

SELECTED PROBLEMS OF THE INTERNATIONAL ENTREPRENEURSHIP IN THE CONTEXT OF INTERNATIONALIZATION

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Abstract

There are very influent determinants of the world economy as a globalization, integration processes. The acceleration mentioned processes brings various advantages as an international entrepreneur and co-ordination and disadvantages as a ratcheted competence fight (Johanson-Vahlne, 1990). The entrepreneurial activities has been adjusted to a new conditions connected with integration of Slovak Republic to the European and international relations. The entrepreneur activities are acted in surroundings which has a character of international surroundings under an influence of internationalization and globalization. People in management positions have to thoroughly and in detail analyse economical, political, legislative and cultural aspects in international business surroundings and also consequence at own entrepreneur. The aim of this article is evaluation frequently used forms of internationalization in business in selected entrepreneur units of small and medium entrepreneur units in praxes.

Key words: international entrepreneurship, internationalization, penetration on foreign markets, small and medium enterprises

JEL Code: F23, L26, M21

Introduction

The internationalization of entrepreneurships is becoming an everyday reality (Horská-Krasnodebski, 2009). Countries of central and eastern Europe have undergone political and economic changes which substantiated the forming of the new geographical ground for economic activities and business relationships at the market of the European Union. (Chetty-Campbel-Hunt, 2004). It was also one of the reasons to create a research in the field of managing international company activities of small and medium-sized businesses. (Malhotra et al., 2003)

The process and conditions of entrepreneurships in Slovakia, and in the European Union as well, gradually change and develop. Entrepreneurships gain the necessary information, skills, and the level of professionalism and ethics is increasing. Joining the unified European market provided the Slovak entrepreneurships the opportunity to broaden the foregoing business activities. A good opportunity presented itself to cooperate with foreign partners. Adaptation to the new conditions and creating the new business environment is a complicated and a long-term process. That is why the present position of Slovak entrepreneurs in the environment of the international entrepreneurship is wildly changing and forming.

Small and medium-sized enterprises have specific position in the national economy of a country (Snuif, 2000). They are dynamic elements of the market and also flexible to the changes in the market. They have a hand in creating new workplaces, in the introduction of the innovations to the practice and contributing to the regional development (Mura-Gašparíková, 2010). They represent 95% of the Slovak entrepreneurships.

Enterprising in the complex of agri-food has an exclusive character of small and medium-sized businesses (Riku-Norja et al., 2008). The process of the internationalization and the enter of the enterprises to the international market have so far been examined principally from the position of large entrepreneurships and multinational corporations (Mura, 2012). Small and medium-sized companies have their unique character compared with large businesses (Široký-Maková, 2009), which must be taken into consideration when evaluating their business activities.

The importance of the problems of enterprising of small and medium-sized businesses favours the worldwide trends in economic policy of developed countries of the world, together with the politics of international organisations and institutions (Mura, 2011). The increasing importance of small and medium-sized enterprises and their total economic proceeds were proved with the analysis of the OECD. In addition, the analysis points out the fact that small and medium-sized enterprises function not just regionally, but they considerably internationalize their business activities together with joining foreign markets.

1 Materials and methods

This article focuses on the analysis of international entrepreneurship. In regard to the wide range of the related problems, in the article we present just the selected problems of the international entrepreneurship management. We are going to deal with the factors which inspire the enterprises to run businesses internationally. The primary information were

collected with the techniques of questionnaires in the sector of small and medium-sized agri-food enterprises. Agri-food sector is in object of research (Usva et al., 2009). Then we carry out an analysis with mathematical statistics methods. The hypothesis were submitted with quantitative analysis. With correlated analysis, in which we investigate the interdependence of some random variables characterizing certain events, i.e. these events' mutual cause of relativity. We distinguish mathematical and statistical dependence. Mathematical dependence can be described with exact analytical formulas, what we can not apply for statistical dependence. Statistical dependence manifests itself just with collective observation of statistical files. After having found out the dependence between the selected variable, we tested the power of dependence. So called contingent coefficients are used for specifying the power of association of row and column variable in the contingent chart (Mura-Gašparíková, 2010). Contingent coefficients measure the power of dependence between variables in the contingent chart in scale from 0 (no dependence) to 1 (perfect dependence). For our research we used the coefficient of Pearson C, which is used for testing the power of dependence between qualitative characters and it is given in:

$$C = \sqrt{\frac{\chi^2}{n + \chi^2}}$$

where:

X = degree of contingency

n = total amount

Pearson's coefficient C gains the values from 0 to 1. The more the value gets near to 0, so much the dependence between qualitative characters is weaker. By analogy advancing of value C to value 1 increases the power of dependence.

