

CHALLENGES FACING POLISH SMES IN THE FACE OF GLOBALIZATION PROCESSES

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Received 18 September 2010, Accepted 6 April 2011

Abstract

The problem of threats and benefits, as well as challenges and opportunities for the SME sector in the era of intensified globalization processes in the contemporary world is a vital issue and an area for scientific research. This publication characterizes the results of this sector enterprises activity in Poland in the years 2004–2007 and shows opportunities for their operation on the international arena through presenting, among others, their share in export sales and cooperation with overseas companies. The paper also presents relevant conclusions related to the development of enterprises in Poland, with special consideration given to the SME sector.

Keywords: globalization processes, small and medium enterprises, international activity, cooperation in business.

JEL classification: D22, F23, L25, L26.

Introduction

Today we can observe rapid development of globalization processes combined with increasingly unequal economic development of the world regions and countries accompanied with economic crises reoccurring repeatedly. Such being the situation, it becomes more and more vital to direct the national economies towards overcoming the negative results of these phenomena and processes while taking advantage of their positive effects – both in the short- and in the long-time perspective.

Theories created in economics to a large extent explain the phenomena appearing in the economy, which, undoubtedly, facilitates the interpretation of these phenomena as well as their proper application in the national economy. It should nevertheless be noticed, that the main theories and models of the global economy are extremely different from one another which stems from different understanding of main forces causing globalization and the interpretation of its positive and negative effects¹. The world system and the processes taking place in it (also the globalization ones) are perceived in the neorealism trend mainly from the perspective of international relationships. That means the acceptance of small influence of corporations and international organizations on the changes in this matter and admitting that the globalization processes are evoked mainly by the most developed countries. Neomarxism, in turn, takes into account the impact of the global capitalism structures, i.e. trans-national corporations, on the world system, thus it also takes into account the changes that take place in it, particularly the ones concerning globalization². In this perspective the influence of corporations should be treated as dominant and negative. Contrary to the neomarxists' views, neoliberalism 'accepts strong influence of trans-national corporations on the world system and the globalization processes taking place in it'³, underscoring the favourable effect of corporations on the world's economic development and even creating it by their rational activities aimed at gaining profit in business. Considering the above-mentioned problems from the perspective of a global economic and political spiral, it is widely acknowledged that both state and trans-national corporations are the major elements of the world system; however, the activity of these elements in the world system and their role in shaping the globalization processes is undervalued. Instead, it is assumed that both corporations and states obtain equal influence on the above-mentioned processes⁴.

In the contemporary world one can observe the domination of three main world economies, i.e. the American, the Japanese and the European (i.e. the economy of the European Union).

In the European Union, to which Poland acceded in 2004, special attention is paid to the development of small business units and medium-sized enterprises (the so-called SMEs) seeing

in this sector one of the main propulsive forces of the economic development, in spite of the fact that international enterprises (and the trans-national corporations in it) carry into effect about $\frac{1}{3}$ of the world production and 70% of the world trade (half of that constitutes the trade inside corporations)⁵. The EU interest in the SMEs is a consequence of the specific features and the styles of management in the enterprises in this sector, namely in the microenterprises (0–9 employees), small business units (10–49 employees) and medium-sized enterprises (50–249 employees). The most desired features are: flexibility of activity in variable environment conditions, protection of the created posts in the crisis conditions quick and straight information flow between the owner of the enterprise and the workers, life and business interdependence between the owner of the enterprise and the workers (family business units) and so on. The interest in the development of SMEs in the EU and in many other countries of the world, as for example in the USA or in Japan, results also from the observed changes as far as the macroeconomic data concerning the subjects of this sector are concerned. They also point out to the increase of the importance of the small business unit and medium-sized enterprise sector for the national economy in each single country. For this reason, it also seems advisable to pay attention not only to the importance but, first of all, to the conditions of the activity of SMEs in Poland in the period of globalization and internationalization of enterprises.

1. Globalization and its characteristic aspects in Polish economy at the turn of the 20th and 21st century

The “globalization” term was first used in Germany in 1993 in *Frankfurter Allgemeine Zeitung*⁶. The notion is understood as ‘tendencies in the world economy, politics, demography, social life and culture, characteristic and dominant towards the end of 20th century and at the beginning of the 21st century, which consist in spreading analogous phenomena, irrespective of the geographical context and the level of the economic advancement of a given region. Globalization leads to the unification of the way the world is perceived. It starts to be perceived as a homogenous unity where the elements of economy and the common culture of consumption are strictly bound together. Globalization can be considered the final stage in the historical transformation, the beginning of which is marked by the times of modern capitalistic and colonial economy. The contemporary social and economic domination of the West over the rest of the world is gradually changing into the world domination of finance, technology and electronically transmitted pop-culture combined with propagating liberal ideology by the

developed democratic countries'⁷. The tendencies supporting globalization are independent of given national territories and appear beyond the boundaries of nation states⁸.

