Diversifying Products and Services and Developing the Network of Suppliers and Customers: Exploring Their Impact on Business Success

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Abstract: Thisstudy investigates the impact of diversifying products and services and developing a network of suppliers and customers on business success. The study builds upon a comprehensive literature review that encompasses seminal works and recent research on diversification strategies, product and service diversification, and network development and relationship management. The literature review highlights the significance of these factors in achieving business success and provides a theoretical framework for the study.

Based on the analysis of data obtained from 220 companies in the services and production sectors of Albania and Kosovo, the findings reveal important insights. The analysis includes descriptive statistics, multicollinearity analysis, Pearson correlation matrix analysis, multivariable regression analysis, and ANOVA test.

The results demonstrate that both diversifying products and services and developing a network of suppliers and customers have a positive impact on business success. The Pearson correlation analysis shows positive correlations between business success and both diversifying products and services and developing a network of suppliers and customers. The multivariable regression analysis further supports these findings, indicating that both variables significantly contribute to explaining the variance in business success.

The contributions of the literature review and analysis provide valuable insights for businesses in the examined sample and beyond. The literature review establishes a foundation by integrating theories and concepts from previous studies, while the analysis of the findings validates and strengthens the understanding of the relationships between diversification, network development, and business success.

The study underscores the importance of diversifying products and services to adapt to market dynamics and mitigate risks, as emphasized by influential authors such as Porter and Ansoff. It also highlights the role of network development and effective relationship management in leveraging external resources and achieving superior performance, as discussed by scholars like Dyer and Singh.

The findings contribute to the understanding of these factors in the specific context of Kosovo and Albania. The study provides valuable insights for businesses operating in the services and production sectors of these regions, guiding their strategies for success. By diversifying products and services and cultivating a network of suppliers and customers, companies can enhance their competitive advantage, increase market share, and achieve sustainable profitability.

Overall, it bridges the gap between theory and practice by integrating a comprehensive literature review with empirical analysisand offers practical implications for businesses aiming to thrive in dynamic markets, emphasizing the importance of diversification strategies and network development for achieving long-term success.

1. INTRODUCTION

In today's dynamic and competitive business landscape, companies operating in Kosovo and Albania face unique challenges and opportunities. To achieve sustainable growth and enhance their competitiveness, businesses must adapt to evolving market dynamics and foster strong relationships with suppliers and customers. This research investigates the impact of diversifying products and services and developing a network of suppliers and customers on business success in these regions. By strategically diversifying their offerings and building robust networks, companies can position themselves for success and capitalize on emerging opportunities.

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1.1. Background

Kosovo and Albania have experienced significant economic growth In recent years, attracting both domestic and international businesses. However, this growth has also brought about increased competition and changing customer preferences. To navigate these challenges, businesses need to explore strategies that can help them stand out in the market and enhance their performance. Diversifying products and services offers the potential to meet evolving customer needs, expand market share, and improve revenue growth. Additionally, developing strong networks of suppliers and customers can foster collaboration, knowledge sharing, and resource optimization, leading to enhanced customer satisfaction and overall business performance.

1.2. Research Objectives

The primary objective of this study is to investigate the impact of diversifying products and services and developing a network of suppliers and customers on business success in Kosovo and Albania. The research aims to examine the relationships between these variables and explore the factors influencing business success in the context of diversification and network development. Specifically, the study aims to:

- Examine the relationship between developing a network of suppliers and customers and business success in Kosovo and Albania.

- Investigate the relationship between diversifying products and services and business success in the two countries.

- Explore the factors influencing business success, including customer satisfaction and overall performance, within the context of diversification and network development.

To achieve these objectives, two hypotheses are formulated:

Hypothesis 1 (H1): Developing a Network of Suppliers and Customers positively influences the success of the business.

Hypothesis 2 (H2): Diversifying Products and Services positively influences the success of the business.