2 Results and discussion

Business enterprises at the domestic market currently do not offer any occasions for higher evaluation of business capital. Because of the above-mentioned reason entrepreneurships try to run their businesses in international environment. International entrepreneurships require effective management to hold on the strict competition at the market. In regard to the limited space, we are going to introduce the selected aspects of management of international

entrepreneurships. With the help of the question “Does the entrepreneurship carry out business activities also at the foreign markets?” we could divide the sample enterprises into two groups: enterprises which run international businesses (they penetrate into the international market) and enterprises which do not run international business (they do not penetrate into the international market, they operate just at the domestic market). More than one third of the enterprises answered the question positively, exactly 17 businesses (36,96%). These enterprises run businesses at international markets. Fewer than two thirds, 29 businesses (63,04%) answered the question negatively. They do not run businesses at foreign markets. In this context we were interested in the fact if there exists in our examined file a business with international capital where we could expect a positive answer for the question in our questionnaire. Small and medium-sized enterprises allege major strategic management where free capacities exist. These explain why the entrepreneurships of these categories are more motivated to enter foreign markets than small businesses.

Worldwide trends such as globalisation of the world, creation and spreading of integrating aggregation and overgrowth of relations in different fields of life through national borders, directly or indirectly effect all businesses (Moen-Servais, 2002). In the international enterprising entrepreneurships see new opportunities to build their competitive advantages. We assumed that general interest in the trend of internationalisation what businesses declare by means of their own organisations (Business Alliance of Slovakia, Slovak Chamber of Trade etc.) becomes an influential (the most distinguished) factor of the internationalisation of business activities in business practice of concrete enterprises.

Only one entrepreneurship selected the factor of accepting the trend of internationalisation which is connected with the globalisation of the world as the most important impact when making decision (5,88%). Few enterprises (3) consider this factor as an important impact as well, that is 17,65% of all businesses which internationalized their companies. When deciding to enter foreign markets, 5 entrepreneurships (29,41%) considered accepting the trend of internationalisation, which is connected with the globalisation of the world, as a neutral effect. Just one company thinks that this factor has a small impact (5,88%). Only 7 businesses (41,18%) consider accepting the trend of internationalisation, which is connected with the globalisation of the world, as the smallest impact when deciding to enter foreign markets.

It has been proven that for the examined companies there are more important incentives to implement international entrepreneurships than just copying the trends of internationalisation of businesses. This is the factor of regular order and the enhancement of

competitiveness of entrepreneurs. The above-mentioned factors achieved the highest scores on the scale of evaluating the importance. The reason can be found in reality, that real order of foreign customers and diversification of business activities operating at the domestic and foreign markets conveys concrete results to companies. With the help of chi-square test we tested the hypothesis, that in the analysed companies in the last three years (2006, 2007, 2008) does there exist a connection between the acceptance of internationalisation of enterprises as the present trend in the globalizing world and the increase of sale capacity at foreign markets.

H_0 : there doesn't exist a connection between the acceptance of internationalisation of enterprises as the present trend in the globalizing world and the increase of sale capacity at foreign markets.

H_1 : there exists a connection between the acceptance of internationalisation of enterprises as the present trend in the globalizing world and the increase of sale capacity at foreign markets.

On the basis of the results of chi-square test ($p = 0,3402$) on the selected level of significance $\alpha = 0,05$ we can't reject the tested hypothesis H_0 . It means that in the file of companies what we examine in our research, there does not exist statistically significant dependence between the acceptance of internationalisation of enterprises as the present trend in the globalizing world and the increase of sale capacity at foreign markets. The value of the coefficient of Pearson is only $p = 0,0890$, so it is smaller than 0,1. In this case the dependence is trivial.

We were investigating if the detected differences in the examined sample of respondents for the certain questions about the factors which are the motives of international entrepreneurs are only accidental or statistically important. We tested if there was a statistically important difference among the certain factors which are the reasons for the internationalisation of certain enterprises.

H_0 : there does not exist a difference among the certain factors which are the reasons for the internationalisation of certain enterprises.

H_1 : there exists a difference among the certain factors which are the reasons for the internationalisation of certain enterprises.

