

# **Success factors and development barriers of the Polish born global companies. Empirical study results**

## **Abstract**

The paper presents a review of literature concerning the success factors and development barriers of the born global companies, followed by the results of two empirical studies conducted in Poland in 2012 and 2013. One of them was performed with use of the individual interview technique, followed by content analysis of the conversation transcripts. Another was a CATI survey of 256 Polish born global companies, selected according to Knight et al. (2004) criteria, the first one in Poland performed on such a wide sample.

It was found from both studies that the attributes of the firms such as high quality of the offering, new products development, pricing policy and distributional effectiveness are perceived as crucial competitive advantage factors leading to born global companies' success. In addition, such entrepreneurs' attributes as ethical business conduct, flexibility in reaction to business opportunities and professional experience were considered important by the interviewed company founders.

The development threats mentioned in the interviews related mostly to external risks and instability of environment. However, the poor level of marketing (especially promotional) skills revealed by the survey also seems to be a managerial challenge posing a threat to further born global companies' development. The practical implications of the study concern the need for training programs strengthening the managerial competencies of the Polish entrepreneurs and the necessary government support regarding, among others, the promotion of the Polish exports.

## **Success factors and development barriers of the Polish born global companies.**

### **Empirical study results**

#### **1. INTRODUCTION**

The small and medium-sized enterprises are responsible for almost one-third of the Polish exports, and among them especially the small enterprises are internationally active – almost 36% of them export to the EU markets (Raport, 2012). In 2012 the annual SMEs' export volume increased by 13%, which is double the rate of the export increase in the large-sized Polish companies group (Bloomberg, 2013).

The large part of the Polish exporting SMEs are the so – called “intensive exporters”, that is, companies whose relation of export revenues to total turnover is more than 50%. According to the Polish Agency of Entrepreneurship Development, the intensive exporters made up 60% of the total SME export volume in 2011(Raport, 2012). Among them are the companies who started internationalization in the first 2-3 years from establishment and are looking for business opportunities mainly on the foreign markets. Their existence is connected with the recent phenomenon of internationalization according to the Born Global model (Madsen and Servais, 1997). These companies, also called international new ventures (Oviatt and McDougall, 1994), are challenging the classical theory of internationalization by entering the culturally and physically distant foreign markets much faster than others and leapfrogging the subsequent stages of increasing market commitment.

According to the literature, the born global companies are starting to play a considerable role in economies. In an Australian study, born globals were found to represent about 25% of new exporters (Austrade, 2002). Also the Polish authors report about the large numbers of instant exporters among the SMEs established in Poland during the economic transition period (Cieslik, Kaciak, 2009). Therefore it becomes important to find out what factors contribute to their fast development and success.

On the other hand, in the efficiency driven economies (including Poland), the majority of companies withdraw from the markets in the early stages of their existence because of a lack of profitability and problems with obtaining financing, while in the innovation-driven economies more exit due to retirement, sale or another opportunity (Kelley, 2012; Zbierowski et al., 2012). Therefore it is also important to find out what threats and barriers the small and medium sized companies can face at early stages of their internationalization.

Considering the above arguments, this paper is aimed at answering the following questions:

- 1/ What are the success factors which enable the Polish born global companies to develop and sustain competitive advantage on the foreign markets?
- 2/ What are the barriers to development of the Polish born global companies?

The paper is structured as follows: section 2 is devoted to analyzing the available literature concerning the topic of the study; sections 3-4 deal with the methodology and results of two recent empirical studies regarding the Polish born global companies, and finally section 5 contains the discussion and main conclusions related to the study aim.

## **2. LITERATURE REVIEW AND DEFINITIONS**

### **2.1. Success factors of the born global companies**

The success factors analyzed in this study are understood in line with Evers's (2011) definition, as "strategic attributes" which are "those resources and capabilities that enable the firm to develop and sustain competitiveness on international markets at an early stage in its life cycle". We chose this definition, because Evers's studies concentrated on SMEs operating in low-tech sectors, and similar ones made up the majority of our studied sample. Her approach also draws on Penrose's work (1959) and the resource-based view of the firm (Barney, 1991) concentrating on the internal company resources' role in order to investigate how the SMEs develop and sustain competitive advantage on international markets.

Various authors studying the phenomenon of early internationalization have cited different competitive advantage factors of the born global companies. Crick (2009) after studying 21 British firms, some classified as born globals, other - international new ventures, found that features such as product uniqueness and technological sophistication, new product development capability, the ability of meeting customer specifications and also to some extent company reputation, were assessed by company management as crucial in competition with the other companies operating in global markets niches.

Knight et al. (2004) have studied early internationalizing companies from Denmark and the USA. According to their study results, marketing competence, meaning skillful handling of the product adaptation and the marketing planning process; control of marketing activities and prowess in differentiating the product, as well as highly effective pricing, advertising and distribution, are success factors of the Danish born global companies. On the other hand - in case of the American born global companies product quality and differentiation are the factors supporting their market orientation and thus leading to international success. Knight et al. (2004, p. 651-653) have summarized that the main strengths of studied companies laid in superior product quality and customer focus enabling these firms to serve customers better than large multinational companies.

In another study Crick (2009) pointed out to a different set of success factors. He suggested that a management team with an “unusual constellation of competencies” developed from previous experience, managers who are more alert at combining resources from different national markets, contribute to the born global companies’ success. Knight (2000) also argued that an entrepreneurial orientation of this nature can be an important aspect of strategy development within firms.

Evers and O’Gorman (2011) have found similar success factors characteristic of low-tech firms operating in the international environment. These authors drew on the concepts of

effectuation, improvisation, prior knowledge and networks to study the new ventures operating in the Irish shellfish sector. They found from case analysis that the internationalization process was strongly influenced by the entrepreneurs' idiosyncratic prior knowledge and their prior social and business ties. The important implication of their study was that the prior knowledge need not be developed through overseas work experience. Prior knowledge is not necessarily deep industry specific knowledge, but rather implicit knowledge which is not readily available to existing market participants. They also found that the initial strategic positioning of international new ventures was strongly influenced by entrepreneurs' personal contexts. The firms were created to exploit the firm's entrepreneurs' resources, usually expertise in production of the product or perception of an international opportunity. Similarly, Luostarinen and Gabrielsson (2006), stated that the founder's experience and internal training programs are important factors for the success, but the nature of the experience has to be adequate for the global business planning.

