

DRIVES OF STEPPING INTO INTERNATIONAL MARKETS – THE ANALYSIS OF ORIENTED FIRMS IN THE SILESIAN VOIVODESHIP

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Abstract: The aim of the article is to present basic foundations of internationalization which were presented and interpreted, terminology and related concepts functioning in management sciences, as well as key determinants and trends prevailing in the contemporary realities of business management in global conditions. The author interprets the basic categories of strategic management in relation to the phenomenon of internationalization, that is the essence of the strategy and their types as well as the methods and motives of undertaking operations on foreign markets by enterprises. The article contains considerations on issues related to external and internal factors affecting the internationalization of enterprises.

Keywords: internationalization, foreign markets, enterprises.

1. Introduction

The author's inspiration to be interested in the internationalization of Polish enterprises came from the cognizance of the significant impact of this phenomena on modern enterprises. In the era of liberalization and integration of markets, the process of internationalization of economic activity becomes an important element affecting the functioning of the enterprise in the demanding conditions of the international environment. In author's opinion, it plays the role of the foundations of modern entrepreneurship, it is part of the indispensable technological progress that accompanies the changes in the economic and economic sphere, but, what should be emphasized, it essentially influences the management processes of creating business strategies. Thanks to modern information technology, today's entrepreneurs have better access to knowledge about foreign markets, and hence, greater opportunities to enter them with a product and/or a service. Such awareness of the environment favors contemporary internationalization processes, which become an indispensable way to compete with other entities and can be a factor stimulating production growth and thus a factor increasing profits. Having in mind the above issues, the author of this article focuses on the concept of

internationalization and analyses inducing factors making the entrepreneurs stepping into the foreign markets based on the results of research taken among the Polish companies in the Silesian Voivodeship.

2. The concept of internationalization: genesis and essence

Internationalization is universally present in many areas of social and cultural life. It is also present in economic sciences and can be considered in many aspects. The word itself, according to the Dictionary of the Polish Language (PWN, 2017), means recognition of something as international or becoming international. In the political dimension, it will describe the relations between nations or international relations having a common goal, and in this case internationalization should be understood as internationalization, i.e. the acquisition by states of the right to use on equal terms for example, a certain territory, rivers, devices by sanctioning such a state of affairs under a mutual agreement. In the field of economics, the term defines the international dimension of the activity of the national economy, indicates the degree of involvement and the size of the flow of production factors between states, and also markets, human and financial capital, and regulations (Daszkiewicz, 2004). The approach to internationalization in this context can be divided into macro- and microeconomic. The first will refer to the above-mentioned entire economies, including the entities present in them, and it is in their complete dimension that these economies will undergo internationalization processes. In terms of microeconomics, the term internationalization will narrow its reference to the activities of enterprises (Pietrasieński, 2005), and its essence should be transferred at this point to the field of management sciences, which in their assumption deal mainly with the economic life of enterprises, so their functioning in international markets perfectly fits into the foundations of this discipline (Sudoł, 2012). Thus, internationalization of enterprises is an important issue in management sciences, as it determines the process of enterprise development. In the context of management sciences, internationalization should be considered as symptom of internationalization of enterprises, taking into account the stages of development, operating conditions, environment and management methods, likewise globalization processes. On the one hand, one can assume that internationalization is a reflection of a static picture of the company's economic connections with foreign countries, on the other hand, the phenomenon should be interpreted dynamically like sequential or simultaneous process of maturing the enterprise to achieve next higher forms, or formulating further stages of development or, further, analyzing internationalization in terms of behaviorist interpreting the phenomenon as an algorithm based on a series of proceedings (Rymarczyk, 1996; Brzeziński, and Pietrasieński, 2011). Therefore, the basic definition of internationalization in the field of management science, which is a kind of starting point for

further analysis, is the acceptance that it is any manifestation of the economic activity of the enterprise outside its borders (Susman, 2007) or [...] *extending the company's operations outside the domestic market to foreign markets* (Głód, 2008), or the transition/exit from the domestic market to foreign markets (Gierszewska, and Wawrzyniak, 2001). Such a definition is so fluid and broadly defining internationalization that on the one hand reveals the general outline of the concept, and on the other allows a different, deeper analysis of internationalization in terms of its intensity and scope of activity on the foreign market, drives or motives, benefits and concerns related to activity entrepreneurs on foreign markets, or the company's strategy to reach the foreign market. In the scientific literature, one can come across many definitions or descriptions of the internationalization of enterprises, in which the phenomenon has been variously taken from the perspective of the international activity of companies. P. Pietrasieński (2005) supports the statement that the internationalization of enterprises basically assumes exporting products and, furthermore, transferring production to other countries. J. Brilman (2002) points to increasing production volume and amortizing expenditure on development and research as a goal of expansion within internationalization through export or direct investment. A. Czubała, A. Jonas, T. Smoleń and J. Wiktor (2006) define internationalization as *the flow of capital, goods, services, people, ideas between different countries; on the services market, the manifestation of internationalization is the entry of products, technologies, skills or other resources of enterprises on the foreign market and competing on them with the offer available so far*. K. Janasz, W. Janasz, K. Koziół and K. Szopik-Depczyńska (2010) consider internationalization in the process category, during which enterprises on the path of international unions and transactions with companies from other countries, they become aware of how far international activity affects their development. Whereas, J. Calof and P.W. Beamish (1995) perceive the concept of internationalization as a process of adjusting strategies to resources and company structure to the international environment. Similarly, L.S. Welch and R. Luostarinen (1998) treat internationalization as a process in which an enterprise is more and more involved in international action. A comparable definition has been developed by J. Johanson and J.E. Vahlne (1997), and it is worth mentioning that even earlier, J. Johanson together with L.G. Mattson (1982) also drew attention to the use of growth and integration strategies and penetration to expand business networks in various countries in the internationalization process. The literature mentions as well N.F. Piercy (1981), for whom, the internationalization takes place at the moment of starting a business outside the home country, which is tantamount to direct foreign investment. Comparably, L. Melin (1992) recognizes the company's commitment by internationalization in foreign international markets. An thought-provoking interpretation of the concept of internationalization of enterprises has been introduced by M. Gorynia (2008), who stated that even only one product and/or service in the company's offer and related to the foreign market give reasons to consider the company's activities in the context of internationalization. The author divides the phenomenon of internationalization into passive and active. In the first case, this means for the enterprise

a number of economic connections with various foreign partners, while the company itself does not go beyond the borders of the state in which it has its headquarters. In the case of active internationalization, the company undertakes activities outside the country through various forms of expansion on foreign markets. The division, or a specific classification in the phenomenon of internationalization, has been also mentioned by Rembiesz (2011) who separately mentions the internationalization of markets resulting from the disappearance of barriers to international trade and the desire to gain new sales opportunities, internationalization of production and subsequent capital, which are the result of the disappearance of borders in the flow of both production systems and finance, and points to the internationalization of human capital, which is the consequence of the possibility of employing people from a given country in foreign companies or the possibility of taking up employment in a foreign country.

