INTERNATIONALIZATION OF ENTERPRISES
AS ASSESSED BY UNIVERSITY STUDENTS:
PROSPECTIVE AND CURRENT
ENTREPRENEURS

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Abstract

The article is aimed at presenting selected insights into the perception of internationalization by university students who are viewed as either current or prospective entrepreneurs. Its theoretical part offers a general overview of selected definitions, theories and models of internationalization and international entrepreneurship. Part two presents the results of empirical surveys of the students of selected institutions of higher education in Poznań, Poland, carried out by means of an auditorium questionnaire.

Today’s economies are increasingly linked across countries through integration groups and enterprises. The more their business operations and transactions focus on foreign economies, the more international enterprises become. Polish businesses are less internationalized than those in more developed countries. Nevertheless, they increasingly choose to venture abroad. According to the most recent statistics published by the National Bank of Poland, Polish direct investors invested a total of PLN 12.1 billion in 2015 (NBP, 2017).

The literature offers numerous classifications of the reasons why enterprises of various sizes are driven to go international. The majority of authors operate on the assumption that enterprise internationalization is the direct consequence of the approaches adopted by business owners. For economic and social reasons, it is
therefore essential to educate the public and, particularly students and university graduates, and to encourage them to become proactive.

**Key words**: internationalisation of enterprises, international trade, directions of internationalisation, risk taking, SMEs.

1. Enterprise internationalization – selected theories and models

The literature provides a wide range of definitions of enterprise internationalization. Most commonly, the process is described as business activities of any type that an enterprise undertakes abroad: the more business operations and transactions focus on foreign economies, the more international enterprises become. J. Rymarczyk defines internationalization as “any kind of business activities that an enterprise carries out abroad” (Rymarczyk, 2004).

In the early 1990s, enterprise internationalization theory was dominated by staged models which viewed internationalization as sequential and evolutionary. Each successive step meant greater involvement in international activities as entrepreneurs gathered more knowledge. A causal relationship exists between each successive stage of foreign market expansion: each lower level leads to one that is higher or more advanced. The most popular staged approach is the Uppsala model developed through research into Swedish industry. The model seeks to shed light on learning within organizations and on the impact of the accumulated knowledge on internationalization behaviours. It distinguishes four stages that an enterprise goes through, each successive step being associated with a greater commitment of resources abroad (Johanson, Wiedersheim-Paul, 1975).

Other popular approaches to internationalization include the network model which depicts an enterprise’s internationalization as part of a wider process of suppliers, their foreign customers and other entities developing mutual long-term relationships. By establishing economic, technical, legal and other ties, a company will gain access to other enterprises associated in its network. According to mutual links theory, a business will only launch activities in a foreign market if and when such a step is effective in view of its existing network of links and relationships. The company will adjust its production volume, technologies, sales systems and marketing to meet the expectations of other network participants. A highly internationalized enterprise is one with a great number of strong links of various kinds with other entities (Håkansson, Johanson, 1992).

Traditional internationalization models, which are commonly focused on describing the foreign market expansions of large enterprises, are of relatively little use for clarifying the behaviours of small and middle-sized businesses. The fact of the matter is that, faced with challenging internal and external barriers, the majority of SMEs find themselves unable to take advantage of the experience of larger transnational corporations. As SMEs become more significant for the globalization of the
world economy and as more empirical study results are reported on them, a greater number of models emerge that describe various aspects of their internationalization (Rembiasz, 2011). One example is the classification set forth by PP. McDougall and B.M. Oviatt (2000), who proposed to divide small and medium-sized businesses into:

— enterprises that are international at founding, referred to as “born global” by J.A. Wolff and T.L. Pett (2000), and
— enterprises that successively proceed through every step of internationalization (international-by-stage).

In the Polish literature, particular attention is given to the resource-sectoral model proposed by N. Daszkiewicz (2004). The model relies on the two precepts of the business proprietor/manager playing a pivotal role in the internationalization of a small enterprise and of resources, the environment and the sector playing the role of the remaining factors influencing a company’s strategic decisions to expand internationally.

Note that an enterprise’s decision to go international and its subsequent internationalization strategy is typically an extension of its prior strategies adopted for the domestic market. Moreover, to succeed in launching operations abroad, an enterprise needs an adequate system for planning and then managing its internationalization strategy (Wach, 2016).

2. The role of international entrepreneurship in enterprise internationalization theory

The term “international entrepreneurship” was first used in 1988 in a dissertation by Tomas Otto Kohn at Harvard University (Gubik, Wach, 2014).