Karra and Philips (2004) have summarized the crucial factors that increase the chances for success of the born global enterprises in two groups – factors relating to the environment and the internal factors, most important from the point of view of this study. Among the internal factors they have pointed out to the global vision of the managers, their skill in building and managing complex international networks, and their high cross-cultural competence, often connected with knowing several foreign languages or having one's roots in immigrant communities.

Suggesting a different approach Evers (2011) has divided the strategic attributes contributing to an international venture's success into attributes of the entrepreneur and attributes of the firm. The attributes of the firm relate to focusing on product differentiation, targeting the global niche segments and maintaining close relationships with international customers, while the entrepreneur's attributes are the objective capabilities (e.g. experience,

industry knowledge) and subjective capabilities, such as proactive personality and global mindset. In the analysis of the Irish low-technology international new ventures, Evers has used a so-called dynamic capabilities perspective adopted from Teece et al. (1997). According to the dynamic capabilities theory the firm needs to constantly develop new capabilities to identify opportunities and to respond to them quickly. The role of managers is to “integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997, p. 380). Similar competencies have been emphasized by Andersson (2011) who has used Sarasvathy’s (2001) effectuation theory to analyze the beginnings of the born global companies. Andersson (2011, p. 632) has noticed that the so-called mindset of the pro-active managers enables them to notice the attractive international opportunities.

Among studies concerning the Polish enterprises, the one conducted by BGP & Global Strategy has covered the opinions of 150 best performing Polish SME’s managers regarding the conditions of operation on the domestic and foreign markets (Obserwatorium, 2010). Both the qualitative, and the quantitative part of that study have shown that there were 3 key success factors perceived by the respondents. Close contact with the customer and resulting knowledge of his needs was pointed out at first place by more than 20% of respondents, almost equally important were the brand recognition and the product quality.

In 2008 Nowiński published a study regarding the drivers and strategies of early internationalization, including 4 case studies of the Polish born globals (Nowiński, 2008). He concluded that the Polish entrepreneurs had limited experience and international networks at the time of start-up. However, this deficiency was made up by an intensive pre-establishment preparatory phase, which facilitated the rapid internationalization of highly innovative firms.

## 2.2. Barriers to the development of the born global enterprises

According to the popular classification (Hollensen, 2011), the internationalizing companies face the following kinds of obstacles: barriers to export initiation (insufficient finances, insufficient knowledge about foreign markets, lack of management commitment) and barriers to the process of exporting (market, commercial and political risks). Among the market risks the literature mentions: comparative market distance, competition, differences in product usage and specifications, cultural differences, difficulties in finding the right distributor and complexity of shipping services. Among the commercial risks there are: exchange rate fluctuations, payment delays, bankruptcy, refusal to accept product, delays and damage in the export distribution, difficulties in obtaining export financing. Among the political risks the foreign government restrictions and tariffs, foreign exchange controls, lack of governmental assistance, high value of domestic currency, confusing import regulations, complexity of trade documentation and political turmoil are included (Hollensen, 2011).

Despite those potential barriers, there are few scientific articles focusing on the challenges to the born global companies' development. It may be connected with the fact that overconfidence and unreasonable optimism appear to be common traits among starting entrepreneurs (Liesh et al., 2011). A survey of exporters in Australia even found that 32% of respondents indicated they *did not face any barriers* in undertaking international operations (Harcourt 2006, in: Liesh 2011).

Nevertheless, Luostarinen and Gabrielsson (2006) noted that the major managerial challenge related to the use of external partners by the born global companies lies in managing the resulting, often complex networks. Moreover, they divided the so-called entrepreneurial challenges for the born global companies into the following groups: 1/ managerial challenges, connected mainly with the young age of the managers, little experience, limited marketing and managerial knowledge, insufficient revenue and trust from

clients, 2/ R&D challenges, connected with the length and expenses of the R&D stage, 3/sales and marketing challenges, connected with underinvestment in the sales and marketing function, too long implementation and planning of the marketing tasks, 4/ financial challenges, relating to the weak availability of money from various sources, low revenue flows and common use of penetration pricing strategy. According to Liesh (2011) growing numbers of firms are not conscious of international knowledge and experience deficiencies at the outset of international activity. Therefore lack of information, and misleading or incorrect information about foreign markets might be considered an additional barrier of the born global companies development.

Another source of information concerning the SME development are the government – sponsored secondary studies. One of them is a recent representative study on European SMEs’ internationalization (*Internationalization*, 2010). The most important barriers for internationalization perceived by these enterprises are: 1/ internal barriers: price of their own product or service and the high cost of internationalization; 2/ external barriers: lack of capital, lack of adequate information, and lack of adequate public support and the costs of or difficulties with paperwork associated with transport. It is worth noting that the barrier connected with lack of capital and lack of adequate public support score higher with reference to EU-EEA markets than with reference to third markets.

According to the research project titled “Global Entrepreneurship Monitor”, which covered 54 countries in 2011, there are some important obstacles to the entrepreneurial activity, noticed by the national market experts (Zbierowski et al., 2012). In their opinions, in Poland the central government support for entrepreneurship is low (95% of the mean grade concerning innovation-driven economies); the fiscal and administrative burdens are high (38<sup>th</sup> place of Poland within 49 countries studied); the access to information about and effectiveness of assistance are low (29<sup>th</sup> place of Poland compared to 49 countries); the access



to venture capital for the Polish enterprises is weak (7% lower grade than the average for innovation-driven economies). In addition, the access to legal and accounting services, and the technical infrastructure are much worse in Poland than in the innovation-driven markets. The Polish experts have also assessed very poorly the research and development transfer between institutions and the quality of intellectual property protection system in Poland compared to the innovation-driven economies (Zbierowski et al., 2012, p. 53-55).

### **3. METHODOLOGY AND SAMPLE DESCRIPTION**

The earlier review of research methodology applied by the authors who study the international entrepreneurship field confirmed the use of both qualitative and quantitative methods, with mixing different techniques being recommended (Danik et al., forthcoming). Such an approach was also adopted in this research project: at the turn of 2012 a qualitative study in the form of individual interviews was conducted to obtain profound knowledge of the success factors and threats to the born global firms' expansion. Upon the conclusion of analyzing the qualitative research outcomes it turned out advisable to verify the results on a larger sample of companies to obtain a quantitative exemplification of the investigated phenomena. Therefore, the quantitative study carried out in the early 2013 came as natural consequence of the qualitative research.