3. Objectives, strategies and determinants of internationalization of enterprises

The company's goal on the market is undoubtedly to achieve success and competitive advantage, which significantly determines the success. In what way a company operates, what undertakings it accepts and in what direction it goes, it fits in in the concept of strategy. The selection of the strategy by the company is a key determinant of the skills and qualifications needed to build a stable and strong competitive advantage, especially if we consider achieving such advantage not only in the home market, but also in foreign markets. It can be safely stated that the strategies determine the company's results on the market, and their proper selection in the case of companies oriented to foreign markets requires a thorough analysis in order to find out and getting to know the most favorable enterprises, preferably chosen and the most effective ones. Moreover, in the internationalization process, enterprises will choose appropriate strategies and, at the same time, adequate and most appropriate methods to achieve a competitive advantage on the foreign market, which will directly translate into economic results (Fonfara, and Szczepański, 2006). The internationalization of the enterprise is determined by both internal factors and external conditions of the environment that interact with each other and ultimately affect the appropriate selection of internationalization strategies. The environment together with internal factors will at this point stand for the input of variables determining further processes in the company focused on the development of final strategies. The rudiments of building an internationalization strategy can be presented in the form of individual tasks that an enterprise should perform if it considers its presence in the international environment. First of all, the company must be aware of its surroundings and all the conditions that this environment imposes, both the so-called national, i.e. concerning the markets in your and your target country, as well as the global ones that will result from a variety of legal,

economic or political conditions. In addition, the company should take into account its own capabilities from the point of view of the company's environment and a number of internal factors that will allow further development of plans to enter foreign markets. The environment and internal factors as input variables together determine the processes of strategy building and they are based on various tasks and activities that the company should perform in order to finally create its own individual strategy of internationalization and achieve its goal thanks to it (Duliniec, 2004; Wąsikiewicz-Rusnak, 2005). Internationalization of enterprises, as previously mentioned, depends on many factors, and also on how much influence a given company has on the internationalization process, whether it is controlling or if it is forced to adapt its own strategies of entering foreign markets from the domestic environment and international. Nowadays, there is no doubt that globalization processes affect the operations of enterprises and cause its diversification. Capital markets are liberalized and trade becomes easier due to the disappearance of tariff barriers and unified standards, which in essence translates into a homogenization of consumer expectations and preferences. The free movement of goods and services is only part of the benefits of the disappearance of national borders. In addition, individual economies, and therefore enterprises can benefit from access to the latest technologies, benefit from a smooth exchange of information and experience, and therefore, intangible assets such as patents and know how, as well as have the opportunity to learn about other cultures, and also new preferences consumer. Life of people in different corners of the world is becoming more and more unified, and knowledge about the markets and goods offered on them is bigger and better than before. This definitely determines the growth of consumer expectations and at the same time drives competitiveness. For companies oriented on foreign markets, the frequently occurring desire to quickly and accurately respond to market needs and achieve a competitive advantage may be a key incentive to operate globally and to reach products in every corner of the world. The decision making, planning and formulation of the strategy will be influenced by specific external and internal factors resulting from the business environment and internal structural conditions, as well as national and global factors, and factors inside the enterprise, i.e. variable enterprises and decision variables – determinants distinguish by L. Yadong (1999) which mean making the choice of how to enter foreign markets dependent on domestic, industry and company factors as well as specific and design factors: domestic demand, government policy, national risks, cultural differences, protection of property rights, company's situation, relations with buyers and suppliers, entry barriers, industry risk, strategic goals, strategic assets, the type of strategy in the international dimension, resources, including knowledge and experience, project orientation, the size of the enterprise, partner's potential, investment commitment, or contract risk (Yadong, 1999; Gannon, 1993; Yip, 1996). In fact, the size of the foreign market as well as its marketing structure, or the nature of competition will condition the operation of entering enterprises. Small markets favor entry based on exports as well as establishing contracts, while major investments are the domain of large markets. What's more, export occurs in the case of atomic competition, and investments

occur in the presence of oligopolistic competition, as well as in favorable production conditions, i.e. the existence of cheap resources, or labor force. Companies considering opening their own retail chains are more likely to enter markets with weaker and relatively worse marketing infrastructure or in a situation where such infrastructure does not exist at all. In addition, when entering foreign markets, the political, economic and social situation of a given country is also important, which may encourage or vice versa the potential guests. This can be perceived as forces occurring and resulting from the global character of economies, such as: political, economic, social and technical forces. They are interrelated and dependent on each other, but they determine the internationalization of enterprises (Wąsikiewicz-Rusnak, 2005). For entrepreneurs, an important issue is not only the location of the host country and its infrastructure, transport conditions, or the telecommunications level, but also the climate and culture. Cultural differences in most cases are not conducive to investment.

