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Relationship Between Competitive Strategies and the Success Perception of Polish Born Globals

Abstract

The key objective of this paper is to describe and evaluate the competitive strategies applied by Polish born global enterprises. To reveal these strategies, two competitive models developed by M.E. Porter are applied to an original data set obtained from 256 small and medium Polish enterprises through a survey employing the CATI technique. The outcomes of these strategies, as perceived by the companies applying them, are also evaluated against two hypotheses. We conclude that Polish firms apply both basic strategies of competition, i.e. *cost leadership* strategies and *differentiation* strategies and that a substantial majority of companies perceive themselves to have succeeded on the market.

Keywords: born globals, competitive strategy, managerial perception of companies' success
JEL: L.10, M.10, M.31

Introduction

Rapidly expanding market globalization since the early 1980s has created incentives for many firms (including small and medium-size enterprises (SMEs)) to explore newly offered possibilities of international expansion. Some SMEs were established with a focus on international markets expansion. These SMEs were named *born globals* by M.W. Rennie [1993, pp. 45–52]. G. Knight and S.T. Cavusgil [1996, p. 11] described *born international* companies as small firms engaged in developing new, advanced technologies. There

is no widely accepted term defining these companies. In the literature they are called *global start-ups* [Jolly, Alahuhta, Jeannet, 1992], *international new ventures* [B.M. Oviatt, P.P. McDougall, 1994], *born internationals* [Majkgard, Sharma, 1999], *early internationalizing firms* [Rialp, Rialp, Urbano, Vaillant, 2005] etc.[1]

The most common criteria for identifying born globals, given by G. Knight and S. T. Cavusgil [1996], are as follows: (1) SMEs starting internationalization within the first three years of being established; that (2) earn at least 25 per cent of their revenues on international markets.

Research on Polish born globals started at the end of 1990s [Nowakowski, 1999].

Later, the body of knowledge on the subject was extended by such authors as M. Gorynia [2007], K. Przybylska [2010, 2013], J. Cieślik [2010], E. Duliniec [2011], W. Nowiński [2011], M. Jarosiński [2012], and I. Kowalik, and E. Baranowska-Prokop [2013]. J. Cieślik [2010] was the first to observe that three quarters of Polish exporters started selling abroad during the first three years of their initial business activities, and concluded that the phenomenon of early internationalization is widespread among Polish exporters. Some authors focused on such characteristics of Polish born globals as the pace of the internationalization process, the number of served markets, and the physical distance to target markets [Nowiński, Nowara, 2011; Morawczyński, 2007; Przybylska, 2010].

In the current paper we describe and evaluate the competitive strategies applied by Polish born globals, and then report how these firms perceive their own success in applying them. We based our analysis on the basic born globals definition offered by G. Knight et al. [2004] with one minor modification – we researched firms established after 1989.

Theoretical Background

To achieve sustainable competitive advantage requires employing the right competitive strategy. The most popular classification of competitive strategies was offered by M.E. Porter [1992] who implied that regardless the complexity of the problem, there are only two sources of competitive advantage, i.e., low costs and product differentiation.[2]

A *cost-leadership* strategy occurs when a firm supplies undifferentiated product to the target market at a lower price than its competitors, relying on a lower cost structure. Cost reduction can be achieved through standardization, scale economies, experience, and also thanks to the advantages of acquiring supplies in large quantities. Small companies have little chance to benefit from such forms of cost reduction and, therefore, the *cost-leadership* strategy may be difficult for them to implement. Medium-size enterprises have a greater chance to become cost leaders on structurally fragmented markets, or B2B markets, because in these situations unique cost-reducing technology may play a crucial role. However, it should be noted that a current technological advantage may be quickly lost to market followers. In many niche markets even small firms can play the role of leader, applying

a low-cost strategy, but that strategy can only be sustained by maintaining outstanding technological capabilities [Knight et al., 2004; Knight, Cavusgil, 2004; Moen, 2002]. Since technological advantage matters less in the case of FMCG, or standard services, medium and small firms are unlikely to be low cost leaders in these arenas.