On the other hand, 'globalization of economy' term should be understood as 'a complex, multidimensional process of deepening the international work division, increasing turnover in the international trade, intensifying flows of capital, people, technologies and goods, permeating cultures, and increasing dependencies among the countries'⁹. Globalization of economy is a consequence of centuries-old development of the world trade and concerns mainly the so-called Triad which includes the developed countries of North America (Canada and the USA), Europe (the EU countries with Norway and Switzerland) and Asia (Hong Kong, Japan, South Korea, Singapore and Taiwan). Australia, Israel and New Zealand can be also added to this group of countries although they do not fulfill the geographical criterion.

Globalization of economy is caused, among other things, by the following factors¹⁰:

- technological ones (computers, the Internet, mobile phones, satellite telecommunication, the development of transport, and so on);
- economic ones (the development of the trans-national corporations, systemic transitions, the fact that many national economies have opened their markets to the inflow of imported goods and foreign capital, the economic development of the recently industrialized countries and their joining into the international work division, the development of stock exchanges, etc.);
- political ones (the dissolution of the Soviet Union, the systemic reforms in the countries formerly subordinate to the Soviet Union, progressing changes in China, supporting the expansion of international corporations by mother countries, democratization and creating free markets in the economies in many underdeveloped countries, etc.).

We can support the view that the main driving forces of globalization are trans-national corporations and the governments of highly developed countries. There are also very strong relations between trans-national corporations and the state which undertakes actions aimed at promoting the trans-national corporations coming from individual developed countries in its home and foreign policy. There is a kind of feedback between them, which depends on the fact that 'highly developed countries are strong because they create corporations and the corporations are strong thanks to the powerful countries they come from'¹¹. At the same time, we can observe changes in the environment of both trans-national and local enterprises. The changes in the environment evoked by the globalization processes undergoing in the activity of enterprises include¹²:

- growing competition in the world markets;

- greater supply for high quality goods in relation to demand;
- increasing requirements concerning the quality of goods;
- increased frequency of introducing innovations in the production process;
- changes in the organization of production;
- changes in industrial production, consisting in withdrawing material-consuming and energy-consuming products and replacing them with material and energy-saving products;
- increasing significance of information (very often it is one of the most important export products);
- increasing significance of marketing and strategic management in the global perspective;
- growing expectations of customers as far as new products and services are concerned.

It should be stated that the globalization processes which take place in the world markets may support the activity of enterprises and the whole national economies, but they can also be a threat for the activity of these enterprises. Table 1 presents selected benefits and threats resulting from globalization processes.

Table 1. Selected benefits and threats for enterprises and national economies resulting from globalization processes

Benefits	Threats
<ul style="list-style-type: none"> – decreasing inflation tendencies; – the equalization of world price levels; – lowering the credit interest rates and balancing the differences between the credits taken in domestic and foreign banks; – the growth of salaries in the countries in which the wage cost is lower; – spreading technological progress and new production technologies; – the increase in the quality of goods; – economy stimulation – the necessity of competing (the enterprises change their management styles and work organization aiming at cost reduction and profit maximization). 	<ul style="list-style-type: none"> – excessive inflow of the speculation capital and the activity of the world hedging funds may evoke a financial crisis; – as a rule, the goods coming from developing countries become the local market goods only; – the best, i.e. the biggest and the most profitable enterprises are bought by the foreign capital; – the domination of world brands in the market, which may lead to the reduction of domestic enterprises to the role of sub-contractors ; – brain drainage which entails the liquidation of domestic research institutes, which in turn causes the technological and technical dependence on foreign enterprises; – a long-term growth of import in developing countries may become a threat for maintaining the right trade balance; – restriction of sovereignty by making others become members of certain international structures and treaties; – establishing the production of goods which characterize with a low level of processing and are more harmful to the natural environment in developing countries; – the exchange with developed countries results in the deterioration of the terms of trade; – limiting tax proceeds due to transfer prices.