4. General overview of drives of entering foreign markets

Considering entering foreign markets, enterprises also take into account domestic factors that may determine them to expand their activity on the home market or to expand into foreign markets. Nevertheless, internal determinants, such as enterprise resources and products, are also important, which may also decide about the willingness and need to look for new markets, especially if the products are characterized by a large variety, thanks to which they have a chance to dominate the competitive offer. Then, the entrepreneurs will choose export as a way of entering with their offer on the markets of other countries. In the case of standard and less diverse products, entering foreign markets will be based on contracts and direct investments, and the strategy to achieve an advantage will be the low price strategy. It is different when the company's offer is a service. In this case, the most important issue is constant contact with the recipient, that is why the further located markets will be excluded, and if, then entering such markets takes place through the creation of their own distribution network with the help of commercial or production branches. Services can also be sold through contractual cooperation or franchises. If, however, the company's product is characterized by high technological advancement, entering the foreign market more often takes the form of licensing. Direct investment and direct export are also preferred if it is necessary to adapt the products to the local market, but usually this is dictated by the situation preventing the sale of products on the home market or the adaptation of them requires a new production supply. Mentioning about the production supply, it can be concluded that the resources of the enterprise are of key importance for entering the foreign markets. Larger ones facilitate and encourage expansion, and smaller or their essential shortage often remain a barrier and considerably limit the choice of the market (Otta, 1994; Wach, 2005; Young, et al., 1989; Roux, 1987). To complete the above issues,

reasons of internationalization are significant from the point of view of the company's activity, because they explain the reasons why companies decide to go with their offer beyond the borders of their own country. The motives of internationalization of operations are basically similar to the motives of the company's operation in domestic conditions. However, while a company operating solely in its own country should take into account the national environment, a company oriented to foreign markets must take into account not only the national environment, but also the international environment. Some drives will favor the realization of high profits, but others will initiate conditions so that profits can be achieved at all. The motives for the internationalization of enterprises can be comprehensively divided into economic (business profitability criteria, profitability of production or service activities, increase in the scale of production, reduction of manufacturing costs), market (new sales opportunities, competitive struggle, product life cycle, company image) and legal (national protectionism, the state system, legal regulations, barriers, e.g. customs) (Wiktor, 1998; Rymarczyk, 1996). Economic motives occur when a company's goal is to increase the profitability and effectiveness of its offer. The companies then consider increasing the scale of production and simultaneously look at the reduction of production costs, which is achieved by increasing the target market and relocating production abroad. In the case of economic motives, the main goal is to maximize the effect. Market drives basically determine the company's operations in relation to foreign markets in the case of stagnation on the domestic market. When foreign markets are developing dynamically, and the enterprise at home, it does not make full use of its production capacity, its products are getting older, demand is diminishing and competition is growing, then entering foreign markets may become an alternative to selling products, increasing share and gaining a competitive advantage (Sowa, 2006; Liberska 2002). Legal themes are related to the policy pursued in relation to various forms of business activity both by the home country and the host country and may consist, for example, in the introduction of tax breaks, granting loan guarantees, reimbursement of duties, providing export credit insurance on advantageous terms, or broadly understood policy supporting investment and inflow of foreign capital. Often, internationalization is also caused by a number of barriers resulting from national protectionism. In the event that commercial regulations are tightened, various types of restrictions, e.g. tax, customs, but also regarding environmental protection, are introduced, enterprises can transfer their production abroad to avoid any barriers (Nowakowski, 2000). The above-mentioned considerations may also include cost and supply reasons for internationalization. Cost motives are very often equated with an increase in the profitability of an enterprise, because in fact they stimulate an entrepreneur to internationalize a way to reduce production costs and thus increase the profit rate. An entrepreneur may want to move production or part of it to a country where production will be cheaper. Choosing a country for international expansion can be motivated by lower costs of hiring people, lower prices of land, energy, raw materials, lower taxes, cheaper loans, normative amenities, etc. For example, R.C. Feenester and G.H. Hanson (1997) proved in research on enterprises in Mexico that low wage

costs encouraged American companies to invest in this country. A similar situation of low labor costs that attracted foreign investors was observed in China by S. Dees (1998). However, supply motives usually occur in the case when the parent country lacks mainly raw materials, for example: agricultural, mineral essential for the entrepreneur to produce their products or when the price of raw materials in the home country is unfavorably higher. In other cases, entrepreneurs invest in foreign markets because of access to cheap labor, an example of which is the transfer of production to Asian countries by American companies, especially from the electronics industry. Supply, as a motive for expansion into foreign markets, is largely the domain of large corporations, which count on reducing the costs associated with buying raw materials much cheaper on these markets, due to their prevalence. The Swedish company IKEA uses access to raw materials such as bamboo, rattan and seagrass and uses cheap labor in Vietnam to produce furniture and similar household items. Japanese producers are similarly behaving, who lack the resources in their own country to compensate for investments in developing countries (Rymarczyk, 1996).

5. Internationalization of Polish companies in the Silesian Voivodeship – the study research

Silesian jurisdiction has the highest level of urbanization in Central and Eastern Europe and is one of the most economically strong regions in Poland. It also occupies a high position in the investment attractiveness rankings. The region is characterized by a great road infrastructure, especially the densest network of expressways and motorways throughout the country, in addition, it occupies the first place in terms of the length of railway lines (1978 km) and what is worth mentioning, the region also operates a broad-gauge railway (terminal in Sławków), thanks to which has easy access to Asian markets. In addition, the region can boast of a dynamically prosperous cargo air traffic in Katowice. The general market attractiveness of the Śląskie Voivodeship is also affected by high labor resources. The population is the highest national average, where almost 3 million people are of working age and most of whom find employment in industry. Key features of the Silesian Voivodship based on statistical data for 2012-2015 are presented in Table 1.

Table 1.*Characteristics of the Silesian Voivodeship in numbers (2012-2015)*

Silesian Voivodeship		
Surface	km ²	12 333
Number of counties		17
Number of cities in county law		19
Number of municipalities		general: 167 a) urban: 49 b) urban-rural: 22 c) rural: 96
State of the population for the year 2015	thousand individuals	4571
Preproduction population (0-17 years)	thousand individuals	768
Population of working age (18-59/64 years)	thousand individuals	2859
Population in the production age (60/65 years)	thousand individuals	945
GDP (status on R. 2013)	%	□ 12,7
GDP per capita (state on R. 2013)	thousand PLN	44,3
Unemployment rate (state at VII 2016)	%	6,9
Number of natural persons carrying on an economic activity (as at VII 2016)		331186
Number of commercial companies (as at VII 2016)		50196
Number of State enterprises (state at VII 2016)		7
Average gross wages in the business sector	PLN/month	4368,02

Note: Own study based on: Statistical Yearbook of Voivodships 2014, Central Statistical Office, Warsaw 2015, p. 625; Statistical Office in Katowice, <http://katowice.stat.gov.pl/zakladka1>.