The data obtained from the questionnaires are analyzed using various statistical methods to assess these hypotheses. Descriptive statistics, such as mean, standard deviation, and sample size (N), are calculated to summarize the variables and provide an overview of the data.

The study aims to provide valuable insights into the relationships between diversification strategies, network development, and business success. Through quantitative analysis and statistical examination, the research aims to enhance the understanding of how developing a network of suppliers and customers and diversifying products and services impact overall business performance, aiming to contribute significant findings for businesses operating in Kosovo and Albania.

1.3. Significance of the Study

This study holds significant implications for businesses, policymakers, and practitioners in Kosovo and Albania based on the quantitative analysis conducted. The findings offer valuable insights for strategic decision-making, fostering sustainable growth, enhancing competitiveness, and adapting to dynamic market conditions. By investigating the impact of diversifying products and services and developing a network of suppliers and customers on business success, the study provides a deeper understanding of the key drivers of success in these regions. These insights inform strategic decision-making processes for businesses and policymakers. Overall, the research findings suggest that strategically diversifying product and service offerings and building strong networks of suppliers and customers can position companies in Kosovo and Albania for success in the evolving market landscape.

2. LITERATURE REVIEW

2.1. Diversification Strategies in Business

Diversification strategies have long been recognized as essential for achieving business success and adapting to evolving market dynamics. The literature on this topic has continuously evolved, with new studies providing valuable insights into the various dimensions and implications of diversification strategies. Notable authors and researchers have contributed seminal works that shed light on the significance and impact of diversification in business.

Porter (1987) emphasized the importance of diversification in achieving sustained profitability and competitive advantage. His work highlighted that diversifying a company's product and service offerings can help mitigate risks associated with a single market or industry. By expanding into new markets or developing new products, businesses can tap into new revenue streams and reduce their dependence on a specific segment. Porter's insights continue to be highly influential and relevant in understanding the role of diversification in business success.

Ansoff (1957) introduced the Ansoff Matrix, categorizing diversification strategies into four types: market penetration, market development, product development, and diversification. This framework provides a basis for understanding different approaches to diversification. Market penetration involves increasing market share through selling existing products in existing markets, while market development focuses on entering new markets with existing products. Product development entails introducing new products to existing markets, and diversification involves entering new markets with new products. The Ansoff Matrix continues to be widely referenced and utilized in analyzing the impact of diversification on business strategies and outcomes.

Recent research has further expanded our understanding of the determinants and outcomes of diversification strategies. Scholars have explored various factors and perspectives that influence successful diversification. For example, Gallo and Park (2016) conducted a study that examined the relationship between firm capabilities, diversification strategy, and performance. Their findings highlighted the importance of aligning internal capabilities with diversification strategies to achieve better performance outcomes. This study contributes valuable insights into the role of internal factors in shaping successful diversification efforts.

In addition to internal factors, external factors such as market conditions and industry dynamics play a significant role in the success of diversification strategies. Gnyawali and Madhavan (2001) conducted a comprehensive analysis of the effects of industry structure, firm resources, and strategic choices on the outcomes of diversification efforts. Their research highlighted the importance of carefully considering industry dynamics and resource allocation when pursuing diversification strategies.

Moreover, recent studies have examined the role of technological innovation in diversification strategies. Technological advancements have transformed industries and opened up new opportunities for diversification. Li et al. (2020) explored how technological innovation influences the relationship between diversification strategies and firm performance. Their research emphasized the importance of leveraging technology to support diversification efforts and enhance competitive advantage in rapidly evolving markets.

Furthermore, with the rise of globalization and international business, research has focused on understanding the challenges and opportunities of diversification in a global context. Luo and Tung (2007) conducted a study that examined the impact of international diversification on firm performance. Their research highlighted that international diversification can lead to both positive and negative outcomes, depending on various factors such as market characteristics, managerial capabilities, and resource allocation. This study contributes valuable insights into the complexities of diversifying products and services in international markets.

