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FACTORS DETERMINING FIRMS' STRATEGY OF INTERNATIONALIZATION: A CASE STUDY ON POLAND

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ABSTRACT: *The purpose of this paper is to examine the determinants of an internationalization strategy and its impact on success and business performance. To achieve this objective, data were collected through surveys using a structured questionnaire administered to 385 Polish small and medium-sized enterprises (SMEs) that are involved in launching and developing their products in international markets. A confirmatory factor analysis was conducted to examine the reliability and validity of the measurement model, and the structural equation modeling technique was used to test the research model. The results of the study confirm that internationalization strategies of Polish SMEs are influenced by six factors that are: managerial expertise, dynamic capabilities, risk aversion, alliance capabilities, foreign market orientation and markets knowledge.*

KEYWORDS: Strategy, Internationalization, Business, Performance, Success, Management, Risk, Alliance

INTRODUCTION

Over the past few decades, the issue of internationalization has become important for small and medium-sized enterprises (SMEs) (Filatotchev et al., 2009), especially for those who internationalized during the early stages of their organizational life-cycle (Wright et al., 2006). These firms are often referred to as ‘born global’ firms or as ‘international new ventures’ in the existing literature (Oviatt and McDougall, 1994; Autio et al., 2000; Zahra et al., 2000). Although numerous studies have analyzed the factors that drive the internationalization of smaller firms (Gabrielsson and Kirpalani, 2004; Knight and Cavusgil, 2004), according to many scholars, the understanding of this phenomenon is still limited. Thus, the cases of Polish companies are no exception to this rule.

Since the fall of the communist government in 1989, Poland has been consistently liberalizing its economy and has successfully completed the transition from a centrally planned economy to a primarily capitalistic market economy. Poland is Europe’s sixth-biggest economy and is considered to have one of the fastest growing economies in Central Europe, with an annual growth rate of more than 6.0 % before the 2008 recession. Such an economic performance leads us to investigate the relevance of internationalization strategies implemented by Polish firms. Accordingly, the internationalization approach adopted for their products and services would reveal, upon examination, successful strategies in terms of positioning and competing in global markets. The SME sector comprises not only the most numerous group of companies in Poland, but also a significant employer, employing over 60 % of enterprise workers in Poland and generating nearly half of the Polish GDP. This sector has considerably developed in the recent 10 years. The number of SMEs has grown by nearly 100,000, whereas the number of SME workers has grown by almost 750,000 persons. The significance of this sector for the development of the economy and the social welfare is a key issue, while its growth rate

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indicates that this will continue to be the case in the future, PAED (2010). According to the PAED report (2010), "among 47,781 small and medium-sized enterprises operating in 2009, there were 15,178 exporters (31.8 %) and 32,603 non-exporters (68.2 %). Recent data show that in 2009, the value of the SME exports i.e. entities that employ from 10 to 249 persons, amounted to US$ 33.7 billion, which is 3 % more than in 2008. In the same time period, the exports of large companies decreased by 1 %. As a result, the share of small exporters in the total number of SMEs-exporters has increased from 48.5 % in 2007 to 48.7 % in 2008 and to 50.2 % in 2009".

International business has always been regarded as the domain of predilection of large-scale companies within the framework of a globalized world economy. In fact, since a certain time, there are many SMEs that are involved in strategic processes of internationalization and have developed their product and service in foreign markets. Indeed, the term "internationalization" is an ambiguous concept, and its definitions vary in scope according to the phenomena they include (Welch and Luostarinen 1988; Beamish 1990). Calof and Beamish (1995: 116) define internationalization as "the process of adapting firms' operations (strategy, structure, resource, etc.) to international environments". Several aspects of International trade and of the economic sectors demonstrate the emergence of dynamics in small and medium-sized enterprises to integrate the international marketplace in large numbers, and present important challenges to the traditional way of thinking that relates to the necessity of being a big industry before entering the international arena (Rennie, 1993; Rose and Quintanilla, 1996). If SMEs can be defined here as firms with 500 or fewer employees, a definition used widely in industrialized country markets (OECD, 1997; Knight, 2001), today, whatever may be the size of firms and their level of commitment outside their country of origin, international development is conditioned by an economic and politico-institutional concept allowing them to evolve in new increasingly competitive markets.

The objective of this study is to investigate the determining factors of internationalization strategies within Polish SMEs. Specifically, the objective is twofold, as it assesses strategies that companies implement as part of an internationalization process, and hence identifies key successful factors in regard to corporate strategies associated with their international expansion. The paper is framed around a literature review and the development of hypotheses. Then, are described, the research methodology and conceptual model. Finally, a discussion and a conclusion are presented.

