

ANALYSIS OF THE STATE OF INTERNATIONALISATION OF SMALL AND MEDIUM-SIZED ENTERPRISES IN POLAND

Introduction. Small and medium businesses are the backbone of the economy of each country. They are responsible for generating more than half of gross domestic product and employ more than half of the total number of employees. "The sector of small and medium-sized enterprises in Poland is a dominant force of our economy and a source of growth, innovation, employment and social integration" [1, pp. 1- 9]. In such circumstances, support for opening and running a business is the duty and responsibility of every country. Nowadays it happens, unfortunately, that operating in the formula of small and medium-sized enterprises is not easy, because they must deal with many adversities and barriers on the markets of the home country (unemployment, market saturation, legal barriers, and instability of economic systems, economic fluctuations, and strong competition in the form of holding companies, corporations and chains). This is the reason why many companies in this sector look for opportunities outside their own country. This paper analyzes the state of internationalization of enterprises in Poland. Analyses were based on statistics and data contained in the reports of the Polish Agency for Enterprise Development (the test results contained in these documents refer to the attempted assessment of the broad state of internationalization of Polish companies; the study, commissioned by the Polish Agency for Enterprise Development, was conducted on a sample of 4824 firms), the data published on the website of the Ministry of Economy in Poland, and the data from the Central Statistical Office.

The aim of this study is to analyze and present the reality associated with the state of internationalization of small and medium business, also desire to start a discussion on the state of internationalization in Eastern Europe, particularly in Ukraine. The reason for writing this article is the course of own path of scientific research related to the internationalization processes in Poland and Ukraine. The author has been dealing with this issue for several years, which was reflected in many written articles and three monographs (co-authored).

The concept of internationalization. The issue of internationalization of enterprises from the SME sector is relatively young and dates back to the late nineties of the twentieth century. Despite its not too distant history, the concept has lived to see many definitions that have origins in different fields and disciplines of science, and diverse experiences of researchers who treat it as narrow or broad. The internationalization was treated in a broad sense by J. Rymarczyk [2, p. 19], G. Gierszewska,

B. Wawrzyniak [3, p. 18] and J. Johanson and J.R. Vahlne [4, p. 19-23], who defined the process as any activity undertaken outside the home country. With this definition agrees the author of this study, expanding it by understanding the process as any activity undertaken abroad, but also within the country: with enterprises (entities) collaborating or cooperating with foreign companies [5, p. 24]. For J. Schumpeter this concept is associated with the characteristics of organizational innovativeness [6, p. 93], while for E.A. Dornberg internationalization is a statistical phenomenon [7, p. 93]. Internationalization is also widely treated by G. Gierszewska and B. Wawrzyniak who describe it as an overall flow of production factors between countries [3, p. 17-21]. In some ways this is similar to the understanding of the definition as any activity undertaken in the framework of international cooperation. N. Daszkiewicz is of the opinion that internationalization should not be associated with globalization or export [8, pp. 14-15]. Relatively common in Poland is the definition of the internationalization process according to the criteria of the OECD report, according to which international companies are those that acquire at least 10% but less than 40% of production factors from abroad and at least 10% but less than 40% of revenues from abroad [9]. This significantly reduces regarding many companies as international. Such an approach, however, does not preclude the validity of naming the companies that do not meet these criteria, but are cooperating with foreign countries, as ones that are subject to a process of internationalization.

The pace of internationalization, according to B. Nogalski, depends on the possession of advanced technologies and the entrepreneurial managers with the highest competence [10]. It is difficult to measure the strength and degree of internationalization of the company. This requires the use of a number of quantitative and qualitative indicators. J. Rymarczyk proposed several such indicators, to assist in the study of the intensity of the process of internationalization [2, p. 24]:

- The number of supported foreign markets;
- The share of profits from abroad in total profit of the company;
- The share of the book value of assets abroad in the total assets of the company;
- The share of the company and its products in foreign markets;
- The scale of foreign direct investment;

- The share of workers employed abroad in the company's total employment.