The *differentiation* strategy focuses on making products more distinct in comparison to those offered by competitors. The main challenge in implementing this strategy is to determine the right differentiation factor, positively distinguishing a firm's offered products among customers on the target market that are also difficult for competitors to imitate. Because the focus here is on product, not cost, the *differentiation* strategy offers greater opportunity for SMEs to deploy their strengths – innovativeness and creativeness. SMEs may also expand their *differentiation* strategy beyond core product features, and improve the standards of accompanying services, or offer other benefits. Perhaps for these reasons, a quantitative study by McDougall et al. [2003] clearly indicates that born globals are likely to compete by applying *differentiation* strategies.

In our current research on Polish born globals, the strategies' classification by Porter [1992] was applied:

- *differentiation*, i.e., search for competitive advantage in selected areas, e.g., quality, technology etc. (see Table 1 and Table 2),
- *cost leadership* in production and distribution (cost dominance), which allows firms to offer a lower price in comparison to competitors (see Table 3, Table 4 and Table 6),
- *concentration* (or focus), i.e., adjustments to the needs of selected target segments.

The market concentration strategy has been omitted from this work because we assume that the basic strategies, i.e., *differentiation* or *cost leadership*, are used by SMEs from our sample in niche markets. Porter emphasized that the concentration (or focus) strategy may also be *differentiation*- or *cost leadership*-oriented: "The strategy rests on the premise that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result, the firm achieves either differentiation from better meeting the needs of the particular target, or lower costs in serving this target (...). Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as a whole, it does achieve one (...) of these positions vis-à-vis its narrow market target" [Porter, 1998, pp. 38–39].

Method of Data Collection and Hypotheses

Data has been collected from February 7 till March 15, 2013, using *computer assisted telephone interviews* (CATI).

A sample of 256 enterprises with between 10 and 249 employees was selected. Small enterprises employing 10-49 people accounted for 52.3 per cent of the sample, and medium--size firms employing 50-249 people constituted the remaining 47.7 per cent. Average

annual sales revenue was below 2 million euros for 51.6 per cent of the sample, revenues in the 2 to 10 million euro range were reported by 40.6 per cent of enterprises, and sales of 10 to 50 million euro were earned by 7.8 per cent. Each interviewee was responsible for some aspect of the firm's relationship with its international partners. Among the analyzed firms 40.2 per cent were established between 1990 and 1995 and 38.3 per cent between 2001 and 2008 . Only 3.5 per cent were established after 2008.[3]

The sample consisted of manufacturing firms, representing the following industries: food (14.1 per cent), plastic (12.1 per cent), and metal processing (11.3 per cent), timber industry (9.4 per cent), and the machine tools industry (9.4 per cent).

M. E. Porter's concept of basic competitive strategies can be considered as dyadic, i.e., either cost dominating or based on product differentiation. It leads to three strategic alternatives for firms: cost leaders, companies with highly differentiated product, and strategic clutter firms that lack a clear vision (*stuck-in-the middle*). It should be noted, that recent research on strategic management reveals the possibility of simultaneously applying different strategies for separate business units (brands) within the same company [Baroto et al., 2012; Acquaah, Yasai-Ardekani, 2008; Oviatt, McDougall, 1994]. But such a situation is more feasible for large companies, composed of several (at least two) business units, or that own at least two brands.

In the case of SMEs, the possibility of simultaneously applying two significantly different competitive strategies is considerably reduced by size and homogeneity (however, it cannot be entirely excluded). Another more probable case for SMEs may occur when a company switches dramatically from *differentiation* to *cost leadership* or the other way around (but the latter switch is much more difficult to implement, because the brand--differentiation process requires considerably more time and promotional effort than does cutting prices).

We test the following research hypotheses:

H1. Having a clearly-defined strategy leads to better results (higher evaluation of a company's success) than having no strategy.

H2. The differentiation strategy leads to better results than cost-leadership strategy.

H1 is derived from Porter's description of the *stuck-in-the-middle* companies and from his *convexity hypothesis*, which implied a U-shaped relationship between ROI or profitability and market share [Porter, 1998, p. 43]. The issue of market share has not been taken into account in this research since it is less evident in the case of SMEs. However, since Porter associated the *cost-leadership* strategy with considerable market share [Porter, 1998, p. 36], while admitting that large market share may be incompatible with a *differentiation* strategy [Porter, 1998, p. 38], he seems to suggest that only a singular strategy (either *cost leadership* or *differentiation*) can generate high ROI (high profit or success).

