1. Europeanisation of Firms as Their International Growth within the European Union: The Empirical Investigation into the Internationalisation Level among Polish Firms

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Abstract

Objective: The objective of the paper is the empirical verification of the intensification of the level of Europeanisation and internationalisation as well as corporate growth of studied firms after the accession of Poland to the European Union, including a diagnosis of the intensity of Europeanisation processes of the firms.

Research Design & Methods: Two main methods were applied, namely literature review and its constructive analysis and critics (desk research phase), as well as the survey (field research phase). The paper presents the research results of the survey conducted among 323 firms localized in the south of Poland (woj. małopolskie). The basic statistical analysis was applied using the ‘Statistica’ software.

Findings: Based on the research results the following assumptions were confirmed. The studied Polish firms which have already operated on the European market deepen the process of the Europeanisation of their activity, whereas the ones which have operated only on the domestic market are not interested in the internationalisation of their activity. Intensification of the macroeconomic Europeanisation processes after Poland’s accession to the European Union positively influenced the growth and development of the studied Polish firms.

Contribution & Added Value: There are still few empirical verifications of the mechanism of Europeanisation as a special case of internationalisation within the European Union (EU) or on the Single European Market (SEM), thus the presented research and its findings may be regarded as a kind of a new step into this wide and new research theme.

Keywords: Europeanisation, international business, internationalisation, Single European Market (SEM), European Union (EU), corporate growth

JEL classification: F23, M00
1.1. INTRODUCTION

The international growth or internationalisation of the firm has been one of the major research fields in microeconomics, macroeconomics and management, as well as international business or international entrepreneurship. The territorial scope of the international growth is also undertaken as a research theme, thus such dimensions of international growth as globalisation or Europeanisation as special cases of internationalisation have been investigated recently. At present, Europeanisation is a very frequently used notion, however, there is a clear shortage or even fragmentariness of scientific knowledge within this scope (Wach 2014a). The research into the Europeanisation processes were initiated by political scientists in 1970s, although the notion itself gained in popularity only in 1990s alongside the realization of the uniform European market. From that moment, Europeanisation is a willingly undertaken research problem in numerous fields and scientific disciplines. Only at the beginning of 21st century, the phenomenon of Europeanisation was noticed by economists, and the research into the economic dimension of the Europeanisation processes are in the initial stage. With reference to small and medium-sized firms, the European Commission, probably for the first time in an official document, used the notion Europeanisation as early as in 1993 (European Commission 1994, p. 9). D. Floyd (2001, p. 109) emphasizes the fact that the majority of market changes which occurred at the turn of the centuries took place as a result of the Europeanisation processes which are explicite defined as the phenomenon of the regionalization processes. On the other hand, D. Coen and Ch. Dannreuther (2002, p. 116) pay attention to the fact that the processes of bottom-up and top-down Europeanisation bring a lot of opportunities for firms, however, they point out that only active firms, possessing appropriate resources are beneficiaries of these processes, regardless of their size (both large ones, and the ones from the SME sector). As N. Fligstein (2009, p. 107) highlights, “majority of the research concerning the European integration focuses only on political and legal processes (…) which is the reason for which researchers overlook the fact how deep the European economy has been reorganized”. The studies quoted above are sparse, and in addition recent papers postulating to undertake broad and deep research into the enterprise Europeanisation processes.

The main objective of the paper is the empirical verification of the intensification of the level of Europeanisation and internationalisation as well as corporate growth of studied firms after the accession of Poland to the European Union, including a diagnosis of the intensity of Europeanisation processes of the firms. The paper presents the research results of the survey conducted among 323 firms localized in the south of Poland (województwo małopolskie).

1.2. LITERATURE REVIEW

The growth of the firm may be accompanied by its expansion, which has two generic connotations. The expansion can be understood as a synonym for development, but also as spreading into new areas or new markets. Ch. Zook (2004, p. 37) mentioned – in this context – six adjacency moves, in different dimensions, namely, expansion into new geographic areas, expansion through new channels, expansion into new customer seg-
ments, expansion through new products, expansion through new activities, expansion by shifting up and down the value chain. These expansive spatial (geographic) adjacency moves are noted in both the domestic and the global markets, and are underestimated by Zook as a step in determining the further growth of the firm.