The internationalization of companies in Poland- analysis of the current state. Estimates based on sources of the Central Statistical Office (GUS) in Poland and Final Reports of Polish Agency for Enterprise Development (PARP) show that only every fifth company (21.4%) is linked cooperatively with foreign markets [11, p. 10]. These data indicate that the estimated number of Polish internationalized companies is approx. 165 thousand. [12; 11, p. 10]. More than half of large companies (57.9%) operate internationally, but they represent only 1.1% of all companies that operate internationally in any form. The level of internationalization of SMEs is 21,1%, indicating that companies do not make sufficient use of the potential of international expansion [11, p. 10].

The research conducted for PAED also shows that Polish companies are primarily focused on simple forms of links with foreign markets. Nine out of ten internationalized companies (92.2%) conduct either export trade, accounting for 63.9% of all internationally active and 13.7% of all enterprises, or import trade, which accounts for 63.2% of all internationally active and 13.5% of all enterprises. Relatively rare are complex forms of relationships in the process of internationalization of Polish companies [11, p. 10].

On the other hand, contracts for sub-supplies are conducted by 1.2% of enterprises, which represents 5.5% of all internationally active. Customers under contracts for sub-supplies almost double that number (2.2%).

Contracts for the supply of outsourcing services are conducted by less than 1.2% of the studied population (5.5% of internationally active). Customers of outsourcing services represent less than 0.5% of respondents and 2.1% of the companies cooperating with foreign countries.

Another form, which is to provide a license (licensor) accounts only for 0.4% (1.7% internationally active companies). Licensees are a little more and they represent 1.2% of the study population of Polish enterprises (5.6% of all internationally active). The study commissioned by PARO has not identified companies cooperating with foreign partners within the framework of franchise agreements, however management contracts (the companies accepting management orders) represent only 0.2% of the surveyed companies, the companies contracting management - only 0.06%. The situation is similar in the case of foreign direct investment (FDI), for companies that make investments on their own outside the home country, account only for 0.6% (forming subsidiaries - 0.54%, joint venture companies - 0.08%), and among internationally active - 2.5% [11, p. 11].

The study, whose results were included in the analyzed report, concerned the plans in connection with the foreign expansion of domestic entrepreneurs, not con-

ducting business internationally so far. It turns out that every tenth entrepreneur (10.2%) not conducting business internationally (7.9% of the total population of enterprises), plans in the coming years to go beyond the borders of their home country. More than two-thirds of companies in Poland (68.9%) does not conduct business internationally and does not plan to do so in the coming years [11, p. 11]. Noteworthy is the statistics showing that on average over 40% of international companies have operated on one or more foreign markets since their inception.

Among the international companies planning further expansion there are mainly such sectors as transport and storage industrial processing. This is a fairly low percentage of companies with an initiative for further expansion, but it seems that- taking into account the assumptions of the Europe 2020 Strategy, which emphasizes the reconstruction of the production potential - the companies with broadly defined processing are facing their biggest chance for internationalization as compared to other industries.

Considering the geographical areas and directions, it can be seen that almost 80% of Polish exports take place in the countries of the European Union, and the most important partner for Polish international companies is Germany (over 30% of total exports). In second place is the Czech Republic and the United Kingdom in the third, but the export turnover with these countries is much lower than with Germans. In this regard we can still see a slightly positive growth. Serious customers are also the countries directly adjacent to Poland (60% of exports), while the countries of Central and Eastern Europe (Albania, Belarus, Moldova, Russia and Ukraine) represent in this regard about 14%. Whereas 3.5% of Polish exports reaches out to developing countries (Africa, Asia, South and Central America) and, unfortunately, a slightly negative growth can be seen here (in 2016 compared with 2015: from 9.0% to 8.2%) [13].

Detailed analysis of temporary data contained on the pages of the Central Statistical Office, shows the negative dynamics of the export (14th place) and import status (21st place) with neighbouring Ukraine. In 2013, the structure of exports was 2.8%, and in 2014 only 1.9%. The structure of imports decreased from 1.1% (in 2013) to 1.0% (in 2014) [13].

Given the rate of growth of Polish exports, the analysis of the results contained in the Report on the state of small and medium-sized enterprises in Poland in the years 2013-2014 shows that it was one of the highest in the European Union: 331% (2013 compared to 2000) and "Poland reached the fifth, highest in the EU, value of export growth, second only to Lithuania, Slovakia, Latvia and Cyprus" with an average annual increase of about 3% [14, p. 30].

