

MAIN PROBLEMS OF BUSINESS ENTERPRISE INTERNATIONALIZATION

Radosław WOLNIAK

Politechnika Śląska, Wydział Organizacji i Zarządzania, Instytut Ekonomii i Informatyki; rwolniak@polsl.pl,
ORCID: 0000-0003-0317-9811

Abstract: The presented publication focuses on the basic issues related to the internationalization processes of the organization. The aim of the publication is to provide the most important definitions of internationalization of enterprises and concepts related to it, on the basis of literature analysis of the subject. It presents the genesis of internationalization processes, thoroughly analyzes the definitions of internationalization appearing in the literature, discusses the static and dynamic approach to internationalization, and presents the relationship between internationalization and globalization.

Keywords: internationalization, globalization, definition of internationalization, phase of globalization, division of internationalization.

1. Introduction

The issue of internationalization of enterprises is becoming more and more important in the contemporary, globalized world. The history of economic organizations that can be considered as being close to modern, internationalized enterprises is very old. The aim of this publication is to provide the reader with the most important definitions of internationalization of enterprises and related concepts, based on an analysis of the literature on the subject.

2. Genesis of internationalization

The genesis of internationalization in trade dates back to the times of the turn of the 19th and 20th centuries when American retailers began to open branches abroad. This was connected with two simultaneously occurring processes: technical progress resulting from the industrial revolution and the economic crisis in the 1920s. At the same time, it is believed that

the actual internationalization process in its present form began in the late 1960s (Borusiak, 2006). Initially, interest in foreign expansion resulted mainly from the development of barriers to commercial activity within the home market and most often concentrated on emerging markets. Internationalization in such markets created a chance for a given organization for rapid growth. Trade liberalization and reduction of barriers regarding the flow of goods and financial flows contributed to this phenomenon (Maleszyk, 2009; Braga et al. 2017; Bednarova et al. 2017; Pacana et al. 2017). Since the 1990s, the search for internationalization opportunities for an organization is considered necessary and it is characteristic for management in the case of a proactive orientation of an enterprise. This type of enterprise is focused on seeking new opportunities on the global market. Currently, the high degree of interconnection and networking of the economy makes it increasingly difficult for organizations to operate without entering the international market (Lee, and Choi, 2017).

The progressing internationalization and globalization of the world economy is recognized as the next stage of internationalization of economic activity. It has influenced the intensification of connections between individual national economies and the increase of their interdependence (Rogaczewski, 2015). The rapidly developing internationalization process of enterprises is one of the characteristic features of the modern world economy (Rymarczyk, 1996).

3. The concept of internationalization

The concept of internationalization is defined in many ways, because it has many meanings. Table 1 recapitulates the more important, diverse definitions (Glinkowska, and Kaczmarek, 2016; Nogalski, and Daszkiewicz 2005).

Starting with the classical definition of Welch and Luostarinen (Welch, and Luostarinen, 1993), the authors who define the concept of internationalization pay attention to issues related to the organization's involvement in international operations. This type of definition is recognized by a large number of specialists dealing with internationalization issues. Dicken believes that the extent of such involvement is irrelevant, and even when it takes place only once, we can still say that this is an internationalization of the organization (Dicken, 1998). Gorynia thinks similarly (Gorynia, and Janikowska, 2007). Rugman, on the other hand, believes that we are dealing with internationalization only when the organization commonly conducts business in many countries (Rugman, 1980).

Johanson and Vahlne approach internationalization from the point of view of a measure of the degree of organization's involvement in international activities (Johanson, and Vahlne, 1977). Anderson believes that internationalization is a measure of the export process (Anderson, 1993). Przybylska and Havnes think similarly about the problem (Przybylska, 2005; Haynes,

1994). Daszkiewicz, however, draws attention to the element of potential in the internationalization process (Daszkiewicz, 2004).

The definitions that had arisen in the days before companies started as being born global point out that this is a process of transition from the domestic market to international markets (Gierszewska, and Wawrzyniak, 2001). ‘Born global’ companies, however, are those entering into international market from their very start, hence there is no transition. Internationalization can also be defined more broadly, as does Smallbone, who draws attention to interdependencies between countries, such as markets, capital, labor and regulation (Smallbone, 1998). Some authors also pay attention to other aspects of internationalization such as innovation (Schumpeter, 1960), competitiveness (Thaler, 2011), market position (Johanson, and Mattsson, 1988), competences (Nogalski et al. 2009) or strategy (Fonfara, 2000).