International entrepreneurship is the kind conducted on a global scale. As a combination of entrepreneurship and international business, international entrepreneurship involves the identification, recognition and pursuit of the business opportunities that arise in international trade with an eye to producing and offering new goods and/or services (McDougall, Oviatt, 2005).

International entrepreneurship can also be viewed as describing the internationalization of micro-, small and medium-sized enterprises from an entrepreneurship perceptive. This very approach was employed to construct a general conceptual model of international entrepreneurship. The model emphasized the particular significance of certain attributes of proprietors and/or managers for international expansion of businesses (Ruzzier et al., 2006).

According to N. Daszkiewicz (2014), international entrepreneurship can also be considered to be both a research approach to SME internationalization regarded from a company’s perspective as well as a new research area falling within the
framework of entrepreneurship and enterprise internationalization, and shifting the scope of analysis from domestic to international.

3. Selected aspects of international entrepreneurship – outcomes of empirical studies

3.1. Description of research method and research sample

The study in question incorporated 158 female and 159 male students enrolled in the first, third and fifth years of graduate programmes as well as post-graduate students of Poznań-based institutions of higher learning and specifically the Poznań University of Technology (majoring in Management Engineering, Automation and Robotics and Computer Science) and WSB University (majoring in Logistics and International Forwarding, Business Psychology, Tourism and Recreation and Finance and Banking). A total of 317 completed survey forms were collected. The survey method was auditorium questionnaire.

3.2. Students’ approach to entrepreneurship – propensity to start own business

International entrepreneurship behaviour ties significantly to plans to start one’s own business whether at home or abroad. Figure 1 presents responses from selected students to a question concerning having started one’s own business or having plans, if any, to start one. The study found that 3% of female students and 6% of male students already have a business. Although 67% of female students neither have not intend to set up their own business, 30% of them declare they would like to start one. As for male students, 54% of the surveyed indicated they neither had their own company nor planned to run one. Nevertheless, a solid 40% had plans to start a business in the future. Without a doubt, the small proportion of existing business owners resulted from the fact that a substantial percentage (71%) of the respondents were freshmen.

The study found also that the male students belonging to the above-described study group tend to be more pro-active about starting and running a business than their female counterparts. Moreover, 4.9% of the first-year respondents already had a business whereas another 30.2% were planning to set one up. While none of the third-year students surveyed held their own company, as many as 50% indicated they would like to start one in the future. For the sake of comparison, note that a recurring survey regarding the entrepreneurship resources of the Wielkopolska Region’s institutions of higher education held in the early 2016 found that 50.1% of female and 38.5% of male freshman students were planning to start their own company whereas 2.6% students already had one. Furthermore, 2.7% of female and 8.8% of male third-year students already ran their own enterprise while 37.9% of female and 47%
of male students intended to start one in the near or more remote future (Łuczka, Rembiasz, 2016).

![Graph showing distribution of responses](image)

**Fig. 1.** Student responses regarding the ownership of one’s own business or plans to start one

*Source: own research*

### 3.3. The respondents’ understanding of the meaning of enterprise internationalization and plans to set up business in a foreign country

The following survey question was meant to ascertain the respondents’ understanding of the meaning of “enterprise internationalization”. Their answers are summarized in Fig. 2.

![Graph showing respondent opinions](image)

**Fig. 2.** Respondent opinions on the meaning of internationalization

*Source: own research*
The students were found to believe that internationalization is most adequately described as “collaboration with a foreign-based enterprise” (34% of the surveyed), followed by “simultaneous import and export”, which was considered to be the second most fitting definition (selected by 29% of the surveyed). Note that the universal and much quoted definition by J. Rymarczyk, which referred to internationalization as being “any business conducted outside of the home country”, and which is also cited in this paper, was only selected as the third most fitting. This option was chosen by 25% of the surveyed. Female students were significantly more likely than their male counterparts to choose collaboration with a foreign-based enterprise as adequately defining internationalization, which may suggest they are generally more inclined to cooperate than compete. A possible conclusion might be that women entrepreneurs are more likely to operate in foreign markets in the above-mentioned network model of internationalization.

Furthermore, 4.1% of the respondents checked two answers to the above question, 2.5% ticked off 3 while 1 person selected as many as 4 of the 7 available options. Each response comprising more than one definition included a reference to “collaboration with a foreign-based enterprise” as one of the choices. The second most popular selection among the multiple-definition responders was “simultaneous import and export” (68%), followed by “any business conducted outside of the home country” (27%). Only 4% of the students marked none of the options in their response to this question.

The research also revealed certain regularities in the way the understanding of enterprise internationalization varied according to the respondents’ places of residence. For detailed findings on this issue, see Table 1.