H2 can be formulated and tested in the context of any SMEs enterprise, and not only in the case of born-globals. The lack of benefits from scale economies may put small firms at a disadvantage, compared to large ones.

In order to identify the type of strategy applied by born globals, we asked respondents to answer questions and evaluate pairs of statements.

For the *differentiation* strategy, the following two pairs of statements were formulated:

1. Our products are to a great extent similar to the ones offered by competitors. – Our products are significantly different from the ones offered by competitors (product similarity).
2. Our basic export product has many substitutes. – Our basic export product has no substitutes (product substitutability).
   The following statements have been formulated for the *cost leadership* strategy:
1. In our firm, the most important issues are savings and continuous cost reduction. – In our firm, the issues of savings and continuous cost reduction are not the most important.
2. The prices of our basic export product are the lowest on the market. – The prices of our basic export product are the highest on the market (price competition 1).
3. We compete on foreign markets primarily through low prices (price competition 2).

In their answers to individual questions and pairs of statements, the respondents were asked to use a 5-point scale (with values from 1 to 5): strongly agree, rather agree, neither agree nor disagree, rather disagree, strongly disagree. The midpoint of the scale (value 3) should not be considered as the "don't know" answer (because such answers have been coded as missing and removed from analyses), but as an expression of an intermediate state of the phenomenon measured by the statements.

Hypotheses have been verified with one-way analysis of variance (ANOVA). All calculations have been conducted with the use of SPSS software.

Competitive Strategy Evaluation

The distribution of variables that were considered as constitutive for the strategy of *differentiation*, or for the strategy of cost dominance, are presented in the tables below.

The information related to specific questions has been recoded from the 5-point scale to a scale with three levels. When the distribution of answers was extremely asymmetric or some types of answers were given by a small number of respondents, recoded 3-categories variables have been also used for correlation analyses.[4]

Table 1 presents the distribution of answers concerning the similarity of exported products to the products offered by competitors.

TABLE 1. **The measure of *differentiation* strategy – Similarity of exported products to the supply offered by competitors**

The answers to the pairs of statements: "Our products are significantly similar to the ones offered by competitors – Our products are significantly different from the ones offered by competitors".

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	The first statement	134	52.3	53.0	53.0
	Midpoint	55	21.5	21.7	74.7
	The second statement	64	25.0	25.3	100.0
	Total	253	98.8	100.0	
Missing		3	1.2		
Total		256	100.0		

S o u r c e : own elaboration.

The data shows that about ¼ of companies use *differentiation* strategies. The majority (53 per cent) offers similar products to the products of competitors (thus, they may be treated as close substitutes). It is worth noting that about 1/5 of the respondents did not confirm either of the statements. Therefore, it can be concluded that, in general, the products offered for exports are similar to competing products (thus, their degree of differentiation is small).

Table 2 shows the results related to the existence of substitutes on SMEs export markets.

TABLE 2. **Substitutes on export markets**

The answers to the pairs of statements: "Our basic export product has many substitutes – Our basic export product has no substitutes".

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	The first statement	149	58.2	59.4	59.4
	Midpoint	40	15.6	15.9	75.3
	The second statement	62	24.2	24.7	100.0
	Total	251	98.0	100.0	
Missing		5	2.0		
Total		256	100.0		

S o u r c e : own elaboration.

Table 2 shows that 24.7 per cent of respondents report that their basic export product has no close substitutes. Thus, these firms applied the *differentiation* strategy.

Summarizing the results of these two tables, we conclude that about 25 per cent of the sample used the product *differentiation* strategy.

Correlation between the two presented measures of *differentiation* strategy, i.e., answers to the pair of statements: "Our products are significantly similar to the ones offered by competitors. – Our products are significantly different from the ones offered by competitors." and "Our basic export product has many substitutes. – Our basic export product has no substitutes." is relatively weak, albeit positive with the expected sign. The Spearman's rho correlation coefficient equals 0.374 (or 0.336 for the variables reduced to three categories, as in the tables 1 and 2), and reflects moderate coherence in the answers.

Another measure of *differentiation* strategy – quality of products – could not be applied, because respondents from almost all companies (above 93 per cent) claimed (agreed or strongly agreed) that their firms competed on foreign markets with products of the highest quality.