Looking at the characteristics of the selected benefits and threats of globalization processes for enterprise and national economy functioning presented in Table 1, we can assume that the changes connected with globalization may bring both certain benefits and serious risks for their beneficiaries. Taking into consideration the threats resulting from globalization, the concept of the so-called ‘global governance’ (global governments – global steering) seems to become more and more important¹³. However, the concept assumes that in order to create the policy of order and to combine economic processes with social aims it is necessary to restrict the sovereignty of states within the framework of growing cooperation and integration¹⁴. Hence the question arises whether the following processes and the efforts connected with controlling them at the trans-national level will bring real advantages for individual national economies including the Polish economy.

Since the beginning of 1990s, several essential changes connected with the transformation of the Polish economy have taken place. The changes have been accompanied by privatization and enterprise restructuring, with the simultaneous introduction of open market economy in the face of intensifying globalization processes. They have brought varied economic and social effects. On the one hand, they have caused dynamic increase in the number of enterprises in the private sector and the development of private entrepreneurship, but on the other hand – the decrease in the number of business entities belonging to the state sector. All of these phenomena have evoked certain social consequences, namely the growth of unemployment. The biggest Polish business entities have been privatized and a significant number of their new owners are foreign entities, international corporations included. Apart from the business subjects mentioned above, there are also branches and local offices of big trans-national corporations which conduct their business activity in Poland, mainly in the processing industry, trade, finance and banking, electronic media, power engineering, and others. It should be added here that the number of Polish enterprises with the share of foreign capital is systematically growing, thus, their share in the number of enterprises in each of the size classes, especially among big business units, medium-sized enterprises and small business units, is also constantly rising.

The political, but mainly economic changes in Poland have contributed to the development of small business sector, and after 20 years of the transformations the effect of this development is the dominating share of SMEs, constituting at present more than 99%. From the point of view of the national economy, SMEs have also a significant share in employment, about 70% in the enterprise sector, and in creating gross added value – about 70% in the enterprise sector.

We can observe that, regardless of opportunities and threats being the consequence of globalization in the conditions of which global organizations benefit most, also the local

enterprises, including SMEs, are able to conduct their business activity in this kind of global environment. The strategy of success of enterprises struggling with the ‘global giants’ (based on the analysis of 50 enterprises from Brazil, China, India, Indonesia, Malaysia, Mexico, Poland, Russia, Slovakia and Thailand) is based on the following rules¹⁵:

- local leaders do not limit the range of products prepared in advance and they do not assume anything about the needs of their clients. Such an attitude conduces matching the range of products and services to the demands of different customers, paying special attention to the economy of range;
- a business model makes it possible for them to overcome difficulties, at the same time ensuring the competitive advantage connected with the efficiency of operational processes. They are able to overcome the structural obstacles, such as, for example, the lack of distribution channels or bad infrastructure, e.g. slow data transfer of telecommunication links;
- they derive benefits from globalization and the adaptation of most modern technologies, which they buy or work out by themselves;
- they use cheap workforce and train the workers on their own (developing the training system at the same time), which in turn ensures the low level of operational costs and becomes a solution for the problems connected with the lack of well-trained staff;
- they expand their business activity from typically local to the domestic one – quick use of the scale benefits (from the economy of range to the economy of scale);
- they possess managerial skills and talented workers who are often underestimated by large international companies. They are able to make use of the increase in capital valuation and the prospects for a fast career to attract managers from international enterprises to themselves.

Also in Poland we can find the examples of the development of companies conducting activity also in foreign markets (namely: LPP – the designer and distributor of the Reserved and Cropp town clothes; the health care aids manufacturer from Toruń producing goods under the brand name Bella; Solaris Bus & Coach producing Solaris buses; the Atlas group – the producer of construction chemicals; Selena company also the producer of construction chemicals (mounting foams, silicones, glues, etc.); the Maspex group, a manufacturer of instant beverages, such as coffee, cappuccino, or cocoa, and also the leader in the Polish market of juices, soft beverages and pasta, producing its goods under Tymbark, Kubuś and Lubella brand names, or HTL Strefa, which is the greatest worldwide producer of safe lancing devices used to prick the skin while taking blood samples in blood tests, and so-called lancets, necessary to prick people suffering

from diabetes in order to monitor the level of glucose in the blood) show that in the Polish market, the local leaders are also able to win the competition with international corporations. Their success has been achieved thanks to the flexibility of a business model, a product distribution model, proper managerial styles and good communication with the market¹⁶, as well as good quality of the offered products, modern technology and moderate production costs, but first of all, by making the proper use of the potential in the market¹⁷.

