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# The International Environment and Its Influence on the Entrepreneurial Internationalization of Firms: The Case of Polish Businesses

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The article focuses on the international environment, which is one of the main variables in the internationalization process of firms from the perspective of international entrepreneurship. The main goal of this study is the identification of the key factors in the internationalization of the firms, inherent in the international environment, and the exploration of the impact of these factors on the process of the internationalization of Polish firms. The paper presents the partial results of a survey based on a sample of 355 companies operating in Poland. The questionnaire was completed in 2015 as a part of the OPUS 4 project as carried out at the Cracow University of Economics. Using information from Polish companies, the study finds that pull factors have a positive influence on the level of internationalization of the examined businesses. Production companies are the main beneficiaries of the internationalization process and Polish born globals take advantage of their adjustments to the ecology. The results presented in the article are just a starting point for further analyses, including not only the simple seven-dimensional PLESCET approach, but also the process of organizational learning, the accumulation of knowledge coming from the environment, and the taking advantage of environmental opportunities.

**Keywords:** internationalization, international business, external environment, business environment, international entrepreneurship.

## Międzynarodowe środowisko i jego wpływ na międzynarodową przedsiębiorczość firm: przypadek polskich firm

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Artykuł koncentruje się na środowisku międzynarodowym, czyli jednej z głównych zmiennych procesu umiędzynarodowienia firm z punktu widzenia międzynarodowej przedsiębiorczości. Podstawowym celem

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badania jest identyfikacja kluczowych czynników umiędzynarodowienia się firm, a jednocześnie badanie wpływu tego czynnika w procesie umiędzynarodowienia polskich firm. Praca przedstawia częściowe wyniki badania obejmującego próbkę składającą się z 355 firm działających w Polsce. Kwestionariusz został opracowany w roku 2015 w ramach projektu OPUS 4 przeprowadzonego na Uniwersytecie Ekonomicznym w Krakowie. Dzięki informacji uzyskanej od polskich firm, badanie to odkryło, że czynniki przyciągające mają pozytywny wpływ na poziom umiędzynarodowienia badanych przedsiębiorstw. Firmy wytwórcze są głównymi beneficjentami procesów umiędzynarodowienia, a polskie firmy, założone jako globalne, wykorzystują swoje nastawienie na ekologię. Wyniki przedstawionego artykułu to punkt wyjścia do dalszych analiz, w tym nie tylko prostego siedmiowymiarowego podejścia PLESCET, lecz także procesu uczenia się organizacji, akumulacji wiedzy pochodzącej ze środowiska oraz wykorzystania szans ekologicznych.

**Słowa kluczowe:** umiędzynarodowienie, biznes międzynarodowy, środowisko zewnętrzne, środowisko biznesowe, przedsiębiorczość międzynarodowa.

**JEL:** F23, L26, M16

## 1. Introduction

For over three decades, the deepening process of globalization and widening regionalization have been a driving force in the development of various entities of the contemporary economy. Changes made by those processes also influence the functioning of businesses, which increasingly decide to go international. Entering international markets creates developmental opportunities for businesses, allowing them, on the one hand, to benefit from many advantages, but on the other, bringing significantly more serious dangers than those occurring on local markets. The environment has a strong influence on those businesses. It is more complex, competitive, susceptible to change, and unpredictable than anything at the local level. International conditions for the internationalization of a company, that is to say external conditions inherent in the international environment (Wach, 2016), are one of the three main variables explaining the process of company internationalization from the perspective of international entrepreneurship (as well as the entrepreneur and the entrepreneurial process of recognizing entrepreneurial opportunities).

The main cognitive goal of this article is the identification of the key factors for the internationalization of firms inherent in the international environment and the exploration of the impact of these factors on the process of internationalization of Polish firms.

The first part of this study defines the essence of the international environment, its classification, and its most important properties. What is discussed in the second part is the literature on the environment and its impact on firms in the internationalization process. The third part of the paper presents the results of empirical research conducted on a sample of 355 Polish companies operating in the international environment.

## 2. Theoretical Background for the Environment

The concept of environment is strongly tied to business competitiveness. This is because the business environment is an external source of capability for an organization to compete and gain a competitive advantage (Porter, 1985). The business environment is also an essential element of studies devoted to business internationalization on the global market, especially with emphasis on some of its characteristics such as turbulence, complexity, multidimensionality, and its multifaceted nature.

In the literature, the concept of environmental influence on business performance has been common to organization and management science since the first half of the 20th century. Yet, the specific changes in approach to this subject were noted even in the 1960s and 1970s, and it should be added that the concept is still being researched. The changes that allowed for inclusion of business internationalization to studies on the business environment resulted primarily from the introduction of the open nature of organizations, allowing for identification of relations that businesses have with the external world (Wach, 2008a). In the theory of organization, one of the first attempts to completely grasp the concept of business environment, forming a set of endogenous and exogenous factors of various natures, was undertaken at the start of the 1970s by Duncan (1972). Among other things, he classified the following into the group of endogenous factors: the human factor, internal company divisions, the roles and tasks of those divisions, and business organizational structure – basically all the constituents of contemporary business. In the 1980s, feedback between business and its environment received more attention. The relativity of business individuality was also highlighted by pointing out relations between the two (Wach, 2008a). Hatch (1997) considered the business environment as all the existence beyond a company's boundaries. A similar approach was presented later in attempts to explain the concept of business environment, indicating that it consists of the whole set of factors and elements that are unrelated to the company, while at the same time having the potential to influence it. The organization itself is also conjugated with those elements and can influence them in return (Wach, 2008b). Based on modernist organization theory, another approach to classifying that factor is represented by scientists from the marketing field. They consider the concept of business environment as all the factors that may influence a company's ability to establish contacts with commercial partners and to effectively finalize transactions with clients (Wiktor, Oczkowska, and Zbikowska, 2008). There is a term in the marketing literature that is also in use: "the marketing environment of a company." It highlights the significance of external factors that influence marketing decision-making. Elements of the environment, their interrelations, and their trends, are treated as independent variables (Duliniec, 2009).