According to the results of the chi-square test ($p = 0,002$) we refuse hypothesis H_0 on the level of significance $\alpha = 0,05$, that there does not exist a difference among the certain factors which are the reasons for the internationalisation of certain enterprises. We accept hypothesis H_1 . The result is attested with the coefficient of Pearson which gains the value $p = 0,447$. Enterprises differently take notice of the certain factors which are the reasons of the

internationalisation of their business. It means that businesses are not motivated with the same reasons to internationalize their enterprises.

One of the other areas, which in our questionnaire we focused on, is to evaluate the international entrepreneurship by the companies themselves. Respondents were requested to sum up the activity history of the business in the field of international entrepreneurship. No limitations were shown in the question, i.e. it is not clearly defined in advance that by which criteria's does respondent have to evaluate international entrepreneurships. The question is rather understood as a tool to describe the overall (maybe subjective as well) attitude to the problem. Questions to evaluate the activities of international entrepreneurships appear in several surveys which monitor different intentions indeed.

I am glad to say that practically two thirds of examined businesses (70,59%) evaluated positively the realization of international entrepreneurships. They are satisfied with them and none of the businesses presented displeasures in their answers. More than one thirds of the businesses evaluated their international entrepreneurships as highly satisfactory (6 enterprises, 35,29%). Similar absolute and relative number of enterprises expressed their satisfaction with the activities of international entrepreneurships. 3 businesses (17,65% of all enterprises running international businesses) answered the questions with replies "neither satisfaction nor dissatisfaction". It means they have a neutral attitude. Only two enterprises were dissatisfied with international entrepreneurships (11,76%).

On behalf of making the decision making of the management easier, the early, accurate and true information is needed, upon which the management of the enterprise can formulate the business strategies and business politics.

We concentrated on detecting the business strategies and business politics of particular enterprises when implementing their business activities. Enterprises had the possibility to evaluate each statement in the questionnaire according to the level of their agreement or disagreement. They could evaluate on the scale of numbers from 1 to 5 where 1 means absolute disagreement number and number 5 means full agreement.

According to the accomplished research, preferring long-term business relations is the most common enforceable business politics in the file. 44% of entrepreneurships totally agreed with the exercitation of this business politics. It is 95% of all enterprises. Two entrepreneurships assigned score 4 (4,35%) to this business politics. None of the entrepreneurships chose the rest of the scores on the scale of the evaluation. We were interested in the existence of dependence between the most common enforceable business

politics (we prefer long-term business relationships) and the increase in sales at foreign markets.

We tested the hypothesis:

H₀: there does not exist dependence between the most common enforceable business politics and the increase in sales at foreign markets.

H₁: there exist dependence between the most common enforceable business politics and the increase in sales at foreign markets.

On the basis of the results of the chi-square test ($p = 0,210$) on the selected level of significance $\alpha = 0,05$ we do not refuse hypothesis H₀. It means that there does not exist statistically important dependence between the most common enforceable business politics and the increase in sales at foreign markets. The result was also attested with Fisher's test (1,000), by which dependence does not exist. It was a striking result.

91,30% of all entrepreneurships totally agreed with the business strategy created for the products which are competitive. Two enterprises agreed with this business strategy (4,35%) and also two enterprises expressed their neutral attitude (4,35%). None of the entrepreneurships chose the rest of the scores on the scale of the evaluation.

Statement: "We try to be different from our rivals in quality, assortment, innovation" so according to the results of our research the strategy of differentiation is the third most commonly used business strategy. 41 enterprises totally agreed with this statement (89,13%). 4 entrepreneurships (8,70%) agreed with this business strategy. Only 1 company represented neutral attitude (2,17%). Neither disagreement or agreement appeared in the answers.

Conclusion

The on-going globalizing tendencies in the world, the integration processes and the internationalization of business activities can be considered as the most outstanding determinants of the world economy of present day. The acceleration of these processes brings many advantages for entrepreneurships, but on the other hand it sharpens the competition more expressively.

Enterprises are carried out in an extended business environment which gains more characters of international entrepreneurship under the influence of internationalization and globalisation. Management of enterprises must consistently and in detail analyse economic, political, legislative and cultural aspects of international entrepreneurship environment such as the impact on their business.

In the file of the entrepreneurships, which are being evaluated in our research, there does not exist a statistically significant dependence between the acceptance of internationalization as today's trend in our globalising world and the increase in sales at foreign markets.

We found out that there doesn't exist a difference in the perception of certain factors which are the causes of internationalization entrepreneurships.

There does not exist statistically significant dependence between preferring long-term business relationships and the increase in sales at foreign markets. This was a striking result.

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