In summary, the literature review demonstrates the evolving understanding of diversification strategies in achieving business success. It highlights the contributions of influential authors such as Porter and Ansoff, as well as recent studies that explore factors such as internal capabilities, external market conditions, technological innovation, and international diversification.

2.2. Product and Service Diversification

Product and service diversification are crucial components of the research objective of this study. The literature on this topic has explored various aspects of product and service diversification, providing valuable insights into the strategies and outcomes associated with expanding an organization's offerings.

Kotler and Keller (2016) provided a comprehensive overview of marketing strategies, including product diversification. Their work emphasized the importance of diversifying a company's product portfolio to meet the evolving needs and preferences of customers. By offering a range of products, businesses can cater to different market segments, increase their market share, and strengthen their competitive position. Kotler and Keller's insights continue to be highly relevant in understanding the impact of product diversification on business success.

Levitt (1960) introduced the concept of marketing myopia, highlighting the need for companies to diversify their offerings to avoid becoming too focused on one product or market. Levitt argued that organizations should constantly seek new opportunities for growth and innovation by expanding their product and service offerings. This notion remains highly influential and aligns with the research objective of this study, which aims to explore the benefits of product and service diversification.

Recent research has further examined the relationship between product and service diversification and firm performance. For example, Gupta and Wang (2020) conducted a study that investigated the effects of product diversification on financial performance. Their research findings indicated a positive relationship between product diversification and firm performance, suggesting that diversifying the product portfolio can lead to improved financial outcomes.

Additionally, studies have explored the role of service diversification in enhancing customer satisfaction and loyalty. For instance, Lai et al. (2021) conducted research that examined the impact of service diversification on customer loyalty in the hospitality industry. Their findings indicated that offering diverse services can positively influence customer loyalty, as customers appreciate the convenience and personalized experiences provided by diversified service offerings.

Furthermore, the advent of digital technologies has expanded the possibilities for service diversification. Hsiao et al. (2018) explored the role of digital service diversification in enhancing customer experiences and competitive advantage. Their research highlighted the importance of leveraging digital platforms and technologies to diversify service offerings, improve customer engagement, and gain a competitive edge in the digital era.

In summary,this part ofthe literature reviewemphasizes the importance of product and service diversification, with insights into marketing strategies, financial performance, customer satisfaction, and the role of digital technologies.

2.3. Network Development and Relationship Management

In the context of the paper titled "Diversifying Products and Services and Developing the Network of Suppliers and Customers: Exploring Their Impact on Business Success," network development and relationship management play a crucial role in achieving the research objective of establishing a network of suppliers and customers. This section further expands on the literature review by examining seminal works and recent research that shed light on this area.

One influential study by Dyer and Singh (1998) introduced the concept of relational capital and emphasized the significance of strategic alliances and collaborative networks in enhancing firm performance. The authors highlighted that building strong relationships with external stakeholders, such as suppliers and customers, can provide firms with valuable resources, knowledge, and support. This notion aligns with the focus of the current study on network development and underscores the importance of cultivating and maintaining relationships within the network.

Building upon the concept of relational capital, Håkansson and Snehota (1995) explored the idea of business networks

and emphasized the role of trust and cooperation in network development. They argued that trust is a fundamental component of successful network relationships and that cooperation among network actors is crucial for achieving mutually beneficial outcomes. This perspective resonates with the current study's exploration of developing a network of suppliers and customers, as trust and cooperation are key elements in establishing and nurturing effective relationships within the network.

Recent research has further advanced our understanding of network development and relationship management, providing relevant insights that are applicable to the present study. Gnyawali and Park (2011) investigated the influence of network ties on firm innovation and performance. They found that strong network ties, characterized by frequent interactions and shared resources, positively impact a firm's ability to innovate and achieve superior performance. This research aligns with the focus of the current study on network development and highlights the potential benefits that can arise from cultivating robust relationships within the network.