Apart from the businesses mentioned above, it is necessary to focus on the fact that all SMEs in Poland have to conduct their activity in the conditions of intensified competition, especially after Poland's joining the European Union because the accession of Poland with the European Union meant the opening of the domestic market for the products and goods coming from the EU countries, as well as with the appearance of a greater than before number of competing foreign enterprises in the environment of Polish enterprises and also in the environment of the Polish SMEs. These enterprises also started to conduct their business activity in the Polish domestic market, therefore it seems advisable to analyse the results of the activity of the SMEs in Poland, taking into consideration the period immediately following the accession of Poland to the European Union, namely the years 2004–2007.

2. Selected profits of the Polish enterprises' activity in the years 2004–2007 with the special attention paid to the SME sector

Table 2 shows quantitative and structural data concerning active enterprises according to their size class, taking into consideration Polish enterprises operating between 2004–2007 in which foreign capital was present.

The data gathered in Table 2 shows that after Poland's accession to the European Union in 2004, in the following year, that is in 2005, we could already observe the decrease in the number of microenterprises by 39,000 but at the same time the number of the microenterprises with the share of foreign capital increased by over 600 entities. It indicates certain difficulties in the functioning of a significant part of Polish enterprises. These difficulties were mainly connected with excessive competition which appeared in the first year after the accession. Most of medium-sized enterprises and big business entities skilfully made use of the fact of Poland's accession to the EU and were able to resist the foreign competition. What is more, the increase in the number of medium-sized enterprises and big business entities was observed between 2005–2007. Nevertheless, it should be noticed that despite resisting foreign competition in the first period after the accession to the EU, especially by the medium-sized enterprises and big

Table 2. Changes in the number and the structure of active enterprises and business entities with the share of foreign capital in Poland according to the classes of their size between 2004–2007

Specification	2004	2005	2006	2007
Microenterprises				
1. Number of enterprises	1,653,856	1,615,167	1,652,998	1,713,194
2. Number of enterprises with the share of foreign capital among microenterprises	9,257	9,860	10,652	10,905
3. (2:1)	0.56%	0.61%	0.64%	0.64%
4. (1:23)	96.44%	96.33%	96.39%	96.41%
Small business units				
5. Number of enterprises	44,369	44,519	44,228	45,184
6. Number of enterprises with the share of foreign capital among small business units	3,603	3,856	4,009	4,035
7. (6:5)	8.12%	8.12%	9.06%	11.20%
8. (5:23)	2.59%	2.66%	2.58%	2.54%
Medium-sized enterprises				
9. Number of enterprises	14,003	14,254	14,708	15,452
10. Number of enterprises with the share of foreign capital among medium-sized enterprises	2,117	2,221	2,346	2,467
11. (10:9)	15.12%	15.12%	15.95%	15.97%
12. (9:23)	0.82%	0.85%	0.86%	0.87%
SMEs				
13. Number of enterprises	1,712,228	1,673,940	1,711,934	1,773,830
14. Number of enterprises with the share of foreign capital among the SMEs	14,977	15,937	17,007	17,407
15. (14:13)	0.87%	0.95%	0.99%	0.98%
16. (13:23)	99.84%	99.83%	99.83%	99.82%
Big business units				
17. Number of enterprises	2,754	2,835	2,981	3,246
18. Number of enterprises with the share of foreign capital among big business units	839	900	1,008	1,108
19. (18:17)	31.55	31.75	33.81	34.13
20. (17:23)	0.16	0.17	0.17	0.18
Enterprises in general				
21. Number of enterprises	1,714,982	1,676,775	1,714,915	1,777,076
22. Number of enterprises with the share of foreign capital among the enterprises in general	15,816	16,837	18,015	18,515
23. (22:21)	0.92%	1.00%	1.05%	1.04%
24. (21:21)	100%	100%	100%	100%

Source: own analysis based on *Przedsiębiorczość* (2009), p. 135; *Działalność* (2008), p. 28.

business units in Poland, the indicator of competitiveness of the Polish economy in comparison to other European economies still remains at the low level.

In the publication of the World Economic Forum entitled 'The Global Competitiveness Report 2008–2009' the level of competitiveness of national economies in relation to 134 world economies, measured by means of the so-called GCI indicator (Global Competitiveness Index) has been presented. The GCI measures the competitiveness of economies and it is calculated by taking into account over 100 partial indicators, which fall into three main categories: microeconomic competitiveness (on the level of enterprises), social infrastructure and state institutions, as well as macroeconomic policy. Table 3 presents data in this respect.

