged evaluation of newer SME-led strategies to overcome these challenges.

6. Ghouse, Suhail M. (2020) "Impact of Export Barriers on Micro, Small and Medium Enterprises Internationalisation: An Indian Perspective."

This study explores the perceptions of Indian MSME managers regarding internal and external export barriers. Utilizing a five-point Likert scale survey, the research categorizes barriers into entrepreneurial, functional, marketing (internal), and procedural, governmental, and economic (external). The findings indicate that competition in export markets, poor infrastructure, limited market awareness, and inadequate export incentives are significant hindrances to internationalization. The study provides both managerial and policy-level insights for boosting Indian MSMEs' export activity, especially in the traditional handicrafts sector.

7. Pinho, José Carlos & Martins, Lurdes (2010) "Exporting Barriers: Insights from Portuguese Small- and Medium-Sized Exporters and Non-Exporters."

This study investigates the primary barriers to exporting among Portuguese SMEs using both parametric and semi-parametric binary choice models. Surveying firms in northern Portugal, the authors identify significant deterrents among non-exporters such as lack of market knowledge, inadequate export staff, weak technical suitability, intense competition, and lack of financial and institutional support. Exporters, in contrast, emphasize challenges in warehousing and managing logistics in foreign markets. The paper highlights the contrast in barrier perception between exporters and non-exporters and recommends policy measures tailored to these specific constraints to foster SME internationalization.

8. Okpara, John O. & Koumbiadis, Nicholas (2014) "Factors Hindering Export Development in Africa: Empirical Evidence from SMEs in Nigeria."

This research surveys Nigerian SMEs to identify constraints impacting their export performance. Using quantitative analysis from structured questionnaires distributed across selected Nigerian cities, the study highlights finance shortage, lack of trained personnel, foreign competition, low capacity, corruption, bureaucracy, and general ignorance of export procedures as major barriers. The study emphasizes the urgent need for policy reforms, capacity building, and infrastructural development to enable Nigerian SMEs to effectively participate in global trade and achieve sustainable growth.

9. Louis, Dominic & Macamo, Priscila (2011) "Barriers to Business Growth: A Study on Small Enterprises in Maputo."

This thesis investigates business growth constraints in small enterprises operating in Maputo, Mozambique. Using a deductive quantitative approach and SPSS for analysis, data were collected via online questionnaires from 30 SMEs. The study identifies key barriers including financial limitations, institutional/legal challenges, organizational inefficiencies, external market constraints, and social factors. Although government efforts such as tax relief and seed capital access exist, their impact has been limited. The authors call for more inclusive and consistent policy interventions to support SME development in Mozambique.

10. Amentie, Chalchissa; Negash, Endalew & Kumera, Lemessa (2016) "Barriers to Growth of Medium and Small Enterprises in Developing Country: Case Study Ethiopia."

Through a cross-sectional and descriptive research design, this study examines 386 SMEs in Ethiopia to identify the major growth barriers. Quantitative methods were used to analyze both primary and secondary data. The study reveals that intense market competition, high interest rates, poor infrastructure, low market demand, raw material shortages, and unfriendly banking attitudes are significant barriers. The authors underscore that these barriers limit SME potential despite their critical role in employment and innovation, and recommend comprehensive support systems and financial reforms to enable enterprise growth.

11. Butt, I. & Siddiqui, M. A. (2016) "Informational and Functional Export Barriers Faced by Small and Medium Enterprises in Emerging Economy."

This qualitative study investigates export challenges experienced by 49 Pakistani SMEs across diverse industries through in-depth interviews. The research focuses on two internal barriers—informational and functional. Key findings reveal limited and unreliable access to market information, inadequate export staff, lack of managerial time, and insufficient working capital. The study also highlights the lack of inter-organizational collaboration among SMEs, which hinders their ability to handle large export orders. The authors emphasize the need for export production networks and government support to enhance SME competitiveness in international markets.

12. Nkwabi, J. M. & Mboya, L. B. (2019) "A Review of Factors Affecting the Growth of Small and Medium Enterprises (SMEs) in Tanzania."

This mixed-method review analyzes 21 studies to identify factors impeding SME growth in Tanzania. Using content analysis and descriptive statistics, the research highlights financial constraints, poor infrastructure, limited entrepreneurial knowledge, tight regulations, and inadequate human capital as the most critical growth barriers. The study recommends simplifying loan procedures, reducing tax burdens, and improving business training through public institutions like SIDO. The paper serves as a comprehensive resource for policymakers aiming to create a more supportive environment for SME development.

13. Awan, M. A. (2011) "The Relationship Between Internet Use and Perceptions of Barriers Facing Small Business Exporters in Developing Countries."

This study explores how electronic commerce influences the perception of export barriers among SMEs in a developing country. Using a survey based on validated questionnaires, it categorizes barriers into five types: organizational, operational, psychological, product/market, and psychic distance. Results reveal that only psychic distance barriers—like difficulties with foreign representatives and lack of research on foreign markets—were perceived more acutely by firms with web presence. The study concludes that internet use alone does not reduce all types of barriers but has a nuanced impact depending on the barrier type.

14. Gebrewahid, G. G. (2016) "Export Barriers and Competitiveness of Small and Medium-sized Enterprises in Developing Countries"

Focusing on 15 Ethiopian leather footwear exporters, this empirical study applies factor analysis and multidimensional scaling to classify key barriers. Findings reveal government policy issues, financial shortages, product quality concerns, limited marketing knowledge, and lack of skilled human resources as major barriers. The study proposes a segmented policy approach based on the severity of perceived barriers across different clusters of firms. It calls for targeted policy and managerial strategies to improve export competitiveness in Ethiopia's leather sector.

15. Al-Hyari, K., Al-Weshah, G., & Alnsour, M. (2012) “Barriers to Internationalisation in SMEs: Evidence from Jordan.”

Surveying 250 manufacturing SMEs in Jordan with a 54% response rate, this study uses factor and regression analyses to identify major internationalization barriers. Significant impediments include economic and legal uncertainties, lack of access to market information, financial constraints, and weak government support. The study finds consistent perceptions of barriers among both exporters and non-exporters. It provides actionable insights for Jordanian policymakers and SME managers to design export assistance programs and strategic interventions aimed at enhancing global competitiveness.

16. Roy, A., Sekhar, C., & Vyas, V. (2016) “Barriers to Internationalization: A Study of Small and Medium Enterprises in India.”

This study identifies and categorizes the internal and external barriers to internationalization faced by SMEs in Rajasthan, India. Using confirmatory factor analysis on data from 327 SMEs, the study found that procedural and currency barriers were the most significant among external factors, while financial and informational challenges were key internal barriers. Entrepreneurs were particularly constrained by their inability to handle foreign exchange fluctuations and a lack of managerial capabilities for foreign market engagement.

17. Muhos, M., Saarela, M., Virkkala, P., Majava, J., & Helander, J. (2022) “The Barriers of Export in Microenterprises.”

Through a multiple-case study of 10 Finnish microenterprises, this paper investigates the barriers to internationalization using Leonidou’s (2004) framework. The research identifies informational, functional, marketing, and environmental barriers as most prevalent. Despite the availability of modern logistics and communication tools, microenterprises struggle with limited market information, managerial resources, and adaptation to foreign market conditions. The study concludes that export support policies must consider the unique structure and challenges of microenterprises, distinguishing them from larger SMEs in policy design.

18. Al-Hyari, K., Alnsour, M., & Al-Nsour, M. (2018) "Exporting Performance and Manufacturing Activities in Jordanian SMEs: External Barriers and Relationships."

This quantitative study examines how external barriers affect the export performance of manufacturing SMEs in Jordan. Using regression analysis on survey data, the research identifies major challenges such as weak infrastructure, lack of market information, financial limitations, and insufficient government support. The findings reveal that these external constraints significantly reduce SMEs' ability to engage in or expand international trade. The authors emphasize the need for infrastructural reform, export training programs, and financial assistance tailored to small exporters to enhance competitiveness.

19. Molefe, G. (2020) "Factors Hindering Export Performance in Botswana: A Focus on SMMEs."

In this cross-sectional study of 122 SMMEs in Botswana, the research applies a quantitative methodology using factor and regression analysis to assess the impact of export barriers. The study finds that knowledge gaps, internal resource constraints, and procedural complexities negatively influence export performance. Notably, the paper calls for government action in providing export education and simplifying export procedures. It recommends that future research adopt a qualitative approach to capture nuanced perceptions of barriers and consider the firm's stage in the export journey.

20. Haider, S. N. & Abdulcadir, M. A. (2022) "Internal and External Barriers to Growth of SMEs: A Qualitative Case Study of SMEs in Bangladesh."

Using semi-structured interviews with five SMEs and financial institutions, this qualitative study explores growth barriers in Bangladesh's SME sector. Findings show internal barriers such as lack of skilled labor, outdated technology, and weak marketing strategies, along with external issues including limited access to finance, policy inefficiencies, political instability, and corruption. The research offers a nuanced view of how both inter-organizational and macro-environmental factors suppress SME growth. The authors suggest holistic reforms in policy and entrepreneurship education to overcome these challenges.

21. Rahman, M., & Haque, S. E. (2019) “Examining Economic and Technology-Related Barriers of Small- and Medium-Sized Enterprises Internationalisation: An Emerging Economy Context.”

This study investigates the relative importance of economic and technological barriers to the internationalisation of SMEs in Bangladesh. Using primary data from 212 SMEs and analyzing it through a Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, the authors find that technological barriers slightly outweigh economic constraints in hindering global market entry. The research highlights infrastructural and institutional deficiencies as critical obstacles and calls for prioritizing technology-focused policies.

22. Rahman, M., Uddin, M., & Lodorfos, G. (2017) “Barriers to Enter into Foreign Markets: Evidence from SMEs in Emerging Market.”

Focusing on Bangladeshi SMEs, this research explores socio-economic barriers to foreign market entry using data from 212 firms and a mixed-method PLS-SEM analysis. The study identifies home-country institutional factors such as political instability, limited access to finance, and bureaucratic inefficiencies as the dominant barriers. Using institutional theory, the paper highlights how these contextual factors critically shape export behavior. The authors argue that these institutional barriers impact SMEs more profoundly than internal resource constraints and suggest reforms for improving export readiness in emerging markets.