**Table 1. Respondents’ understanding of the term internationalization by place of residence**

<table>
<thead>
<tr>
<th>Place of residence</th>
<th>Export</th>
<th>Import</th>
<th>Simultaneous export and import</th>
<th>Any business outside of home country</th>
<th>Collaboration with foreign-based enterprise</th>
<th>Manufacturing abroad</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>2.6%</td>
<td>1.3%</td>
<td>36.3%</td>
<td>24.7%</td>
<td>26.0%</td>
<td>7.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Urban 5,000–150,000</td>
<td>3.8%</td>
<td>2.9%</td>
<td>24.8%</td>
<td>23.8%</td>
<td>35.2%</td>
<td>6.7%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Urban &gt;150,000</td>
<td>4.7%</td>
<td>2.3%</td>
<td>28.9%</td>
<td>25.8%</td>
<td>39.1%</td>
<td>5.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Average</td>
<td>3.9%</td>
<td>2.3%</td>
<td>29.5%</td>
<td>25.0%</td>
<td>34.7%</td>
<td>6.5%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

(Source: own research)
The opinions of the inhabitants of small, medium-sized and large towns and cities are similar with “collaboration with a foreign-based enterprise” ranking as their first choice (35.2% of the inhabitants of small and medium-sized town and 39.1% of the inhabitants of large cities respectively). On the contrary, rural dwellers were more likely to indicate that enterprise internationalization meant “simultaneous export and import” (36.3%).

Another point of interest are variances in the understanding of “internationalization” by the declared views on running or starting one’s own business. The reference to “collaboration with a foreign-based enterprise” was the definition most commonly selected by persons who already had their own business (31% of the existing business owners). What is more, out of the 34.7% of those surveyed who were found to believe that “collaboration with a foreign-based enterprise” most adequately defines enterprise internationalization, 62% declared they would choose this emphasis were they to establish their own business. The remaining respondents selected “export through a foreign agent” (8%) or “a foreign subsidiary” (9%). The remaining prospective entrepreneurs (21%) showed a preference for other forms of business (manufacturing abroad, joint venture, franchise, licence, independent import or import through a foreign agent).

The respondents’ views on how best to define internationalization were reflected in the solutions they would prefer to employ were they to start their own business outside of Poland. The respondents’ preferred model was collaboration with a foreign-based enterprise (53.3%), followed by immediately setting up a foreign subsidiary (22% of the respondents), followed by engaging in export through a foreign agent (20.5%). The remaining 32.2% selected other forms of internationalization (manufacturing abroad, joint venture, franchise, licence, independent import or import through a foreign agent). Furthermore, 22.7% of the surveyed would use more than one form of internationalizing their own enterprise.

The following question was intended to ascertain where the respondents were willing to start a business. The survey found that they were more likely to have an interest in starting a business in both their home and a foreign country or exclusively abroad (56.2% surveyed). 29.2% of the surveyed indicated they would only be interested in setting up business in their home country. Only 14.6% of the students remained undecided as to where they would like to commence business activities. For detailed results of the survey, see Fig. 3.

The study found that the students interested in starting a business abroad, if at all, preferred the staged model of internationalization. 49.5% of the students indicated an interest in launching activities initially at home and subsequently also abroad. The supporters of the born-global model (6.7%) were most likely to choose to establish a company simultaneously at home and abroad (4.8% of all surveyed). The declarations to want to set up business exclusively abroad were clearly in the minority: only 1.9% of the respondents showed such an interest.
Considering that the surveyed tended to be young (63.4% of the respondents were aged 18 to 25, 11.7%: 26 to 35 and only 5.3% above 35) and therefore largely inexperienced, the choice of the staged approach appears to be reasonable. This has been confirmed by the students’ opinions on the number of countries in which they would like to engage in a new business venture. A staggering 32.7% do not know how many and in which countries they would like to do business. However, a solid 26.4% of the surveyed are willing to work with more than one European Union member state. The results regarding this question are shown in Fig. 4.

Fig. 3. Respondent opinions on the place for starting their business

*Source*: own research

Fig. 4. Respondent opinions on the number of countries with whose representatives they would like to work in opening their own business

*Source*: own research
Notable research on the issue has come from N. Daszkiewicz (2014) who demonstrated that the geographic scope of an enterprise’s internationalization increases with its growth and that no statistical significance can be found between the geographic territories of companies and their age. On the other hand, while admitting the existence of a correlation between a company’s age and the degree of internationalization, A.R. Reuber and E. Fisher (1997) found that such a correlation was very weak. However, the findings of O. Burgel and G.C. Murray (1998) show that the enterprises which have begun to expand internationally tended to be older than those which have not.