Table 3. The GCI Indicator 2008–2009 and its basic components with reference to some selected countries in the world

Specification	Rank (out of 134 countries)							
	Poland	Hungary	Czech Republic	Slovak Republic	Lithuania	Spain	Germany	France
GCI 2008–2009, in it:	53	62	33	46	44	29	7	16
Basic requirements	70	64	45	52	46	27	7	13
Efficiency enhancers	41	48	28	32	43	25	11	16
Innovation and sophistication factors	61	55	25	53	49	29	4	14

Source: Author's own analyses based on Porter & Schwab (2008), pp. 146, 170, 184, 200, 278, 304, 340.

The situation, which is especially unfavourable as far as the GCI indicator is concerned, refers to its component called innovation and sophistication factors, where Poland takes the 61st position, whereas Hungary is the 55th, the Czech Republic – the 25th and Germany is the 4th position. In the 21st century innovations and investment activity of enterprises seem to be absolutely necessary elements in order to cope with the international competitiveness. Not only the price but also the quality becomes indispensable in the global competitiveness. Polish enterprises must still make a lot of effort to improve them in comparison with European and non-European competitors.

The problem of employment and its social consequences still remain an important element in both global and domestic economy. The number of employees working in the enterprises in Poland in 2007 was about 9 mln people. Nearly 40% of these people worked in microenterprises, 11% in small business units, 18% in medium-sized enterprises, and 31% in big business units¹⁸. The average number of the employed people was about 6.4 mln people. It is also worth noticing that the registered unemployment rate at the end of 2007 was 11.4%¹⁹.

Table 4. Basic data and economic indicators for Polish enterprises, according to their size class in the 2004–2007

Specification	2004	2005	2006	2007
Receipts in general in billion PLN				
Microenterprises	541	553	637	671
Small business units	324	323	340	382
Medium-sized enterprises	487	501	561	653
Large enterprises	840	887	1,021	1,182
Enterprises in general	2,193	2,264	2,559	2,888
Costs in general in billion PLN				
Microenterprises	485	490	566	585
Small business units	307	304	322	353
Medium-sized enterprises	464	481	532	614
Large enterprises	785	840	961	1108
Enterprises in general	2,041	2,114	2,381	2,661
Gross financial results in billion PLN				
Microenterprises	64	70	80	100
Small business units	21	22	24	31
Medium-sized enterprises	27	25	33	42
Large enterprises	60	55	65	81
Enterprises in general	173	173	202	254
Investment expenditures in billion PLN				
Microenterprises	11	12	14	18
Small business units	12	11	13	16
Medium-sized enterprises	22	22	28	35
Large enterprises	45	56	59	75
Enterprises in general	90	100	114	144
Debt ratio (company debt/assets)				
Small business units	0.51	0.48	0.45	0.44
Medium-sized enterprises	0.43	0.42	0.43	0.41
Large enterprises	0.41	0.39	0.38	0.37
Liquidity ratio of the first degree				
Small business units	1.14	1.32	1.45	1.52
Medium-sized enterprises	1.32	1.37	1.40	1.46
Large enterprises	1.37	1.40	1.41	1.41
Rate of profitability of assets [%]				
Small business units	5.31	4.95	5.81	6.97
Medium-sized enterprises	5.33	4.41	6.05	6.23
Large enterprises	6.55	5.00	5.68	6.24

Source: own analysis based on: *Przedsiębiorczość* (2009), pp.134, 135, 138.

Most of the people employed in the microenterprises worked in the following provinces: Zachodniopomorskie, Lubuskie, Pomorskie, Lubelskie and Podlaskie. On the other hand, the biggest number of workers employed in big business units was in the following provinces: Mazowieckie (every second working person) and in Śląskie and Dolnośląskie (every third working person).

In order to characterise the activity of Polish enterprises it seems useful to present the basic results and economic indicators for these enterprises which can be found in Table 4.

The changes concerning basic economic values calculated for enterprises in Poland between 2004–2007 may be treated as correct in connection with the occurring tendency of growth in the scope of financial results and economic indicators (liquidity ratio and the profitability of assets ratio). Both the amounts of the receipts and the gross financial results were growing in the analysed period of time. The value of the liquidity ratio of the first degree and the rate of asset profitability were also growing in all size classes of business entities. However, already in 2008 we could observe higher increase in the cost dynamics than in the income dynamics²⁰. That resulted in lower financial result in 2008 in comparison with the same result in 2007. That lower financial result concerned all size classes of enterprises. The pace in which the enterprises were getting into debts accelerated (in small business units and big business units. The long-term debt increase was 1/3 bigger in relation to 2007, and also in medium-sized enterprises it was bigger by 12%)²¹. In 2008 financial liquidity deteriorated (the exception were medium-sized enterprises). The causes of this situation lie among other things in the world financial crisis. The further effects of this crisis, also in financial and economic results of the enterprises, should be expected in Poland in 2009.