23. Tesfom, G., & Lutz, C. (2006) “A Classification of Export Marketing Problems of Small and Medium-Sized Manufacturing Firms in Developing Countries.”

This literature review analyzes 40 empirical studies from 1980 to 2004 to classify export problems into five categories: company barriers, product barriers, industry barriers, export market barriers, and macroeconomic environment barriers. The study offers a modified framework incorporating Zou’s (1994) model while adding a macroeconomic dimension. It highlights that developing country SMEs face unique challenges like weak infrastructure, high production costs, and lack of market information. The paper serves as a foundational classification tool for future research and policy development in SME export support.

24. Kahiya, E. T. (2013) "Export Barriers and Path to Internationalization: A Comparison of Conventional Enterprises and International New Ventures."

This study compares conventional SMEs and international new ventures (INVs) to assess how export barriers influence their internationalization paths. Using logistic regression on a sample of 129 small multinational enterprises, the research identifies that knowledge and skill shortages promote gradual internationalization, while a proactive managerial attitude fosters early and rapid internationalization. The study reframes export barriers as predictors—rather than outcomes—of international behavior and proposes that differentiated policy incentives be developed based on firm type.

25. Milanzi, M. A. (2012) "The Impact of Barriers on Export Behavior of a Developing Country Firms: Evidence from Tanzania."

Using survey data from 122 Tanzanian manufacturing firms and employing factor analysis and Tobit regression, this study identifies five key barriers: lack of export knowledge, limited export capacity, regulatory inefficiencies, and poor infrastructure. The results indicate that knowledge deficits, financing issues, and infrastructural limitations significantly affect both the probability and intensity of export behavior. The study emphasizes that in the Tanzanian context, external constraints disproportionately affect SMEs' ability to internationalize, underscoring the need for targeted policy reforms to promote export participation.

26. Jayaweera, A., & Liyanage, C. (2024) "A Study on Factors Affecting Access to Trade Finance by Export-Oriented Small and Medium Enterprises in Malaysia and Sri Lanka."

This conceptual paper uses a systematic literature review methodology based on PRISMA guidelines to analyze factors affecting trade finance access among SMEs in Malaysia and Sri Lanka. The study categorizes the barriers into three themes: internal SME limitations (lack of collateral, low creditworthiness), banking sector weaknesses (bureaucratic procedures, high interest rates), and insufficient government support. The paper concludes by proposing a conceptual framework to examine the relationship between trade finance accessibility and export performance, addressing a significant research gap in emerging Asian economies.

27. Ključnikov, A., Civelek, M., Krajčík, V., Novák, P., & Červinka, M. (2022) "Financial Performance and Bankruptcy Concerns of SMEs in Their Export Decision."

This study evaluates how financial performance and bankruptcy concerns affect SMEs' perceptions of export barriers in the Visegrad countries. Using data from 408 SMEs and applying ordinal logistic regression, the authors reveal that firms with poor financial health perceive cultural-linguistic and tax-related barriers more intensely. Conversely, financially stable firms view such barriers as less problematic. The study bridges a gap by combining financial metrics with institutional and cultural export impediments, contributing to both academic theory and policy design.

28. Mataveli, M., Ayala, J. C., Gil, A. J., & Roldán, J. L. (2022) "An Analysis of Export Barriers for Firms in Brazil."

Conducted among 318 Brazilian exporters, this study uses partial least squares structural equation modeling (PLS-SEM) to examine the interaction between five categories of export barriers: human capital, cultural, administrative, financial, and product-related. The research reveals strong interrelations among different barrier types, suggesting that overcoming one may mitigate others. The study provides a comprehensive typology and emphasizes the need for integrated policy responses tailored to emerging markets like Brazil.

29. Neszmélyi, G. I., & Altnaa, U. (2024) "Do Financial Difficulties Hinder the Export of Processing Industries in Transition Countries? – The Case of Mongolia."

This qualitative study explores the export barriers in Mongolia's processing industry, particularly in the leather sector. Through primary and secondary data, the research identifies three dominant challenges: lack of managerial expertise, low compliance with international standards, and inadequate infrastructure. Despite Mongolia's livestock abundance and geographic advantage between China and Russia, its leather exports remain minimal. The study concludes that structural inefficiencies, limited technological capacity, and weak institutional support are core reasons for underperformance, calling for targeted investment in capacity-building and global value chain integration.

30. Gashi, S. (2016) "An Investigation of the Barriers to Small Business Growth in Kosovo."

This empirical research, based on surveys and interviews with small business owners and managers in Kosovo, identifies institutional and environmental barriers impeding SME growth. Key issues include poor regulatory frameworks, high transaction costs, political interference, limited access to finance, and inadequate government support. The study uses Likert-scale evaluation to measure satisfaction levels with different aspects of the business environment. It underscores the disconnect between economic policy intentions and implementation, and calls for reforms that reduce bureaucratic burden and promote transparency to support entrepreneurial activity.

3.2. Research Gap:

Based on the extensive review of literature from diverse geographic and economic contexts, a clear research gap emerges regarding the nuanced understanding of financial barriers specifically hindering export growth in small enterprises. While many studies have explored general export barriers—ranging from informational, cultural, administrative, and human capital issues—only a limited number delve deeply into the financial dimension as a primary constraint. Existing research has predominantly focused on broader SME internationalization (Leonidou, 2004; Arteaga-Ortiz & Fernández-Ortiz, 2010) or on the interaction of multiple export barriers (Mataveli et al., 2022; Ključnikov et al., 2022), often relegating financial issues to one of several factors rather than the central concern. Furthermore, while studies such as Jayaweera et al. (2024) and Neszmélyi & Altnaa (2024) provide country-specific insights into trade finance and financial capability, there is a lack of focused comparative or conceptual research that isolates financial constraints—such as credit inaccessibility, high collateral demands, poor financial literacy, and limited institutional support—as standalone inhibitors to export performance in small enterprises, particularly in transition or emerging economies. Additionally, very few studies address how internal financial health (e.g., bankruptcy concerns, working capital limitations) directly correlates with export readiness and decision-making. This gap underscores the need for a targeted investigation that explores financial barriers in depth, differentiates between internal and external financial challenges, and proposes context-specific frameworks to support export growth in small enterprises.

CHAPTER 4

METHODOLOGY AND PROCEDURE OF WORK

4.1. Research Design:

The study adopts a descriptive research design aimed at understanding and analyzing the various financial barriers that impact export growth in small enterprises. Both qualitative insights and quantitative data were utilized to gain a comprehensive perspective of the challenges faced by small-scale exporters.

4.2. Sources of Data Collection:

4.2.1. Primary Data:

Primary data was collected through a structured questionnaire distributed among small enterprise owners and export professionals. The questionnaire was designed using a 5-point Likert scale to capture opinions, experiences, and perceptions related to financial barriers in exporting.

4.2.2. Secondary Data:

Secondary data was obtained from various published and online sources, including government reports, export policy documents, journals, industry articles, trade statistics, financial institution publications, and reports from organizations supporting MSME exports.

4.3. Sampling Design and Technique:

4.3.1. Sample Size:

The sample size for the study was 100 respondents.

4.3.2. Sample Unit:

The sample units included owners, managers, and key personnel involved in the export functions of small enterprises across various sectors.

4.3.3. Sampling Technique:

A convenient sampling technique was used due to the accessibility and availability of respondents during the study period.

4.4. Tools used for Data Analysis:

The collected data was analyzed using percentage analysis to identify patterns and distributions. The results were presented using tables and pie charts to enhance clarity and visual interpretation of the findings.

4.5. Period of the Study:

The research study was conducted over a duration of 45 days.

CHAPTER 5

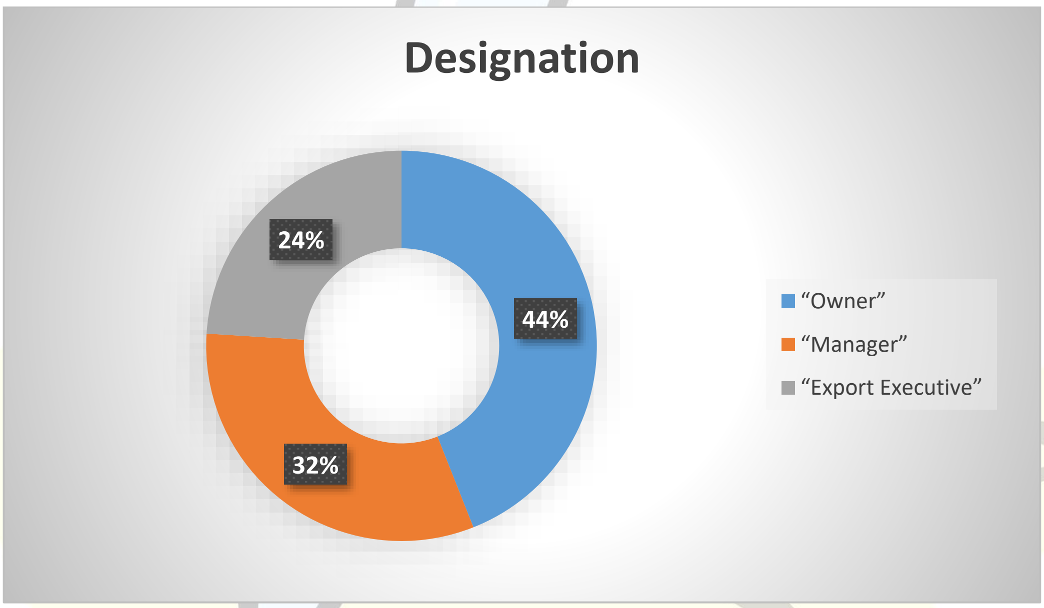
ANALYSIS OF DATA

1. **Designation of the Respondent:**

Table no. 5.1

“Designation”	“No. of Respondents”	“Percentage”
“Owner”	44	44%
“Manager”	32	32%
“Export Executive”	24	24%
“Total”	100	100%

Chart no. 5.1



Interpretation:

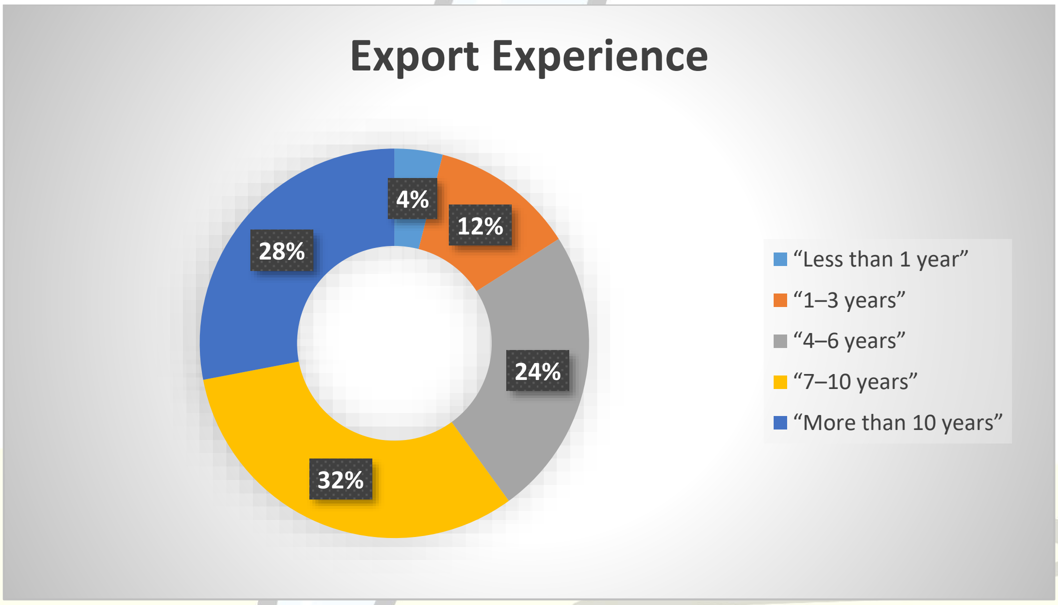
The data shows that 44% of the respondents are business owners, followed by 32% managers and 24% export executives. This indicates that a majority of insights are drawn directly from decision-makers, ensuring reliability and relevance in understanding the financial challenges faced by small enterprises in exports.

2. Export Experience:

Table no. 5.2

"Export Experience"	"No. of Respondents"	"Percentage"
"Less than 1 year"	4	4%
"1–3 years"	12	12%
"4–6 years"	24	24%
"7–10 years"	32	32%
"More than 10 years"	28	28%
"Total"	100	100%

Chart no. 5.2



Interpretation:

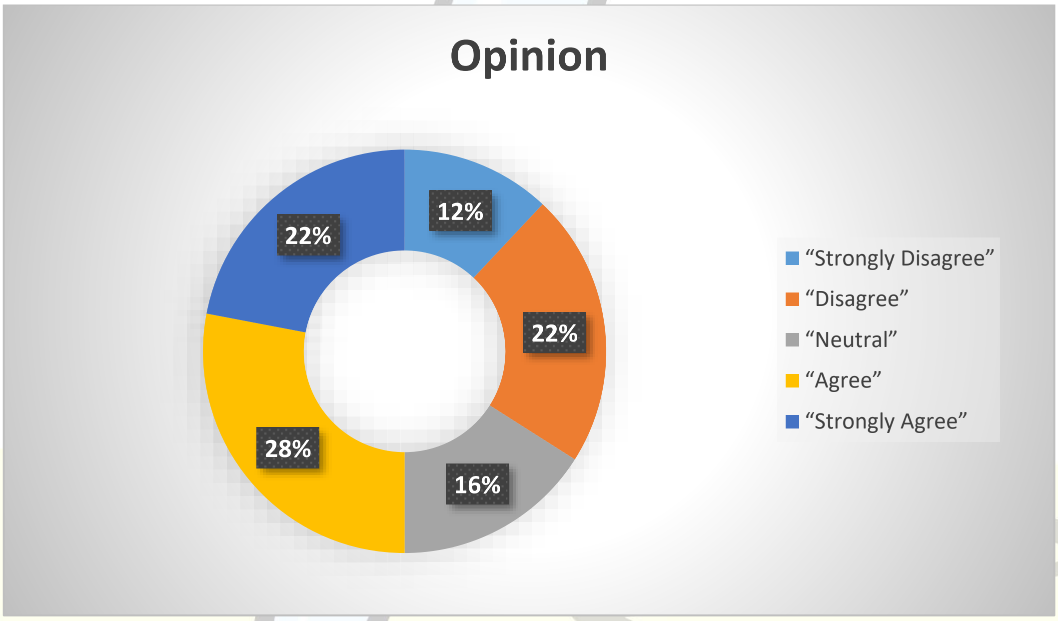
The data reveals that a majority of respondents (60%) have more than 6 years of export experience, with 32% having 7–10 years and 28% having over 10 years. This suggests that most participants are seasoned exporters, which adds depth and credibility to their perspectives on financial barriers in export growth.

3. Access to export finance is a major challenge for my business.

Table no. 5.3

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	12	12%
"Disagree"	22	22%
"Neutral"	16	16%
"Agree"	28	28%
"Strongly Agree"	22	22%
"Total"	100	100%

Chart no. 5.3



Interpretation:

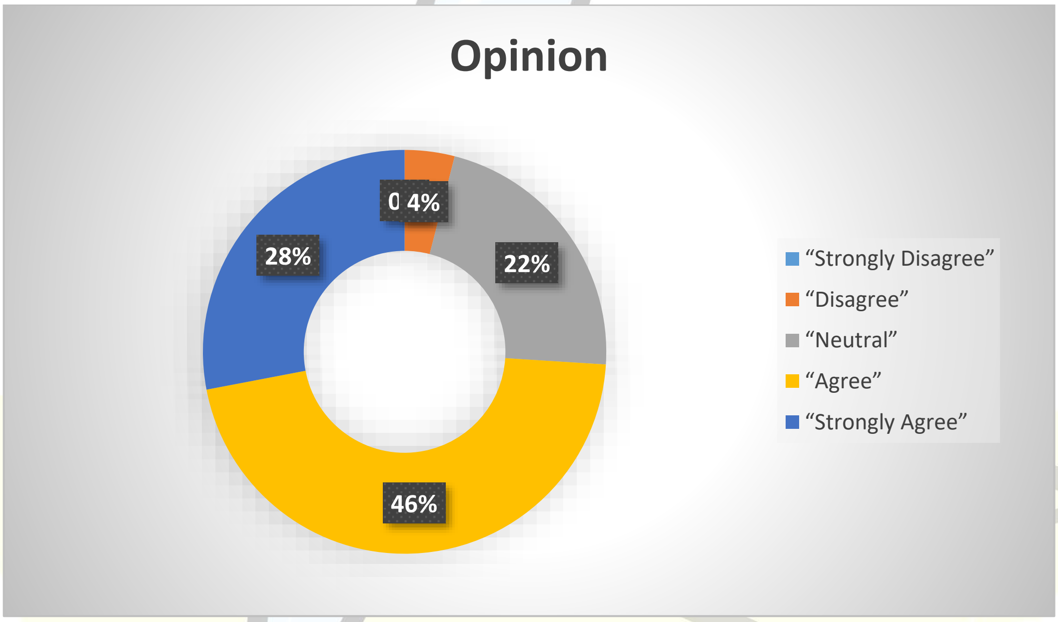
The responses indicate that 50% of the participants agree or strongly agree that access to export finance is a major challenge for their business, while 34% disagree or strongly disagree. This reflects a significant concern among small enterprises regarding financial accessibility, though opinions remain somewhat divided.

4. **Lack of collateral is a significant reason for loan rejections from financial institutions.**

Table no. 5.4

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	0	0%
"Disagree"	4	4%
"Neutral"	22	22%
"Agree"	46	46%
"Strongly Agree"	28	28%
"Total"	100	100%

Chart no. 5.4



Interpretation:

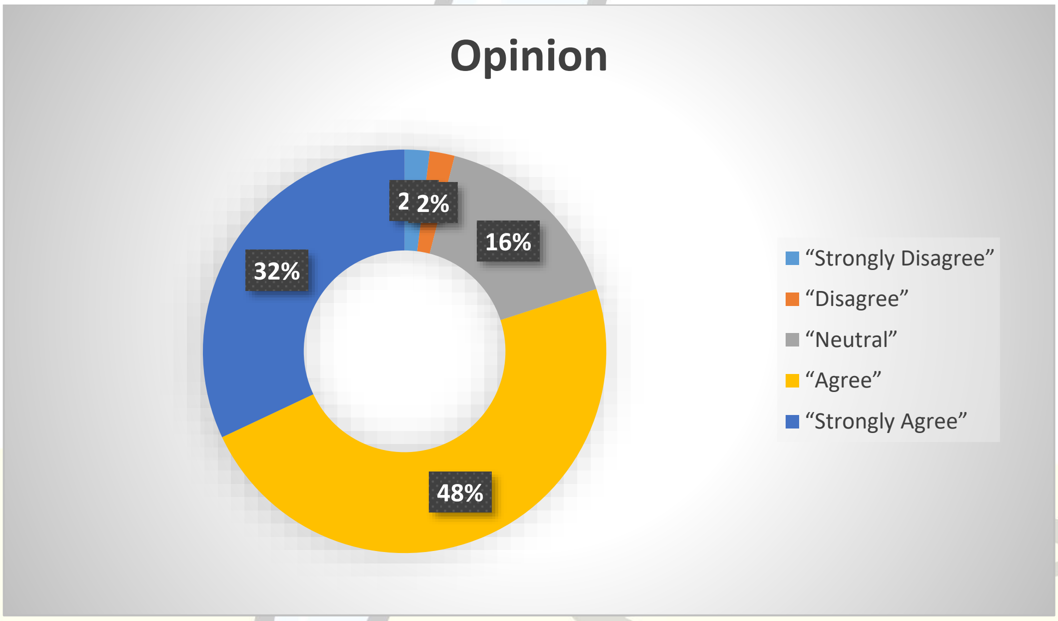
The data clearly indicates that 74% of respondents agree or strongly agree that lack of collateral is a significant reason for loan rejections, with no respondents strongly disagreeing. This highlights collateral-related challenges as a major barrier in securing export finance for small enterprises.