#### **3.1. The qualitative research project methodology**

In our research project<sup>i</sup>, similar as Knight and Cavusgil (2005), Rialp et al. (2005), Gabrielsson et al. (2008), and Evers (2011), we applied the judgmental sampling technique to help select objects to be explored satisfying the criteria defined in the research objectives (Silverman, 2008, p. 272). The companies were at first identified from accessible databases of exporters based on the criteria analogous to those used by Knight et al. (2004): small and medium-sized companies, engaged in outward internationalization, generating at least 25% of total sales abroad, 20 years old or younger, internationalizing on average within three years

from founding<sup>ii</sup>. The managerial staff members (owners, co-owners, chairmen or deputy chairmen) were asked to take part in interviews. Eventually, ten representatives of small and medium-sized firms of different branches (both low and high tech) were interviewed. The companies were mainly located in the central Polish region of Mazovia (see Table 1).

We gathered the data for our study using semi-structured individual interviews. Such a research technique had been used earlier by Rialp et al. (2005) and Rasmussen et al. (2001) to study the born global companies. The interview guide contained a framework for semi-structured interviewing, with all themes extracted from the literature concerning the internationalization of companies, in line with Miles and Huberman's deductive procedure (2000). The interview guide was supplemented with a structured set of questions concerning chiefly the characteristics of the sample companies and target markets of their expansion.

The interviews were conducted by the researchers at companies' seats; they lasted ca. 60 minutes and in two cases, due to difficulties with arranging a direct interview, the researchers decided to use a combination of internet and phone interviewing. The interviews were recorded and then transcribed. Pursuant to the rules, the process of analyzing data obtained in a qualitative research should be carried out in two ways: on the one hand it is necessary to adopt the complex interpretative approach to data analysis, while on the other it seems right to supplement it with elements of the content analysis guaranteeing the methodical character of the analytic proceedings and verifiability of the formulated conclusions (Perek-Białas, Worek, 2003, p. 97). While making a quantitative content analysis one counts notions frequencies, explores sequences of individual words, phrases, notions. The qualitative analysis accentuates the necessity to take into account not the notions themselves but the relations between them (Mayring, 2000). The authors of this work adopted an attitude that combines elements of the quantitative content analysis and the interpretative approach.

The content analysis was carried out in the following phases:

1/ According to the literature (Malhotra, Birks, 2006; Silverman, 2008), in the preliminary stage the coding procedure was carried out. The system of precise categories was established from literature review. This approach is in line with Miles and Huberman's deductive procedure, which recommends creating a start list of codes based on a conceptual framework (Miles, Huberman, 2000). The category creation process was repeated several times, by three coders, to make the initial categories more precise and to divide them into subcategories – i.e. units containing smaller amount of content (Srňka, Koeszegi, 2007). Next, codes were assigned to categories.

2/ Later the categories were identified in the transcripts of interviews. Simultaneous coding of the interview content was performed by three coders competent in conducting research on marketing internationalization.

3/ The intercoder consistency matrix (Srňka, Koeszegi, 2007, p. 38) was prepared.

4/ As the analysis of the consistency matrix has shown major discrepancies in the frequency of statements coded under some categories, they were made more precise and a new subcategory was added. In addition, the rules regarding division of messages' content into separate units of meaning were made more distinct.

5/ In order to evaluate the importance of categories and subcategories, the frequency of their occurrence (quotations) was calculated. This approach is based on the assumption that the repetition of words or expressions reveals the centers of interest and the preoccupations of the actors (Thiétart, 1999).

### 3.2. The quantitative research project methodology<sup>iii</sup>

The quantitative research project was conducted with use of CATI (*computer assisted telephone interviewing*) method utilizing a standardized questionnaire. We have used a random stratified sample selection procedure. The representatives of manufacturing enterprises (class C according to the Polish Classification of Activity – industrial processing)

with the employment level between 10 and 249 were interviewed. Similar as in the qualitative research, the conditions of an enterprise's joining the sample were in line with the definition of the born global firms by Knight et al. (2004), with slightly prolonged admissible period of enterprise's operation (according to Knight et al., a born global firm should operate no longer than 20 years, while the presented project covered enterprises founded no earlier than 1990) and exclusion of enterprises set up as a result of fusion of two or more firms, companies being a branch of a foreign enterprise and firms established due to the privatization process.

A target respondent was a person in charge of cooperation with foreign partners. The interviews were conducted first with directors of sales, exports, marketing, or with firms' owners, and, if it wasn't possible to reach them, with sales, export or marketing managers. In some cases employees holding other posts than those mentioned above, but possessing adequate knowledge were interviewed. This group was made up by accountants, general accountants (9.4% of the respondents), proxies, assistants of the Chairman or Board (8.2% of the respondents), trade specialists (8.6% of the respondents). A similarly large group included respondents holding managerial posts as well as owners and co-owners of the surveyed companies (63.7%). The Central Statistical Office (GUS) base was a sampling frame with basic recording information, such as REGON (National Business Registry Number), NIP (Tax Identification Number), PKD (Polish Classification of Activity), phone and address data, legal status, ownership status. Additionally, the obtained data were verified with the *Hoppenstedt&Bonnier* (HBI) base updated at the end of 2010 containing all necessary information on business entities operating in Poland.

The studied population size was  $n = 18732$  records (firms of the C class – industrial processing employing 10–249 pers.), of which interviews with 240 subjects were planned. The randomized algorithm in the software for telephone surveying offered a similar chance for all records in the base to join the sample. Eventually (net sample), interviews were made

with 260 institutions. The minimal size of the research sample was  $n = 194$  and the maximal percentage error with the confidence coefficient of  $\alpha = 0.05$  was 6%.

During the analyses, the researchers resolved to introduce an additional criterion of the turnover below 50 million Euros. Four enterprises that did not meet the criterion ceased to be subject of further analysis (the final sample size was 256 enterprises).

Just as in case of the qualitative research project, most of the surveyed enterprises were established in the 1990s. The share of small and medium-sized enterprises in the sample was similar. Most of the surveyed enterprises represented low-tech branches (see Table 1).

## 4. RESULTS OF EMPIRICAL RESEARCH

### 4.1. Results of individual interviews

#### *4.1.1. Competitive advantage factors*

Supplementing a question about the companies strategy, the question: *What are other factors of competitive advantage that make your product bought by the clients* was asked. Examples of competitive advantage factors were given for the respondents to choose from (see Table 2). The analysis of respondents' opinions concerning the competitive advantage showed that they most frequently regard the high product quality as a factor of the competitive edge (19 quotations). The remaining success factors were rarely chosen with no respondent declaring the duration or scope of the guarantee as a factor of his enterprise's success. The respondents spontaneously named additional success factors (23 quotations) with particular importance given to responsiveness comprehended on the one hand as flexibility (5 quotations) and pricing policy (5 quotations). The respondents frequently named factors linked to their offering's complex character (3 quotations) and customer relations (2 quotations) – see Table 2 and Figure 1.