3. The international activity of the Polish SMEs

The scope of the enterprises' activity in foreign markets varies. This is why in 1997 a special globalization index was introduced by the OECD. The index uses a ten-grade scale based on three criteria: import and export (traded inputs and outputs), foreign establishments and affiliations, and competitiveness (market opportunities and competition).

This index is a tool for measuring and marking the international activity of SMEs. Its characteristic features are presented in Table 5.

Table 5. Globalization index for SMEs

The grade of globalization	Characteristics	Resources and production	Headquarters and branches abroad	Market opportunities and competition
I	<u>Not globalised</u> – a domestic enterprise	All the expenditures come from the domestic market and the products are sold in the domestic market only	Single headquarters/enterprise, lack of branches in other countries	Lack of the market outside the local area, lack of potential competition from outside
II	Transition stage			
III	<u>Limited:</u> „The enterprise conducts its activity mainly in the domestic market”	<10% of expenditures come from the sources which are situated outside the mother country and <10% of income comes from outside of the country generally from the restricted number of countries	At least one enterprise or a branch is situated outside the local area or abroad	The barriers connected with entering the international and domestic markets (for the competition) are essential and they often constitute more than 50% of the costs
IV	Transition stage			
V	<u>Major globalization</u> – an internationalised enterprise	>10% but <40% of the expenditures come from the international markets and >10% but less than 40% of the income comes from abroad – generally from two main international regions	The enterprises or their branches are situated in at least four countries or in two international regions (for example Europe, North America, Asia)	The barriers connected with entering the international and domestic market are perceptible and constitute up to 10% of costs, but they can be easily omitted
VI	Transition stage			
VII	<u>Extensive:</u> globalised enterprise	>40% of the expenditures come from the international markets and >40% of the income comes from the outside the mother country from all the main international regions	The enterprises or their branches are situated in at least one country in all three main international regions	The barriers connected with entering the international and domestic market do not constitute an essential restriction for the enterprise or the competition. They constitute less than 5% of the costs
VIII	Transition stages			
IX				
X	<u>Complete:</u> fully globalised enterprise	Most of the expenditures from any of the enterprises is beyond the state borders. The majority of produced goods is sold worldwide	Multinational enterprises or branches situated in many countries in all the main international regions	Outlet markets in all the main international regions. Competition between the international regions

Source: Dominiak, Wasilczuk & Daszkiewicz (2005), p. 17.

The activity of SMEs in Poland in the area of foreign trade, which one of the forms of the progressing globalization processes (Table 5) indicates that mainly small entities and medium-sized enterprises undertake this kind of activity. There were 15,845 enterprises conducting export activity in 2007, and 87.11% of that number were the enterprises belonging to the SME sector²². The number of enterprises importing goods was 14,750 entities, and 86% of them belonged to the SME sector²³. In 2008, the number of the enterprises (taking into account also big business units) both exporting and importing goods increased. The number of exporting enterprises was 16,290 and the number of importing ones was 16,182²⁴. Taking into consideration the location of the enterprises conducting their business activity in the international trade, we can notice a significant advantage of business units located in the Mazowieckie province (about 15% of all exporting and about 18% of all importing enterprises belonged to SMEs), then in Śląskie, Dolnośląskie, Wielkopolskie i Łódzkie provinces. It should also be emphasized that 54% of the exporters and 59% of the importers in the SME sector are situated in the mentioned above 5 provinces of Poland.

Taking into consideration the globalization processes concerning the enterprise activity, the share of export sale in the gross revenue is an important issue. Figure 1 presents the data concerning this issue for small business entities and medium-sized enterprises in Poland in 2007.