5. High interest rates discourage small enterprises from availing export credit.

Table no. 5.5

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	2	2%
"Disagree"	2	2%
"Neutral"	16	16%
"Agree"	48	48%
"Strongly Agree"	32	32%
"Total"	100	100%

Chart no. 5.5



Interpretation:

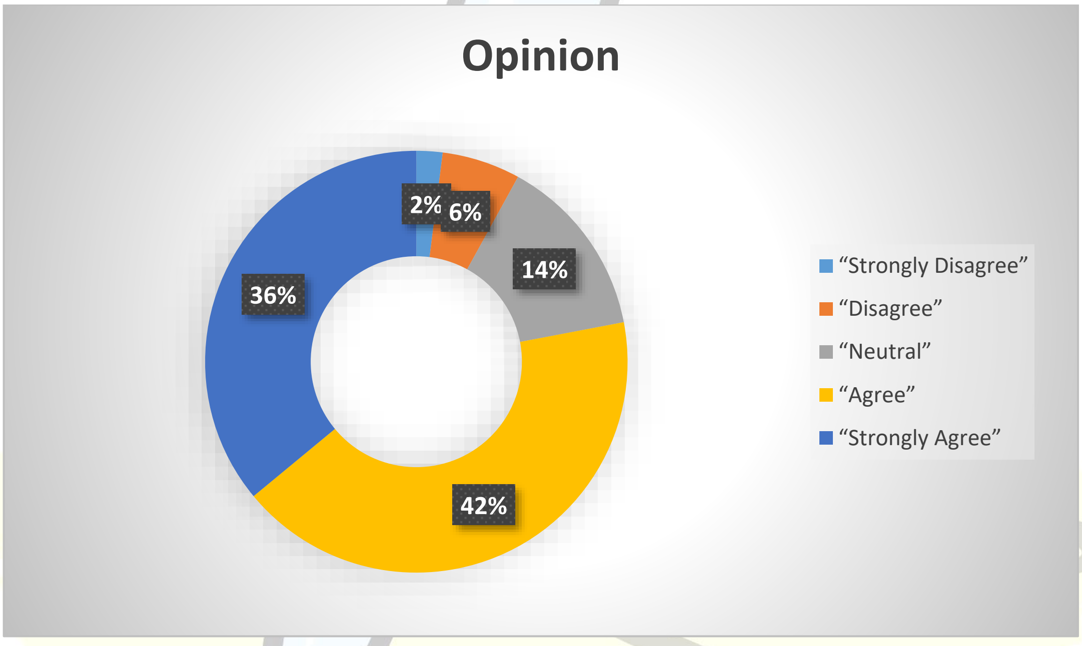
The data shows that a significant majority (80%) of respondents agree or strongly agree that high interest rates discourage them from availing export credit, indicating that the cost of borrowing is a critical deterrent for small enterprises in accessing financial support for exports.

6. **The process of obtaining export finance is too lengthy and complicated.**

Table no. 5.6

"Opinion"	**"No. of Respondents"**	**"Percentage"**
"Strongly Disagree"	2	2%
"Disagree"	6	6%
"Neutral"	14	14%
"Agree"	42	42%
"Strongly Agree"	36	36%
"Total"	100	100%

Chart no. 5.6



Interpretation:

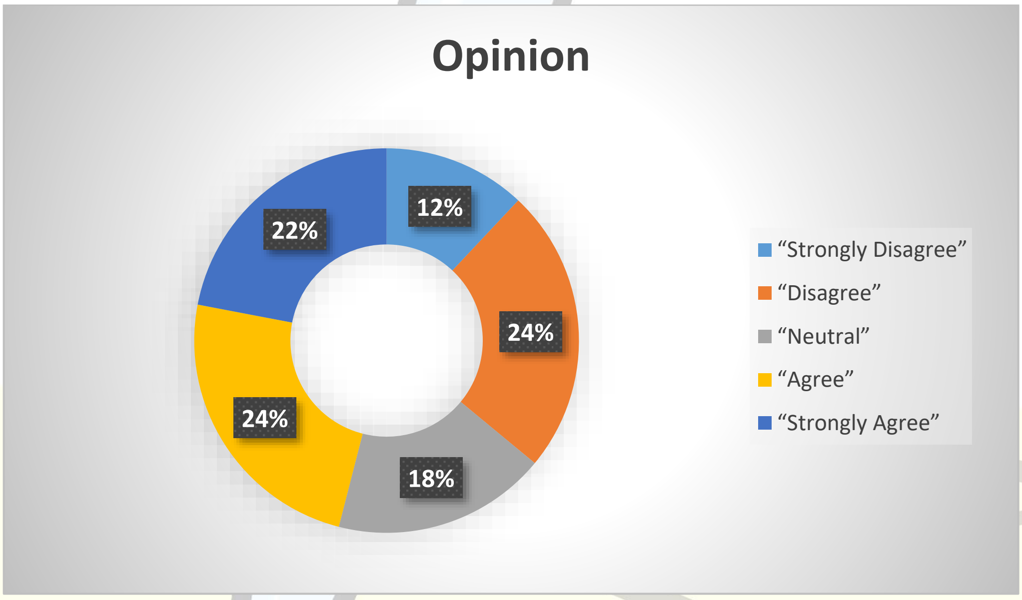
The data reveals that 78% of respondents agree or strongly agree that the process of obtaining export finance is too lengthy and complicated, suggesting that procedural complexities are a major hurdle for small enterprises in securing timely financial support for exports.

7. My business lacks awareness about available government export financing schemes.

Table no. 5.7

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	12	12%
“Disagree”	24	24%
“Neutral”	18	18%
“Agree”	24	24%
“Strongly Agree”	22	22%
“Total”	100	100%

Chart no. 5.7



Interpretation:

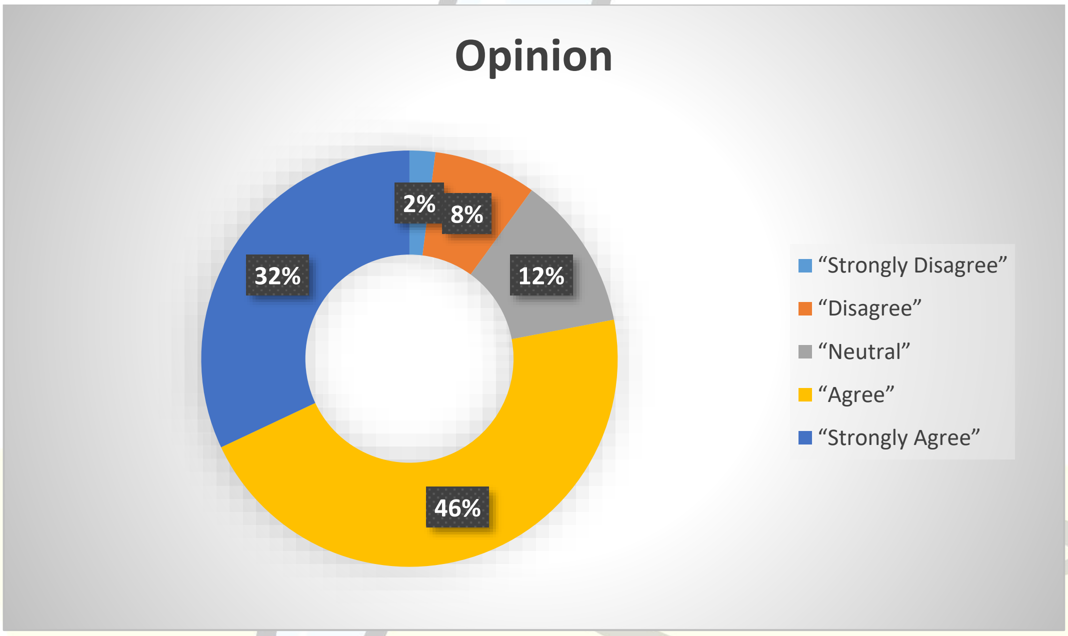
The responses show that 46% of the participants agree or strongly agree that their business lacks awareness about government export financing schemes, while 36% disagree or strongly disagree. This indicates a significant knowledge gap among small enterprises regarding available financial support options.

8. Limited working capital restricts our ability to fulfill large export orders.

Table no. 5.8

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	2	2%
"Disagree"	8	8%
"Neutral"	12	12%
"Agree"	46	46%
"Strongly Agree"	32	32%
"Total"	100	100%

Chart no. 5.8



Interpretation:

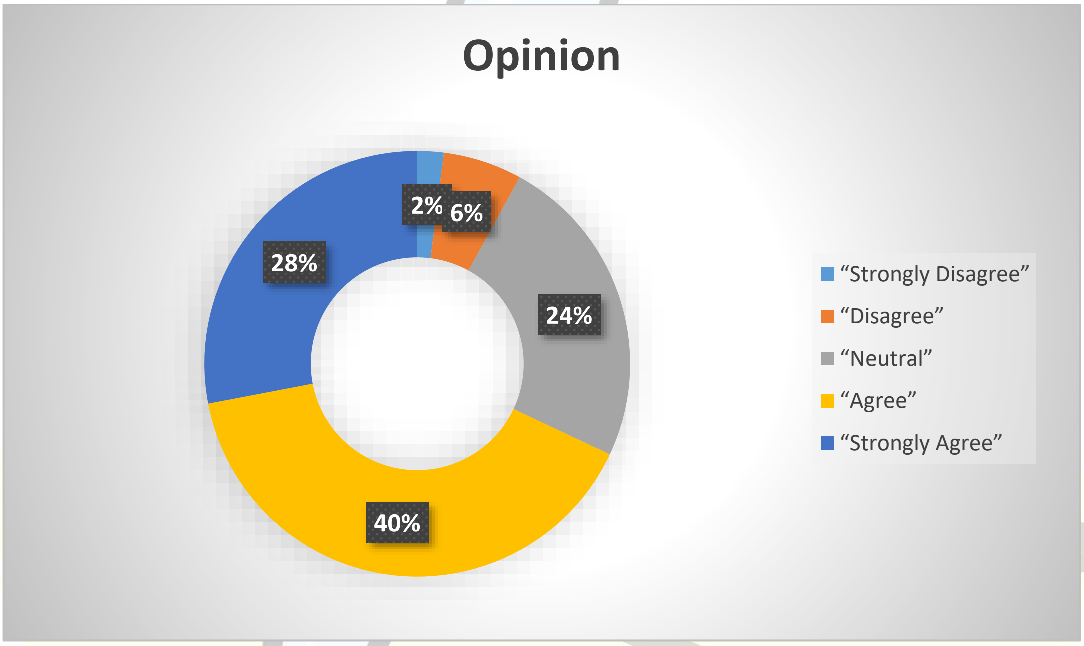
The data indicates that 78% of respondents agree or strongly agree that limited working capital restricts their ability to fulfill large export orders, highlighting it as a critical constraint affecting the scalability and competitiveness of small enterprises in international markets.