In comparison to management science, the marketing approach to the business environment focuses more on the isolation and characteristics of its elements as well as the characteristics of various market strengths, opportunities, and dangers (Kotler, 2002). One of the quite frequently presented elements of the international marketing environment is the cultural environment (Duliniec, 2009). It can be a source of obstacles on the international market mainly for micro-, small-, and medium-sized enterprises that have been operating at the local market so far.

Lots of classifications of the elements of the business environment can be found in the literature. Business environments include subjects (phenomena and processes as a whole) as well as entities (including various institutions and stakeholders). They also consist of factors and conditions that can influence organizations as well as the future functioning of all dependent and related elements (Wach, 2008b). Another criterion is the classification of elements of the business environment in terms of susceptibility to influence. The first group – the direct one – has all the characteristics, conditions, phenomena, and processes that, because of their correlations at the functional, system, and network levels with, and their close proximity to an organization, is conjugated by active interaction and mutual influence. Another segment is the indirect zone. In this case the organization does not have the ability to influence that group of elements and entities the same way as it does elements from the direct environment, but can follow changes and adapt.

The way the business environment influences firms constitutes another criterion of classification for that category. In relation to it, one type was classified as the general environment (also called the indirect environment or macro-environment), while the other is the competitive environment (also called the direct environment, the task environment, and the purpose environment as well as the micro-environment). Having regard for the significance of particular aspects of the business environment in the process of business internationalization, the first presented environment will be the task environment. This type of environment is created by specific organizations or groups – cooperating or competing with each other – and having mutual influence. It consists of clients, partners, suppliers, competitors, control institutions, interest groups (lobbies), and trade unions. Hatch (1997) collectively calls them the inter-organizational network in order to highlight the interactions between the entities. In the context of business internationalization, this type of environment may provide useful information on the actual activities of the company, primarily with respect to companies that maintain passive relations with foreign countries in the form of indirect export. Furthermore, they follow non-capital entry modes, such as traditional import, contracts for subcontracting (sub-deliveries of parts or components), and manufacturing under license. These are also important in the case of companies interested in capital cooperation (merg-

ers and acquisitions in foreign markets) as well as wholly-owned business subsidiaries in foreign markets.

A possible indirect aspect relating mainly to the meso-environment (industrial environment) is proposed by Ansoff (1965) and Porter (1985). The former focused on industrial evaluation from the point of view of economic criteria (development trends, demand dynamics, and profitability), competition, and the possibility of achieving synergic results (Ansoff, 1965). In contrast, Porter (1985) proposed environmental analysis on an industry scale, mainly encompassing competitors, suppliers, consumers, and products as well as replacement services. The environment, as included in such a range, is significantly limited compared to segments of the general one. It does not include all the specific functional conditions occurring on foreign markets. International strategic alliances are entry modes in which that aspect of the business environment seems to be especially useful when deciding on business internationalization in branches characterized primarily by intense changeableness (e.g., when other producers show strong competitiveness or in response to trends).

Today, this aspect of the environment may also concern the country as a whole. The general environment is a group of factors and forces among which an organization operates, creating a context for those operations. It may be classified into political, legal, economic, social, and cultural, ecological (natural), and technological factors (Hatch, 1997), commonly referred to as the PLESCET. With this aspect of the environment in mind, Griffin (2013) also recognizes the international segment. He highlights the essence of business internationalization as a part of business development strategy as well as the influence of international relations on the functioning of an organization (Griffin, 2013). The general environment creates a framework for business operations in the country. It contains all the factors that lie beyond company control and covers conditions influencing the behavior of entities on the market. There are even more elements of the general environment in the literature. They include infrastructural and communicational factors, which can be especially important in the case of company expansion into developing markets. They constitute a proposition for combining and separating characteristics from the above categories.

What is known as the mega-environment (international environment or global environment) is the last recognized aspect of the business environment. It contains elements that go beyond state borders and usually refers to the whole international community. In relation to the advancing process of globalization and economic regionalism, trends on the international market often highlight global issues (e.g., under World Trade Organization and United Nations agendas) as well as regional issues (e.g., covering the European Union). Factors of influence for different elements of the macro-environment and mega-environment overlap and intersect each other. Business activity on the global market requires tracking, analysis, and

prediction of various factors of the environment as well as organizational situations and their development. The decision to enter the global market must be preceded by its thorough analysis and, above all, it must be based on an aspiration to achieve a competitive position (Abhishek, 2013).

An analysis of the international (global) environment can be conducted according to the same categories as those that occur in the micro-environment (entity-related) and macro-environment (subject-related). However, global aspects are disproportionally more complex than those making up the above types (Table 1).

<b>Layers and dimensions</b>	<b>Local Community</b>	<b>Country</b>	<b>World region</b>	<b>Globe (worldwide)</b>
Political	Local government and politics	Political system; degree of civil and political freedom	Degree of political cooperation; shared institutions (e.g., EU)	International governmental cooperation (e.g., UN)
Legal	Delegated law-making; planning; health and safety	Rule of law; independent juridical and court system; national legislation	Cross-border research ties; cooperation among universities	International law and the International Court of Justice (ICJ)
Economic	Local businesses; predominant industries	National industries; industrial structure; national income and economic growth	Degree of economic integration; regional trade relations	Global economic integration; WTO and multilateral trade agreements; global companies and industries
Social and cultural	Families; local customs, schools; urban or rural	National culture; language; sense of shared history	Cultural affinity across the region; movement of people between countries	Human rights; world religions; consumer culture
Ecological	Ecosystems; pollution levels; air quality	Areas of environmental stress; environmental protection laws	Regional institutions; cooperation over regional resources (e.g., rivers)	Climate change; international cooperation on emission reduction
Technological	Schools and colleges; research centers	National school system; universities; government funding for R&D	Cross-border research ties; cooperation among universities	Global spread of breakthrough technology; global R&D networks
Financial	Penetration of banks and financial services	National financial system; regulatory system	Cross-border financial flows; regional regulations (e.g., EBC)	Global financial flows; international institutions (e.g., IMF and World Bank)

Tab. 1. Dimensions and Layers of the International Business Environment. Source: adapted from Morrison (2011, p. 31).