The main branches of the economy in the Śląskie Voivodeship are industry, trade and construction. Data regarding sold production of industry in enterprises employing more than 9 people in July 2016 fluctuated within the limits of 16 thousand million PLN, including nearly 14 thousand PLN million in industrial processing. For comparison, over the months from June 2015 to June 2016, this sale amounted to PLN 1,4646.5 million, including over 16 thousand million PLN in industrial processing. Taking into account the results of the business climate survey in industry, construction, trade and services in the Silesian voivodship in August this year, it can be concluded that the general business climate assessment is positive, although many sectors experience a downturn. The economic situation in the manufacturing sector is optimistic, in general it remains at the same level, while slightly less favorable in the wholesale trade and slightly better in retail trade, although it is not improving and the level is the same as in the previous month. The transport and storage management are equally favorable in the overall assessment, while the results are not the best compared to the previous month. At a very good level there is a boom among enterprises operating in gastronomy and accommodation, as well as information and communication, but in the latter one can be seen compared to July 2016. Economic situation in construction is somewhat worse and there has been a drop in this case. The best assessment is, however, the economic situation in finance and insurance, which is comparable to last month, but even better than other summer months in the last four years (Góralczyk, et al., 2016; Central Statistical Office, 2016). From the point of view of starting

and running a business in the Silesian Voivodship, it is worth looking at data from 2015 regarding newly created activities, broken down by individual sub-regions. The percentage share of newly registered economic activities in 2015 was presented in Table 2.

Table 2.

Newly registered individuals conducting business activity in 2015 in the sub-regions of the Silesian Voivodeship

Registration of individuals established in Silesian Voivodeship (2015 year)	
Sub-region	Number (%)
Bielsko-Biała	16,7
Bytom	8,8
Częstochowa	12,9
Gliwice	9,5
Katowice	16,7
Rybnik	11,3
Sosnowiec	16,0
Tychy	8,1

Note: Own work based on Góralczyk, et al., 2016.

The business environment in the Silesian Voivodeship is supported by a number of programs and development plans. One can distinguish the Katowice Special Economic Zone (KSEZ) aimed at attracting new investors, thanks to which employment will increase. In addition, a number of voivodeship development plans have been developed over the years – the Silesian Voivodeship Development Strategy, which is currently being implemented, or "Silesian 2020" adopted in 2010. The goal of the voivodeship self-government is the broadly understood strategy for sustainable development and deepening the competitive values of the region, as well as the Regional Operational Program of the Silesian Voivodeship supported by the European Union Funds 2007-2013 (RPO WSL, 2007-2013), which implemented 16 programs, including many important from the point of view of the economy, economy, transport and entrepreneurship in the region. The next edition for 2014-2020 is being implemented. It is worth to mention the programs here favorable to entrepreneurship and the development of the industrial sector implemented so far as part of the ROP SLO 2007-2013 (RPO WSL, 2016). Bearing in mind the potential of the Silesian Voivodeship, it is worth to know the tendencies and orientations, or directions of development of Silesian entrepreneurs in relation to foreign markets. The way the internationalization of Polish enterprises looks like in this region is important from the point of view of future activities of local governments and institutions dealing with the development of the region and supporting entrepreneurship aimed at increasing the significance of the province not only in the country, but in the European Union, throughout Europe and on global markets. Primary attempt is to verify the degree of internationalization and secondly, to analyze the drives of stepping into the foreign markets and basics of development of Polish enterprises in relation to them.

Study sample

The conducted study included in general 114 companies from the Silesian Voivodeship. Data collection was based on for in-depth interview and application of the quantitative method on the research sample (N = 100). The research sample included micro, small, medium and large enterprises, irrespective of the type of activity, and CAWI and CATI techniques as well as direct interviews were used (N = 14) to obtain answers to specific questions. The cross-section of companies participating in the study includes both medium enterprises and micro, as well as small and large employing over 250 people. The number of medium and micro enterprises is almost the same, which accounts for 31% and 30% of all companies, respectively, while small enterprises account for slightly more than 25%, and large enterprises close to 14% out of all entities N = 114.

Types of companies

Most companies operate in the form of limited liability companies. In comparison with both surveys, there were 65 such companies, and 27 companies indicated a joint-stock company as a legal form, 10 companies are individuals conducting business activity, other companies operate in other legal forms. 45% of the surveyed companies deal with services, 10% of them take into account services in their operations alongside production and trade. 20% of the companies deal with production, 5% of enterprises joins production together with trade and 5% of companies is involved in the production and at the same time offers services. 9% of enterprises does trade, 6% trade with services. 21% companies deal just with the production, whereas, 10% of entities does trade. Other companies indicated combinations of activities.

Types of industry

Bearing in mind the type of activity, enterprises were asked about the types of industries in which they operate, which is presented in Figure 1.

The Figure 1 shows that the majority of enterprises indicated a different, than suggested in the survey, basic industries - 19 companies deal with services and consultancy, 5 real estate companies, 3 companies operate in the industry qualified to the category of environmental protection and ecology, and 4 companies have pointed to the automotive industry. Other industries listed by respondents are: gastronomy – 2 companies, energy – 2 companies, production of footwear – 2 companies, production of winter sports products – 2 companies, production of games and toys – 1 company, polygraphy – 1 company and locksmith – 1 company. Other data on the above chart indicate that 24 companies deal with industrial production and 14 companies operate in the trade sector. Among the respondents, there were also 11 companies operating in construction, 8 companies in transport and 6 in the IT industry. Few pointed to tourism, hospitality or the food industry. The lowest number of companies operating in health care and education – two entities deal with health protection and one company operates in education.