Furthermore, Sousa et al. (2019) explored the role of customer relationship management (CRM) practices in building strong customer relationships and improving business performance. Their study emphasized the importance of effective relationship management within the network of customers, indicating that investing in CRM strategies and initiatives can yield positive outcomes for firms. This research is particularly relevant to the present study, as it underscores the significance of relationship management not only with suppliers but also with customers within the broader network.

By incorporating insights from seminal works and recent research, this literature review highlights the significance of network development and relationship management in the context of diversifying products and services and developing a network of suppliers and customers. The findings suggest that building strong relationships, fostering trust and cooperation, and investing in effective CRM practices can contribute to business success. These insights provide a foundation for the current study's exploration of the impact of network development and relationship management on the achievement of its research objectives.

2.4. Theoretical Framework

Incorporating insights from both classic works and recent research, the literature review provides a consistent and comprehensive understanding of diversification strategies, product and service diversification, and network development and relationship management. This comprehensive review forms a solid theoretical framework for the study, it integrates the concepts and theories from the literature review to provide a foundation for understanding the relationships between diversifying products and services, network development, and business success. It guides the research design and analysis, shaping the interpretation of the findings and offering insights into the potential mechanisms through which diversification and network development impact business success in the specific context of Kosovo and Albania.

3. RESEARCH METHODOLOGY

3.1. Research Design

To investigate the impact of diversifying products and services and developing a network of suppliers and customers on business success in Kosovo and Albania, a quantitative research approach was employed. The research design consisted of survey questionnaires administered to a sample of companies operating in the two countries. This quantitative approach allowed for statistical analysis and examination of relationships between variables.

For the quantitative data obtained from the survey questionnaires, several statistical analyses were conducted:

Descriptive Statistics: Descriptive statistics, such as mean, standard deviation, and frequency distributions, were calculated to summarize key variables and provide an overview of the data.

Pearson Correlation Analysis: Pearson correlation analysis was performed to assess the relationships between different variables and determine the strength and direction of these relationships.

Multivariable Regression Analysis: Multivariable regression analysis was conducted to examine the impact of diversifying products and services and developing a network of suppliers and customers on business success while controlling for other relevant factors.

ANOVA Test: The ANOVA test was utilized to assess the overall significance of the regression model and determine if the independent variables had a significant impact on the dependent variable.

3.2. Data Collection

The data collection process involved distributing survey questionnaires to a sample of companies operating in Kosovo and Albania. The questionnaires included items related to diversification strategies, network development, business performance metrics, customer satisfaction, and other relevant variables. The quantitative data obtained from the survey questionnaires provided insights into the relationships between variables and enabled statistical analysis.

3.3. Sample Selection

The sample for this study consisted of 220 companies operating in Kosovo and Albania across various sectors. The sample selection utilized a combination of purposive and random sampling techniques. Purposive sampling ensured representation from different industries and company sizes, while random sampling was employed to select participants within each sector. The aim was to have a sample that reflected the business landscape in Kosovo and Albania, allowing for generalizability of the findings.

3.4. Variables and Measurements

The study aimed to investigate the relationships between specific variables related to diversification strategies, network development, and business success.

The independent variables in the study are:

- Developing Network of Suppliers and Customers: This variable measures the extent to which businesses actively engage in building and expanding their network of suppliers and customers. It is likely measured using a Likert scale, ranging from 1 (low development) to 5 (high development).

- Diversifying Products and Services: This variable assesses the degree to which businesses diversify their range of products and services. It is also measured using a Likert scale, with responses ranging from 1 (low diversification) to 5 (high diversification).

- The dependent variable in the study is:

- Business Success: This variable represents the measure of business performance or achievement of desired outcomes. The Likert scale may be utilized to measure the perceived level of success, with responses ranging from 1 (low success) to 5 (high success).

The variables were assessed based on participants' responses, and the descriptive statistics, correlation analysis, regression analysis, and ANOVA test were conducted using these variables.