Table 1.
Definitions of the concept of internationalization

No.	Author	Definition
1.	Schumpeter (1960)	Internationalization is an innovative process in which the key element is having conceptual and application knowledge.
2.	Johanson, Vahlne (1977)	Internationalization is the degree of organization's involvement in international activities.
3.	Rugman (1980)	Internationalization is the presence of part of an enterprise in many countries.
4.	Dunning (1981)	Internationalization is a type of organizational investment model in foreign markets that can be explained by the use of ownership advantages of internalization and location, in comparison with enterprises from the host country.
5.	Welch, Luostarinen (1988)	Internationalization is a process of growing involvement in international operations.
6.	Johanson, Mattsson (1988)	Internationalization is the process by which an organization creates and develops its position in relation to its contractors or counterparts in foreign networks.
7.	Rao, Naidu (1992)	Internationalization is a gradual process as a result of which the organization begins to engage in international activity.
8.	Anderson (1993)	Internationalization is a manifestation and a basic measure of the export process.
9.	Dunning (1993)	Internationalization is a gradual process as a result of which an organization begins to engage in its activities on the international market.
10.	Havnes (1994)	Internationalization is a process of growing involvement in international activities.
11.	Calof, Beamish (1995)	Internationalization is the process of adapting the functioning of an organization (strategy, structure and resources) to the international environment.
12.	Zur, Krystek (1997)	Internationalization is any kind of business activity undertaken by an enterprise abroad.
13.	Hit, Hoskisson, Kim (1997)	Internationalization is expansion outside home regions and countries, into foreign regions and markets.
14.	Smallbone (1998)	Internationalization is a growing interdependence between countries that consists of a whole range of different processes, including the internationalization of markets, production, capital, labor and regulation.
15.	Dicken (1998)	Internationalization is any type of cross-border activities, regardless of whether such an activity took place once or more.
16.	Yanacek (1988)	Internationalization is a management approach that allows organizations to integrate national and international opportunities with internal resources.
17.	Fonfara (2000)	Internationalization is part of the company's development strategy related to its international expansion. Internationalization occurs when at least one product of an organization is related to a foreign market.

Cont. table 1.

18.	Gierszewska, Wawrzyniak (2001)	Internationalization is the extension of the organization's activities by moving from the domestic market to foreign markets.
19.	Pierścionek (2003)	Internationalization of an enterprise means any form of relations between its various activities and foreign markets.
20.	Javalgi, Griffith, White (2003)	Internationalization results in the organization moving from operating only on the domestic market to operating on the international market.
21.	Daszkiewicz (2004)	Internationalization as a phenomenon is a potential and real opportunity for the enterprise sector to engage in international activities. From the organization's point of view, internationalization is called expanding the area of operation from the local market to foreign markets.
22.	Rymarczyk (2004)	Internationalization means any type of economic activity undertaken abroad by an enterprise that is manifested in an increase in the number and intensity of its economic connections at various levels - states, groups or organizations.
23.	Przybylska (2005)	Internationalization is the process of the organization's growing involvement in international business operations, or an element of its strategy related to its international expansion.
24.	Gorynia M. (2007)	Internationalization occurs when at least one product or service in a product's market portfolio is related to a foreign market.
25.	Causigil, Knight (2009)	Internationalization of business activity refers to the undertaking of commercial and investment activities by an organization across national borders.
26.	Schweizer, Vahlne, Johanson (2010)	Internationalization is any process by an organization that results in exceeding national boundaries
27.	Mejri, Umemoto (2010)	Internationalization is the organization's expansion into international markets.
28.	Hollesen (2011)	Internationalization occurs when an organization expands its production, sales and other activities to foreign markets.
29.	Talar (2011)	Internationalization of competition refers to changes in the nature of competition on the market.
30.	Kozioł-Nadolna (2013)	Internationalization of an enterprise means that the organization undertakes activities in various areas outside the entity's origin. In this process, the company's activity expands beyond domestic markets.

Source: author's own study.