Because of the nature of the contemporary environment, attempts to implement other typologies of the business environment were also made in the case of businesses operating mainly on international markets. In the 1980s, one of the proposed classification systems for the business environment featured uncertainty as a characteristic of that environment and introduced its subdivision into three classes – currency-related uncertainty, political uncertainty, and labor market problems. In the 1990s, the OECD (2004) proposed an implementation of a subdivision of the business environment into factors relevant to decision-making in terms of internationalization (pull factors), factors advocating internationalization (push factors), chance factors, and entrepreneurial factors (Wach, 2014). A very interesting example (different than that found in other models) of a general model (meta-framework) for international entrepreneurship focusing on the environment is the dynamic open complex adaptive system proposed by Etemad (2004). This model singles out three layers of adaptive interactivity (interactive layers) – the entrepreneur, the enterprise, and the market (Figure 1), where as a result of self-regulation processes, a company can operate in the international environment, which is the ultimate layer. The most important feature of the adaptive system is the assumption that instantaneous change (a minute change) in one part of the system may result in significant changes (effects) in other parts given some time. The model expresses and emphasizes the role of the international environment in international entrepreneurship (in the process of the entrepreneurial internationalization of the company).

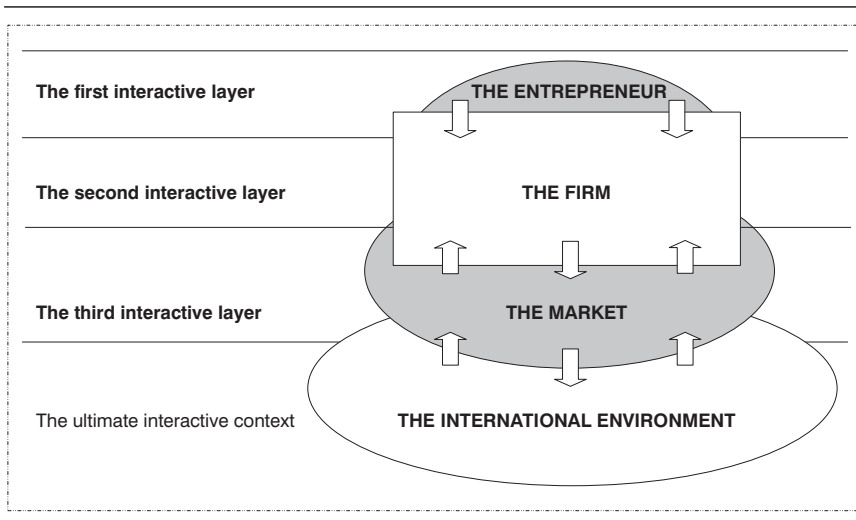


Fig. 1. Layers in the Entrepreneurial Internationalization of the Company. Source: etemad (2004, p. 30).



### 3. Research Approaches and Prior Research

Analysis of the international environment is a complex and multidimensional process. The same can be said about previous works documenting research conducted in this area. Many studies have been conducted on the impact of the environment or elements of the environment on businesses (encompassing large multinational enterprises as well as small- and medium-sized enterprises) in the various stages of the internationalization process. Therefore, it is desirable to systematize some of the achievements and approaches to the problem when reviewing literature on this subject. However, it should be noted that the proposed taxonomy is not of an imperative nature and the presented approaches may overlap. What is more, it is a selective review of the research. Due to the vast number of studies it is almost impossible to present the existing *acquis* on environment studies in a comprehensive and holistic way.

First, one may speak of the pragmatic and scientific approaches to the study of the business environment. In the first area, the business environment is, to some degree, a subject of comparisons, ratings, and rankings of international institutions (such as the *Global Competitiveness Report* by the World Economic Forum, the *Economic Freedom Report* by the Heritage Foundation, and the *Doing Business Report* by the World Bank). These studies do not aim at examining the dependence between the environment and the company directly. They only provide knowledge on the macro-environment and its components. They are an attempt at describing and measuring basic institution and market components using numerical ratings. This allows for international comparisons and the observation of changes over time. The use of rankings for the needs of company internationalization has some limitations. Firstly, they are definitely more important in the initial phase of the process of internationalization. Secondly, they are too general and not very personalized with respect to the firm, its size, form, or the industry in which it operates. Therefore, they can only be used complementarily.

It is possible to distinguish two perspectives – economic and management – in dealing with these issues in the scientific approach to the study of the nature of the environment and its impact on the firm in the process of internationalization. The environment in terms of economics is the domain of international economics. In management science, the environment is widely recognized in theories of organization and management and, above all, marketing or international marketing. In the classical approach of international marketing to environmental analysis, attention is drawn to its subdivision in the system that is rooted in strategic management – the general environment (macro level) and the task environment (micro level). These two areas are mentioned as components of the domestic market and components of the foreign market or markets, and should be taken into account in the process of internationalization (Wiktor, Oczkowska, and

Żbikowska, 2008). In marketing research, attention is concentrated on the cultural environment, its importance to the business, and changes under the influence of progressive globalization, creating a new framework for action and economic activity (Cojocaru, 2011). Changes in the business environment determine the evolution and changes in the area of its management. Hence, they lead to the virtualization of structures, processes, and the creation of new procedures, knowledge, and technology, the formation of different kinds of networks. According to Penrose (1995), the immanent properties of the environment, such as the variability and complexity or the turbulence, intensify and escalate risks and uncertainties for the company under the influence of globalization. The high rate of changes in the environment, both direct and indirect, calls for new methods of its analysis and new strategies.