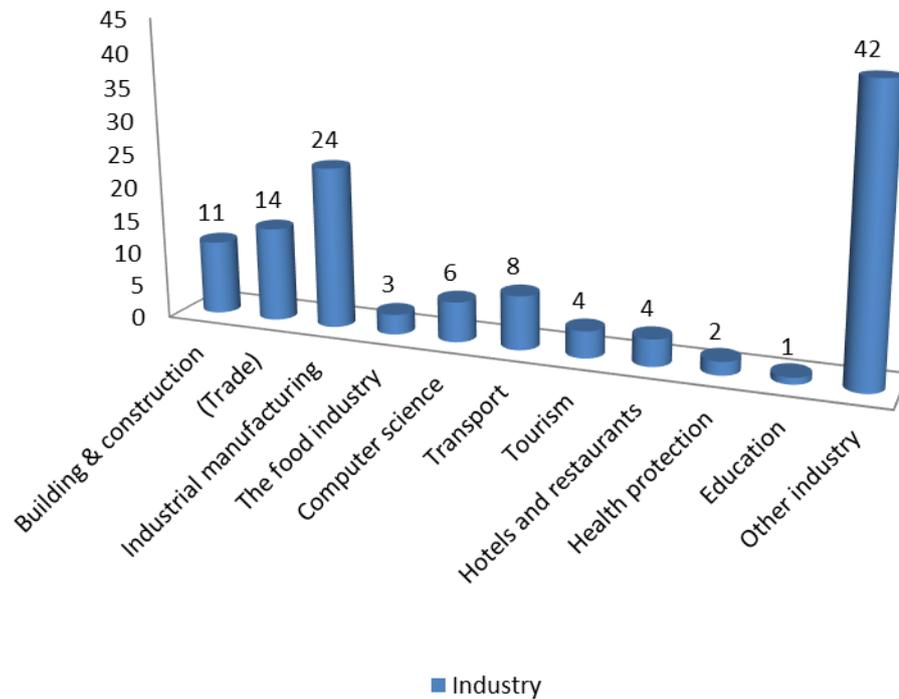


Figure 1. The type of industry in which companies operate (N = 114).

Years of functioning

According to the collected data, the vast majority of the surveyed enterprises has been functioning for over 16 years. There were 63 entities whose presence on the market lasts more than 16 years, which gives almost 56% of all surveyed companies. Less than 9% of companies operate on the market from 13 to 16 years, slightly more than 12% are companies that have been on the market for at least 9 years, and nearly 14% are enterprises that launched their operations the most 8 years ago. The youngest, functioning for 4 or less years, are companies constituting about 11% of all surveyed entities.

Types of markets

In the conducted surveys of Polish enterprises, they were also asked about the type of market on which the surveyed enterprises operate. Both the local and regional market as well as the domestic and foreign market were taken into account. Understanding the answer to the question asked about the activities on the markets allowed us to analyze the operation of companies on foreign markets in the aspect of significant issues related to the internationalization of Polish enterprises and thus to the attempt to verify the assumed objectives and hypotheses of the dissertation. Research has shown that all companies operate in Poland, some operate within a local or regional environment, and others operate nationwide. Among the surveyed companies were also distinguished those enterprises that indicated the area of their activity both the Polish market and the foreign market. The types of markets indicated by all surveyed enterprises are presented in Figure 2.

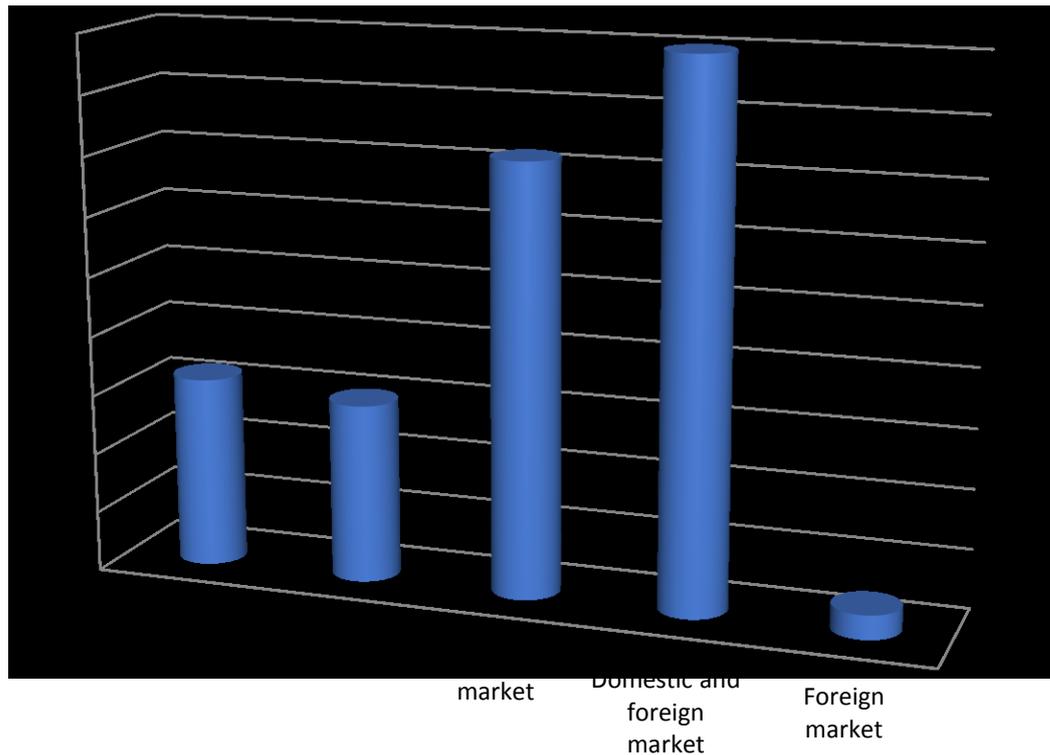


Figure 2. Type of market on which surveyed enterprises operate (N = 114).