4. Static and dynamic internationalization

Internationalization can be interpreted as process (dynamic), institution (static) or behavior. Process internationalization is associated with its forms, such as export, licensing, franchising, joint ventures or foreign direct investment. The institutional approach is static and is related to a company's relations with foreign enterprises, without conducting direct operations outside the home country. In contrast, behavioral internationalization is about the attitudes and behaviors of managers of enterprises internationalizing their activities (Rymarczyk, 2004).

5. Internationalization and globalization

The concept of globalization is similar in meaning to the concept of internationalization. It is usually understood as a higher stage of the internationalization process (Rymarczyk, 2004). It can be concluded that after exceeding a certain level of internationalization, a given economy becomes globalized (Kozioł-Nadolna, 2012, 2017).

It is believed that the term globalization in the modern sense began to be used in the 1990s after the publication of Robertson's book on globalization (Robertson, 1992; Scholte, 2005). Considering the problem of globalization from a historical point of view, three phases can be distinguished. The first phase concerned the colonial economy, while the second involves progressive industrialization at the turn of the century. Currently, we are dealing with the third phase of the globalization process. This is related to the emergence of supranational organizations and new means of communication (Internet, mobile communications) facilitating the simultaneous functioning of enterprises operating in many countries at the same time.

The most classic divisions of internationalization include its division into: external internationalization – regarding foreign expansion of enterprises that takes place in various forms; internal internationalization based on the company's contacts with foreign partners regarding activities carried out on its home market (Gorynia, 2007; Gorynia, and Jankowska, 2007; Duliniec, 2011; Li, 2018).

Shi states (Shi 2003) that for production processes, internationalization of production is one of the key factors for manufacturing companies to gain business success. The production system is not limited to just a single factory today, but must take into account an interrelated, multinational system of factories (Wiśniewska et al. 2016). That is why producers make decisions related to their geographical expansion in the organization's strategy and include intercultural integration processes. Of note, research on the conditions of conducting international business usually focuses on issues related to the external internationalization of the organization (Szymura-Tyc, 2015).

6. Conclusion

Problems described in the publication suggest that there is considerable diversity in the literature on the subject in the case of defining the concept of internationalization. Certainly, internationalization means involvement in international ventures. The majority of authors think that the scope of this involvement does not matter, and even if it is relatively small, we can still speak of the occurrence of the phenomenon of internationalization. The author of this publication believes that internationalization can, therefore, be called the process of the

organisation's growing involvement in international activities. This process can be measured using various indicators.

References

1. Anderson, O. (1993). On the internationalization process of firms: a critical analysis. *Journal of International Business Studies*, 24, 2, 209.
2. Bednarova, L., Chovancova, J, Pacana, A., Ulewicz, A. (2017). The analysis of success factors in terms of adaptation of expatriates to work in international organizations. *Polish Journal of Management Studies*, 171, 59-66.
3. Borusiak, B. (2006). Przyczyny niepowodzenia procesu industrializacji przedsiębiorstw handlu detalicznego. *Handel Wewnętrzny*, 1, 25-35.
4. Braga, V., Correia, A., Braga, A., Lemos, S. (2017). The innovation and internationalisation processes of family businesses. *Review of International Business and Strategy*, 2, 231-247, <https://doi.org/10.1108/RIBS-01-2017-0005>.
5. Calof, J.L., Beamish, P.W. (1995). Adapting to foreign markets: Explaining internationalization. *International Business Review*, 2, 115-131.
6. Causigil, S.T., Knight, G.A. (2009). *Born Global Firms. A New International Enterprise International business collection*. Business Expert Press.
7. Daszkiewicz, N. (2004). *Internacjonalizacja małych i średnich przedsiębiorstw we współczesnej gospodarce*. Gdańsk: SGP.
8. Dicken, P. (1998). *Global shift: transforming the world economy*. London.
9. Dulinić, E. (2011). *Marketing międzynarodowy*. Warszawa: PWE.
10. Dulinić, E. (2011). Przedsiębiorstwa wcześniej umiędzynarodowione – uwarunkowania i rozwój. *Gospodarka Narodowa*, 5-6, 1-10.
11. Dunning, J.H. (1993). *Multinational Enterprises and the Global Economy*. Addison Wesley Publishing Company.
12. Dunning, J.H. (1981). *International Production and Multinational Enterprise*. London: Allen & Unwin.
13. Fonfara, K. (2000). Strategie marketingowe w biznesie międzynarodowym. In K. Fonfara, M. Gorynia, E. Najlepszy, J. Schroeder (eds.), *Strategie przedsiębiorstw w biznesie międzynarodowym*. Poznań: Wydawnictwo Akademii Ekonomicznej.
14. Fonfara, K., Gorynia, M., Otta, W. (2000). *Przedsiębiorstwo na międzynarodowych rynkach*. Poznań: Akademia Ekonomiczna.
15. Gierszewska, G., Wawrzyniak, B. (2001). *Globalizacja. Wyzwania dla zarządzania strategicznego*. Warszawa: Poltext.