The analysis of the environment and its impact on businesses on foreign markets is definitely the domain of the science of management. This subject has been recognized for both theoretical management concepts and for empirical research. Wach (2008a, 2008b) describes the position of the various management schools and concepts with respect to the relationship between the environment and the company. In these theories, the relationship between the environment and the firm are often described by analogy – e.g., of the body – the school of social systems, wildlife (system theory), or the brain (evolutionary school). The environment has become the subject of the research by social systems school for the first time, where its analysis was carried out for only social aspects. It was treated as the environment on which the organization is dependent in the terms of satisfying different needs (Wach, 2008a). The essential meaning defining the role of the environment for the firm is found in general systems theory, which demonstrates the relationship between the environment and the firm on the basis of feedback and emphasized the bilateral nature of this relationship. According to systems theory, the environment is complex and variable. This is in contrast to the position of the social systems school, which considers the environment as being stable and predictable (Wach, 2008a). One of the newer trends based on the school of social systems and the neo-classical school is the contingency approach (the situational concept). This brought in significant contributions to the study of the environment and the firm, and is supported by empirical analyses. Representatives of this direction proved the influence of the nature of the environment on the firm and the resulting differences in the structure of management of organizational units. They believe that the company operates in an uncertain and anxious environment, and therefore it is desirable to avoid general and universal expressions and applications of specific rules in relation to any current situation.

According to the evolutionary school, the relationship between the company and the environment is based on the exchange of information. This

allows the enterprise to observe changes in the environment and make appropriate decisions (Wach, 2008a). Primarily, this information is related to the task environment, leaving out the general environment. This is considered to be the major drawback of this approach. A tangible contribution of the evolutionary school to research on the business environment is the projection of specific instruments in the form of a portfolio analysis. Test methods used to analyze the environment have also been introduced by another school of management – the quantitative school. Representatives of this concept use a number of quantitative models for planning and decision-making, which also make reference to the environment. The school has developed a range of methods and models used to analyze the impact of the environment on the company on the basis of empirical research on the environment (Wach, 2008a).

One of the most important schools studying the impact of the business environment is the positional school in strategic management. It is rooted in industrial economics. It is also connected with Porter (1985), who is the creator of a popularized model of competitive environment analysis – “Porter’s five forces analysis.” Competitive forces include potential competitors entering the industry, suppliers with their bargaining power, buyers with their bargaining power, products and substitutable services, and the existing competition. In such an approach, the study of this part of the environment is the starting point for creating and implementing a company strategy. However, it should be noted that the representatives of this school have neglected the general environment in their research (Dalken, 2014).

Another approach to study of the correlation between the business environment and the enterprise that can be found in the literature relies on testing the environment for various stages of internationalization. Literature defining the role of the environment and its impact on the company during the different phases of the decision-making process is quite abundant. It seems that the impact of the environment can be crucial in making the following decisions (Hollensen, 2004): (i) the decision to enter foreign markets, (ii) the decision on the selecting specific foreign markets, (iii) the decision relating to foreign market entry strategies, (iv) the decision to create a marketing program, and (v) the implementing and monitoring of an internationalization program. In this thread on research on the impact of the environment on the firm, it should be emphasized that studies into the initial phases of the decision-making process are dominant. Therefore, they involve research into the environment in the context of investment climate (macro level) as related to the decision-making process in choice of foreign market and selected markets entry modes or even strategies (Goodnow and Hansz 1972; Brouters, Brouters, and Werner, 2002; Slangen and van Tulder, 2009; Tseng and Lee, 2010; Ahsan and Musteen, 2011; Efrat and Shoham, 2013). Goodnow and Hansz (1972) were among the first to provide studies confirming the significant impact of the environment on the

decision of the firm regarding internationalization and its form. They showed the immediate and direct relationship between the external environment and the decision regarding the operating range and the direct or indirect entry mode. In this context, the environment is categorized as being hot, moderate, or cold. A hot environment is characterized by its high degree of political and economic stability, economic development, cultural unity, low legal, institutional, and physiographic barriers, and geo-cultural distance. A cold environment is defined as the opposite, while a moderate one, as the name suggests, is something in-between. The involvement of a company in the foreign market is directly proportional to the “temperature” of the external environment of the target market (Goodnow and Hansz, 1972). In the literature, this is referred to as the Litvak-Banting Hypothesis. These authors can be considered precursors of environmental analysis in the context of its impact on the kind of commitment a company makes to a foreign market (Litvak and Banting, 1968). These observations have found confirmation in later studies. However, research in this area has showed that the impact of the environment on a firm is very important and large, but varied. To a major extent, it depends on the size of the company and the scope of its activities in international markets (Sanjeev and Sridhar, 1992). Shieh and Wu (2011) confirmed the hypothesis of dependence of the entry mode into the foreign market on environment in their investigations on multinational corporations and forms of their expansion through joint venture enterprises (JVE) or wholly-owned subsidiaries (WOS). Carpano, Chrisman, and Roth (1994) studied the effect of the business environment on the choice of international strategy and its effectiveness. According to these authors, the geographical scope and diversity of the segments are a good basis for selecting basic international strategies. Their effectiveness is a function of the environment in which the company operates (Carpano, Chrisman, and Roth, 1994).