Nearly 59% of the surveyed enterprises operate exclusively in the country, and almost 40% of enterprises take into account domestic and foreign market in their operations, which together with two companies that indicated activity only on the foreign market gives almost 42% of enterprises operating also outside Poland. Among the companies present only in Poland, 15 chose the regional market, and 16 operate only within the local market, which in comparison with all surveyed enterprises is slightly over 13% and 14% respectively of regional and local companies. Therefore, the level of internationalization of Polish enterprises in the Silesian Voivodeship based on the collected data should be assessed as moderate due to the fact that only 42% of entities operate on foreign markets, which is exactly 47 companies out of 114 subjects. Obtained results from a quantitative study for 100 Polish enterprises in the Silesian Voivodeship were subjected to statistical analysis - a significance test for the structure indicator. The test was used to verify the value of the structure indicator (Szajt, 2014), and thus a better understanding of the empirical distribution in the population of enterprises participating in internationalization. The Gretl software was used to estimate the model, assuming that the sample size $N = 100$ Polish enterprises in the Silesian Voivodeship, the structure ratio in the sample $M = 33$ entities oriented to foreign markets.

Structure indicator test for $n = 100$

The hypotheses were assumed:

$H_0: p_1 = 0.2$

In the face of an alternative hypothesis

$H_1: p_1 > 0.2$

Null hypothesis: structure index in the population = 0.2

Sample size: $n = 100$

Structure ratio in the sample = 0.33 ($M = 33$)

Test statistic: $z = (0.33 - 0.2) / 0.04 = 3.25$

Double-sided critical area $p = 0.001154$

(one-sided critical area = 0.000577)

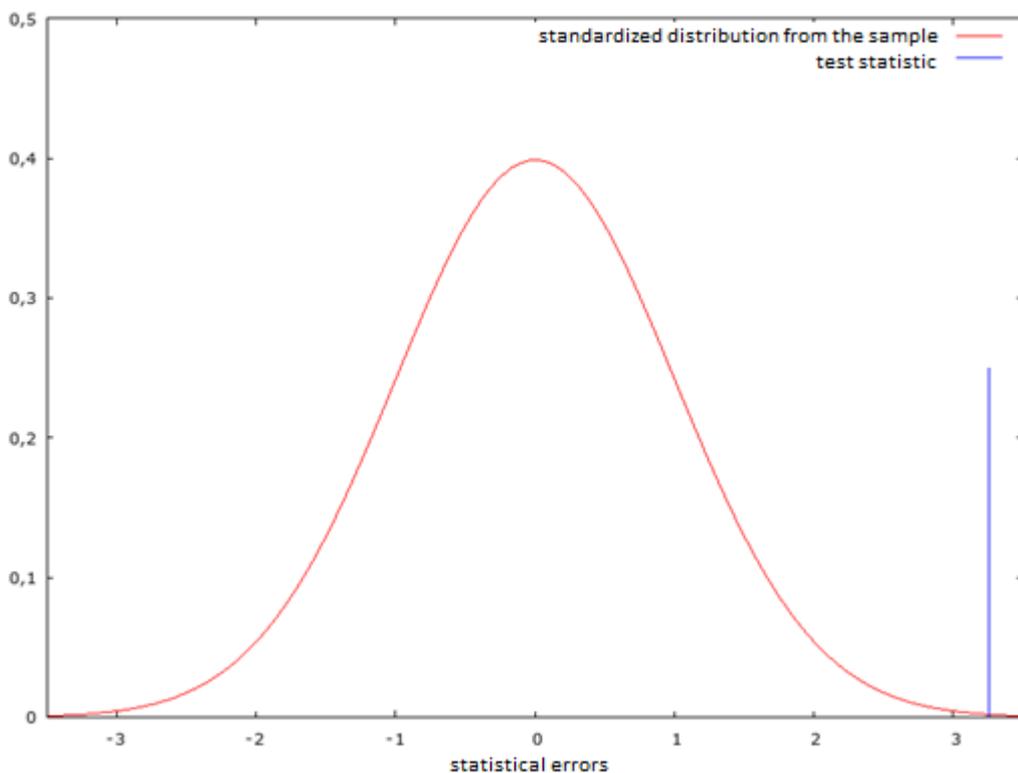


Figure 3. Density of the empirical distribution in the population of the surveyed enterprises ($M = 33$, $N = 100$).

The value of the test statistic for the structure index allows the rejection of the null hypothesis for the alternative hypothesis. Enterprises participating in the internationalization process constitute a significant percentage and it has been worth to carry out further research, regarding the characteristics of companies operating on foreign markets will be based therefore on a separate research sample for 47 entities that operate on such markets, which consists of 33 entities from a quantitative research and 14 entities from the qualitative study.

Firms oriented on foreign markets

The majority of the surveyed enterprises ($N = 47$) on the issue concerning activity on foreign markets indicated that their presence on such markets lasts more than 16 years, which accounts for nearly 47% of enterprises in this group. In addition, about 18% of enterprises operate on

foreign markets for a minimum of 13 years, and nearly 11% for a decade or so. Almost 15% operate on foreign markets for five to eight years. The smallest number of entities surveyed out of 47 enterprises operate abroad for no more than 4 years. In the range of three to four years, 7% of companies were recorded, and about 5% of enterprises operate on foreign markets for less than a year or at most two years. According to gathered information, firms choose the European markets, especially when their contact with the foreign markets does not last longer than 4 years. It can be noticed that over the years of presence on foreign markets, companies increase their number and expand their own business often for countries outside of Europe. The greater the number of years of operation of enterprises, the greater the number of countries in which the company operates. It can therefore be concluded that the degree of internationalization increases with the age of the enterprise. Outside Europe, the US market is most often chosen, but there are companies that have also decided to enter the markets of South America and Asia. The list of countries regarded as foreign markets entered by the surveyed companies (N = 47) has been introduced in Table 3. Entering the countries as the foreign markets resulted due to basic assumptions and objectives (Figure 4), which basically showed what made the companies to internationalize their functioning.