Table 3 illustrates the answers of the respondents related to the first measure of the *cost-leadership* strategy.

TABLE 3. **The measure of *cost-leadership* strategy – the policy of cost saving and continuous cost reduction**

The answers to the pair of statements: "In our firm, the most important issues are cost savings and continuous cost reduction – In our firm, the issues of cost savings and continuous cost reduction are not the most important".

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	The first statement	145	56.6	57.1	57.1
	Midpoint	27	10.5	10.6	67.7
	The second statement	82	32.0	32.3	100.0
	Total	254	99.2	100.0	
Missing		2	0.8		
Total		260	100.0		

S o u r c e : own elaboration.

Table 3 shows the distribution of answers by firms to the question about their policy of cost saving and continuous cost reduction. For the majority of respondents (56.6 per cent) cost saving and continuous cost reductions are primary strategic goals. It must, however, be noted that almost 1/3 of respondents (32.9 per cent) were prone to state that savings and expense reductions were not the most important in their strategy.

Table 4 presents the answers of respondents to the second measure of the cost dominance strategy.

The answers to the pair of statements: "The prices of our basic export product are the lowest on the market – The prices of our basic export product are the highest on the market".

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	The first statement	53	20.7	21.3	21.3
	Midpoint	163	63.7	65.5	86.7
	The second statement	33	12.9	13.3	100.0
	Total	249	97.3	100.0	
Lack of data	Systemic lack of data	7	2.7		
Total		256	100.0		

S o u r c e : own elaboration.

21.3 per cent of respondents confirm that the price of their basic export product is the lowest on the target market, 65.5 per cent of the respondents do not deny such statement, and only 13.3 per cent of respondents confirm that the prices of their basic export product are the highest on the market. Thus, it can be concluded that the dominant strategy of the latter group is different.

The Spearman's rho correlation coefficient between the two measures of cost-dominance strategy is close to zero: $\rho = -0.062$ (or it equals -0.024 for the variables reduced to three categories). It means that these measures of cost-dominance strategy are not correlated.

The data cross-tabulation reported in table 5 suggests an explanation for this phenomenon.

TABLE 5. **Cross-tabulation between the statements related to the *cost-leadership* strategy**

The number of responses		The prices of our basic export product are the lowest on the market. – The prices of our basic export product are the highest on the market.			Total
		The first statement	Midpoint	The second statement	
In our firm the most important issues are cost savings and continuous cost reduction. – In our firm, the issues of cost savings and continuous cost reduction are not the most important.	The first statement	29	95	18	142
	Midpoint	3	20	2	25
	The second statement	21	48	12	81
Total		53	163	32	248

S o u r c e : own elaboration.

In firms reporting the highest or lowest prices of their products, the importance of cost reduction was similar, with two exceptions: 21 firms selling at the lowest market price and reporting that the issue of cost reduction was not the most important, and 18 firms that despite the highest sales prices of their products, identified cost reduction as the most important.

Table 6 shows the distribution of answers to the third measure of the cost domination strategy – competition through low prices. It suggests that 46 per cent of respondents applied the strategy of low prices to achieve a competitive advantage. However, almost 36 per cent of respondents definitely declared not competing through low prices.

As in the previous case, the Spearman's rho correlation between the answers concerning cost saving and continuous cost reduction with the answers about competition through low prices is close to zero: $\rho = -0.026$ (or it equals -0.046 for the variables reduced to three levels).

TABLE 6. **Competition through low prices**

The answers to the statement: "We compete on the foreign markets primarily through low prices".

		Frequency	Per cent	Valid per cent	Cumulative per cent
	Definitely not, or rather not	90	35.2	35.3	35.3
Valid	Midpoint	47	18.4	18.4	53.7
	Definitely yes, or rather yes	118	46.1	46.3	100.0
	Total	255	99.6	100.0	
Missing		1	0,4		
Total		256	100.0		

S o u r c e : own elaboration.

However, the Spearman's rho correlation between the answers to the two pairs of statements concerning quoting low or high prices (table 4), and to the question about competing through low prices (table 6) is about 0.4 ($\rho = -0.408$ for variables measured on 5-point scales and $\rho = -0.396$ for the variables reduced to three levels). This correlation is also moderate and similar to the correlation between two measures of differentiation strategy. The coefficient is negative, because high and low prices are at different ends of the scales for each of the two statements.