While discussing the path of market development through geographic expansion, the following scope should be distinguished: local, regional, national and international firms. In the literature, international growth is treated as a synonym for internationalisation (Nummela, Saarenketo 2011, p 1; Hynes 2010, p. 87; Anders, Kheam 1998, pp. 163-184). It is most often met to apply a very broad definition of the internationalisation of the firm as any type of business activities undertaken by a firm abroad (Welch, Loustatarinen 1988, p. 34-55; Daszkiewicz, Wach 2012, p. 8; Daszkiewicz, Wach 2013, p. 36).

From the microeconomic perspective the internationalisation of the firm (or the international growth of the firm) as any economic activities undertaken by a firm abroad (Śliwiński 2011, p. 133). In the case of the internationalisation - one can, regarding to the firm, define the Europeanisation as the internationalisation of a business in Europe (the European Union), specifically in the spatial scope of Single European Market, consisting today of 32 countries (EU-28, EEA-3 and Switzerland as an observer). So in that sense, the concept of the Europeanisation is narrower than the internationalisation, but due to the trends of the internationalisation of businesses in the modern economy and by creating favourable conditions for the functioning of firms in the markets of all EU member states, which per se contribute to the internationalisation in the European dimension.

It seems to be necessary to distinguish between the processes of internationalisation and Europeanisation of businesses (Wach 2014a). The process of internationalisation of the firm, is the broadest concept, since it can be assumed that globalisation and Europeanisation are special cases of internationalisation. All these terms include all activities (Horská 2004), levels and degrees of all operations performed by specific entities abroad from the exporting though contractual to investing modes (Figure 1).

Figure 1. Conceptual relations between internationalisation, Europeanisation and globalisation

Source: (Wach 2012, p. 184)
Ph. Harris and F. McDonald (2004, p. 73) define Europeanization, whereby it can be identified with the internationalization in the context of Europe. These authors also emphasize that the Europeanisation of firms is a complex and evolutionary-based learning. In their opinion, the Europeanisation of firms has similar implications which the internationalisation of firms, the implementation of more advanced forms of expansion in the case of the Europeanisation can occur much earlier (faster) than in the case of internationalisation - “(...) more complex modes of entry such as direct foreign investments may begin early in the Europeanisation process (...)“ (Harris, McDonald 2004, p. 73).

The internationalisation of the firm (international growth of the firm) has been reported to be a separate research field since 1970s, while before it the internationalisation had been a part of general micro- and macroeconomic theories (Wach 2012; Jarosiński 2013; Daszkiewicz & Wach 2012; Daszkiewicz & Wach 2013). The theory of international growth of the firm is very rich, for the time being, the following theories of the internationalisation of the firm can be mentioned stages models (Johanson, Wiedersheim-Paul 1975; Johanson, Vahlne 1997), resource-based view (Welch, Loustarinen 1999), networking approach (Johanson, Mattson 1988), international entrepreneurship (McDougall, Oviatt 1994), strategic and managerial approach (Schweizer 2011; Bell, Crick, Younf 2004), holistic approach (Fletcher 2001, Bell, McNaughton, Young, Crick 2003), alternative models (e.g. Havens 1994). Each of the above mentioned approaches has very rich output in both theoretical and empirical levels. Recently the three phenomenal mechanisms can be observed parallel, namely the convergence, the divergence and crossovergence of all theoretical approaches.

The territorial scope of the international activities of the firm has been a quite new research theme as far as the European scope and the Europeanisation processes are concerned (Wach 2007; Wach 2008a; Wach 2008b; Wach 2012; Szkudlarek 2010; Daszkiewicz 2014; Knezevic & Szarucki, 2013), thus it is undertaken in this study.

1.3. MATERIAL AND METHODS

The main objective of the study is the empirical verification of the macroeconomic Europeanisation processes, which bloomed after the accession of Poland into the European Union, on the level of Europeanisation and growth of Polish firms, including a diagnosis of the level of the intensity of their internationalisation within the homogenous European market, contributing to their corporate growth and development.

A thorough analysis of the output of reference sources devoted to the research into the Europeanisation processes, as well as the internationalisation processes of small and medium-sized firms enabled to define the following research problem: What is the influence of the macroeconomic Europeanisation processes, intensified after Poland’s accession to the European Union, on the level of Europeanisation of Polish firms’ activity and the choice of their internationalisation methods?