#### *4.1.2. Sources of success – chances for expansion*

It can be assumed that firms participating in the survey achieved success in their

performance, which is confirmed by a large share of exports in their overall sales. The following question was thus asked: *Please name the basic sources of success of your firm, and forecasted chances for expansion* (an open question) further on supplemented with naming potential other factors of success, to be chosen by the respondents (see Table 3). The answers to those questions were divided into seven main categories containing 59 quotations overall. The most frequently named success factor was the *ethical business conduct* (12–20.3% of quotations) with this category being formulated based on the analysis of spontaneous opinions uttered by the respondents. The second most frequently mentioned factor of success was the *ability of quick response to the new opportunities emerging in the international environment* (11 quotations). Another important factor of success included experience of the managerial staff on the international market (6 quotations), possessing unique competencies derived from prior market knowledge (4 quotations), strategic plans for development of the company activity abroad - (3 quotations), operating in a niche market (3 quotations), belonging to a network of TNC suppliers (2 quotations), offering high quality for a good price (2 quotations) and following the clients suggestions (2 quotations). – see Figure 2. The abovementioned main categories, together with subcategories and examples of quotations are presented in Table 3.

#### 4.1.3. Threats to expansion

Threats to international expansion of a firm were another subject touched upon in the interviews. The entrepreneurs were asked the following question: *Please name the main threats to the expansion of your firm*. Then, following the spontaneous opinions expressed by the respondents, an additional question was asked, concerning other factors, as e.g. lack of financing or lack of possibilities to explore specialist knowledge about new tendencies on global market (see Table 4). The answers differed considerably among respondents. They were assigned to 13 main categories that included the total of 75 quotations, with 30

quotations concerning actually existing threats (subcategories of “I agree” and “I rather agree”) while 45 quotations concerned the lack of a threat on the part of the mentioned factor.

The relatively frequently named threats included: the possible errors in managing the company (4 quotations), fears concerning political instability and bureaucracy (4 quotations), lack of financing (3 quotations), too low domestic market potential (3 quotations), exchange rate fluctuations/currency instability (3 quotations), lack of customers' trust (3 quotations) and economic crisis (3 quotations). The remaining threats were grouped in “the other” category covering, e.g. predatory pricing conducted by the competition (see Figure 3). The aforementioned main categories with subcategories and exemplary quotations are presented in detail in Table 4.

As mentioned above, the supercategory of “threats to expansion” included also factors that were unanimously rejected as not posing threats to the respondents’ firms. They were: language barriers (8 negations), lack of possibilities to explore specialist knowledge of new tendencies in the global market (7 negations), lack of sufficient knowledge about changes in a unique niche the firm has operated in (6 negations), “brain drain” by TNCs (5 negations).

## 4.2. Results of CATI survey

### *4.2.1. Sources of the competitive advantage*

The enterprises were asked if, on their main export market, in relation to their key product, their firm is better than competition in the following domains: marketing planning, product development or adaptation, rate of introducing new products to the market, flexible pricing, promotional effectiveness, and distributional effectiveness. The five-point Likert scale was applied (from: 1 – strongly disagree / 2 – rather disagree / 3 – hard to tell / 4 – strongly agree / 5 – rather agree). The results are presented in Table 5 with the answers 1 and 2 as well as 4 and 5 being aggregated.

The weakest point of the Polish born global enterprises seems to be their lack of

marketing planning (only 18.5% of the respondents thought they excel the competition in marketing planning) and the lack of promotional effectiveness, including lack of using non-standard forms of promotion (as many as 40.7% of the polled admitted they do not excel the competition in this area while 33.9% of the respondents chose the middle variant of the answer). The main source of the competitive advantage was flexible pricing (76.7% of answers) and distributional effectiveness (66.9% of answers). Relatively high scores were also obtained for the rate of introducing new products (61% of answers) as well as for the product development or adaptation (56.5% of answers).

Further on, the polled were asked, if their companies introduced any innovations and developed new technologies and if the companies introduced the product and technological innovations faster than their competitors. Almost two thirds (161) of the studied companies did introduce innovations, and 66 of them did it faster than the competitors.

The further analysis revealed a significant correlation between introducing new products and being innovative and developing new technologies ( $r=.317$ ,  $p=.000$ ) and introducing new products and doing it faster than the competitors do ( $r=.330$ ,  $p=.000$ ). Such a result testifies to the importance of new product development in the companies' strategies.

#### *4.2.2. Marketing competencies*

The vast majority of respondents (79.3% of answers) declared that their firms did not apply any innovative marketing techniques. 53 respondents who claimed their companies apply innovative marketing techniques were asked an open question about the examples of such techniques. Among 43 pollees who answered, the technique mentioned most frequently was advertising (28.3% of answers). Moreover, product quality was mentioned relatively frequently (15.1% of answers). The marketing techniques named by the pollees can be divided into four categories: techniques linked with the product, price, promotion and people. The most frequently mentioned techniques were linked to the promotion (43.4%); the second



place went to those linked with the product (26.4%), third – to the price (9.4%). One of the respondents even named the human capital as an example of the marketing technique (see Table 6).

## **5. DISCUSSION AND CONCLUSIONS**

The results of the presented qualitative and quantitative research, pertaining to the success factors of the Polish born global companies, were congruent to a large extent. The Polish born globals compete mainly on high product quality and on pricing. It seems, that the Polish entrepreneurs strongly believe, that even if their products or services are as good or even better than the foreign ones, they have to be offered for lower prices, to be bought (probably because there still is a strong negative country of origin effect concerning Polish products-see e.g. Kowalik, 2008). It also indicates the shortage of promotion skills (including personal selling) and marketing planning in general, which was proven in the quantitative research. Moreover, the statements of those entrepreneurs, who admit to introduce innovative marketing techniques seemed controversial. Namely, the opinions were so general that it is hard to assess whether any instruments mentioned by them can be called innovative marketing techniques. This can also raise doubts as to their understanding of basic marketing concepts. However, they treat new product development and innovativeness as crucial elements of their strategies, which shows, they are conscious of the importance of these tools.