Relationship Between the Type of Strategy and the Firm's Own Perception of its Success

The following two questions concerning firm success were posed to Polish born globals (measured on a 5-point Likert scale):
1. Considering financial indices (e.g. profitability), it can be concluded that our company has been successful.
2. Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors. Distribution of answers to the above two statements is shown in tables 7 and 8.

The respondents in the biggest group of firms declared that their companies achieved a moderate success, "rather" agreeing with the above statements. As in the case of cost--leadership and differentiation strategies, the two measures of success have not been strongly correlated: the Spearman's rho correlation coefficient equals 0.441.

TABLE 7. **Distribution of answers to the first statement concerning firm success**

"Considering financial indices (e.g. profitability), it can be concluded that our company has been successful".

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Definitely, not	4	1.6	1.6	1.6
	Rather not	12	4.7	4.7	6.3
	Midpoint	33	12.9	13.0	19.4
	Rather yes	108	42.2	42.7	62.1
	Definitely, yes	96	37.5	37.9	100.0
	Total	253	98.8	100.0	
Missing		3	1.2		
Total		256	100.0		

S o u r c e : own elaboration.

TABLE 8. Distribution of answers to the second statement concerning firm success

"Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors".

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Definitely, not	6	2.3	2.4	2.4
	Rather not	6	2.3	2.4	4.8
	Midpoint	48	18.8	19.3	24.1
	Rather yes	116	45.3	46.6	70.7
	Definitely, yes	73	28.5	29.3	100.0
	Total	249	97.3	100.0	
Missing		7	2.7		
Total		256	100.0		

S o u r c e : own elaboration.

To verify the hypotheses, we conducted separate analyzes, classifying firms that implement product *differentiation* strategy, and those who adhere to *cost- leadership* strategy, and considered each group of measures separately.

Initially, the classification of enterprises into three categories was based on measures of *differentiation* strategy – Table 1 (product similarity) and Table 2 (product substitutability). Firms, whose representatives agreed with the statement that their products were clearly different from products offered by competitors, and those whose representatives declared that their basic export product had no close substitutes, have been included in the strategic-differentiation group. Companies whose representatives chose the middle variant have been included in the undefined-strategy (*stuck-in-the middle*) group. The remaining firms have been categorized as the *cost-leadership* group.

Alternatively, the type of strategy may be found by a similar analysis based on *cost--leadership* strategy measures – Table 4 (price competition 1) and Table 6 (price competition 2). Firms, whose representatives agreed with the statement that their product prices were the lowest in the market, and those whose representatives declared that they competed primarily through low prices, have been included in the *cost-leadership* group. Companies whose representatives chose the middle variant have been included in the undefined-strategy (*stuck-in-the-middle*) group. The remaining firms were categorized as the *differentiation* strategy group.

Given two measures of company's success and four measures of strategy types, we can consider eight cases of relationships between firm success and strategy type.

A comment concerning sample size is necessary before presenting the results. Large samples increase the statistical significance of the results. Our sample included 256 SMEs,

but it represented various industries and respondents holding 18 types of managerial positions. This heterogeneity, by industry and respondent position, caused substantial variability in the data. It is beyond the scope of this article to take these elements into account, but it should be pointed out, that the industry type and the respondents' status affected the mean of variables and the strength of their correlations.

The relationship between the type of strategy and the firm's perceived profitability is shown below. Among the four cases resulting from two success measures and two *differentiation* strategy measures, the most significant differences occurred for the "product substitutability" indicator, and for the second measure of the firm's success, i.e., "comparison with competitors". The results are shown in Table 9 and Figure 1.

TABLE 9. **Results of ANOVA analysis for the second measure of a firm's success and type of competitive strategy based on product substitutability measures (after removal of 1 outlier)**

	N	Mean	Std. deviation
Cost leadership	146	3.92	.962
Stuck-in-the Middle	38	3.87	.777
Differentiation	59	4.24	.727
Total	243	3.99	.891

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.583	2	240	.559

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.792	2	2.396	3.072	.048
Within Groups	187.191	240	.780		
Total	191.984	242			

Robust Tests of Equality of Means

|	Statistic[a]	df1	df2	Sig.
Welch	4.046	2	97.793	.021
Brown-Forsythe	3.746	2	152.664	.026

a. Asymptotically F distributed.