3.4. Assessment of risks associated with internationalization

Running a business entails a wide range of risks. The significance of risk in business was noted by Frank Knight who proposed that entrepreneurs were willing not only to assume a well-defined risk but also engage in situations that were clearly uncertain (Zaleśkiewicz 2004). Having one’s operations in a foreign and largely unknown environment governed by an alien legal system and, commonly, in a foreign language environment, increases the number of potential risks.

The above assertions have been confirmed by the findings of the study at hand. The majority of the surveyed (59.5%) suggested that the entrepreneurs who operated abroad tended to be most risk-prone. However, 17.1% of the surveyed disagreed with this view whereas 23.4% had no opinion on the matter. The relevant results of the study are shown in Fig. 5.

![Fig. 5. Respondent opinions on whether entrepreneurs operating abroad have a greater propensity to take risks than persons operating their business exclusively in their home country](image)

*Source: own research*

What is significant with this regard is that the types and levels of risk depend on the form of internationalization. While some companies immediately venture abroad, others wait and see until they amass sufficient knowledge and experience. With this consideration in mind, students were asked whether they believed that a correlation existed between the risk of starting and running a business abroad and
company size. The respondents’ replies were distributed equally among the available answers with a slightly greater number of students choosing a negative correlation between risk level and enterprise size (26.7%). The findings with this regard are shown in Table 2.

Table 2. Respondent opinions on the correlation between the risk of starting and operating a business abroad and company size

<table>
<thead>
<tr>
<th>Group of respondents</th>
<th>Bigger company = greater risk</th>
<th>Bigger company = smaller risk</th>
<th>No such correlation</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female respondents</td>
<td>22.9%</td>
<td>23.6%</td>
<td>24.2%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Male respondents</td>
<td>27.2%</td>
<td>29.7%</td>
<td>20.9%</td>
<td>22.2%</td>
</tr>
<tr>
<td>1st year students</td>
<td>28.3%</td>
<td>22.3%</td>
<td>19.7%</td>
<td>25.3%</td>
</tr>
<tr>
<td>3rd year students</td>
<td>19.2%</td>
<td>34.6%</td>
<td>26.9%</td>
<td>19.2%</td>
</tr>
<tr>
<td>5th year students</td>
<td>14.3%</td>
<td>34.3%</td>
<td>25.7%</td>
<td>25.7%</td>
</tr>
<tr>
<td>Post-graduate students</td>
<td>9.7%</td>
<td>35.5%</td>
<td>29.0%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Average</td>
<td>25.1%</td>
<td>26.7%</td>
<td>22.5%</td>
<td>25.7%</td>
</tr>
</tbody>
</table>

Source: own research

According to the study’s authors, the differences found in the opinions of first-, third- and fifth-year students and post-graduate students may result from discrepancies between their knowledge and experience levels. By applying pure logic and the quantitative criterion, first-year students indicated that the larger a company, the higher the risk of running a business abroad. More senior students, however, tended to point to a negative correlation between risk level and company size. Female students, in their turn, were more likely to fail to notice such a correlation although they did not deny it existed, as they indicated they had no opinion on the matter (29.3%).

Furthermore, a compilation of the opinions of students on the link between risk level and company size with place of business preferences revealed that the students who believed that a negative correlation existed between company size and risk level preferred the staged internationalization model. For detailed data on this issue, see Table 3.

The knowledge and experience of the companies which have operated for a longer period and, consequently, their ability to avoid risks, are far greater than those of younger and smaller businesses. The study noted the opinions of the persons who chose to start a business using the born-global model. Such persons tended to
recognize a directly proportional correlation between company size and risk level involved in starting and running a business abroad. A half of the persons who had no opinion on the place of running a business also had no views on the relationship between the size of a business and risk level.

**Table 3.** The respondents’ declared approach to internationalization correlated with their opinions on the link between the risk of starting and operating a business abroad and company size

<table>
<thead>
<tr>
<th>Place of business</th>
<th>Correlation between company size and risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bigger company = greater risk</td>
</tr>
<tr>
<td></td>
<td>Bigger company = smaller risk</td>
</tr>
<tr>
<td>Exclusively domestic</td>
<td>25.3%</td>
</tr>
<tr>
<td>First in home country and then abroad</td>
<td>25.2%</td>
</tr>
<tr>
<td>Immediately in home and foreign country</td>
<td>46.7%</td>
</tr>
<tr>
<td>Exclusively abroad</td>
<td>33.3%</td>
</tr>
<tr>
<td>Do not know</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

*Source: own research*

### 3.5 Reliance on the Internet in the process of enterprise internationalization

The significance of using the Internet in the course of expanding Polish-based small and medium-sized enterprises internationally was noted several years ago by T. Łuczka (2007, 2008, 2009). Without a doubt, the rise of the Internet and its growing accessibility has contributed to advances in enterprise internationalization and globalization. Today, companies commonly rely not only on their own websites but also, and increasingly so, on a wide range of social networks to promote themselves at home and abroad (Pawlak, 2016, Pawlak & Siemieniak 2016).