The deficiency of branding efforts can be partially explained by the idiosyncrasy of the market. According to studies of Luostarinen, Gabrielsson (2006) a lack of consistent branding efforts was quite common in the B-to-B companies, which was explained by a manager from a high-tech company as follows: “Branding is not seen as important as the product is sold to industrial customers. We spend money in image building in the eyes of purchasing managers and visibility in trade fairs, industry magazines, and the Internet.” Another manager from a B-to-C high quality service company emphasized that a lack of one’s

own branding does not exclude co-branding with a partner. Therefore, limited attention to marketing competence (specially to the promotional efforts) in the studied sample may result from the specificity of operating in the B-2-B market.

The other explanation of the above mentioned shortage could be the young age of born global companies. In many cases their inception was a result of an innovative product idea of the founders and opportunities perceived in the foreign markets (Danik et al, forthcoming), so their founders naturally concentrated on the product from the very beginning. The next area of development within the marketing sphere was distribution, which was also perceived by the Polish born globals as the source of their competitive advantages. Perhaps building their own brands will follow in the future.

The results of our study are to a large extent consistent with the Evers' model of developing dynamic capabilities for competitive advantage by the international new ventures (Evers 2011). According to the surveyed enterprises, the source of their international success was chiefly the ability to create moral conduct-based relations with the environment. The role of mutual confidence and honesty was reiterated, what indicates the crucial influence of the customer business relations on the product distribution. Experience of the managerial staff in the international market and the entailing unique knowledge of the market, the ability to respond fast to the emerging opportunities were also mentioned as important.

Furthermore, both in the qualitative and quantitative part, the effectuation (Sarasvathy 2001, Kalinic et al 2012) approach was observed. The companies under study were interacting with the environment without previous planning, undertaking different measures (i.e. changing prices, improving quality, launching product innovations) and trying to satisfy customers with use of existing resources. This flexibility was perceived as a source of their success, in line also with Andersson's findings (Andersson, 2011).

The competitive advantage factors of the companies covered by qualitative study are

congruent with sources of success and chances for expansion quoted later, which confirms the reliability of answers of the interviewed firms. However, as sources of success also the managerial traits were mentioned, which confirms that these objective entrepreneur's attributes mentioned by Evers (2011) are also important to the Polish companies.

Most of the development challenges mentioned in the literature seem not to be perceived as important by the Polish born globals, which could be explained by their overconfidence and unreasonable optimism (Liesh et al., 2011). Taking into consideration, that the interviewed entrepreneurs were successful on the international market, it can be assumed, that they can easily overcome obstacles such as the language barrier, lack of knowledge about the global market or lack of government support. However, the threats to expansion perceived to be important were connected mainly with the macro environmental political and commercial risks such as political instability and bureaucracy, currency instability and economic crisis. Nevertheless, both our qualitative and quantitative research projects showed the importance of the managerial and sales and marketing challenges pointed out by Luostarinen and Gabrielsson (2006).

The most important implication emerging from this study for the managers and policy makers is the need to strengthen the brand building abilities and managerial skills of Polish entrepreneurs. The promotion of Polish products abroad leading to their good image building would also positively influence the foreign expansion of the Polish born global enterprises.

#### Notes

<sup>i</sup> Part of this research project's results, concerning the founding and internationalization motives of the born global companies in the sample, has been published in another article.

<sup>ii</sup> We have intentionally skipped the criterion of the number of foreign markets and their geographical location, suggested by e.g. (Kandasaami, 1998), as it would narrow down the group of respondents. However, 7 of 10 companies interviewed had more than 5 target markets, located on 2 or more continents.

<sup>iii</sup> The results presented in this paper are part of a larger, quantitative, unpublished study, concerning the characteristics of the born global companies, conducted in 2013 in Poland.

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## Tables

**Table 1. Characteristics of the companies in the sample**

Resp. code	Year of establishment	Location (region)	Industry	Number of workers	Yearly turnover (m. Eur)					
Qualitative sample										
R1	1989	Greater Poland	MICE** industry	10–49	2–10					
R2	1998	Mazovia	Fruit and vegetables processing	1–9	2–10					
R3	1993	Mazovia	IT (software prod. and licensing)	50–249	0–2					
R4	1990	Mazovia	Yacht prod. and chartering	over 250*	10–50					
R5	1990	Mazovia	Artificial fibers (polymers) prod.	109	2–10					
R6	1992	Mazovia	Book winding	50–249	2–10					
R7	1990	Mazovia	Pottery prod.	1–9	0–2					
R8	1990	Mazovia	Mice industry	10–49	2–10					
R9	1998	Lubelskie	Organic food prod.	10–49	2–10					
R10	2010	Mazovia	International forwarding services	1–9	0–2					
Quantitative sample***										
	Descripti on	Share %	Description	Share %	Description	Share %	Descript ion	Share %	Descrip tion	Share %
	Up to 1995	40%	Lower Silesian	9%	Food-processing industry	14%	10–49	54%	0–2	52%
	1996–2000	18%	Kuyavian-Pomeranian	6%	Rubber and plastic goods prod.	12%	50–249	46%	2–10	41%
	2001–2008	38%	Lubelskie	3%	Metal prod.	11%			10–50	8%
	2009–2013	4%	Lubuskie	6%	Timber and cork goods prod., excl. furniture, straw articles and materials for kilning processes prod.	9%				
			Łódzkie	6%	Machinery and appliances prod. with no other classification	9%				
			Lesser Poland	5%	Furniture manufacturing	7%				
			Mazovia	13%	Metal finished goods prod. excl. machinery and appliances	6%				
			Opolskie	4%	Clothing manufacturing	5%				
			Podkarpackie	6%	Computer, electronic and optical goods prod.	4%				
			Podlaskie	2%	Textiles manufacturing	4%				
			Pomeranian	9%	Electrical appliances prod.	4%				
			Silesian	10%	Remaining non-metallic mineral products manufacturing	3%				
			Świętokrzyskie	1%	Remaining products manufacturing	3%				
			Warmian-Mazurian	2%	Chemicals prod.	2%				
			Greater Poland	13%	Paper and paper products manufacturing	2%				
			West Pomeranian	7%	Vehicles, trailers and semi-trailers manufacturing excl. motorcycles	2%				
					Others	5%				

\* The company increases employment to ca. 500 workers in the high season of yacht manufacturing.

\*\* MICE – meetings, incentives, conferences and events organizing.

\*\*\* Description of branches in a quantitative research is less detailed than in case of a qualitative research due to the necessity of providing aggregated data.

Source: own elaboration.