9. Delayed payments from international buyers create serious cash flow issues.

Table no. 5.9

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	2	2%
“Disagree”	6	6%
“Neutral”	24	24%
“Agree”	40	40%
“Strongly Agree”	28	28%
“Total”	100	100%

Chart no. 5.9



Interpretation:

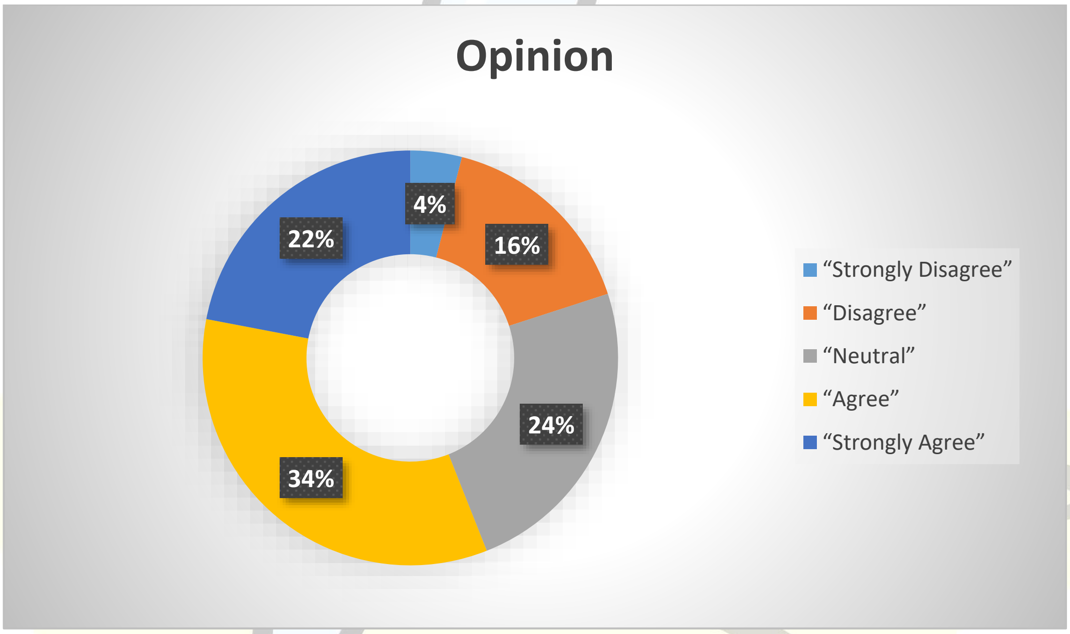
The data shows that 68% of respondents agree or strongly agree that delayed payments from international buyers create serious cash flow issues, indicating that payment delays are a major financial challenge impacting the liquidity and operational stability of small exporters.

10. Transaction and documentation costs for exports are unaffordable for small enterprises.

Table no. 5.10

“Opinion”	**“No. of Respondents”**	**“Percentage”**
“Strongly Disagree”	4	4%
“Disagree”	16	16%
“Neutral”	24	24%
“Agree”	34	34%
“Strongly Agree”	22	22%
“Total”	100	100%

Chart no. 5.10



Interpretation:

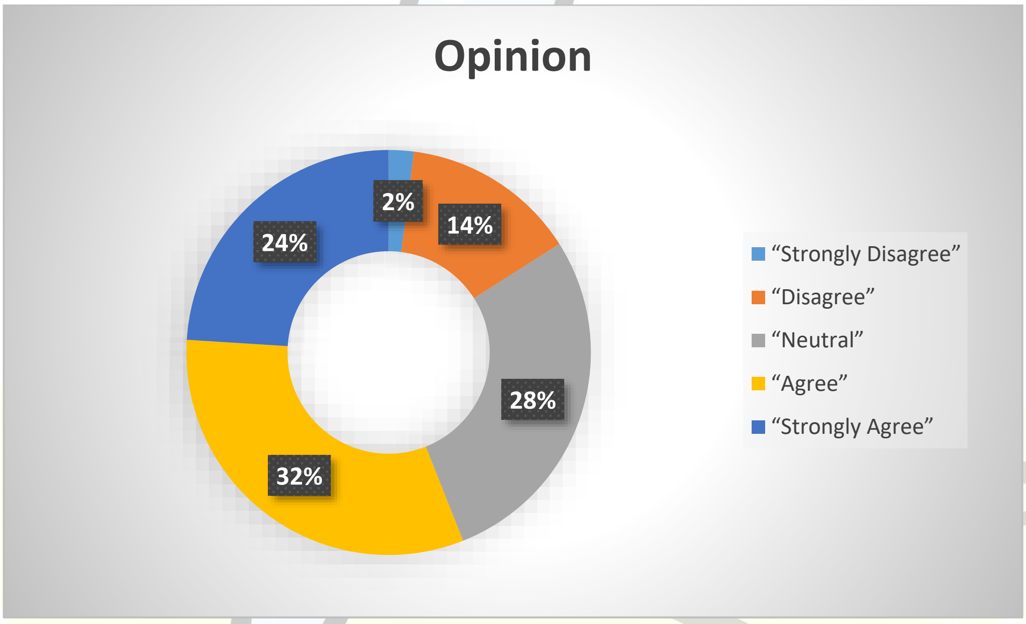
The data reveals that 56% of respondents agree or strongly agree that transaction and documentation costs are unaffordable for small enterprises, while 20% disagree. This suggests that high operational costs pose a significant burden on small exporters, limiting their competitiveness in global markets.

11. Export insurance and guarantee schemes are not easily accessible to small businesses.

Table no. 5.11

"Opinion"	**"No. of Respondents"**	**"Percentage"**
"Strongly Disagree"	2	2%
"Disagree"	14	14%
"Neutral"	28	28%
"Agree"	32	32%
"Strongly Agree"	24	24%
"Total"	100	100%

Chart no. 5.11



Interpretation:

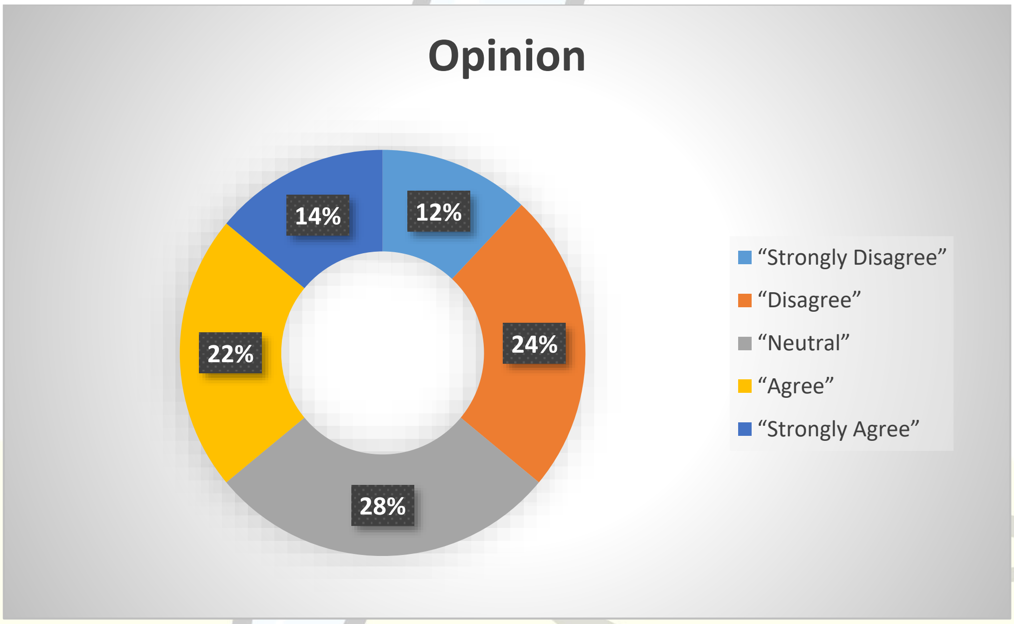
The data indicates that 56% of respondents agree or strongly agree that export insurance and guarantee schemes are not easily accessible to small businesses, while 16% disagree. This reflects a perceived gap in the reach and effectiveness of risk-mitigation support for small exporters.

12. My business has faced rejection from banks due to perceived high risk in exports.

Table no. 5.12

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	12	12%
"Disagree"	24	24%
"Neutral"	28	28%
"Agree"	22	22%
"Strongly Agree"	14	14%
"Total"	100	100%

Chart no. 5.12



Interpretation:

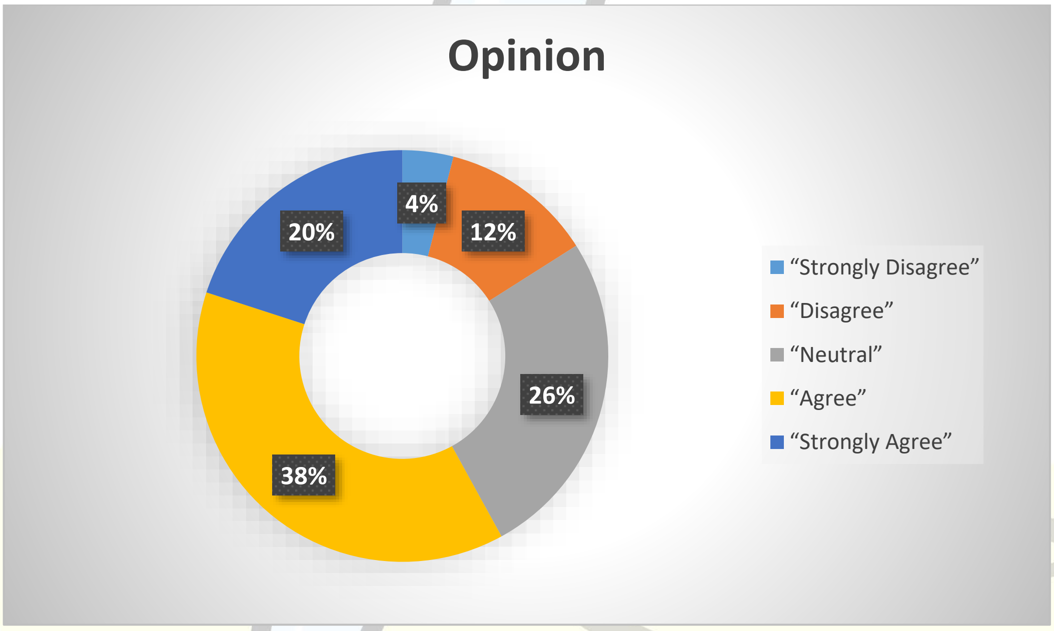
The data shows that 36% of respondents agree or strongly agree that their business has faced rejection from banks due to perceived high export risk, while 36% disagree or strongly disagree. The remaining 28% are neutral, indicating mixed experiences among small enterprises regarding bank support for export financing.