Another very interesting stream of research on the environment and its impact on the internationalization of a company is an approach set as being subjective and objective. In this context, analysis of the environment can mean the analyzing of selected elements of the environment in line with the needs or interests of the investigator. The subject of the analysis can therefore be the analysis of the general environment, the analysis of the competitive environment, or the company’s potential. The subject approach is understood as the analysis of the environment taking into account the perspective of specific market participants, where first, one can distinguish an analysis of the environment with respect to the needs of multinational corporations, small- and medium-sized enterprises, or companies from a specific industry. A vast amount of literature is devoted to the analysis of the macro-environment or its components (Hart, 1995; Ayyagari, Demirguc-Kunt, and Maksimovic, 2008; Kew and Stredwick, 2008; Ortiz, 2010; Dickson, Weaver, and Vozikis, 2013; Iamratanakul, 2015; Wach,

2016). From the perspective of business, especially industrial economics, the competitive environment is the focus (Gorynia and Jankowska, 2004; Lansiluoto, 2004; Oraman, Azabagaoglu, and Inan, 2011). In subjective terms, an overwhelming number of studies focuses on international corporations and their direct investments. The environment is analyzed in all possible configurations from the point of view of those actors. First of all, it is the investment climate that is examined (Bayraktar, 2014). A number of works is devoted to the form of internationalization of corporations in the context of investment type – brownfield, greenfield, and joint venture (Wei, Liu, and Liu, 2004; Hu, Ma, and Zen, 2012). Other works focus on institutional, political, and economic factors, which determine the functioning of the international corporation in each country (Gao, 2008). Recently, these studies emphasize the very volatility of environmental uncertainty. Hence, the increasing need for research on changing conditions external to the company. The authors mention globalization, advances in information and technology, the functioning of national and supranational institutions and organizations, the emergence of nongovernmental organizations and their impact on reality, the dynamic growth of emerging economies, the focus on issues of ecology, business ethics, and the risks associated with terrorism as the driving forces of changing market conditions (Ferreira, Li, Guisinger, and Serra, 2009).

From the point of view of this study, it is particularly important to examine the international business environment from the perspective of not only large multinational enterprises (MNEs), but also of small- and medium-sized enterprises (SMEs). The latter is currently a separate research domain recognized in the literature, where it is given much less attention than research into large corporations, however. An evaluation of the impact of the environment on the internationalization of small- and medium-sized enterprises is performed by authors such as Klapper, Laeven, and Rajan (2004), Wach (2008a, 2008b), Nummela, Loane, and Bell (2006), Stoian, Rialp, Rialp, and Jarvis (2016), and Garcia-Cabrera, Garcia Garcia-Soto, and Duran-Herrera (2016). A review of that literature shows that most of the work is relatively new, which indicates that the specifics of SMEs in earlier efforts were not looked at so often. Undoubtedly, this has changed in recent times due to the growing importance of SMEs in the economy. Therefore, this justifies the intensification of research precisely targeting these entities. Previous work has confirmed the impact of the international environment on the operations of SMEs. That work also points to the high level of flexibility of these entities in finding and filling market niches and quick reactions to changes in the environment. Some studies point out that for SMEs it is the domestic environment that is more important in the process of internationalization than the international environment (OECD, 2004). This is confirmed by Stoian, Rialp, Rialp, and Jarvis (2016) who looked at the internationalization of small- and medium-sized enterprises

from Central and Eastern Europe. The hypothesis presented in the cited study stating that the radical changes in the institutional environment as well as political and economic reforms are “push” factors for SMEs was verified as being positive. According to those authors, SMEs are *de facto* beneficiaries of the changes taking place in the international business environment in the wake of the political transformation. In the initial phase following transformation, this related to the limitations of the domestic market. This somehow forced enterprises to seek alternatives in foreign markets. Then came the development of these companies on foreign markets as a result of the benefits of accession to the European Union (Stoian, Rialp, Rialp, and Jarvis, 2016). On the other hand, Wach (2008b) studied changes in the competitive environment of enterprises in the process of European economic integration. In its bulk, that study was applied to small- and medium-sized businesses, while the environment itself was studied in the context of the perception of changes to its characteristic features, including dynamism or variability, complexity or heterogeneity, uncertainty (a mix of dynamism and complexity), munificence or beneficence, concentration, liberality, organization, and hostility. The results confirmed that Poland’s accession to the EU influenced the perception of Polish entrepreneurs with respect to changes in the competitive environment. This applies to all eight tested characteristics. However, changes noticed in the environment were not of radical character according to the surveyed businesses. Their intensity was assessed as being moderate (Wach, 2008b). In empirical studies on SMEs, attention is also drawn to environmental factors limiting growth and/or development on foreign markets. This is associated with an intensifying competitive environment (hostile environment), especially the strong position of global companies and industry leaders that have more developed human resources and organizational potential. Internal company conditions in the form of limited intellectual and financial capital are indicated as a kind of a barrier to the development of SMEs. Strengthening these areas would undoubtedly contribute to the effective elimination of threats as well as to the use of the opportunities that are created by an environment. This is especially true from the perspective of international entrepreneurship, where the entrepreneurial process of recognizing opportunities on international market is crucial.

Studies on the impact of the environment on the firm in the internationalization process are complemented perfectly by works carried out in recent years that summarize the previous achievements of the literature in this area (Ferreira, Li, Guisinger, and Serra, 2009; Abdulghany, 2015). They provide knowledge on the number of published works on the international business environment as well as forms and places of publication. At the same time, they are a kind of evaluation of the existing literature. On this basis, it is possible to indicate the limitations of previous work as well as recommendations for future research. It turns out that most of

the publications relate to the cultural environment. Analyses are one- or two-dimensional as well. Meanwhile, there is a need for a holistic and multidimensional approach. Moreover, these studies are of marginal, incidental importance. What is desirable is the achievement of a more conceptual approach, as opposed to the schematic one that is dominant to date – e.g., the political and cultural environment is treated separately when today it is possible to talk about what is known as the political culture and its impact on the behavior of the organization. One should also use more sophisticated research techniques and advanced computer software to study the environment. This will make the results more detailed and allow modeling (Ferreira, Li, Guisinger, and Serra, 2009). On this basis, it can be stated that the external business environment is an area of research with great potential that is far from being exhausted. Its weight and importance is increasing with time.