S o u r c e : own elaboration.

The "mean" column indicates the average value of answers by three groups (*cost leadership, differentiation, and stuck-in-the middle*) to the question concerning the firm's

success compared to competitors. The success-measuring scale ranged from 1 (failure) to 5 (success), the midpoint value (no success, no failure) was 3. Mean values above 3 have been reached for all three categories of companies, but the highest value was observed for firms that apply a *differentiation* strategy (4.24) and the lowest level was noted for the *stuck-in-the middle* group (3.87). The F test, as well as the Welch and Brown-Forsythe tests, indicate that there is at least one significant difference between the three groups of companies (p values of 0.048, 0.021 and 0.026 respectively).

FIGURE 1. **Means for evaluation of success for companies following three various strategies: *cost leadership, stuck-in-the-middle* and *differentiation* (for product substitutability measure)**
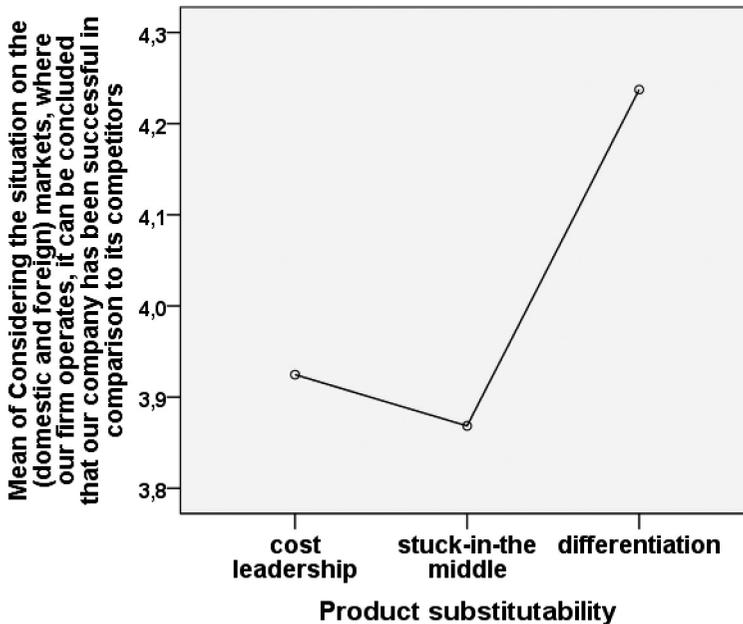
S o u r c e : own elaboration.

Figure 1 shows that respondents from companies which applied *differentiation* strategy for exported products, which are not easily substitutable, perceive themselves to have achieved greater success than the remaining groups.

Concerning H1:

- the difference between the *differentiation* group and the *stuck-in-the middle* group is significant at p = 0.046, according to Fisher's LSD test;

- the difference between the *cost leadership* group and the *stuck-in-the middle* group is not significant: p = 0.727, according to Fisher's LSD test.

The support for H1 is partial because, although firms implementing a differentiation strategy declared greater successes, differences between the *cost-leadership* group and the *stuck-in-the middle* group are not significant (we cannot conclude that the *cost-leadership* strategy is significantly better than the *stuck-in-the middle* one).

Concerning H2:

- the difference between the *differentiation* group and the *cost leadership* group is significant at p = 0.023, according to Fisher's LSD test.

The above result confirms the validity of H2, indicating that companies implementing differentiation strategy perceived their success as being greater than the companies applying the cost leadership strategy.

Regarding the product-similarity measure and the second measure of firm's success, the differences for the whole sample were significant only at above the 0.2 level. After removing 5 outliers, differences in perceptions of success are significant at below the 0.2 level. Results are shown in Table 10 and Figure 2.

TABLE 10. **Results of ANOVA analysis for the second measure of firms' success and type of competitive strategy based on product-similarity measures (after removal of 5 outliers)**

"Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors".