13. Support from financial institutions is insufficient for first-time exporters.

Table no. 5.13

“Opinion”	**“No. of Respondents”**	**“Percentage”**
“Strongly Disagree”	4	4%
“Disagree”	12	12%
“Neutral”	26	26%
“Agree”	38	38%
“Strongly Agree”	20	20%
“Total”	100	100%

Chart no. 5.13



Interpretation:

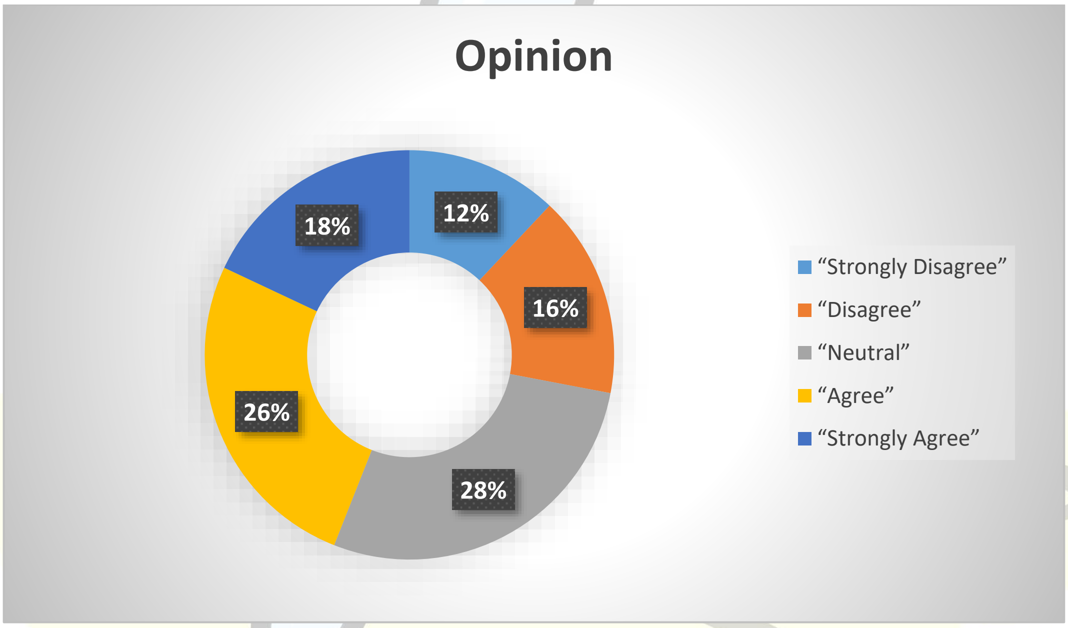
The data reveals that 58% of respondents agree or strongly agree that support from financial institutions is insufficient for first-time exporters, while only 16% disagree. This suggests a significant gap in the financial ecosystem for nurturing and encouraging new entrants into the export market.

14. I am aware of the export-related financial assistance provided by government agencies.

Table no. 5.14

"Opinion"	**"No. of Respondents"**	**"Percentage"**
"Strongly Disagree"	12	12%
"Disagree"	16	16%
"Neutral"	28	28%
"Agree"	26	26%
"Strongly Agree"	18	18%
"Total"	100	100%

Chart no. 5.14



Interpretation:

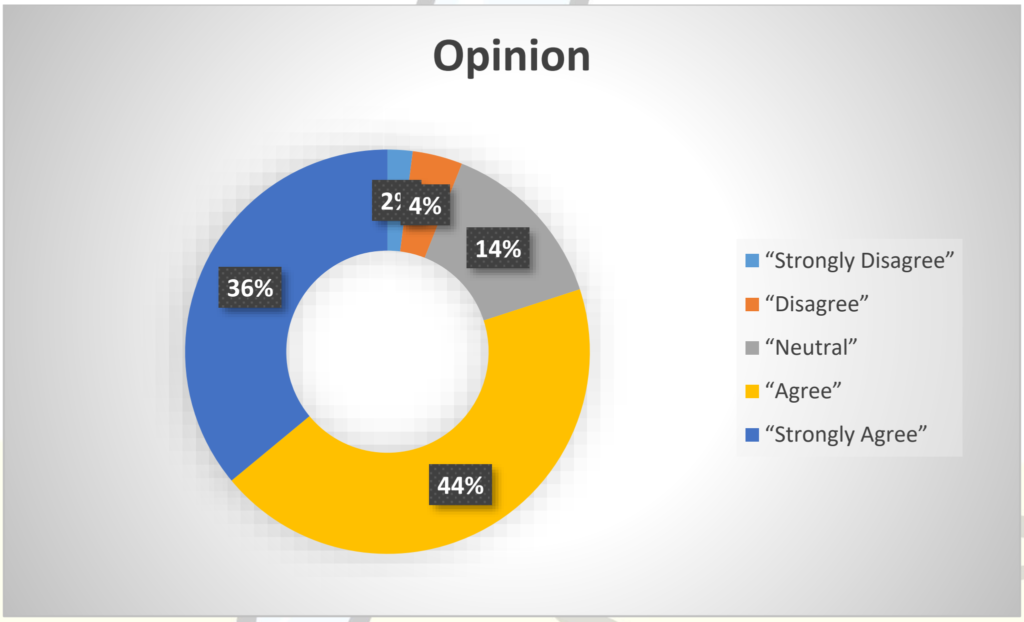
The responses indicate that only 44% of participants agree or strongly agree that they are aware of government-provided export financial assistance, while 28% disagree and another 28% remain neutral. This highlights a moderate level of awareness, suggesting a need for better dissemination of information regarding available support schemes.

15. High foreign exchange volatility impacts our decision to export.

Table no. 5.15

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	2	2%
“Disagree”	4	4%
“Neutral”	14	14%
“Agree”	44	44%
“Strongly Agree”	36	36%
“Total”	100	100%

Chart no. 5.15



Interpretation:

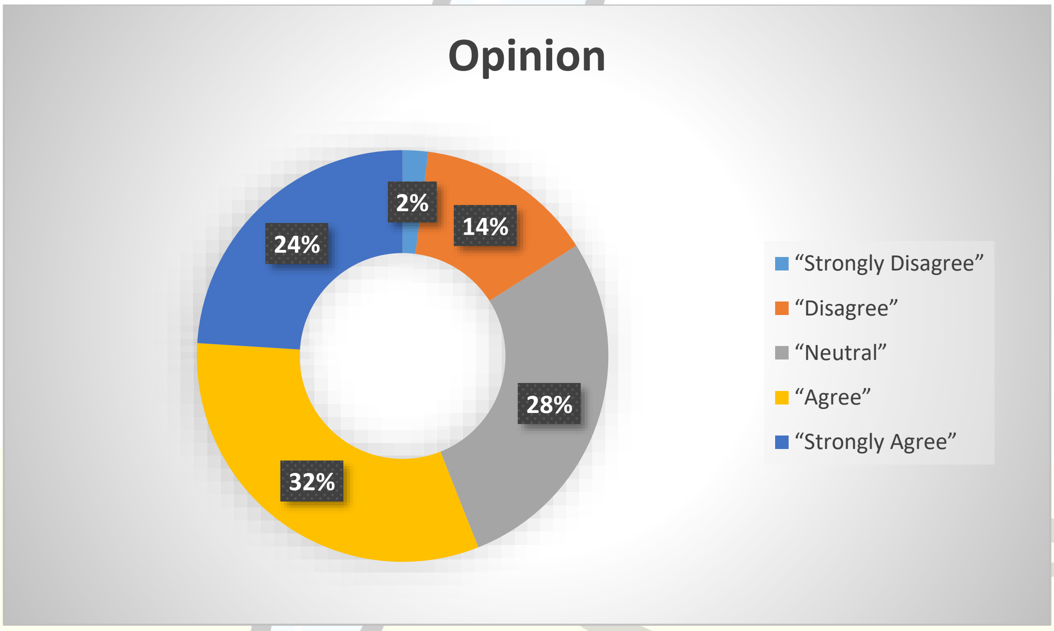
The data shows that 80% of respondents agree or strongly agree that high foreign exchange volatility impacts their decision to export, indicating that currency fluctuations pose a significant risk and act as a major deterrent for small enterprises engaging in international trade.

16. The lack of professional financial advisory limits our export planning.

Table no. 5.16

"Opinion"	"No. of Respondents"	"Percentage"
"Strongly Disagree"	2	2%
"Disagree"	14	14%
"Neutral"	28	28%
"Agree"	32	32%
"Strongly Agree"	24	24%
"Total"	100	100%

Chart no. 5.16



Interpretation:

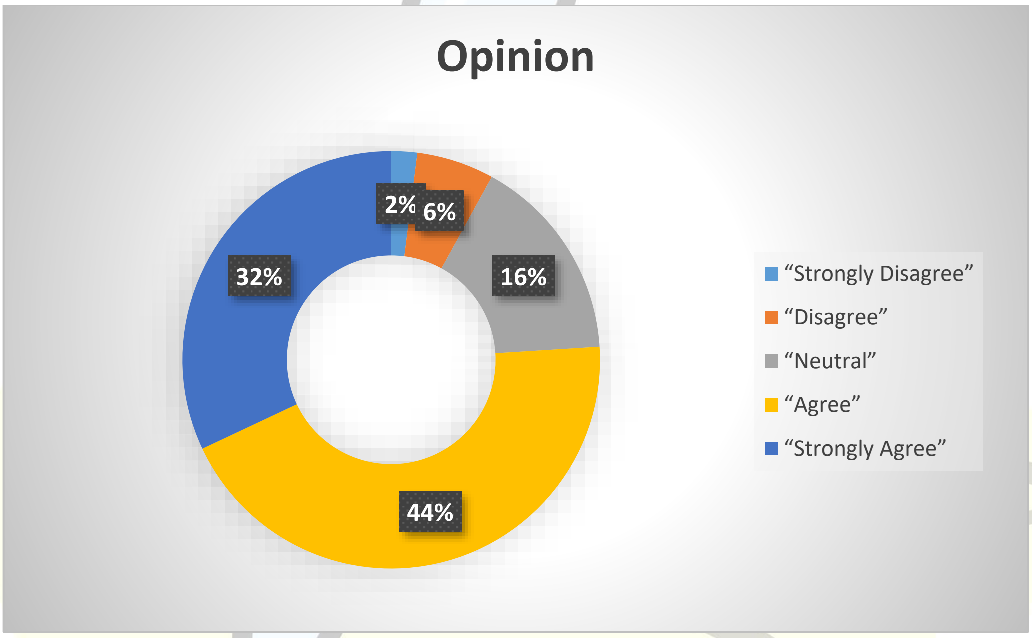
The data indicates that 56% of respondents agree or strongly agree that the lack of professional financial advisory limits their export planning, while 16% disagree. This suggests that expert financial guidance is a missing element in the strategic export development of many small enterprises.