Among the students who own their own businesses, 53.8% maintain a company website in Polish while 30.8% of them have one in English. Furthermore, 38.5% declare they publish information on their company on Facebook. Only a clear minority of the students are sceptical about the use of Internet-based tools. 5.6% of the surveyed have no plans to set up a company website while 9.8% do not intend to post information about their company on social networks.
4. Summary

The scope of this paper has been limited to selected aspects of enterprise internationalization and how they are linked with the way students view doing business abroad and specifically their preferred internationalization strategies and their general assessments of internationalization-related risks and the significance of using the Internet for promotional purposes. Other important areas of focus included the barriers to and motivations for engaging in international business ventures.

Another critical issue is the choices of sources of financing and of specific enterprise internationalization strategies, which – regrettably – are considerably more limited and challenging in the case of small and medium-sized companies. A part of the problem are difficulties with accessing foreign capital, as demonstrated by a multi-year study by T. Łuczka (2013). It is also worthwhile to examine the awareness and degree of utilization of the existing internationalization and entrepreneurship support instruments. After all, policies of supporting the international expansion of enterprises depend for their effectiveness on the broad application of other types of support available for small and medium-sized enterprises (Rembiasz, 2016).

According to the authors, broader research in this area may help encourage international business ventures. Educating young people with this respect should be recognized as critical for the development of societies that are free of xenophobic biases and capable of operating in a global knowledge-based economy. The rise of Polish SMEs depends vitally on the broader adoption of various forms of innovation (Borowiec, 2013). Innovativeness, in its turn, depends largely on the level of collaboration with foreign enterprises.

A crucial role to be played by institutions of higher education is to ensure that the knowledge they offer is adequate for the needs of businesses and to teach and encourage students to be open to self-employment and to creating jobs both at home and abroad.

References


**POSTRZEGANIA PROCÉSÓW INTERNACJONALIZACJI
PRZEDSIĘBIORSTW PRZEZ STUDENTÓW – POTENCJALNYCH
LUB AKTYWNYCH PRZEDSIĘBIORCÓW**

**Streszczenie**

Celem artykułu jest przedstawienie wybranych aspektów postrzegania procesu internacjonalizacji przez studentów jako obecnych i przyszłych przedsiębiorców. W części teoretycznej artykułu scharakteryzowano w ogólny sposób wybrane definicje, teorie i modele internacjonalizacji oraz przedsiębiorczości międzynarodowej. W drugiej części z kolei przedstawiono wyniki badań empirycznych przeprowadzonych wśród studentów wybranych poznańskich uczelni z wykorzystaniem ankiety audytoryjnej.

Rozwój współczesnej gospodarki światowej charakteryzuje się rosnącą liczbą i intensywnością powiązań gospodarczych pomiędzy krajami, ugrupowaniami o charakterze integracyjnym oraz przedsiębiorstwami. Im więcej operacji jest skupionych na gospodarkach zagranicznych, tym bardziej przedsiębiorstwo jest międzynarodowowe. Polskie firmy są mniej zinternacjonalizowane niż przedsiębiorstwa z wyżej rozwiniętych krajów świata. Coraz częściej jednak angażują się w działalność międzynarodową. Jak wynika z ostatnich danych statystycznych NBP, w 2015 r. polscy inwestorzy bezpośredni zainwestowali za granicą 12,1 mld PLN (NBP, 2017).

W literaturze przedmiotu można znaleźć wiele klasyfikacji motywów internacjonalizacji przedsiębiorstw różnej wielkości. Większość z nich opiera się na założeniu, że proces internacjonalizacji przedsiębiorstw wynika bezpośrednio z postaw przedsiębiorczych ich właścicieli. Ze względów ekonomicznych i społecznych istotne są zatem edukacja i promowanie aktywnych postaw w zakresie przedsiębiorczości międzynarodowej zwłaszcza wśród studentów i absolwentów szkół wyższych.

**Kluczowe słowa:** internacjonalizacja przedsiębiorstw, handel międzynarodowy, kierunki internacjonalizacji, podejmowanie ryzyka, MSP.