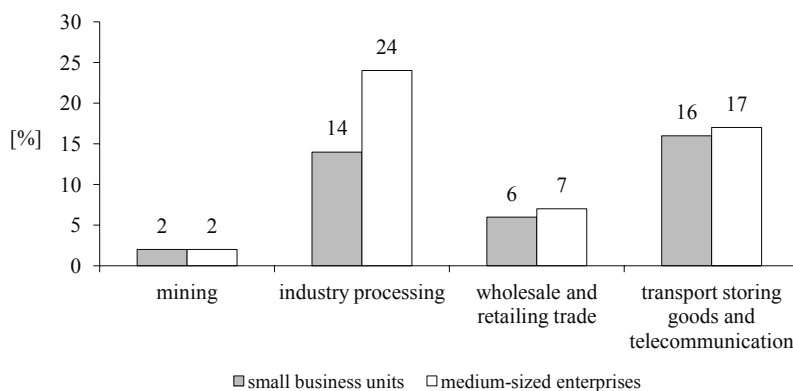


Fig. 1. The share of export sale of exporting SMEs in the gross revenue in Poland in 2007, according to the type of activity and the classes of enterprises size

Source: own analysis based on *Raport* (2009), p. 50.

The data presented in Figure 1 show that the greatest share of the export sale in gross revenue among small business entities and medium-sized enterprises dealing with export

of goods concerns such business activities as: industrial processing, transport, warehouse management and telecommunication, and it concerns both small business units and medium-sized enterprises. The values of these shares show that the level of globalization in exporting enterprises is equal to level V (see Table 5), which means that this is the level of considerable globalization of the enterprise (“internationalized enterprise”).

It is worth stressing that both among the importers and the exporters of the SME sector there are also entities with the share of foreign capital.

In 2007 the number of importing enterprises with the share of foreign capital was 8,790, and 3,256 of these entities were microenterprises whereas 5,534 were small, medium and big business units. The number of exporters with the share of foreign capital in the same year was equal to 8,157, out of which 2,827 entities were microenterprises and 5,330 enterprises were business units employing more than 9 workers (small, medium-sized and big business units)²⁵. It is quite an important issue because of the fact that the share of foreign capital enterprises in the export and import in Poland is constantly growing, therefore these enterprises have influence on the national economy as far as the balance of foreign trade turnover is concerned. The values of export and import for Poland and the share of international companies in this turnover is presented in Table 6.

Table 6. The value of Polish export and import and the share of international companies in the Polish foreign trade turnover between 2004–2007 in mln PLN (current prices)

Specification		2004	2005	2006	2007
1	Polish import value	325,596.3	328,192.0	394,030.0	456,828.4
2	The value of import of the companies with the share of foreign capital in Poland	201,988.5	191,173.0	218,114.8	264,826.5
3	2 : 1	62.0%	58.2%	55.3%	58%
4	Polish export value	272,102.4	288,780.8	343,779.0	386,555.6
5	The value of export of the companies with the share of foreign capital in Poland	169,001.5	177,826.4	214,516.0	245,268.0
6	5 : 4	62.1%	61.6%	62.4%	63.4%

Source: own analysis based on *Bezpośrednie inwestycje zagraniczne w Polsce według stanu na koniec 2007 roku* (2008), p. 5, *Rocznik Statystyczny* (2008), p. 36.

As it can be observed in Table 6, the share of export and import of foreign companies exceeded the share of the Polish business entities.

It can be stated that one of the most frequent business activities of SMEs that had place over the last decade was export and import of goods and services. At present, we can also observe some new kinds of business activity and cooperation of international character, such as undertaking foreign investments, creating clusters and border areas or cooperation with foreign enterprises²⁶. The reasons which attract the SME sector entrepreneurs to such forms of cooperation can be different. Table 7 presents selected reasons for starting up the above mentioned forms of cooperation by the European SMEs, considering the enterprise size class.

Table 7. The reasons for undertaking cooperation in business activity as expressed by the European SMEs

The level of reason significance	Micro enterprises	Small business units	Medium-sized enterprises
I. (the most important)	The possibility of entering a new market which is still developing	The possibility of entering a new market which is still developing	Considerable reduction of costs (transactional and operational ones), for example by getting access to cheap workforce
II. (important)	Greater outlet market for the produced goods	Greater possibilities of making use of the possessed production potential	Easier access to modern scientific (know-how) and technological solutions
III. (of medium importance)	Easier access to modern scientific (know-how) and technological solutions	Considerable restriction of costs (transactional and operational) for example by getting the access to a source of cheap workforce	The possibility of entering a new market which is still developing
IV. (less important)	Easier access to additional sources of (foreign) capital	Easier access to additional sources of (foreign) capital	Easier access to additional sources of (foreign) capital

Source: Mikołajczyk & Krawczyk (2006), p. 80.

The reasons for the decision to begin cooperation in business activity as presented in Table 7 vary depending on such factors as: the financial potential of a given enterprise, the size of the enterprise as well as its organizational and legal possibilities.