16. Glinkowska, B., Kaczmarek, B. (2005). *Zarządzanie międzynarodowe i internacjonalizacja przedsiębiorstw. Teoria i praktyka*. Łódź: Wydawnictwo UW Łódzkiego.
17. Gorynia, M. (2007). *Strategie zagranicznej ekspansji przedsiębiorstw*. Warszawa: PWE.
18. Gorynia, M., Jankowska, B. (2007). Teorie internacjonalizacji. *Gospodarka Narodowa*, 10, 21-44.
19. Havnes, P.A. (1994). *Internationalization of Small and Medium Sized Enterprises: Analytical Model*, Rent VIII, Tampere.
20. Hitt, M.A., Hoskisson, R.E., Kim, H. (1997). International diversification: Effects on innovation and firm performance in product diversified firms. *Academy of Management Journal*, 40, 767-798.
21. Hollensen, S. (2011). *Global Marketing*. London: FT Prentice Hall.
22. Javalgi, R.G., Griffith, D.A., White, D.S. (2003). An empirical examination of factors influencing the internationalization of service firms. *Journal of Services Marketing*, 2, 185-201, <https://doi.org/10.1108/08876040310467934>.
23. Johanson, J., Mattsson, L.G. (1988). *Internationalization in Industrial Systems. A Network Approach*. In N. Hood, J.E. Vahlne, C. Helm (eds.), *Strategies in Global Competition*. London.
24. Johanson, J., Vahlne, J.R. (1977). The Internationalization Process of the Firm – A Model of Knowledge Development and Increasing Commitments. *Journal of International Business Studies*, 8, 23-32.
25. Koziół-Nadolna, K. (2012). Proces internacjonalizacji sfery badawczo-rozwojowej przedsiębiorstw: zarys zjawiska. *Ekonomiczne Problemy Usług*, 93, 237-252.
26. Koziół-Nadolna, K. (2013). *Internacjonalizacja Działalności badawczo-rozwojowej w kształtowaniu procesów innowacyjnych przedsiębiorstw w Polsce*. Warszawa: CeDeWu.
27. Koziół-Nadolna, K. (2017). Uwarunkowania internacjonalizacji działalności badawczo-rozwojowej na przykładzie Chin. *Studia i Prace WNEIZ US. Problemy Teoretyczne i Metodyczne*, 3, 119-129.
28. Lee, K.B., Choi, S.B. (2017). Internationalization, dynamic environments and new product development: An empirical investigation of Korean companies. *Journal of Korea Trade*, 3, 224-255, <https://doi.org/10.1108/JKT-11-2016-0041>.
29. Li, P.Y. (2018). Top management team characteristics and firm internationalization: The moderating role of the size of middle managers. *International Business Review*, 1, 125-138.
30. Maleszyk, E. (2009). Internacjonalizacja polskich przedsiębiorstw handlowych. *Gospodarka Narodowa*, 5, 79-98.
31. Mejri, K., Umemoto, K. (2010). Small- and Medium-Sized Enterprise Internationalization Towards the Knowledge-Based Model. *Journal of International Entrepreneurship*, 8, 156-167.