#### **4. Research Framework**

This article contains the results of empirical research introduced as a part of the OPUS 4 Grant implemented over the years 2013–2016 at the Faculty of Economics and International Relations of the Cracow University of Economics and financed by the National Science Center of Poland.

The aim of this article was finding an answer to the question of how foreign environmental factors influence the internationalization of Polish internationalized companies. The research sample was chosen on the basis of businesses registered in Poland in the REGON national register of businesses. A total of 7,100 companies were chosen from among those and it was to them that the questionnaire was directed. Out of all these businesses, only 355 agreed to take part in the survey (5%). Stratified, random sampling was applied in line with the following criteria:

- The sample only contains internationalized firms (companies that are at least exporters).
- The sample contains companies of various sizes. However, the sample reflects the following research requirements: (i) The share of microenterprises that are at least internationalized is small. This is in spite of the fact that they constitute the largest group of the surveyed population. (ii) A relatively small share of large enterprises is used. This is despite the fact that they constitute the least numerous group in the population, they are the most typical research object in the field of internationalization, where it is assumed that each of the above mentioned groups should represent around 10–15% of the sample. (iii) There is a relatively large share of both small- and medium-sized enterprises, which according to assumptions is expected to make up 25–45% of the sample.

Out of the 7,100 firms selected from the REGON register, the sampling consisted of 5%. In reality, however, the selected part of the population includes 3,313 companies and the final sampling *de facto* consisted of 10.7%. In total, 355 questionnaires were collected (Table 2). The reasons why the remaining firms were not reached were as follows:

- A total of 28.1% (1991) of the companies were not internalized, so they did not meet the first criterion,
- A total of 25.3% (1796) of the companies provided erroneous telephone numbers or nobody answered the phone, and therefore they were unable to take part in the survey,
- A total of 22.9% (1627) of the companies refused to take part in the survey, and
- A total of 18.7% (1331) of the companies encountered or caused difficulties for a number of reasons, which made it impossible to obtain reliable responses.

Size of the firms (%)		Sector of the economy (%)	
Micro	14.1	Agriculture	1.7
Small	43.1	Manufacturing	56.4
Medium	29.8	Construction	1.9
Large	13.0	Trade	22.4
		Services	17.6
Foreign ownership (%)		Age of the firms (years)	
Mean	<b>28</b>	Mean	<b>24</b>
Min	0	Min	1
Q1	0	Q1	14
Median	0	Median	20
Q3	68.5	Q3	25
Max	100	Max	183

Tab. 2. Research Sample Profile. Source: own study based on the 2015 survey (n = 355).

Both the literature, especially prior research results, and own observations of the cause and effect phenomena have led to the following hypotheses:

- H1** Polish businesses operating on international markets whose general environment (macro level) has a stimulating impact are more internationalized than the ones operating on markets with an inhibiting international environment.
- H2** There is a linear dependence between international entrepreneurial orientation (from low to high) and foreign environment assessment (from inhibiting to stimulating), i.e. the more stimulating the environ-



ment the greater the entrepreneurial orientation noted by the businesses (a favorable climate for business has a positive influence on the business mechanisms).

The survey was conducted with the use of CATI (*Computer Assisted Telephone Interviewing*). The survey questionnaire was divided into seven thematic parts: (i) characteristics of the enterprise, (ii) forms and scope of the internationalization, (iii) patterns and strategies of internationalization, (iv) resources and competences, (v) domestic and foreign environments, (vi) entrepreneurial orientation, and (vii) characteristics of the entrepreneur.

Telephone interviewing was conducted in the first quarter of 2015. Its results were subject to the appropriate statistical calculations using Statistica PL v. 10.0, special computer software. The following measures and statistical methods were used to verify the posed research hypotheses: Pearson linear correlation, chi-square test, Mann-Whitney *U* test, Student's *t*-test, ANOVA factor analysis, median test, and the Shapiro-Wilk test.

The following variables (dependent variables) describing internationalization, subject to statistical calculations, were used for the purposes of the survey and calculation:

- The Transnationality Index (TNI), a measure, well-grounded in topical literature, of internationalization, including its three components – i.e. share of foreign assets, share of foreign sales, and share of foreign employment,
- The speed of internalization (INT\_SPEED), which is the number of years from the launching of the company to its first internationalization,
- The scope of internationalization (INT\_SCOPE), meaning the number of markets/countries where the business operates, and
- The degree of internationalization (INT\_DEGREE), the share of sales on the foreign markets.

A seven-element analysis of PLESCET was chosen as a business environment independent variable, while a seven-point Likert scale was used to assess individual environmental factors (Table 3). A number of control variables were used during calculations – advanced forms of entry (0/1), being a family-owned business (0/1), international experience (INT\_EXP), vulnerability to internationalization, the scale of employment, i.e. the size of the firm, foreign ownership (in %), economic sector (0/1), high-tech (0/1), high-growth (0/1), hyper-growth (0/1), innovators (1/0), innovation index (INNO\_INDEX), and common foreign border (1/0).