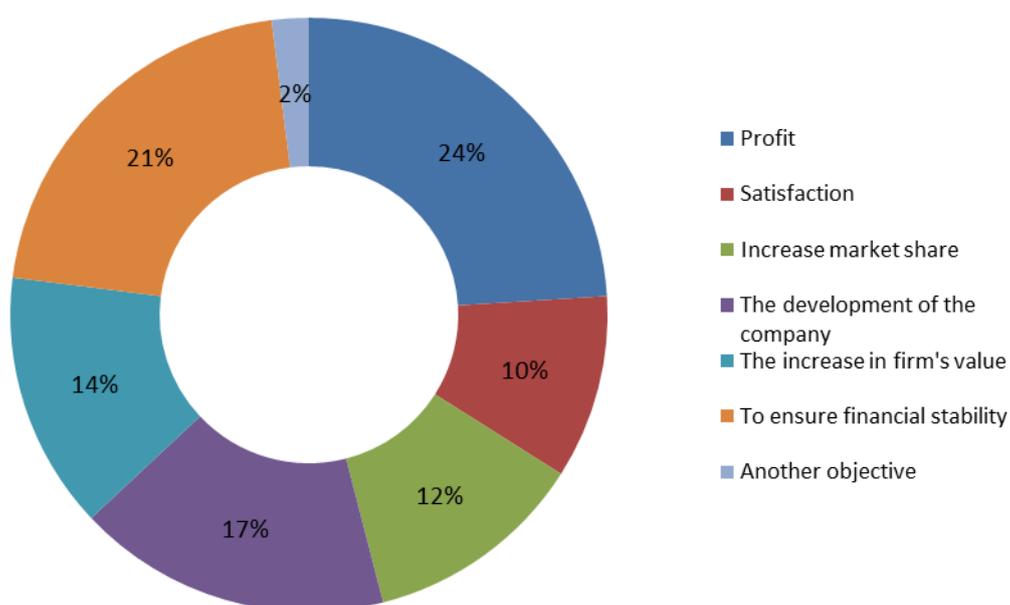


Figure 4. Motives for entering foreign markets of the surveyed enterprises (N = 47).

According to the data, the majority of firms indicated that the aim of gathering profit and ensuring the financial stability, as well as, the increase of company's value were mostly expected, which can be regarded as the need of self-development through gathering more customers and the growth of sales. For a large number of surveyed enterprises, the motivation and need to develop the company's potential was an important motive for undertaking operations abroad. Bearing in mind the goals and motives of entering foreign markets, enterprises were asked about development directions, based on the assumption that operating

on these markets may affect the company's operation in the future. From the point of view of companies operating abroad, it is worth knowing the key issue of whether companies are aware of how their presence on foreign markets will affect the company itself, whether companies can and whether they expect specific results from operating on foreign markets in terms of their own development.

Table 3.

The countries in which the surveyed companies operate (N = 47)

Types of markets through the prism of the countries in which the firms operate (N = 47)						
Years of presence in the foreign market	1-2 years	3-4 years	5-8 years	9-12 years	13-16 years	More than 16 years
Number of Companies	2	3	7	5	8	22
European markets	Germany	Lithuania, Latvia, Estonia, Ukraine, Russia, Belarus, Austria, Czech Rep., Germany, Belgium	Germany, Czech Rep, France, Austria, Norway, Greece, Bulgaria, Spain, Italy, Sweden, Romania, Italy	Island, Austria, France, Germany, Netherlands,	France, Germany, Ukraine, Czech Rep., Slovakia, Austria, Slovenia, Netherlands, Russia, Bulgaria, Slovakia	Germany, Croatia, Bosnia-Herzegovina, Finland, Austria, France, Sweden, Czech Rep., Great Britain, Belgium, Switzerland, Estonia, Spain, Italy, Macedonia, Netherlands, Portugal, Romania, Slovenia, Slovakia, Belarus, Luxembourg, Russia, Lithuania, Hungary, Bulgaria, Denmark, Ukraine
Asian markets	-	-	Hong Kong, Saudi Arabia, Turkey	Japan	Saudi Arabia	Near East, Turkey, China, India, Pakistan, Indonesia, Saudi Arabia
Other markets	USA	USA	USA	Argentyna, USA		USA, Canada, Chile, Argentina, Australia

Note: Own work based on the study research.

The surveyed companies were asked to indicate more than one of the directions of development on foreign markets. The results are presented in Figure 5.

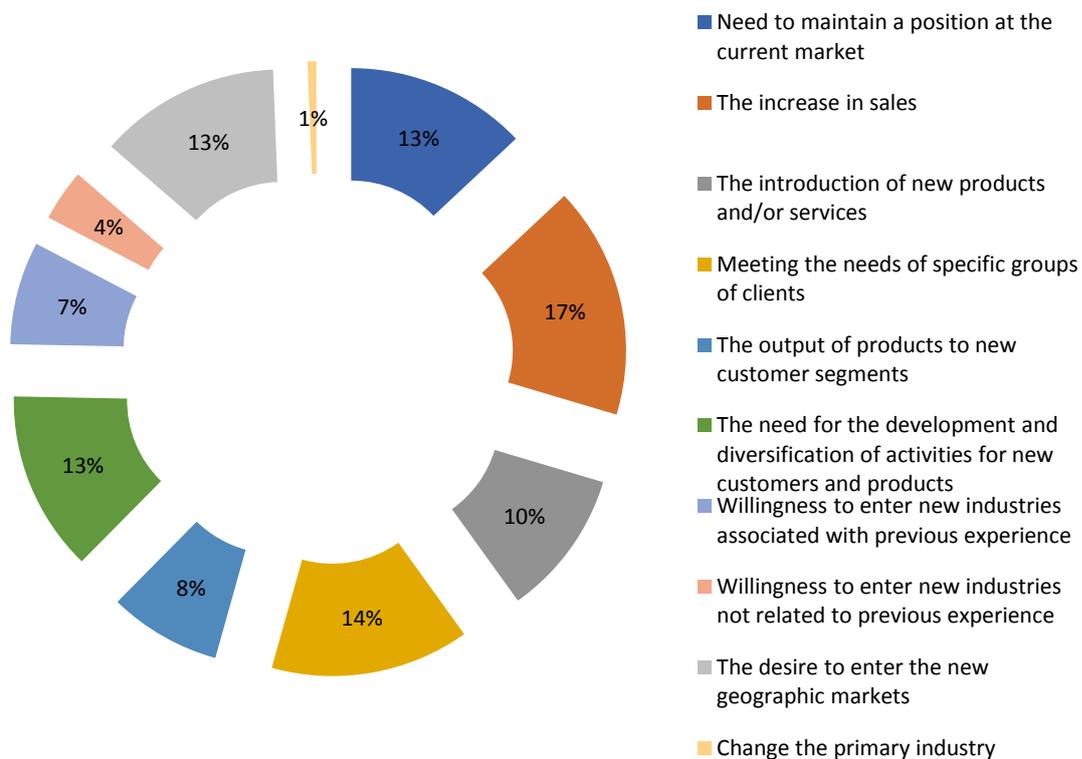


Figure 5. Directions of development in connection with the activity on foreign markets of the surveyed enterprises (N = 47).