32. Minguzzi, A. Passaro, R. (1993). *Entrepreneurship Behaviour and International Market Activity: Some Empirical Findings from a Cross-Sector Analysis*. Naples: Research Institute on Service Activities, National Research Council.
33. Nogalski, B., Daszkiewicz, N. (2005). Internacjonalizacja polskich małych i średnich przedsiębiorstw – przymus czy swobodny wybór. In *Strategie korporacji działających w skali ponadnarodowej*. Tychy: Komitet Nauk Organizacji i Zarządzania PAN.
34. Nogalski, B., Szpitter, A., Wójcik-Karpacz, A., Karpacz, J. (2009). Kompetencje przedsiębiorcy a internacjonalizacja działalności jego przedsiębiorstwa – case research. In M. Juchnowicz (ed.), *Kulturowe uwarunkowania zarządzania kapitałem ludzkim* (pp. 459-472). Kraków: Wolters Kluwer Business.
35. Pacana, A., Ingaldi, M., Czajkowska, A. (2017). *Projektowanie i wdrażanie sformalizowanych systemów zarządzania*. Rzeszów: Oficyna Wydawnicza Politechniki Rzeszowskiej.
36. Pierścionek, Z. (2003). *Strategie konkurencji i rozwoju przedsiębiorstwa*. Warszawa: PWN.
37. Przybylska, K. (2005). Proces internacjonalizacji przedsiębiorstwa w teorii ekonomicznej. *Zeszyty Naukowe Wyższej Szkoły Ekonomicznej w Bochni*.
38. Rao, T.R., Naidu, G.M. (2005). Are the stages of internationalization empirically supportable? *Journal of Global Marketing*, 1/2, 147-70.
39. Robertson, R. (1992). *Globalization: Social theory and Global Culture*. London: SAGE Publications.
40. Rogaczewski, R. (2015). Ważniejsze metody pomiaru globalizacji i internacjonalizacji przedsiębiorstw. *Acta Universitatis Copernici*, 3, 59-71.
41. Rugman, A.M. (1980). A New Theory of the Multinational Enterprise, Internationalization versus Internationalization. *Columbia Journal of World Business*, 15, 23-29.
42. Rymarczyk, J. (2004). *Internacjonalizacja i globalizacja przedsiębiorstw*. Warszawa: PWE.
43. Scholte, J.A. (2005). *Globalization: A Critical Introduction*. London: Palgrave MacMillan.
44. Schumpeter, J. (1960). *Teoria rozwoju gospodarczego*. Warszawa: PWN.
45. Schweizer, R., Vahlne, J.E., Johanson, J. (2015). Internationalization as an Entrepreneurial Process. *Journal of International Entrepreneurship*, 4, 343-370.
46. Shi, Y. (2003). Internationalisation and evolution of manufacturing systems: classic process models, new industrial issues, and academic challenges. *Integrated Manufacturing Systems*, 4, 357-368, <https://doi.org/10.1108/09576060310469734>.
47. Smallbone, D. (1998). *Internationalization, inter-firm linkages and SME development in Central and Eastern Europe*. Final Report to ACE Committee, CEEDR, Middlesex University, London, UK.
48. Szymura-Tyc, M. (2015). *Internacjonalizacja, innowacyjność i usieciowienie przedsiębiorstw. Podejście holistyczne*. Warszawa: Difin.

49. Talar, S. (2011). Zmiany natężenia, charakteru i znaczenia konkurencji we współczesnej gospodarce światowej, [w:] T. Sporek, S. Talar (red.), *Internalizacja i konkurencyjność współczesnych podmiotów gospodarczych*, Wydawnictwo UE, Katowice, 2011.
50. Welch, L.S., Luostarinen, R.K. (1993). Inward-outward connection in internationalization. *Journal of International Marketing*, 1, 44-56.
51. Welch, L.S., Luostarinen, R.K. (1999). Internationalization: evolution of a concept. *The Internationalization of the Firm*, 14, 83-98.
52. Wiśniewska, M., Wojciechowska, A., Żerek, D. (2016). *Zastosowanie wybranych narzędzi Lean Manufacturing do optymalizacji procesów w przedsiębiorstwach produkcyjnych*. Łódź: Wydawnictwo Politechniki Łódzkiej.
53. Yanacek, F. (1988). The road to exports. *Transportation and Distribution*, 2, 32-36.
54. Zur, E., Krystek, U. (1997). *Internalisierung als Herausforderung für die Unternejmensführung*. Berlin-Heidelberg-New York: Springer.