17. Inadequate financial infrastructure discourages small businesses from entering export markets.

Table no. 5.17

"Opinion"	**"No. of Respondents"**	**"Percentage"**
"Strongly Disagree"	2	2%
"Disagree"	6	6%
"Neutral"	16	16%
"Agree"	44	44%
"Strongly Agree"	32	32%
"Total"	100	100%

Chart no. 5.17



Interpretation:

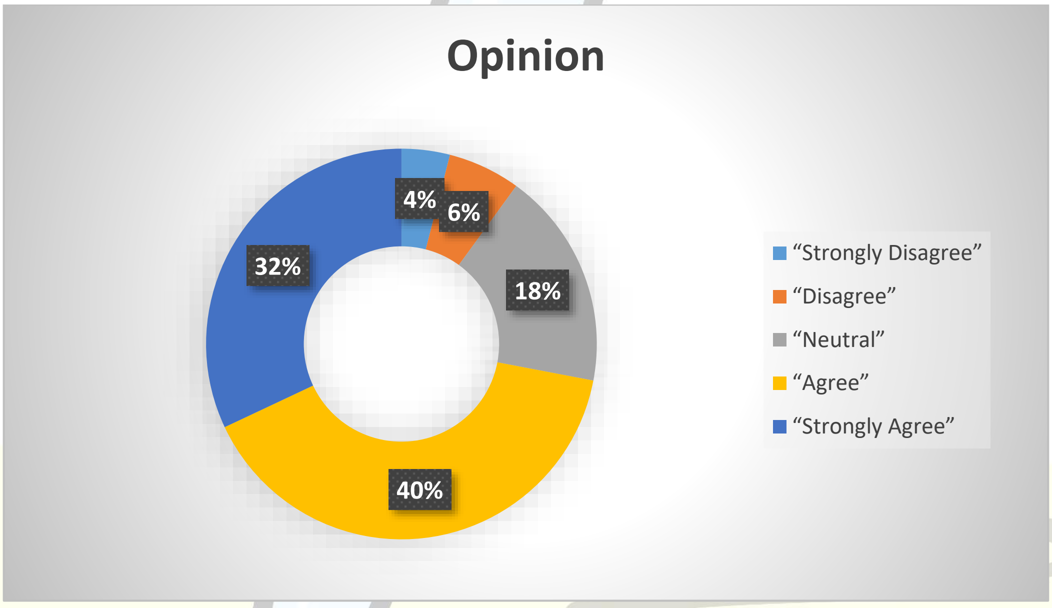
The data reveals that 76% of respondents agree or strongly agree that inadequate financial infrastructure discourages small businesses from entering export markets, highlighting a significant structural barrier that affects their global trade participation.

18. Subsidies and incentives available for small exporters are not well communicated.

Table no. 5.18

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	4	4%
“Disagree”	6	6%
“Neutral”	18	18%
“Agree”	40	40%
“Strongly Agree”	32	32%
“Total”	100	100%

Chart no. 5.18



Interpretation:

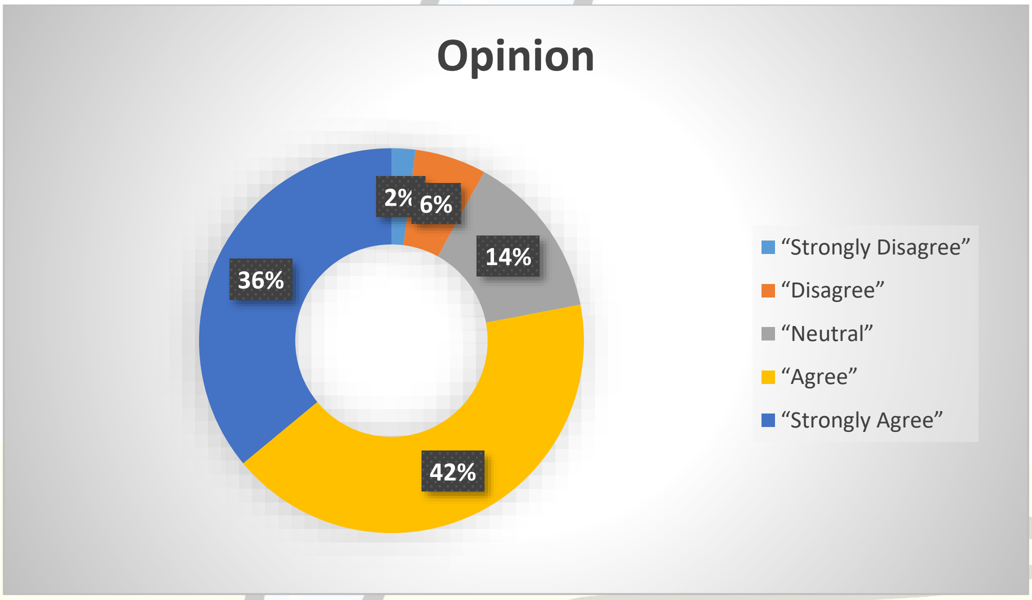
The data shows that 72% of respondents agree or strongly agree that subsidies and incentives for small exporters are not well communicated, indicating a major communication gap that may prevent businesses from utilizing available government support effectively.

19. My enterprise would export more if better financial support was available.

Table no. 5.19

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	2	2%
“Disagree”	6	6%
“Neutral”	14	14%
“Agree”	42	42%
“Strongly Agree”	36	36%
“Total”	100	100%

Chart no. 5.19



Interpretation:

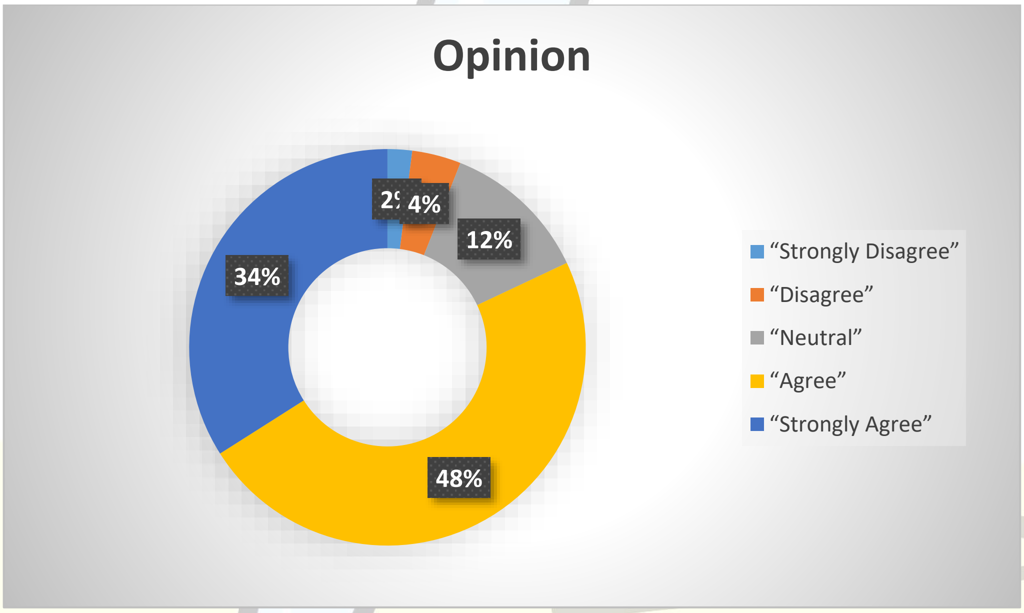
The data indicates that 78% of respondents agree or strongly agree that their enterprise would export more if better financial support were available. This highlights the strong positive correlation between improved financial assistance and the potential for increased export activity among small enterprises.

20. Financial barriers have directly affected the growth of my export business.

Table no. 5.20

“Opinion”	“No. of Respondents”	“Percentage”
“Strongly Disagree”	2	2%
“Disagree”	4	4%
“Neutral”	12	12%
“Agree”	48	48%
“Strongly Agree”	34	34%
“Total”	100	100%

Chart no. 5.20



Interpretation:

The data reveals that 82% of respondents agree or strongly agree that financial barriers have directly affected the growth of their export business, strongly reinforcing the conclusion that financial constraints are a critical impediment to export expansion for small enterprises.

CHAPTER 6

LIMITATIONS

The limitations of the study include:

- The study is limited to a sample size of 100 respondents, which may not fully represent all small enterprises.
- Data collection was confined to a 45-day period, which may not capture seasonal export trends.
- The use of convenient sampling may introduce selection bias.
- The study relies on self-reported data, which may be subject to respondent bias.
- Only financial barriers were considered, while other non-financial factors affecting exports were excluded.
- The geographic scope of respondents may be limited, affecting the generalizability of results.