Within the framework of the conducted empirical research, 3 research hypotheses were assumed:
H1: The studied Polish firms which have already operated on the European market deepen the process of the Europeanisation of their activity, whereas the ones which have operated only on the domestic market are not interested in the internationalisation of their activity.

H2: Intensification of the macroeconomic Europeanisation processes after Poland’s accession to the European Union positively influenced the growth and development of the studied Polish firms.

H3: The export share in the revenues of the studied Polish firms does not depend on the geographical orientation of Polish firms expressed as Europeanisation (on the European market) or broader internationalisation (on extra-Union markets).

The Sampling and The Data

To prepare the study, diverse research tools were used - from study analysis of the reference sources, through conceptual works within the scope of the construction of theoretical models, to the multi-level empirical research. The empirical component included broad matrix of observations, including an analysis of the existing data with the use of statistical methods, diagnostic survey (surveying) and deepened field study. For the needs of the empirical research, two randomized research samples were used. An analysis of the first stage of the research with the use of a survey comprised 323 firms, and the research material collected in this way had both the quantitative and the qualitative character. In the second stage of the research, the guided interview was used, on the basis of which 100 interviews were conducted, and the research material collected in this way had quantitative character. The data obtained during the empirical research (Wach 2012, p. 242-259) had mainly qualitative character, however, the application of synthetic indicators for individual variables enabled to give them the quantitative form by the use of quasi-continuous qualities. The collected material was subject to statistical verification by applying specialist computer software and appropriate statistical tools.

The Research Variables

Based on the adopted assumptions, the research model was clarified, on the basis of which the research hypotheses could be subject to the procedure of empirical verification. In order to do that, the measures and the parameters of the model were defined, and two types of qualitative and quantitative indicators were applied:

- simple indicators being an arithmetic mean of responses to individual questions (sometimes defined as percentage),
- indicators being a resultant of simple indicators.

Both simple and resultant indicators include quantitative qualities (continuous ones) which adopted the value from the numerical set (e.g. age, size of employment), as well as qualitative qualities (e.g. the qualitative assessment of individual factors). For qualitative variables indicators, aggregates, were built (the sums of responses for a given
category), and then the indicators were standardized in an agreed interval (they were converted in such a way so that their value was a sum from 0 to 1, and then they were presented as the percentage 0 -100). On this basis, quasi-continuous qualities were obtained, thus, they may be treated as continuous qualities and it is possible to use for them statistical methods intended for continuous qualities. On the stage of statistical calculations, four aggregates were applied:

- overall indicator of the Europeanisation level,
- overall indicator of the internationalisation level,
- overall indicator of corporate growth and development,
- overall indicator of entrepreneurial approach of entrepreneurs.

1.4. MODELLING THE EUROPEANISATION OF THE FIRM

For the construction of the research model, a previously prepared concept of the enterprise Europeanisation model was used (Figure 2) which was subject to the process of making it more detailed and to the operationalization process, with the simultaneous

Figure 2. Theoretical model of Europeanisation of the firm

Source: Author’s own study.
simplification of the conceptual model for the needs of the empirical research. In the centre of the research model (Figure 3) there is studied Europeanisation of an enterprise for which the measurement of its level was performed, and the methods of internationalisation applied by the studied firms in the retrospective and prospective perspective were identified. The choice of factors determining the enterprise Europeanisation process was limited to the selected intra-organizational determinants only, and their choice was made in the base of the most frequently ones occurring in analogous research (such identification was made during the studies of reference works on the previous stage of the research). The choice of those particular factors was first of all determined by pragmatic considerations although the author is aware of the multi-aspect character of this issue (as an example only, we could give a rich resource-based theory of an enterprise). On the output of the model, there are three mutually related factors, namely the enterprise development, its competitiveness and flexibility which, as far as it can be judged, are determined by the level of enterprise Europeanisation.

**Figure 3.** Research model of Europeanisation of the firm

Source: Author’s own study.
Since the notion of Europeanisation is not univocal, even in reference sources, and the more so for the studied entrepreneurs, thus, the moment of Poland’s accession to the European Union was made the turning point for the research and intensification of the macro-economic Europeanisation processes, as the most understandable reference for the respondents, which, once again, was determined by the pragmatic issues. It should be mentioned that as of the day of the accession, the intensification of the macro-economic Europeanisation in Poland *de facto* occurred, however, Polish firms experienced those processes also before the accession, but to a smaller extent. The variables distinguished in the model were subject to the research in the pre-accession perspective (*ex post* analysis) and the post-accession one.