**Table 2. Outcome of the content analysis of the “competitive advantage factors” main\* category (R1-R10: respondents’ codes)**

Questions	Main category	Frequencies	Subcategory	Frequencies	Examples
What are other factors of competitive advantage that make your product bought by the clients?  (i.e. delivery time, duration or scope of the guarantee, negotiating skills of the salesforce, after sales service)	Competitive advantage factors	47	Delivery time	2	(R6) <i>To have the shortest possible completion time, since it is... Products we sell are used by publishing houses, let's say printing houses, aren't they? There is always a deadline for printing something, isn't there? Therefore, the delivery time is important since timetable cannot wait for the next year.</i>
			Negotiating skills of the salesforce	2	(R10) <i>However, all these factors are very important since it is a specialist market niche. We can operate properly only when there are experts who know what is all about. And, to be able to do something, they have also to possess some unique knowledge</i>
			After sales service	1	(R8) <i>Complexity, I would say. Of services. Services complexity.</i>
			High product quality	19	(R5) <i>It is just as if the Polish Academy of Science has sent us a certificate that we are one of 500 most innovative firms in Poland.</i> (R6) <i>Quality? We are improving the quality of products all the time to sell to the West. However, unfortunately, the improvement of quality is linked with higher costs. No way it could be otherwise.</i> (R8) <i>No. We compete on quality. Since the prices of our rivals are very similar on the market.</i> (R9) <i>Secondly, there is obviously our production experience that makes a customer confident as for the quality of the raw materials.</i>
			Flexibility	5	(R7) <i>We are quite flexible, as it probably has to be like that in this business. We adjust to the needs of a customer. It is like that: we satisfy exactly the needs of a customer. On the one hand, we have our own designs you can see over there... And there are the patterns that are, let us say, commercial, designed for a customer.</i> (R5) <i>We are very mobile, contrary to, e.g. a French company. Since we have so small workforce, there are no needs. That is why we managed to survive those crises as instead of paying 50 wages we pay 10.</i>
			Pricing policy	5	(R5) <i>We have such fixed prices. We have such a situation, that on the market you pay within three months (...). By us you pay 12-14 days after delivery. And everybody pays (...)</i> (R6) <i>We endeavor not to cause strong price wars, because it doesn't work. At least in Poland.</i>
			Offer's complex character	3	(R1) <i>The complex service of firms taking part in the fairs. And from the start to the end the whole logistics (including the stand assembly), also financial servicing towards the organizer there are only a few firms that offer what I said before but we have such customers and so we provide such services. We even select events, in agreement with an exhibitor, worth taking part in.</i>
			Customer relations	2	(R2) <i>Therefore, confidence is very important. I have always said that in trade</i>

					<i>you can cheat only once: the first and last time. Afterwards nobody wants to cooperate with you. As rumor spreads fast in the milieu.</i>
			Other competitive advantage factors	8	<i>(R4) Possibility to form a competent team that can lay foundations for firm's expansion (80% of this team continue to work for the firm today). (R5) The profit is decent, but for the small company. The big concern would have to employ people, buy this machines, buy this factory. It turns out, that that are no really money on it (...)</i>

\*The main category "competitive advantage factors" belonged to the superior category "strategy of the company".

Source: own elaboration.

**Table 3. Outcome of the content analysis for the "success sources – chances for expansion" superior category (R1–R10: respondents' codes)**

Questions	Main category	Frequencies	Subcategory	Frequencies	Examples
Please name basic sources of success of your firm, and forecasted chances for expansion. .....  How important are in your opinion the following factors: • Firm's strategic guidelines pertaining to the expansion of activity on international markets (mission -> vision)	Strategic plans for development of the company activity abroad	4	Yes	3	<i>(R4) Diversification of firm's income sources/new contacts – new branches, development of new brands. (R10) It was already important prior to firm's establishment.</i>
			No	1	<i>(R9) Strategic guidelines as to the development of activity on international markets? Rather not here... Rather not.</i>
	Belonging to a network of TNC suppliers	5	Yes	2	<i>(R4) Regular cooperation with the largest corporations in the branch as a subcontractor.</i>
			No	3	<i>(R9) No. (R10) Assuming it is an import ant customer. So exactly... I mean, it could be another large firm not being a corporation and this will be import ant, too. Similar to any large customer. I do not see any connection here with ...the fact that somebody is a corporation or not. The talks may be even more difficult with a corporation since there are many procedures, it takes much time and... sometimes there may be not a corporation but a large firm that can be an important customer, too.</i>
	Unique competencies derived from prior market knowledge	4	Yes	3	<i>(R8) Absolutely yes. (R3) Yes.</i>
			Rather yes	1	<i>(R9) Possessing unique competences resulting from the prior knowledge about the market? Maybe one can say that.</i>
	Ability of quick response to the new opportunities emerging in the international	11	Yes	10	<i>(R5) This is the question of a character. Some have it, some do not. Some want to make fast decisions, take a risk, and not be afraid of hard work, others do not. (R6) This is like that. No, it is not the question of good organization. It seems to be as if let us organize to make it work smoothly then it will work smoothly. (R10) I think it a sort of our best merit. Due to the fact that we are a small</i>



<ul style="list-style-type: none"> <li>Operating within the framework of transnational suppliers corporation</li> <li>Possessing unique competencies resulting from the prior knowledge about the market</li> <li>Experience of the managerial staff on the international market</li> <li>Ability of fast responding to new possibilities emerging in the international environment</li> <li>What other factors?</li> </ul>	environment				<p>company and we have contacts in different countries, we are able to obtain various pieces of information quickly, about some changes or new opportunities. In addition, we can respond quickly. Due to the fact that we are still not a corporation.</p>
			Rather yes	1	<p>(R1) Nothing changes fast here. We are working under the time pressure, all the time. Everything should have been ready for yesterday, nothing can be postponed since the fairs open when the opening time comes and nothing can be done about it. However, obviously we follow novelties as they emerge. And they do emerge in different ways...</p>
	Ethical business conduct	12	Yes	11	<p>(R2) Respect for a customer and trade honesty. There are different situations, as it is, and being sure that a customer, my business partner, does not intend to cheat on me, is very important. Otherwise, one would do nothing more than watching his back. And one has to focus on his work and making progress. Therefore, it is of the utmost importance to have friendly relations with a customer, and not to treat him as just an indifferent profit-oriented business partner.</p> <p>(R5) Well, we have been always OK. I mean, there has been no situation that we were overdue, did not remember, cheated on someone, that we made a deal... A word is more important than money! It has been and continues to be like this. Well, I do not know, but over the recent two years, we have been receiving certificates from the probably oldest European agency, Danish Dun&amp;Bradstreet for our business honesty, and so on. We have published it on our websites, and even the Germans seem impressed.</p> <p>(R9) ...can trust the firm. In general, trust and production control are very important here.</p>
			Rather yes	1	<p>(R5) So, it is important whether the carpet is durable, and if it is durable, next year, and not only for a moment. And we have already built this confidence.</p>
	Experience of the managerial staff on the international market	6	Yes	5	<p>(R2) Certainly, I use this, certainly. Certainly this was the driving force that helped me found my own business, that I am good at it, have contacts, so the start was easier. That is why after quitting my job in food processing centers I did not start to deal with locomotives because I know nothing about them. Also this training in cooperation with customers in the centers, since I haven't graduated from any economic school, facilitated my starting point.</p> <p>(R4) Specialized managing staff and workforce.</p>
			Rather yes	1	<p>(R7) Nevertheless, I have some experience and I think I know what to take notice of in relation with a customer.</p>
	Operating in a niche market	3			<p>(R9) Well, the market niche. To find a product that has been never produced before, that has been never known before in Poland.</p>
	Offering high quality for a good	2			<p>(R3) High service quality, competitive pricing innovative products.</p>