	N	Mean	Std. deviation
Cost leadership	129	3.98	.918
Stuck-in-the middle	52	3.94	.725
Differentiation	60	4.20	.659
Total	241	4.03	.824

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
1.816	2	238	.165

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between groups	2.401	2	1.200	1.781	.171
Within groups	160.396	238	.674		
Total	162.797	240			

Robust Tests of Equality of Means

	Statistic[a]	df1	df2	Sig.
Welch	2.444	2	127.725	.091
Brown-Forsythe	2.124	2	201.636	.122

a. Asymptotically F distributed.

S o u r c e : own elaboration.

FIGURE 2. **Means for evaluation of success for companies following three strategies:** *cost leadership*, *stuck-in-the middle* **and** *differentiation* **(for product similarity measure)**
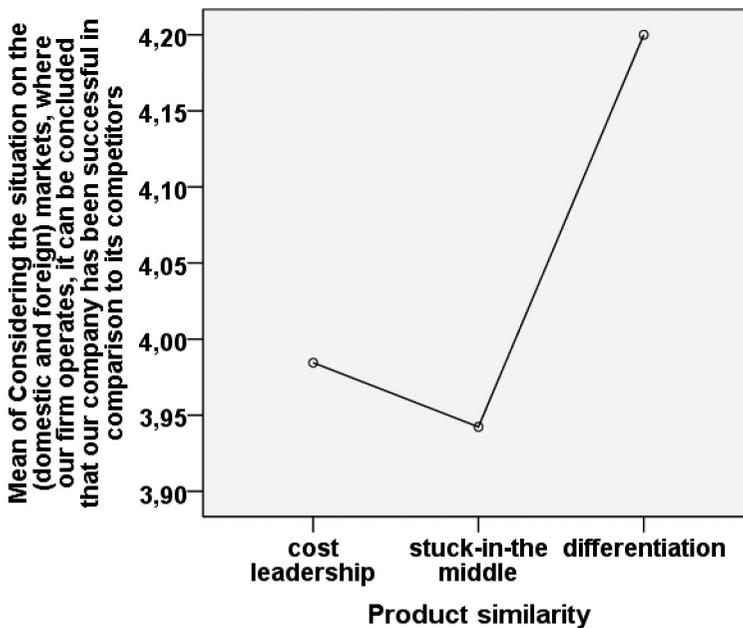
S o u r c e : own elaboration.

The results presented in Table 10 and Figure 2 provide some support for both hypotheses.

Concerning H1:
- the difference between the *differentiation* group and the *stuck-in-the middle* group is significant at p = 0,099, according to Fisher's LSD test;
- the difference between the *cost leadership* group and the *stuck-in-the middle* group is not significant: p = 0,755, according to Fisher's LSD test.

Concerning H2:
- the difference between the *differentiation* group and the *cost leadership* group is significant at p = 0,094, according to Fisher's LSD test.

Though the significance of differences between extreme groups is close to the 0.1 value of p, this result is still worth mentioning because it replicates the previous case with another measure of differentiation strategy. The relatively small sample size, in combination with the heterogeneity of industries and respondents status, makes it difficult to show differences significant at a commonly accepted value of p below 0.05.

As far as an alternative classification of strategies is concerned, – the one based on questions concerning price competition (Tables 4 and 6), – the findings were less successful. Differences between the categories of firms (and the categories of competitive strategies) were not significant even under the relaxed criteria. The p level was above 0.25 in the best case.

The results concerning the relationship between the perceived success of Polish born globals and the type of employed strategy, can be concluded as follows:
- respondents representing the majority of the sample declared that their firms had achieved success;
- the fact that even some *stuck-in-the middle* companies' representatives declared success may be the consequence of the fact that the weakest firms went out of business due to 2008 crisis (highly export-dependent born globals were strongly exposed);
- there is some evidence that the results of this research on Polish born globals are similar to the conclusions obtained in research conducted in other countries, i.e., consistent implementation of a given type of strategy is more beneficial than a *stuck-in-the-middle* situation (lack of any clearly-defined strategy).

Marketing strategies implemented by born globals were the subject of many publications worldwide [Gerschewski et al. 2014]. Knight et al. [2004], investigated American and Danish born globals. They found that a primary success factor was firms focusing on selected market segments and appropriate product adaptation. However, the research results published by Knight and Cavusgil [2005] unambiguously pointed to product *differentiation* and concentration as the most significant success factors for this type of firm on international markets. At the same time, they stressed that born globals who compete through low prices are exposed to the weaknesses of this competitive strategy and elimination from the market.