CHAPTER 7

FINDINGS, SUGGESTIONS AND CONCLUSION

7.1. Findings of the Study:

- A significant portion of small enterprises (50%) face challenges in accessing export finance, with procedural complexity and limited institutional support being key issues.
- Lack of collateral was identified as a major reason for loan rejections, with 74% of respondents agreeing this limits their ability to secure export-related funding.
- High interest rates emerged as a critical deterrent, discouraging 80% of small enterprises from availing export credit.
- 78% of respondents believe that the process of obtaining export finance is too lengthy and complicated, impacting their ability to respond to international opportunities.
- Nearly half of the respondents (46%) admitted a lack of awareness about government export financing schemes, indicating a need for improved communication and outreach.
- Limited working capital restricts the ability to fulfill large export orders for 78% of the enterprises surveyed.
- 68% of businesses reported serious cash flow issues due to delayed payments from international buyers.
- 56% of respondents found transaction and documentation costs for exports unaffordable, adding financial pressure on small exporters.
- Export insurance and guarantee schemes are perceived as inaccessible by 56% of the respondents, reducing their willingness to take export risks.
- 36% of participants have faced bank loan rejections due to the perceived high risk in exports, showing cautious lending practices towards small exporters.
- Support from financial institutions is considered insufficient by 58% of first-time exporters, reflecting a gap in nurturing new entrants in international trade.
- Only 44% of respondents are aware of financial assistance offered by government agencies, showing moderate awareness among the target group.

- 80% of respondents indicated that foreign exchange volatility impacts their decision to export, making currency fluctuations a key concern.
- The absence of professional financial advisory services limits export planning for 56% of small businesses.
- 76% of respondents feel that inadequate financial infrastructure discourages them from entering export markets.
- 72% believe that subsidies and incentives for exporters are not well communicated, leading to underutilization of support schemes.
- 78% of respondents stated they would increase their export activity if better financial support were available.
- A strong 82% confirmed that financial barriers have directly affected the growth of their export business, establishing a clear link between financial constraints and limited export expansion.

7.2. Inferences

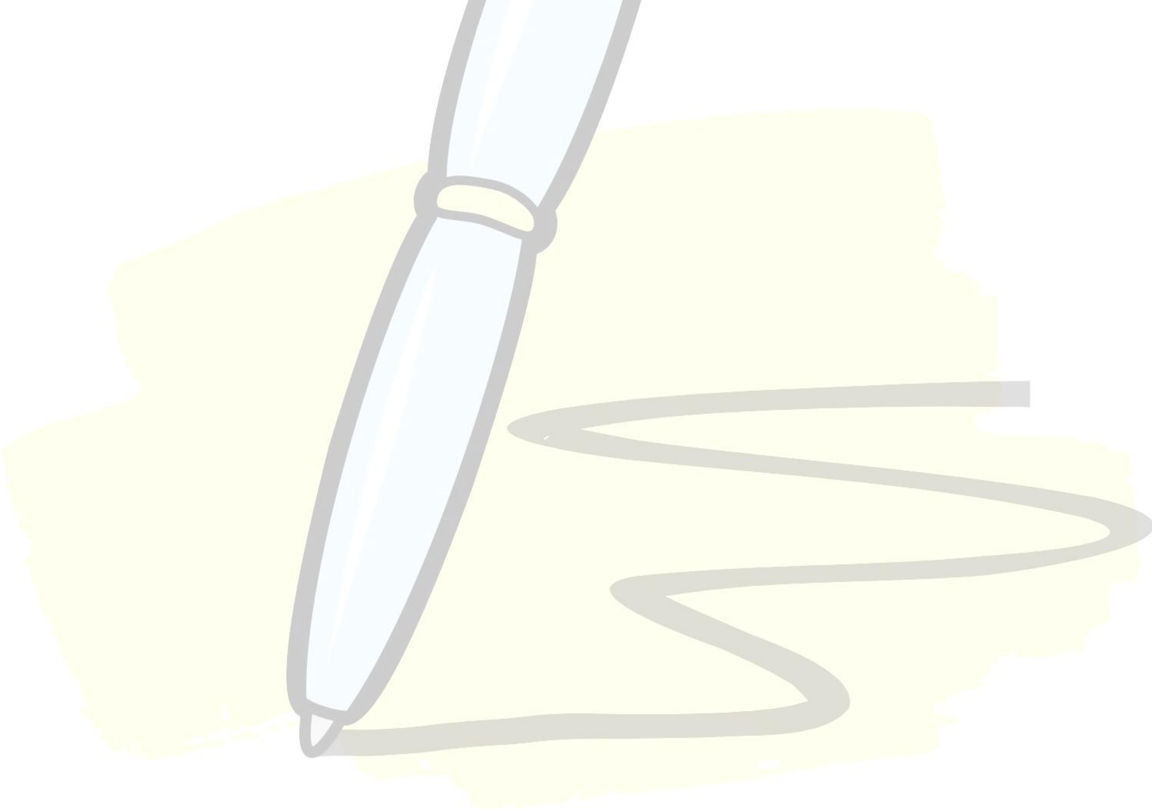
- Access to export finance remains a widespread challenge for small enterprises.
- Collateral requirements and high interest rates are major deterrents to securing export credit.
- Procedural delays and complex documentation discourage timely financing.
- Many small businesses are unaware of available government financial support schemes.
- Working capital limitations restrict the ability to scale export operations.
- Delayed international payments contribute to cash flow instability.
- Export-related costs are perceived as unaffordable by a majority of small firms.
- Financial barriers have a direct and significant impact on export growth potential.

7.3. Recommendations

- Simplify export finance procedures to make them more accessible and less time-consuming for small enterprises.
- Relax collateral requirements and promote alternative credit assessment models for small exporters.
- Lower interest rates or offer subsidized export credit to ease the cost burden on small businesses.
- Enhance awareness programs about government schemes and financial assistance through workshops, digital platforms, and trade associations.
- Strengthen working capital support through flexible credit lines and export factoring services.
- Establish faster payment mechanisms and encourage the use of export credit insurance to manage delayed payments.
- Reduce transaction and compliance costs by digitizing documentation and streamlining regulatory procedures.
- Promote financial advisory services tailored to small exporters for better financial planning and risk management.

7.4. Conclusion

The study concludes that financial barriers significantly hinder the export growth of small enterprises. Key challenges such as limited access to finance, high interest rates, collateral requirements, procedural complexities, and lack of awareness about government schemes collectively restrict the ability of small businesses to expand in global markets. The findings highlight that a majority of small exporters face cash flow issues, struggle with working capital constraints, and are adversely affected by foreign exchange volatility and high transaction costs. Moreover, inadequate support from financial institutions and limited accessibility to export insurance and advisory services further intensify these challenges. Addressing these financial constraints through targeted policy interventions, simplified procedures, and increased outreach can substantially enhance the export potential and global competitiveness of small enterprises.



SUMMARY OF THE PROJECT REPORT

This project report titled **"A Study on the Financial Barriers Hindering Export Growth in Small Enterprises"** explores the critical financial constraints that limit the ability of small businesses to expand in international markets. Small enterprises are instrumental in driving industrial growth and contributing to exports, yet they often face significant challenges when attempting to enter or grow in global trade. Financial issues such as limited access to credit, high interest rates, procedural complexities, and lack of awareness about support schemes hinder their export potential. These barriers not only affect their operational efficiency but also reduce their competitiveness on the international stage.

The study adopts a descriptive research design and is based on both qualitative and quantitative approaches. Primary data was collected using a structured Likert-scale questionnaire distributed among 100 respondents from various small enterprises engaged in exports. Convenient sampling technique was used, and the responses were analyzed using percentage analysis, supported by tables and pie charts. Secondary data was gathered from government reports, trade journals, and online resources to provide a broader context and validate the findings.

The key findings indicate that a majority of small enterprises struggle with collateral requirements, high interest rates, delayed payments from buyers, and a lack of awareness regarding government financial assistance schemes. About 82% of the respondents confirmed that financial barriers have directly impacted the growth of their export business. Additionally, procedural complexities and inadequate financial infrastructure were also identified as major impediments. The study further revealed a communication gap between support initiatives and their intended beneficiaries, which limits the effectiveness of existing policies.

Based on the findings, the study suggests simplifying export finance processes, improving communication regarding government schemes, offering subsidized credit, and enhancing the availability of financial advisory services tailored for small exporters. It also recommends strengthening working capital support and reducing export-related compliance costs to improve operational capacity and competitiveness.

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ANNEXURE

QUESTIONNAIRE

1. Designation of the Respondent:
   a) Owner
   b) Manager
   c) Export Executive

2. Export Experience:
   a) Less than 1 year
   b) 1–3 years
   c) 4–6 years
   d) 7–10 years
   e) More than 10 years

3. Access to export finance is a major challenge for my business.
   a) Strongly Disagree
   b) Disagree
   c) Neutral
   d) Agree
   e) Strongly Agree

4. Lack of collateral is a significant reason for loan rejections from financial institutions.
   a) Strongly Disagree
   b) Disagree
   c) Neutral
   d) Agree
   e) Strongly Agree

5. High interest rates discourage small enterprises from availing export credit.
   a) Strongly Disagree
   b) Disagree

c) Neutral

d) Agree

e) Strongly Agree

6. The process of obtaining export finance is too lengthy and complicated.

a) Strongly Disagree

b) Disagree

c) Neutral

d) Agree

e) Strongly Agree

7. My business lacks awareness about available government export financing schemes.

a) Strongly Disagree

b) Disagree

c) Neutral

d) Agree

e) Strongly Agree

8. Limited working capital restricts our ability to fulfill large export orders.

a) Strongly Disagree

b) Disagree

c) Neutral

d) Agree

e) Strongly Agree

9. Delayed payments from international buyers create serious cash flow issues.

a) Strongly Disagree

b) Disagree

c) Neutral

d) Agree

e) Strongly Agree

10. Transaction and documentation costs for exports are unaffordable for small enterprises.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

11. Export insurance and guarantee schemes are not easily accessible to small businesses.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

12. My business has faced rejection from banks due to perceived high risk in exports.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

13. Support from financial institutions is insufficient for first-time exporters.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

14. I am aware of the export-related financial assistance provided by government agencies.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

15. High foreign exchange volatility impacts our decision to export.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

16. The lack of professional financial advisory limits our export planning.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

17. Inadequate financial infrastructure discourages small businesses from entering export markets.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

18. Subsidies and incentives available for small exporters are not well communicated.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

19. My enterprise would export more if better financial support was available.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree

e) Strongly Agree

20. Financial barriers have directly affected the growth of my export business.
    a) Strongly Disagree
    b) Disagree
    c) Neutral
    d) Agree
    e) Strongly Agree

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