	price		
	Following the clients suggestions	2	(R8) We have the exhibition calendar. Often the clients themselves ask us to organize stands in a given place. A regular company is calling, they've been everywhere already, and they say: "Maybe you would arrange Mexico?" . "And I would go to Argentina" (...). Clients inspire us.
	Other success factors	10	(R4) Strong leadership. (R6) Good organization. You know, really we have proper computerization inside the firm, since the whole information circulation is computerized. Generally, we do not use paper, excluding e-mails printing. And printing procurements. It seems to me that this organization is quite all right and flexible. (R7) Pattern designing. Unique, or it sounds like that... A defined, clear-cut pattern designing, and this is our distinctive mark, isn't it? In this traditional technology, in this way...

Source: own elaboration.

**Table 4. Outcome of the content analysis of the “threats to expansion” superior category (R1–R10: respondents’ codes)**

Questions	Main category	Frequencies	Subcategory	Frequencies	Examples
Please name the main threats to the expansion of your firm .....  How important, in your opinion, were the following factors: • Lack of financing • “Brain	Lack of financing	8	Yes	3	(R8) This is for sure. It would be desirable for us to obtain incentives from the Ministry of Regional development, so-called “Passport to export”, and from the Ministry of Economy, and from the regional councils. (R9) Always, this is always.
			No	5	(R6) We do not need them; we do not have problems with credit. We have this land property that we owned and it is encumbered with mortgages on current credit. Therefore, we have no problems with financing. Furthermore, we have had an operating credit since I do not remember when, so our creditworthiness in banks is good. (R7) We are quite economical. Rather yes. (R10) It will be important in the future. At the moment we continue to be at the first stage of development but when we enter the phase of investing, this may become important.
	“Brain drain” by TNCs	6	Yes	1	(R10) This is a kind of threat but this should be taken into account while offering jobs and... Well, this can never be excluded. One must live with it and be prepared. And, I don't know, maybe we should offer something to employees so that they don't leave for corporations.

drain” by TNCs • Lack of possibilities to explore specialist knowledge about new tendencies on global market (e.g. training courses) • Lack of sufficient knowledge about changes in a unique niche the firm has operated in • Language barrier • Errors in managing the company • Too low domestic market potential • Lack of government support • What other threats?			No	5	<i>(R8) No. In the current situation on the labor market there are 10 candidates for one vacancy.</i> <i>(R5) There is always a possibility but, you know, my employees have worked for me for a dozen or so years. This is the effect of something... not of high wages. Maybe the atmosphere, that is, they feel kind of ...like at home, we know each other.</i>
	Lack of possibilities to explore specialist knowledge about new tendencies on global market	7	No	7	<i>(R1) This knowledge means what – one has to attend fairs, follow the competition. Those who offer exhibition systems distribute information and we receive it, but if we want to follow the competition onsite, or the tendencies, we have to attend the fairs.</i> <i>(R10) No, there has been no such shortcoming. We did not experience that.</i>
	Lack of sufficient knowledge about changes in a unique niche the firm has operated in	6	No	6	<i>(R9) No such thing, either.</i> <i>(R10) We fully possess this knowledge. We do not experience that.</i>
	Language barrier	10	Yes	2	<i>(R5) I have no flair for languages. This is interesting: I speak Russian quite well, I read English more or less but I cannot speak English. And this is a problem, in the firm...</i>
			No	8	<i>(R2) This is some kind of argument, but it does not determine whether you do business or not.</i> <i>(R7) As I said, I am learning German. I know English; I understand it more or less. I can communicate in French. In Norwegian...with Russians, too. Therefore, it seems that I know languages.</i> <i>(R8) Yes. Two languages minimum. English and Russian or French, or German.</i>
	Errors in managing the company	7	Yes	2	<i>(R2) They can occur, but one has to watch out.</i>
			No	3	<i>(R7) I hope not, but you cannot foresee errors.</i> <i>(R10) We have not noticed them so far.</i>
			Rather yes	2	<i>(R9) Well, they can always happen...</i>
	Too low domestic market potential	9	Yes	2	<i>(R9) That there will be demand... that there will be lower supply, there is always such a threat, concerning every product. International demand, isn't it.</i>
			No	6	<i>(R5) No, you know, it is like that: this is all the time the beginning of the road. It is like that: we could produce ten times more and sell everything to Great Britain or Germany. Many companies simply rely on price.</i> <i>(R10) No, the potential is very high.</i>

			Rather yes	1	(R9) Well, this market grows, in our case there rather is no such threat. Since the market is on the rise. This is a constant trend, unless it changes, but there is no such threat at the moment.
Lack of government support	7		No	5	(R2) We experience this and we continue to live. So: if it continues, there will be no such support, and we do not expect miracles. The support will be probably lower as we are entering the crisis. Let us believe there will be no artificial formal barriers! (R10) We have prepared ourselves not to expect any support.
			Rather not	2	(R7) There is not enough support. I think that such marketing training like the one organized by the Swedish embassy... It might be good for young businessmen. Specificity of other markets, making use of contacts... There are consulates and officers at embassies, but... But it is hard to imagine.
Economic crisis			3		(R1) In general, the crisis is a threat to every activity. If it continues, it is known that the market is shrinking, there are fewer new orders (R4) A paranoid development of the "financial crisis."
Political instability and bureaucracy			4		(R2) Heterogeneous bureaucracy. Both in Poland and outside it. We used to say "America – a country of democracy" and we have been watching the bureaucracy growing there for the last ten years. In addition, it hampers everything. Therefore, bureaucratic threats are the one. (R7) There was a plan and a project to construct another quite large premise but there was no acceptance in the Provincial Office. An architect, or whatever it is called, did not accept it. Therefore, we have no space. Opening to the exterior is another situation; let me put it this way. (R4) War
Exchange rate fluctuations/currency instability			3		(R2) Unstable currency is another one. (R6) We are keeping the prices flat and the euro at 3.30 was quite painful. It was very painful. This means we are approaching the limit of profitability with exports, since... This is a big problem.
Lack of customers' trust			3		(R6) Germans, however, do not want to buy directly from us. May be they fear the Polish quality, the so-called Polish quality.
Other threats			2		(R5) The Chinese will invent a better product and will flood the world market at 1/10 of the price. Nobody will look at Poland then, at punctuality, quality and so on. They will wait. May be it will take longer for the containers to arrive. (R6) If everybody switches to electronic devices, so... Change of the technology (...). It's somehow a threat for the whole branch, so also for us somehow.