Analyzing the possibilities of the Polish SMEs' development, also in the context of globalization processes, it seems necessary to meet the requirements of internationalization processes taking place in this sector by, among others, proper accumulation of knowledge about international competition, foreign markets and technologies that are crucial to achieve competitive advantage²⁷. The empirical research carried out among Polish enterprises²⁸ confirms that SMEs took advantage of their relations with foreign business partners as well as their knowledge to shape their export potential. Taking into consideration challenges connected with globalization, it seems purposeful to develop this type of activities and relations leading to the creation of so-called network structures. We can agree with the argument that 'the key role in the future

will be played by local production systems becoming at the same time organizations of a new type, which learn and which are connected by numerous types of relations with international markets. Within the framework of such structures, even very small business entities will be able to use very advanced knowledge and take part in internationalization processes using this type of knowledge’.

Conclusions

1. It can be acknowledged as a grounded thesis that the major driving forces evoking globalization processes are trans-national corporations and governments of the developed countries.
2. The globalization processes caused by technological, economic and political factors entail both positive and negative consequences for the functioning of both enterprises and national economies as a whole.
3. The far-reaching economic changes which have taken place in Poland over the last twenty years and which are related to the transformation of the political and economic system as well as to the processes of enterprise restructuring and privatization accompanying these changes and the increasing globalization processes have contributed to, among others, the increased entrepreneurship in the local economy, the growth of private business units, as well as the noticeable rise in the amount of business subjects with foreign capital (also with a greater number of branches and local establishments or trans-national corporations). The changes mentioned above have also evoked such phenomena as lock-outs of large state-owned enterprises, a significant decrease in the share of public sector enterprises in the economy as well as the intensification of such social problems as unemployment, migration of people seeking new jobs abroad or growing poverty, particularly during the recent years.
4. The SME sector begins to play a more and more significant role in the Polish economy, constituting about 70% share in employment and creating the added value in the enterprise sector.
5. A part of enterprises in the SME sector, including the ones with a share of foreign capital, determine a large share of this sector in Poland’s import and export.
6. The leading enterprises in the SME sector, regardless of their export and import activity, undertake, although in the limited scope, other forms of cooperation and activities of international character.

7. Considering the globalization challenges the enterprises of the SME sector have to face it seems justified to develop relations with their foreign business partners as well as to learn from them, which, in consequence, leads to building of network structures and local production systems grouping entities depending on their ability to learn and apply the advanced technology. Bezpośrednie inwestycje zagraniczne w Polsce według stanu na koniec 2007 roku. (2008). Bezpośrednie inwestycje zagraniczne w Polsce według stanu na koniec 2007 roku. (2008). Moreover, it appears that partnership relations in the future will include not only the partners conducting the same type of business activity, but also partners conducting different kinds of business activity which may become a basis for creating a wider product range for customers, limiting the risk of losing competitive edge and making operations safer.

Notes

¹ Staszczak (2008), p. 246.

² Ibidem.

³ Ibidem.

⁴ Staszczak (2007), pp. 25–38, 91–144.

⁵ Rymarczyk (2009).

⁶ Grądzki (2004).

⁷ *Wielka Encyklopedia* (2002), p. 196.

⁸ Ibidem.

⁹ Ibidem, p. 197.

¹⁰ Ibidem.

¹¹ Czarny (2004), p. 49.

¹² Knap-Stefaniuk (2009).

¹³ The concept of Global Governance is in the centre of interest of such UN commissions, as for example: Commission on International Development, the World Commission on Environment and Development, the Club of Rome and a specially established Commission on Global Governance – CGG.

¹⁴ Rymarczyk (2009).

¹⁵ Bhattacharya, Michael (2008), pp. 85–91.

¹⁶ Domarecki (2008), pp. 96–97.

¹⁷ Hutten-Czapski (2008), pp. 92–93.

¹⁸ *Przedsiębiorczość* (2009), p. 44.

¹⁹ Ibidem, p. 27.

²⁰ Ibidem, p. 39.

²¹ Ibidem, p. 41.

²² *Raport* (2009), p. 48.

²³ Ibidem, p. 49.

²⁴ Ibidem.

²⁵ *Działalność* (2008), p. 51.

²⁶ Mikołajczyk, Krawczyk (2006), p. 80.

²⁷ Plawgo (2009), pp. 15–16.

²⁸ The research covered 237 small and medium-sized enterprises in the production sector in podlaskie province in 2003. From this population a group of 33 were advanced exporters (the share of export in the gross sale > 50%).

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