Analysis of issues of Polish imports shows its strong dependence on exports in relation to the general situation prevailing in the European Union. The pace of

change in imports is also affected by the so-called domestic demand, primarily investment. Import growth in 2013 amounted to 100.9%, compared to 98.8% in 2012 and 105.0% in 2011. The dynamics of imports of products to Poland in 2012 had the lowest value since 2003 (not counting the collapse in 2009, when imports fell by one-sixth: 16.4%) [14, p. 30].

The CSO data shows that the average Polish exporter sold abroad in 2013 the goods worth 7.9 million

PLN (the average company in the SME sector - 2.5 million PLN) and exporter of services - the services worth PLN 8.6 million (average SME company - 3.8 million PLN) [15].

The trade between the countries with the highest weight in the export and import in 2015 till October 2016 is presented in table 1.

Table 1

Foreign trade turnover by major countries Source: study based on CSO data [16]

Specification	I-X 2016		2015	2016
	in m EUR	I-X 2015=100	I - X	
		EUR	Structure in %	
EXPORT				
1. Germany	41220,6	101,7	27,1	27,3
2. Czech Republic	9996,8	100,7	6,6	6,6
3. Great Britain	9934,7	99,4	6,7	6,6
4. France	8428,8	100,9	5,6	5,6
5. Italy	7348,7	101,2	4,8	4,9
6. Holland	6603,3	99,3	4,4	4,4
7. Sweden	4359,6	106,7	2,7	2,9
8. Russia	4305,7	100,5	2,9	2,9
9. Spain	4105,1	105,4	2,6	2,7
10. Hungary	4004,5	100,0	2,7	2,7
IMPORT				
1. Germany	34497,3	102,8	22,7	23,6
2. China	17688,7	105,1	11,4	12,1
3. Russia	8545,9	76,9	7,5	5,8
4. Italy	7826,3	97,4	5,4	5,3
5. France	5765,7	102,6	3,8	3,9
6. Holland	5526,5	98,3	3,8	3,8
7. Czech Republic	5277,8	101,2	3,5	3,6
8. the USA	4198,8	106,7	2,7	2,9
9. Belgium	3914,4	107,5	2,5	2,7
10. Great Britain	3801,1	98,0	2,6	2,6

The use of support instruments – Analysis. In the Final Report on the evaluation of export potential of enterprises in Poland we can find information that in the years 2012-2015 the public forms of support were used by 7,6% of the enterprises operating internationally. In detail, the public support for internationalization was used by 6,2% micro-entrepreneurs, 16,7% small companies, 28,5% of medium-sized companies [11, p. 23]. It is a very poor result.

Most often (in 66%), the company benefited from financial support (among all companies benefiting from support), which may include: grants for participation in the business trade fairs (49.9%), grants for elaborating a program for the development of exports (32,4%), reimbursement of costs of obtaining licenses, certificates and attestations in the foreign market (24,0%), financing the publication promoting activity (24,0%), subsidies to insurance contracts (24,0%). Information and promotion support (fairs, shows, trade missions) was used by

31,4% of all companies benefiting from support. Among the instruments of support, which benefited the companies, we can also mention: the inclusion of the offer in the promotional activities of the community / region / country, translation of documents, or placing information about the company in the media. Approximately 10.4% of the companies also benefited from the support of consulting and training in the process of internationalization (general and specialized training, related to conducting business activities outside the home country, preparation of analyzes, verification of the credibility of business partners abroad, assistance in negotiations with partners, legal advice on taxes associated with international activity).

The reasons for the low use of instruments to support internationalization are no such need in the entrepreneurs. This opinion was expressed by as many as 49.2% of respondents (CATI). The next most commonly cited reason for not using the support, is the lack of

knowledge of such support (28%). The following places were: lack of faith in the effectiveness of support (13.6%); lack of relevance to the needs (11,4%); lack of trust in such forms (12.2%). Concern for the quality of support obtainable was expressed by up to 37.2% of respondents [11, p. 23].