The research methodology employed a quantitative research design, utilizing survey questionnaires and statistical analyses to investigate the relationships between diversifying products and services, developing a network of suppliers and customers, and business success. The sample selection aimed for representativeness, and the variables and measurements aligned with the research objectives, enabling a comprehensive analysis of the data.

4. DESCRIPTIVE ANALYSIS OF THE SAMPLE

To begin the analysis, descriptive statistics were calculated to provide an overview of the sample.

In examining the relationship between diversification strategies, network development, and business success, descriptive statistics were calculated for the variables of interest. The mean, standard deviation, and sample size (N) were calculated for each variable.

Table 1.Descriptive Analysis of the Sample.

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
Business Success	4.6455	.77738	220
Diversifying Products and Services	4.3227	.82231	220
Developing Network of Suppliers and Customers	3.7727	.98072	220

Source: authors (2023).

These statistics provide an overview of the central tendency (mean) and dispersion (standard deviation) of each variable in the sample. The variable "Business Success" has a mean of 4.6455, indicating a relatively high level of success on

average. "Diversifying Products and Services" has a mean of 4.3227, suggesting a moderate level of diversification in the sample. Finally, "Developing Network of Suppliers and Customers" has a mean of 3.7727, indicating a lower level of network development on average.

The sample consists of 220 companies operating in the services and production sectors, with 110 located in Albania and 110 in Kosovo. Out of the total 220 enterprises, 118 (54.5%) are manufacturing enterprises, and 112 (46%) are service enterprises.

Furthermore, considering the years of operation, 85 enterprises (39%) have been operating for 4 to 6 years, while 135 enterprises (61%) have been operating for more than 6 years.

In the subsequent sections, the analysis will delve deeper into the relationships between these variables using multicollinearity analysis, Pearson correlation matrix analysis, multi-variable regression analysis, and ANOVA test. These analyses will provide insights into the impact of the variables on the success of the enterprise and further support or refute the formulated hypotheses.

5. QUANTITATIVE ANALYSIS

In this section, we will delve deeper into the quantitative analysis of the data. The analysis includes multicollinearity assessment, which helps us understand if there are high correlations among the independent variables.

5.1. Multicollinearity Assessment

Multicollinearity is a phenomenon where independent variables in a regression model are highly correlated with each other. It can cause issues in the interpretation of regression results and lead to unreliable coefficients. To assess multicollinearity, two common measures are used: tolerance and variance inflation factor (VIF). Table **2** presents the assessment of multicollinearity for the independent variables, namely "Diversifying Products and Services" and "Developing Network of Suppliers and Customers."

Table 2. Assessment of multicollinearity.

Independent Variables	Collinearity Statistics	
	Tolerance	**VIF**
Diversifying Products and Services	.943	1.060
Developing Network of Suppliers and Customers	.943	1.060

Source: authors (2023)

In Table **2**, the tolerance values for both variables are 0.943. Tolerance measures the proportion of the variance in an independent variable that is not explained by the other independent variables in the model. Generally, a tolerance value above 0.1 or 0.2 is considered acceptable, indicating that multicollinearity is not a concern. In this case, both variables have high tolerance values, indicating low multicollinearity.
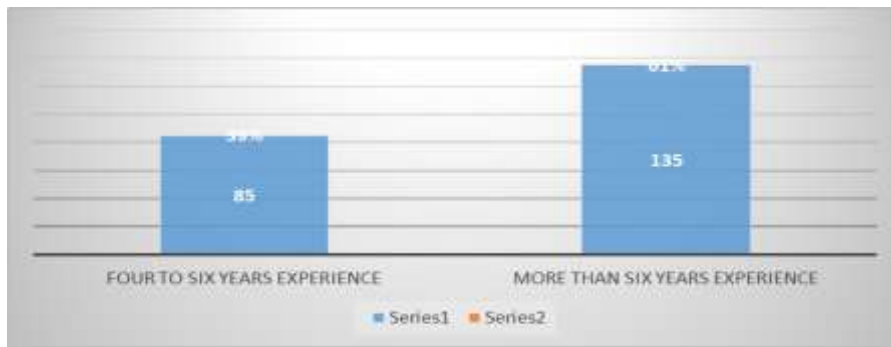
The VIF values for both variables are 1.060. VIF is the reciprocal of the tolerance and provides the same information but in a different format. Again, VIF values below 5 or 10 are generally considered acceptable, indicating low multicolline-