The main directions indicated by the companies are primarily the need to maintain the position on the current market, the desire to enter and learn about new geographic markets, increase sales and referring to the need to diversify products and diversify activities due to new customer groups outside the home country. It was equally important to meet the needs of specific customer groups, which largely means that companies not only want to develop the company, also want to reach new customer groups and, for example, measure specific buyers with specific expectations, often forming so-called market niches. The specialization of products in terms of the market niche broadly complements the general need to develop and diversify into new products and new customers, and what's more, some entrepreneurs want to target their operations to completely new customer segments or expand their businesses to different industries based on their previous experience. Issues regarding the development of companies by entering foreign markets in fact confirm the drives of entering foreign markets. On the one hand, the surveyed enterprises pointed to the need to develop their activity towards increasing sales and acquiring new recipient groups, on the other they emphasized the willingness to profit and the need to increase their potential and company value, or the need to increase market share. Both motives and directions of development complement each other, which means that companies can be assumed they act to a large extent consciously and expect

tangible results from their presence on foreign markets. Justifying the choice of the market (Table 4).

Table 4.

The essence of the premises and justification for the selection of the foreign market in the opinion of the research sample companies (N = 47).

Justification for the choice of the foreign market					
Number of surveyed companies in Silesian Voivodeship showing the essence of the conditions in the selection of the foreign market					
Condition	The most important	Very important	An average importance	Negligible	Least significant
Convenient location	8	-	-	4	-
The actions of competitors are easy to predict	4	-	-	-	-
Favourable conditions: rich resources, large market	19	2	1	1	-
Hardly intense competition	5	-	1	-	-
Environment stable, few variables	1	4	-	-	-
Cultural similarity	3	-	2	-	1
Customer demand and preferences are easy to forecast	4	3	1	1	-
Products and services old more slowly	-	-	2	-	-
Legal provisions are transparent and permanent	1	3	1	-	-
Political stability	2	1	2	1	-
Fast-paced technology	-	-	1	-	-
Slowly changing technology	1	2	-	1	-
Changes in the environment are easy to predict	-	1	-	1	2
Other reason:					
We manufacture high quality products				2	
Low transportation costs and no transport barriers				2	
High demand for products/services				6	
Attractiveness of the company, which has been noticed and better offer than competitors				5	
Ability to learn from others				2	

Note: Own work based on the study results.

The majority of enterprises indicated in the survey that a huge impact on the decisions had favorable conditions of the environment, such as the size of the market and available resources, as well as its stable and unchanging nature, which to a large extent also translates into another factor indicated by enterprises, which there is demand and customer expectations that are easy

to predict. Other equally important reasons for entrepreneurs oriented to foreign markets is a convenient location (although some companies stated that this premise is not significant) and competition is not very threatening and rather about predictable activity. Legal and political issues for a large part of the surveyed entrepreneurs were not a major problem or were not particularly important for the functioning of the surveyed companies, although some companies pointed out that the transparency and unchangeability of regulations on a given foreign market is important. The vast majority of the surveyed enterprises do not perceive cultural differences as a kind of barrier to operating on foreign markets, and rapidly changing technology is not a factor that has a significant impact on the choice of the market. The surveyed enterprises mostly operate on the markets of countries belonging to the European Union and there they see the most favorable conditions for running a business outside of Poland resulting from favorable environment conditions. Summing up the collected data, it can be observed that enterprises oriented on foreign markets are aware of their goals and development directions and that, basically entering foreign markets, they expect increase in revenues and increase of the company's potential and value, increase in market share, improvements own business climate, expanding the group of clients and ensure a better position on the market and maintain financial stability.

6. Conclusions

In the era of globalization of economies and advanced computer technologies, access to other markets is much easier, but requires proper preparation and knowledge. It is important to have the right resources, without which the companies can hardly meet the requirements of the international market. Today, precision, quality, flexibility, speed and creativity are important in the production, services and trade, and it requires the right infrastructure, qualified staff, funds for investments, efficient organization and proper culture. Enterprises should know how to use their resources, what others to look for and how to effectively manage them, to be able to recognize opportunities in the environment and gain the objectives. Entrepreneurs who have learned to recognize and skillfully use emerging opportunities and opportunities in the international environment have prospects for further development, multiplying profits and increasing the value of the company, and even achieving a competitive advantage. Therefore, the internationalization of enterprises is not so much a challenge today as the potentially enormous benefit and natural process of enterprise evolution taking place in the contemporary economic realities. In order for companies to be able to find themselves in these difficult and demanding conditions of the international environment, they must act based on the right choice of strategy. The research results showed that the Polish companies generally are aware of their expectations and know that foreign markets can give more chances for the development and

growth of the income, which have been regarded as the main drives of stepping into foreign markets. The empirical research allowed in the first place identification of the level of internationalization and determination of motivations and reasons guided by the surveyed Polish enterprises in the Silesian Voivodeship in order to enter foreign markets. Comments and opinions of the surveyed companies regarding the above issues were important due to the need to verify how the closer and further environment may affect the functioning of enterprises and determine them to develop strategies for operating on foreign markets. The surveyed companies determined that the main purpose for extending operations to foreign markets was first and foremost the need, but also the desire to increase profits, gain new customers and provide the company with financial stability. Among the surveyed entities, many of them see opportunities for further development on foreign markets, acquiring knowledge and acquiring innovative technical and technological solutions. On the one hand, the internationalization process is the alternative for the majority of the surveyed companies to maintain their position on the market in the dynamically changing conditions of the business environment. On the other hand, it is a great chance to create the company's value, brand and reputation, it is a kind of stimulant to improve the structures and methods of organization management and implies the willingness to enrich knowledge and competencies that are important in the process of developing the entrepreneurial potential.

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