The analysis of answers to the questions and the pairs of statements related to the type of strategy show that, ¼ of firms apply a product *differentiation* strategy (Table 1 and Table 2), and up to 46 per cent use the *cost leadership strategy* (Table 6).

A group of firms that were not able to identify their dominant strategy has also been selected. These are firms with respondents answering "hard to say" (or "moderately" or "in-between"), or stating that they compete through high quality as well as through low price. That is a classic mistake described by Porter [1992] as the strategy of *being stuck in between* strategies.

The analysis of correlation between the *cost leadership* and product *differentiation* strategies suggest inconsistencies in the answers given by the firms' representatives. Commonly provided declarations on high, or very high quality of exported products should be treated with caution. In future research we intend to distinguish these questionnaire cases, and analyze them separately to check whether these are inconsistencies, or indications of an original form of strategy.

Summary and Conclusions

Most research conducted to date on born globals has stressed the necessity of consistent implementation of a competitive strategy. Knight and Aulakh [1998], and Knight and Cavusgil [2005] argued that the dominant strategy of born globals should be market concentration, and a clear offer differentiation.

The analysis of Polish born globals strategies leads to interesting results. One quarter of surveyed firms identified the product *differentiation* strategy as their leading market strategy. Even though 56.6 per cent of respondents signaled that cost savings and the continuous cost reduction were the most important task, only 21.3 per cent confirmed that the price of their basic export product is the lowest on the market. At the same time, 46 per cent of the sample pointed to the low prices as the primary competitive advantage.

An interesting finding is that 93.8 per cent of the respondents declared competing by offering the highest product quality. Though, according to Porter, competition through low prices usually excludes competition through high quality, our analysis results indicate that both forms of competition in the case of Polish born globals were applied. This may suggest that this group of firms is a classic example of what Porter [1992] described as *being stuck* in between strategies.

H1 was partially confirmed: companies implementing a differentiation strategy declared that their market success was higher than the market success declared by companies without a clearly defined strategy (*stuck-in-the middle*); In this respect, no significant differences were noticed between the latter group and companies following cost-leadership strategy.[5]

H2 was confirmed. The differentiation strategy led to higher evaluations of market success than the cost leadership strategy.

The conclusions concerning the relationship between the perceived success of Polish born globals and the type of their strategy are as follows:

- the substantial majority of respondents declared market success;
- the reason why even some *stuck-in-the middle* companies declared success, may be the result of the 2008 crisis, during which the weakest firms went out of business;
- the research results reported here are similar to the findings of research conducted in other countries, i.e., consistent implementation of a given type of strategy. The differentiation strategy turned out to be more beneficial than the lack of any clearly--defined strategy.

These empirical findings on the competitive strategies of Polish born globals constitute a good basis for further research in this area. Our considerations, which were based on the Porter's generic strategies, could be followed by an analysis of strategies formulated within a more complex typology framework, such as business models. A potential source of other classification of strategies could be, for example, research on business models [Zott et al., 2011; Gołębiowski et al., 2008].

Notes

[1] For a discussion on terminology see Duliniec (2011), and Przybylska (2013).

[2] Some authors (Acquaah, Yasai-Ardekani, 2008) challenged Porter's strategies classification and claimed that "mixed" or "hybrid" strategies can be also efficient. Karnani (1984), Hill (1988), Jones and Butler (1988), and Murray (1988) suggested that it was possible, in some circumstances and under certain conditions, to combine generic competitive strategies.

[3] According to the market research company, collecting the data, random sampling of enterprises (within two strata: small and medium-size enterprises) made it possible to apply a statistical inference for the obtained results.

[4] For the sake of clarity of the presented results and further calculations (correlations), in the case of the integration of answers "definitely the first statement" (number 1) and "rather the first statement" (number 2), a new category "the first statement" has been denoted by number 1.5. In the case of integration of answers "definitely the fourth statement" (number 5) and "rather the fourth statement" (number 4), a new category "the fourth statement" has been denoted by the number 4.5.

[5] Compare Knight et al. (2004), Luostarinen and Gabrielsson (2006).

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