## 5. Findings and Discussion

The above-mentioned Likert scale was used to assess each of the seven factors of the foreign (and domestic) environment. The scale is an order scale, and therefore the descriptive statistics should be interpreted with great caution. However, they do allow a measure of general tendencies

Domestic Market					Factors					Foreign Markets				
Inhibiting ... Stimulating					General Environmental Factors					Inhibiting ... Stimulating				
1	2	3	4	5	6	7	<b>Political Factors (P):</b> Country political stability, and political security  <b>Legal Factors (L):</b> Regulations concerning business activity, anti-trust and cartel policy, competition and consumer protection, and labor regulations  <b>Economic Factors (E):</b> National wealth, income level of the population, unemployment rate, level of domestic demand, currency exchange rate, availability of loans and investment incentives, tax burden, level of the duties, and production costs  <b>Social Factors (S):</b> Demographics of the society (population growth, society age structure, sex structure, and household structure), educational level of the society, mobility of the society, civilizational progress, social disproportion level, and civil society  <b>Cultural Factors (C):</b> Values, lifestyle, religion, work ethics, the society's perception of foreign products and companies, and work effectiveness  <b>Ecological Factors (E):</b> Environmental awareness of customers and environmental protection laws  <b>Technological Factors (T):</b> Level of expenditure on research and development, competition and innovation index, computerization level, the speed of modern technology transfer, level of functioning technology wear, transportation development level, and road and communication infrastructure	1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	2	3	4	5	6	7		1	2	3	4	5	6	7

Tab. 3. Applied Scale Measuring General Enterprise Environment in International Entrepreneurship. Source: own study.

(Table 4). Economic and technological factors were assessed as stimulating, political and legal as inhibiting in line with the following coding: inhibiting (values 1, 2, and 3), neutral (4), stimulating (5, 6, and 7). Due to the fact that the assessment of individual factors spread differently, after simplification using a method of weighing, it was assessed which factors are more frequently shown as stimulators and which are shown as inhibitors of the internationalization process (Figure 2). As it turned out, technological and ecological factors proved stimulators, while the cultural and civil factors proved to be inhibitors. The remaining three groups of factors were considered as stimulants and inhibitors to the same degree by respondents.

Factors	N	Mean	Me	Mo	No. Mo	Min	Max	Q1	Q3	SD
Political	355	3.93	4	4	102	0	7	3	5	1.87
Legal	355	3.97	4	4	113	0	7	3	5	1.59
Social	355	4.21	4	4	146	0	7	4	5	1.41
Economic	355	4.55	5	4	90	0	7	4	6	1.69
Cultural	355	4.15	4	4	149	0	7	4	5	1.45
Ecological	355	4.36	4	4	112	0	7	4	6	1.67
Technological	355	4.74	5	4	92	0	7	4	6	1.53
FOREIGN	355	4.27	4.28	4.86	27	1	7	3.71	4.86	1.02

Tab. 4. Descriptive Statistics for Foreign Environment Evaluation. Source: own study based on the 2015 survey ( $n = 355$ ).

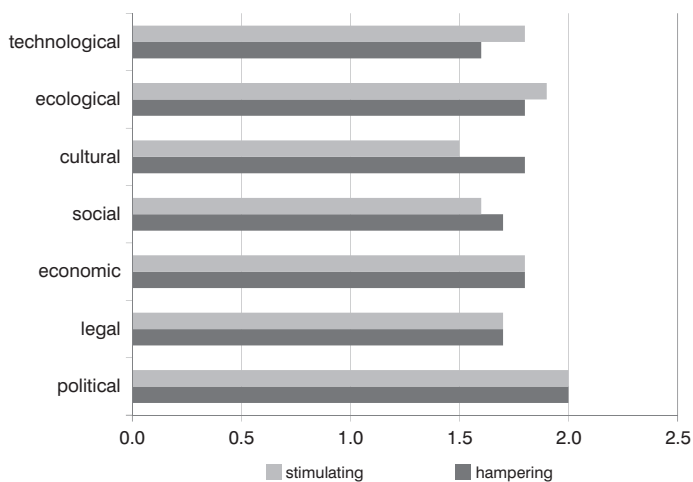


Fig. 2. Weighted Declarations of Both in Hampering and Stimulating Environment. Source: own work based on the 2015 questionnaire ( $n = 355$ ).

A categorized normality graph as well as the Shapiro-Wilk test were used to assess the normality of the distribution of variables separately for those inhibiting and stimulating foreign environment. On the basis of the test results, it is possible to notice that both in the case of an inhibiting (SW-W = 0.884;  $p = 0.00000$ ) and stimulating character of the foreign environment (SW-W = 0.9113;  $p = 0.0000$ ) it is crucial to refute the null hypothesis postulating the normality of the distribution of TNI variables. Accordingly, the nonparametric Mann-Whitney  $U$  test was used to assess the diversity of an average TNI level between a stimulating and inhibiting foreign environment (Table 5). Based on the test, the likelihood  $p$ -value as assessed by the program allows the refuting of the null hypothesis. This means that, statistically, the TNI level differs significantly depending on whether the foreign environment is inhibiting or stimulating, but with an acceptable, not typical materiality level ( $p = 0.097 < \alpha = 0.1$ ). It is possible to assume that the average difference in TNI level is higher by about 5 p.p. in case of stimulating foreign surroundings on the basis of the median difference (25.4 against 21.6 %). The results seem to confirm the first of the research hypotheses as stated in this article.

An analogical procedure was used for the inhibiting and stimulating of the domestic environment. Applying a test based on statistics  $A$  and  $Z$ , taking into consideration the likelihood value of the test  $p = 0.8$ , there are no grounds to refute the null hypothesis postulating that the average diversification of TNI value is similar in the case of both an inhibiting and stimulating domestic environment.