### 1.5. RESULTS AND DISCUSSION

A very positive forecaster is high intensity of undertaking internationalisation by the studied firms as a result of the integration and the Europeanisation processes occurring mainly after Poland’s accession to the European Union, in the post-accession period it is an increase by 20.5% in comparison with the pre-accession period. The most popular form of the internationalisation of the studied firms both on the European market and on the markets of third countries was undertaking export activity, but also cooperation with foreign partners. Both in reference sources and empirical research, export is indicated as the most frequent method of the internationalisation of firms, especially the ones from the SME sector, thus the results raise no reservations. Such a state of affairs is also confirmed by the pan-European research of 2003 and 2009 (Wach 2014b). In this respect, the profile of studied Polish firms is convergent with the profile of the European SMEs. The results prove the positive influence of Poland’s accession to the European Union on the level of the Europeanisation of Polish firms with a tendency to consolidate such a state of affairs. On the other hand, the firms which did not undertake any actions within the scope of the internationalisation of their activity usually gave the lack of such a need as a reason.

The OECD globalization index estimates the level of internationalisation and/or globalization of firms. The index was constructed as 10-gradual-scale, in which 5 principal stages of internationalisation of firms were distinguished (OECD, 1997, p. 22):

- no globalization (domestic firms in the scale from 1 to 2),
- limited globalization (mainly domestic firms in the scale from 3 to 4),
- major globalization (internationalized firms in the scale from 5 to 6),
- extensive globalization (extensively global firms in the scale from 7 to 9),
- full globalization (global firms at the scale of 10).

Using the methodology of OECD concerning the degree of internationalisation of firms, one should affirm, that in the studied community the degree of internationalizing measured with the OECD index of globalization was as follows:

- 84.4% makes domestic firms (no globalization),
- 10.4% makes mainly domestic firms (limited globalization),
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- 1.5% makes internationalized firms (major globalization),
- 3.7% makes global firms (full globalization).

The degree of globalization (internationalisation within and beyond the EU) achieved by the studied firms depends on the time in which actions were taken in the field of internationalisation ($\chi^2 = 13.9, p = 0.003$). As many as 84.5% of the surveyed firms that began the process of internationalisation after the accession of Poland to the EU, can be classified as 'no globalization' (while 13.3% limited globalization, 2.2% 'extensive globalization', 0.0% 'full globalization'), while as much as 46.9% of the surveyed firms that began the process of internationalisation before the accession of Poland to the EU notes higher degrees of globalization (including 23.4% 'limited globalization', 6.3% 'major globalization', and 17.2% 'full globalization'). On this basis it can be concluded that the investigated firms that had been already operating in international markets before the accession deepened the internationalisation of their activities, while those firms that had previously operated only in the domestic market are just beginning the process of internationalisation of their business. This phenomenon may be regarded obvious since great majority of microfirms and a part of small firms are local (not even regional) firms with a very limited territorial range of activity due to the character of the activity conducted by them. Nearly a half of the studied exporters conducted their export activity only within the European Union, the same number of the studied firms exported both on the European market and to third countries, only 2.44% conducted their export activity only outside the European Union. On the basis of the statistical calculations, the dependence of the volume of export share in the revenues of the studied firms from the geographical orientation of the conducted export was confirmed. The high share of exports in the revenues are marked by the firms conducting their export activity both to the European Union countries and to third countries. Firms which conduct their export activity within the European Union mark a lower share of exports in their revenues, since for 50% of them the export share in revenues does not exceed 10% (the situation is analogous for the ones exporting only outside the European Union). On the basis of the quoted results, it is necessary to reject the hypothesis made at the beginning that the share of exports in the revenues of firms does not depend on the geographical orientation of the studied firms ($\chi^2 = 11.6, p = 0.07$). The research findings also enable to adapt the hypothesis that as a result of the macroeconomic Europeanisation processes after Poland’s accession to the European Union intensification, though insignificant one, of cooperation connections of the studied firms with the entities from the remaining European Union countries took place.