Source: own elaboration.

**Table 5. Competitive advantage sources**

Competitive advantage sources	Strongly disagree, rather disagree		Hard to tell		Strongly agree, rather agree	
	Frequencies	% valid	Frequencies	% valid	Frequencies	% valid
Marketing planning (N = 248, Mean=2.82, SD=.972)	78	31.5	124	50.0	46	18.5
Product development or adaptation (N = 246, Mean=3.66, SD=.937)	22	8.9	85	34.6	139	56.5
Rate of introducing new products to the market (N = 246, Mean=3.7, SD=1.092)	33	13.4	63	25.6	150	61.0
Flexible pricing (N = 253, Mean=4.06, SD=.920)	13	5.1	46	18.2	194	76.7
Promotional effectiveness and its other forms?? (N = 248, Mean=2.76, SD=1.074)	101	40.7	84	33.9	63	25.4
Distributional effectiveness (delivery of supplies), (N = 248, Mean=3.77, SD=1.044)	33	13.3	49	19.8	166	66.9

Source: own elaboration.

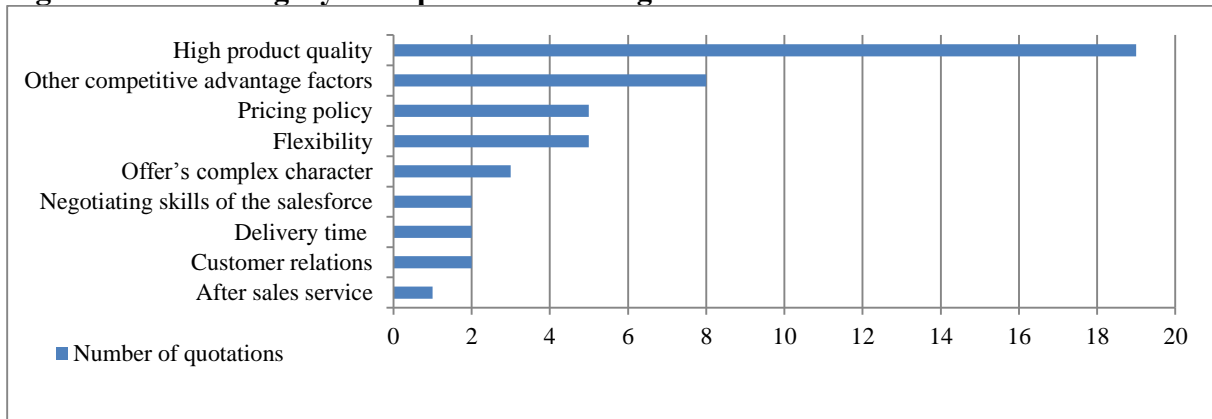
**Table 6. Innovative marketing techniques named by the respondents**

Categories	Marketing technique	Frequencies	Valid percentage
Product	Product assortment	1	1.9
	Quality	8	15.1
	Product pattern (design)	3	5.7
	Product properties	2	3.8
	Total	14	26.4
Price	Catalogue price	1	1.9
	Rebates / reductions / discounts	4	7.5
	Total	5	9.4
Promotion	Advertising	15	28.3
	Onsite promotions	1	1.9
	PR	3	5.7
	Direct marketing	4	7.5
	Total	23	43.4
People	Culture – human capital	1	1.9
Refusals to provide answer		10	18.9
<b>Total</b>		<b>53</b>	<b>100.0</b>

Source: own elaboration.

## Figures

**Figure 1. Main category “competitive advantage factors”**



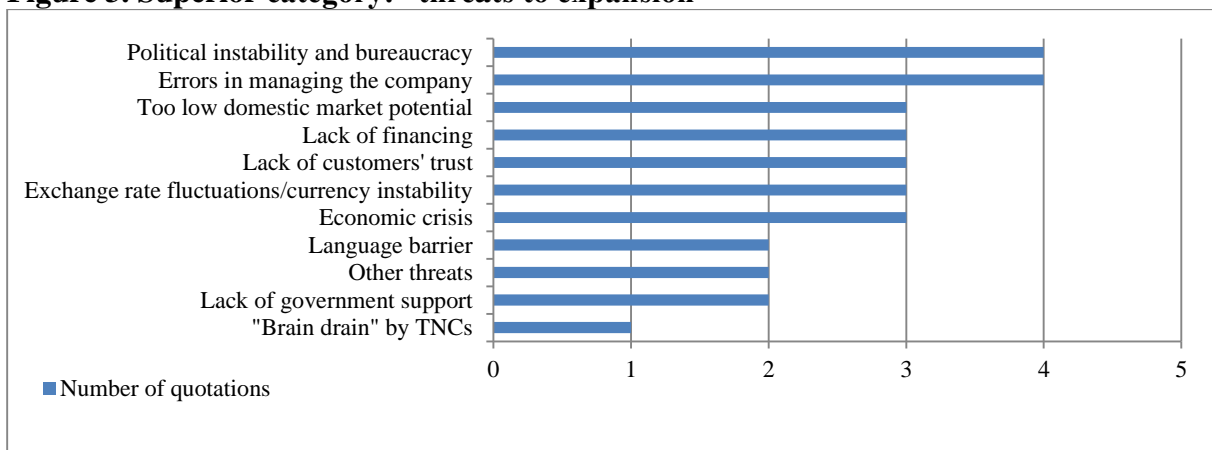
Source: own elaboration.

**Figure 2. Superior category “success sources – chances for expansion”**



Source: own elaboration.

**Figure 3. Superior category: “threats to expansion”**



Source: own elaboration.