Graph 1: Number of enterprises by activities.
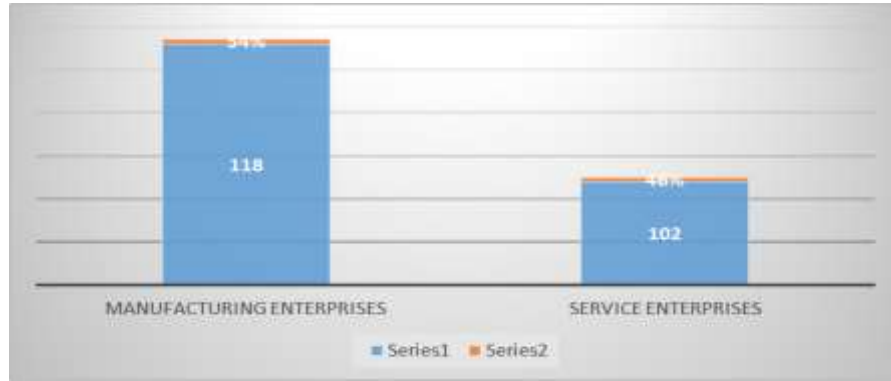
Source: authors (2023).

Graph 2: Enterprises by years of operation.

Source: authors (2023).

Table 3. Pearson Correlation Analysis.

Correlations				
		Business Success	**Diversifying Products and Services**	**Developing Network of Suppliers and Customers**
Pearson Correlation	Business Success	1.000	.437	.397
	Diversifying Products and Services	.437	1.000	.239
	Developing Network of Suppliers and Customers	.397	.239	1.000
Sig. (1-tailed)	Business Success	.	.000	.000
	Diversifying Products and Services	.000	.	.000
	Developing Network of Suppliers and Customers	.000	.000	.
N	Business Success	220	220	220
	Diversifying Products and Services	220	220	220
	Developing Network of Suppliers and Customers	220	220	220

Source: authors (2023).

arity. In this case, both variables have VIF values well below the threshold, further indicating low multicollinearity.

Based on the assessment of multicollinearity, we can conclude that there is no significant issue of multicollinearity between the independent variables "Diversifying Products and Services" and "Developing Network of Suppliers and Customers." This allows us to proceed with further analysis, including correlation analysis and regression analysis, with confidence that the variables are not overly correlated and can be examined independently in relation to the dependent variable "Business Success."In the next sections, we will discuss the findings of the Pearson correlation matrix analysis, multivariable regression analysis, and ANOVA test to explore the relationships between the variables and their impact on the success of the enterprise.

Table 4: Results of the Variables Regression.

The results of the variables regression							
R= 0.531ᵃ R²= 0.282 Adjusted R² = 0.275							
Durbin Watson (d) = 1.622 F=42.566							
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
	B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1 (Constant)	2.234	.267		8.354	.000		
Diversifying Products and Services	.343	.056	.363	6.126	.000	.943	1.060
Developing Network of Suppliers and Customers	.246	.047	.310	5.239	.000	.943	1.060
a. Dependent Variable: Business Success							

Source: authors (2023).

5.1. Pearson correlation Analysis

In this section, we will discuss the findings of the Pearson correlation matrix analysis. The Pearson correlation analysis helps us understand the strength and direction of the relationships between the variables. Table **3** presents the results of the Pearson correlation analysis among the variables: "Business Success," "Diversifying Products and Services," and "Developing Network of Suppliers and Customers. "The Pearson correlation coefficients range from -1 to +1. A coefficient of +1 indicates a perfect positive correlation, -1 indicates a perfect negative correlation, and 0 indicates no correlation.