Conclusion. The conducted analysis of the state of internationalization of Polish enterprises provide evidence that companies which operate internationally are in a better financial condition than those that do not conduct such activities. There is also a correlation between the tendency to internationalization and the "strength" and the competitive position of the company. Stronger companies more often go international than the weaker ones, but also international companies are - as it was stressed - more stable financially [11, pp. 10-190]. The factor requiring strategic thinking of the Polish government is the directions of foreign expansion, because there is a large area of possible international action for Polish companies. Of course, we can enjoy the fact that Polish companies export products to countries "demanding high quality" and they are not afraid of technical, technological and quality confrontation, but on the other hand, there is a potential of markets unused for the export by these firms. Long-term trend showing an increase in real export and import growth is a positive phenomenon, however, worrying is the low level of other forms of internationalization of enterprises.

Enterprises rarely use the available forms of support from state institutions, the main reason of which is insufficient knowledge on the subject and a general lack of confidence in the quality and efficiency of obtainable support.

Many researchers are of the opinion that internationalization is closely related to entrepreneurship of managers and business owners. Many of them see international chances already at the planning stage of commencing business [17, pp. 23-39]. This attitude and characteristics enable them to identify and assess market opportunities (including foreign markets) and to use the resources to implement the strategy of internationalization, regardless of the geographical location of the company [18, pp. 129-136]. Many researchers believe that entrepreneurs focused on opportunities often go international [19, pp. 105-129].

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Глінківська Б. Аналіз інтернаціоналізації малих і середніх підприємств у Польщі

У статті особливу увагу приділено таким аспектам: 1) висвітленню різних визначень процесу інтернаціоналізації й обґрунтуванню свого власного підходу; 2) аналізу рівня інтернаціоналізації польських компаній та їх форм; 3) дослідженню обсягів експорту та імпорту польських підприємств в якості домінуючих форм інтернаціоналізації; 4) розгляду стратегічних партнерів польських компаній в експортно-імпортних відносинах; 5) аналізу державних форм підтримки в Польщі компаній в здійсненні їх міжнародної експансії; 6) дослідженню використання компаніями різних форм підтримки; 7) розгляду причин недостатнього використання різних форм підтримки бізнесу в здійсненні ним інтернаціоналізації. Автор сподівається, що ця стаття зможе ініціювати наукову дискусію з аналізованої проблеми з акцентом на Україну як особливо важливого партнера Польщі щодо здійснення інтернаціоналізації.

Ключові слова: інтернаціоналізація, зарубіжна експансія, сектор малого та середнього бізнесу, малі та середні підприємства, бізнес.

Глинковская Б. Анализ интернационализации малых и средних предприятий в Польше

В статье особое внимание уделено таким аспектам: 1) освещению различных определений процесса интернационализации и обоснованию своего собственного подхода; 2) анализу уровня интернационализации польских компаний и их форм; 3) исследованию объемов экспорта и импорта польских предприятий в качестве доминирующих форм интернационализации; 4) рассмотрению стратегических партнеров польских компаний в экспортно-импортных отношениях; 5) анализу государственных форм поддержки в Польше компаний в осуществле-

нии их международной экспансии; 6) исследованию использования компаниями различных форм поддержки; 7) рассмотрению причин недостаточного использования различных форм поддержки бизнеса в осуществлении ним интернационализации. Автор надеется, что эта статья сможет инициировать научную дискуссию по анализируемой проблеме с акцентом на Украину как особо важного партнера Польши по осуществлению интернационализации.

Ключевые слова: интернационализация, зарубежная экспансия, сектор малого и среднего бизнеса, малые и средние предприятия, бизнес.

Glinkowska B. Analysis of the State of Internationalisation of Small and Medium-Sized Enterprises in Poland

In the article special attention is focused on the following issues: 1) explanation of the issue of definitional differences of the internationalization process, and presentation of own approach; 2) analyses and presentation of the level of internationalization of Polish companies and their forms; 3) analyses and indication of the level of exports and imports of Polish companies as dominant forms of internationalization in Polish conditions; 4) analyses and identification of the main strategic partners of Polish companies in the area of exports and imports; 5) analyses and presentation of forms of support of state institutions in Poland for companies in their international expansion; 6) analyses and presentation of the level of use by companies of various forms of support; 7) analyses and explanation of reasons for low use of various forms of business support on the way to their internationalization. The author hopes to initiate scientific discussions in this regard, with particular emphasis on Ukraine as "international partner".

Keywords: internationalisation, foreign expansion, SME sector, small and medium enterprises, business

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