Dependent variable	Rang Sum hampering	Rang Sum stimulating	U	Z	$p$	Z corrected	$P$	$N_{\text{hamp}}$	$N_{\text{stim}}$
<b>Grouping variable: International environment</b>									
TNI	17777.5	34548.5	10756.5	-1.655	<b>0.097</b>	-1.656	<b>0.097</b>	118	205
<b>Grouping variable: Domestic environment</b>									
TNI	24605.5	23910.5	11885.5	-0.249	0.802	-0.249	0.802	159	152

Tab. 5. Mann-Whitney  $U$  Test Results for Environmental Variables. Source: own study based on the 2015 survey ( $n = 355$ ).

A decision was made over the course of the statistical calculations to explore what the relationship between the international entrepreneurial orientation (IEO) and the assessment of international environment impact was. Presuming linear dependence, the Pearson linear correlation was used for the calculations (Figure 3). Its results show a weak linear correlation ( $r = 0.25$ ). However, it was one that was statistically significant

( $p = 0.0000008$ ). Thus, it may be partly assumed that a good climate for business, including foreign business, creates a good entrepreneurial orientation for companies.

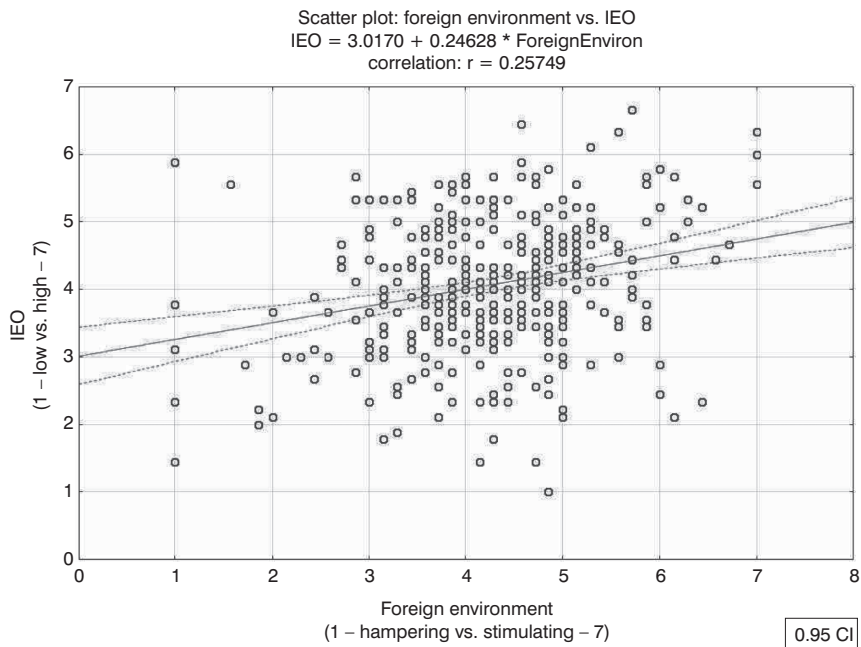


Fig. 3. Scatter Plot of Linear Correlation between the Environmental Variables and International Entrepreneurial Orientation. Source: own study based on the 2015 questionnaire ( $n = 355$ ).

The collected empirical material as well as statistical calculations also allow the drawing of other very interesting cognitive conclusions:

- Consumer ecological awareness as well as environmental protection laws outside the borders of Poland stimulate companies to faster and earlier internationalization (Mann-Whitney U test,  $p = 0.018$ ).
- Values, lifestyle, religion, work ethics, relation of the society to foreign companies and products, and work effectiveness outside the borders of Poland are stimulating with respect to the process of internationalization of family-run businesses (Mann-Whitney U test,  $p = 0.018$ ).
- Manufacturing companies assess foreign environments as stimulating for the process of internationalization more often (chi-square test,  $p = 0.01$ ).
- Companies assessing the foreign environment as stimulating for the process of internationalization note more than average growth more frequently (chi-square test,  $p = 0.006$ ).

## 6. Conclusion

The collected empirical material allows for not drawing a number of conclusions. The pull factors have a positive influence on the level of internationalization of the examined businesses. A stimulating foreign environment and its use (*de facto*, the very internationalization) may be described as one of the factors of more than average growth (high growth). The beneficiaries of internationalization are mainly manufacturing companies, which notice foreign market opportunities more often. Based on the results, it is worth noting that Polish born globals take advantage of their adjustment to the ecology.

The results of the performed statistical calculations as presented in this article have led to a verification of the research hypotheses stated at the beginning of this article:

No.	Subject of the Hypothesis	Result	Method
H1.	Stimulating international environment ⇒ higher TNI	Confirmed	Mann-Whitney <i>U</i> test, median test
H2.	Good climate for entrepreneurship ⇒ higher entrepreneurial orientation	Further disambiguation is needed	Pearson linear correlation

Just like in the case of any other research, especially research that is empirical in nature, the analyses presented in this article have their own research limitations. These are mainly conditioned by the method of sample selection, measurements used, and analytical apparatus. Above all, the survey has enforced the use of a managerial perception, so measurable corporate data was not dealt with but rather the perception of the analyzed phenomena by the managerial staff (which is natural in surveys). For this reason, it is not possible to absolutize the results. What is still needed is in-depth research.

The results presented in this article are just a starting point for further detailed analyses. What is advised (and even required) for further study is the conducting of further and fuller research of the separate dimensions of the international environment (only the simple seven-dimensional PLESCET approach was taken into account for the needs of the present research, where each of the factors was analyzed on a very general level). In further research, it would be worthwhile to introduce elements typical of international entrepreneurship in connection with environmental research, which was not yet included in the research. These elements are: (i) the process of organizational learning in connection with environmental factors, (ii) the process of accumulation of knowledge coming from the environment, and (iii) the way of discovering (recognizing) and taking advantage (exploitation) of environmental opportunities.

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