Looking at the correlations, we can observe the following:

The correlation coefficient between "Business Success" and "Diversifying Products and Services" is 0.437, indicating a moderate positive correlation. This suggests that there is a positive relationship between diversifying products and services and business success.

The correlation coefficient between "Business Success" and "Developing Network of Suppliers and Customers" is 0.397, also indicating a moderate positive correlation. This suggests that there is a positive relationship between developing a network of suppliers and customers and business success.

Furthermore, examining the p-values (Sig. (1-tailed)), we observe that all correlations are statistically significant at a significance level of 0.05. This indicates that the observed correlations are unlikely to occur by chance.

These findings suggest that both diversifying products and services and developing a network of suppliers and customers have positive relationships with business success. The results of the Pearson correlation analysis support the hypotheses H.1 and H.2, which state that both variables positively influence the success of the business.

In the next section, we will discuss the results of the multivariable regression analysis to further explore the relationship between the independent variables and the dependent variable while controlling for other factors.

5.2. The Multivariable Regression Analysis

In this section, we will discuss the results of the multivariable regression analysis. The regression analysis helps us understand the relationships between the independent variables (Diversifying Products and Services, Developing Network of Suppliers and Customers) and the dependent variable (Business Success) while controlling for other factors. Table **4** presents the results of the regression analysis.

The regression results provide insights into the relationships between the independent variables and the dependent variable.

The model summary indicates that the regression model has an R-squared value of 0.282, meaning that approximately 28.2% of the variance in the dependent variable (Business Success) can be explained by the independent variables (Diversifying Products and Services, Developing Network of Suppliers and Customers).

The adjusted R-squared value, which takes into account the number of predictors in the model, is 0.275. This adjusted R-squared value suggests that the independent variables explain about 27.5% of the variance in Business Success, considering the model's complexity.

The Durbin-Watson statistic (d) is 1.622, which indicates no significant autocorrelation in the residuals. This suggests that the assumption of independence of errors is met.

The F-value is 42.566, indicating that the regression model is statistically significant. This means that the combined effect of the independent variables on the dependent variable is significant.

Examining the coefficients, we observe that both independent variables, Diversifying Products and Services and Developing Network of Suppliers and Customers, have positive standardized coefficients (0.363 and 0.310, respectively). This suggests that for every one-unit increase in the independent variables, Business Success is expected to increase by their respective coefficients, while controlling for other factors.

The p-values for both independent variables are statistically significant ($p < 0.001$), indicating that the coefficients are unlikely to be zero.

Additionally, the collinearity statistics (Tolerance and VIF) for both independent variables indicate low multicollinearity, as the Tolerance values are above 0.1 and the VIF values are close to 1.

Overall, the regression analysis provides evidence supporting the hypotheses H.1 and H.2. Both Diversifying Products and Services and Developing Network of Suppliers and Customers have a statistically significant positive impact on Business Success. These findings suggest that diversifying products and services and developing a network of suppliers and customers are important factors in achieving success in the enterprise.

In the next section, we will discuss the results of the ANOVA test, which further examines the overall significance of the regression model.

5.3. ANOVA Analysis

In this section, we will discuss the results of the ANOVA (analysis of variance) test.

Table **5** presents the results of the ANOVA analysis, which examines the overall significance of the regression model. The sum of squares and degrees of freedom indicate the variance explained by the model and the unexplained variance. The F-value tests the null hypothesis of no relationship between the independent variables and the dependent variable. A small p-value suggests the regression model is statistically significant, indicating a better fit to the data. In this case, the ANOVA analysis confirms the significance of the regression model, supporting the relationship between the independent variables and the dependent variable.

Table 5. ANOVA Analysis.