Almost half of the studied firms assumed that the Europeanisation processes after the accession positively influenced their activity, at the same time only 4.4% of them assessed the influence of the accession as unfavourable. In the deepened study research conducted with the guided interview method, the evaluation of the influence of the mechanisms of the European economies Europeanisation in the post-accession period was similar although more optimistic The material collected during the field research which has qualitative character confirms the positive influence of the integration processes and Europeanisation after Poland’s accession on the activity of the studied firms. Thus, the quoted arguments prove the correctness of the initial hypothesis that the Europeanisation and integration processes influenced the growth and development of Polish firms ($\chi^2 = 17.4$, 11
With the use of the statistical calculations, a dependence was discovered between the influence of the accession on the development of the studied firms and the level of knowledge on the principles of functioning of firms on the European market. Firms declaring a high level of knowledge in great majority proved that Europeanisation exerted definitely beneficial influence, analogously sufficient - rather beneficial and insignificant - no influence. On this basis, the hypothesis that the level of knowledge on the principles of functioning of firms on the European market positively influences the perception of influence of the macro-economic Europeanisation on the development of firms. The level of the flexibility of activity applied by the studied firms has impact on their development, the higher it is, the bigger percentage of firm marking development is observed. In addition, it was proved that the Europeanisation mechanisms after Poland’s accession to the European Union influenced a change in the flexibility level used by the studied firms. Over 1/3 of the studied firms declared that the accession forced high flexibility of action towards the environment (the progression of the flexibility level) on them.

To sum up, on the basis of the empirical research, verification of all the research hypotheses was made. The results of the conducted empirical research allow to claim that 2 out of 3 research hypotheses were proved, 1 was rejected (a dependence different than the assumed one was observed). It may be assumed that the listing (Table 1) prepared on the basis of the empirical research and concerning the influence of the Europeanisation and integration processes is typical for the whole studied population, which allows to draw generalizations within this scope.

### Table 1. The listing of the results of the research hypotheses verification

<table>
<thead>
<tr>
<th>Symbol and Content of the Hypothesis</th>
<th>Result of the verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.1. The studied Polish firms which have already operated on the European market deepen the process of the Europeanisation of their activity, whereas the ones which have operated only on the domestic market are not interested in the internationalisation of their activity.</td>
<td>confirmed</td>
</tr>
<tr>
<td>H.2. Intensification of the macroeconomic Europeanisation processes after Poland’s accession to the European Union positively influenced the growth and development of the studied Polish firms.</td>
<td>confirmed</td>
</tr>
<tr>
<td>H.3. The export share in the revenues of the studied Polish firms does not depend on the geographical orientation of Polish firms expressed as Europeanisation (on the European market) or broader internationalisation (on extra-Union markets).</td>
<td>rejected</td>
</tr>
</tbody>
</table>

Source: Author’s own study (survey results, n = 232)

### 1.6. CONCLUSIONS

On the one hand, the presented results have a character of creative synthesis and systematics of the output of economic sciences within the scope of enterprise Europeanisation, which includes three overlapping areas, namely the theory of enterprise development, the theory of enterprise internationalisation and the theory of entrepreneurship, all of them developed both in economy and in management. On the other hand, the work is an attempt of the conceptualization of the enterprise Europeanisation process in the holistic, inter-disciplinary representation. The search for universal de-
terminants and mechanisms of enterprise Europeanisation was determined by several purposes which were achieved in the course of the undertaken research works.

Although initiated in the political sciences, since the beginning of 21st century the research into the phenomenon of Europeanisation has been more and more confidently entering the economic sciences. The Europeanisation processes are multi-dimensional from their nature, they characterize with a high degree of eclecticism. In the economic representation, we can distinguish three dimensions of the Europeanisation process. Thus, in the macro-economic transcendent dimension, Europeanisation should be treated as converting the European Union into a significant economic centre in the world, which is confirmed by the statistical data because at present, the EU share in the world trade is one fifth of the global trade and is bigger than the share of the USA or Japan. Europeanisation in the macroeconomic immanent meaning is creating convenient conditions for the development of the European entrepreneurship and European firms, enabling them to use opportunities the homogenous European market creates. On the other hand, in the microeconomic meaning, Europeanisation may be identified with the process of the internationalisation of firms to the European Union scale.

REFERENCES