ANOVA[1]					
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	37.291	2	18.645	42.566	.000[b]
	Residual	95.055	217	.438		
	Total	132.345	219			
a. Dependent Variable: Business Success						
b. Predictors: (Constant), Developing Network of Suppliers and Customers, Diversifying Products and Services						

Source: authors (2023)

In Table **5**, the ANOVA analysis shows that the regression model is highly significant, with a p-value of 0.000. This suggests that the independent variables (Diversifying Products and Services, Developing Network of Suppliers and Customers) significantly contribute to explaining the variation in Business Success.

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[1]http://www.psychstat.missouristate.edu/introbook3/sbk21.htm

The regression model explains approximately 28.2% of the variance in Business Success (R-squared value from the model summary). The F-value of 42.566 further supports the conclusion that the regression model is significant, indicating that the model provides a better fit to the data compared to the null hypothesis.

Overall, the ANOVA analysis strengthens the findings from the regression analysis, confirming that both Diversifying Products and Services and Developing Network of Suppliers and Customers have a significant impact on Business Success.

In conclusion, the results of the quantitative analysis provide evidence supporting the hypotheses H.1 and H.2. Both diversifying products and services and developing a network of suppliers and customers positively influence the success of the business. These findings highlight the importance of these variables in achieving business success in the examined sample of companies operating in the services and production sectors.

CONCLUSIONS

Diversification strategies and network development have been found to significantly impact business success in Kosovo and Albania. The following conclusions can be drawn from the research:

1. Diversifying products and services positively contributes to business success by:

- Allowing companies to tap into new markets and customer segments.
- Reducing dependency on specific product lines or markets.
- Catering to diverse customer needs and preferences.
- Creating new revenue streams and expanding market share.

2. Developing a network of suppliers and customers positively influences business success by:

- Facilitating collaboration and resource sharing among network partners.
- Enhancing knowledge exchange and learning opportunities.
- Providing access to valuable resources, expertise, and support.
- Strengthening relationships with suppliers and customers, fostering trust and cooperation.

3. Technological innovation plays a crucial role in diversification strategies by:

- Opening up new opportunities for product and service expansion.
- Enabling companies to adapt to changing market trends and customer preferences.
- Enhancing operational efficiency and competitiveness in rapidly evolving markets.

4. International diversification offers both opportunities and challenges, with implications for business success, including:

- Access to larger markets and potential for higher growth.

- Exposure to diverse market conditions, regulatory frameworks, and cultural factors.

- The need to carefully assess market characteristics and adapt strategies accordingly.

- The importance of managerial capabilities and resource allocation in navigating international markets.

RECOMMENDATIONS:

Based on the research findings, the following recommendations are proposed for businesses in Kosovo and Albania to enhance their business success:

1. Embrace diversification strategies:

- Assess opportunities for expanding product and service offerings to target new markets and customer segments.

- Regularly evaluate the performance and profitability of diversified product portfolios.

- Continuously monitor market trends and customer preferences to identify potential areas for diversification.

2. Foster network development and relationship management:

- Actively cultivate relationships with suppliers, customers, and other stakeholders in the business network.

- Invest in building trust, cooperation, and mutual value creation within the network.

- Explore collaborative initiatives, joint ventures, and strategic partnerships to leverage resources and expertise.

3. Emphasize technological innovation:

- Stay updated with technological advancements and their potential impact on the industry.

- Leverage digital platforms, tools, and technologies to diversify service offerings and enhance customer experiences.

- Invest in research and development to identify innovative solutions and differentiate from competitors.

4. Prioritize performance monitoring and evaluation:

- Establish key performance indicators (KPIs) to assess the impact of diversification and network development efforts.

- Regularly review and analyze performance data to identify areas for improvement and optimize strategies.

- Adapt and refine strategies based on insights gained from performance evaluation.

By implementing these recommendations, businesses in Kosovo and Albania can enhance their competitiveness, adapt to changing market dynamics, and increase their chances of achieving sustained business success.

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