LITERATURE REVIEW

Internationalization Strategy

The intention of a company to develop an internationalization strategy (IS) is hypothetically determined by its voluntary intentions towards the diversification and the broadening of its activities beyond its geographic boundaries. However, the failure of not being well prepared may cause a serious concern regarding the viability of the company. To be successful in their internationalization strategy SMEs should combine a set of means and measures which will help them promote their products and services abroad. In a larger sense, there are several factors that could predetermine a good entry on the markets: Risk management, Strategy formulation, Commitment and Strategy execution. Some authors argue that when compared to MNEs, smaller companies are unfettered by bureaucracy and expensive existing information systems

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(Verity, 1994; Covin and Slevin, 1989; Douglas et al., 1982; Pelham and Wilson, 1995). Today, at the international level of developing their services and products, SMEs are often more innovative, more adaptable, and have quicker response times when it comes to implementing new technologies and meeting specific buyer needs (Verity, 1994; Carroll, 1984; Oviatt and McDougall, 1994). With the growing role of direct marketing, globe-spanning transportation specialists and buyers with specialized needs, SMEs can increasingly serve niche market segments that span over the world (Oviatt and McDougall, 1995). The above factors are giving rise to the emergence of a distinctive breed of entrepreneurial firms, capable of succeeding in the highly competitive environment of international trade. However, globalization, ever-advancing information and transportation technologies, and other such trends are largely occurring in the firm's external environment and consequently are beyond management's control (Knight, 2001). Thus, formulating strategies is of high importance in order to reach organizational objectives and achieve successful business transactions.

Indeed, within the framework of this study on internationalization strategies of Polish SMEs, the suggested conceptual model is presented in Figure 1 and shows the relationship between factors related to the internationalization process and its impact on internationalization strategies and business performance. Thus, the conceptual model suggests that Managerial Expertise, Dynamic capabilities, Alliance capabilities, Risk Aversions, Foreign market Orientation and Market knowledge influence internationalization strategy formations which in turn impact on Success and business performance.

Success, Business Performance and Internationalization Strategy Formulation

For an organization, selecting and measuring key business performance indicators is a huge issue. In fact, international performance can be defined in this study as those factors by reference to which the development, performance or position of the business of the company can be measured effectively (PWC, 2007). Business success (SBP) can result from different combinations of factors including, among others, expertise in the design and implementation of organizational development projects. It is also seen as a combination of technical and organizational skills for proactive leadership, an adequate human and financial resources allocation, an adapted elaboration of expansive commercial policies and permanent technological business intelligence on its market and business environment (Isik et al., 2009; Ganji et al., 2012). Likewise, the ability to translate the strategic business vision and mission into coherent and consistent plans for organizational objectives should be noted. Kuester et al. (2012) confirm that organizational factors and antecedents indeed play a critical role in a new product launch and its respective performance with internally directed activities having an even stronger impact on time-related and financial success than outwardly directed instruments. Specifically, these internal activities are often viewed as idiosyncratic resources that are hard for competitors to observe and are therefore more difficult—if not impossible—to replicate compared to externally directed activities in market launches. Kuester et al., (2012) clearly pinpoint that the successful launch of new products is a complex task that also necessitates the implementation of internally directed launch activities. At the enterprise level, success in its commercial affairs can be seen as a condition of the ongoing development of its organizational performance, even if the concept of performance is sometimes very ambiguous, given its dependency on many specific components related to the business and its context. It is an established fact that an organization that is performing well, is one that has successfully attained its objectives; in other terms, one that has effectively implemented an appropriate strategy (Otley, 1999). Framing organizational policies for success and performance in

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companies needs to be articulated around five main areas that are represented as a set of questions linked to : the key objectives that are central to the organization's overall future success; strategies and plans adopted by the organization and processes and activities that are decided; the level of performance the organization needs to achieve and in which defined areas; rewards and motivation for managers and employees; the capabilities for the organization to learn from its experience (Otley, 1999).

In the literature, an internationalization strategy is defined as the logic of the process of formulating the international development strategy which fits into the overall strategy of the company (Mintzberg and Waters 1985). It is indeed through its main lines of development that emerge its international objectives, namely, the degree of commitment to internationalization and its geographic and regional priorities. But beyond that, various data both internal and external will be taken into account. Such data allow for a better understanding of the business itself, but also provide information on the competitive environment of the enterprise (Andersen, 2004). The importance of strategy formulation in terms of internationalization is useful in the gathering and synthesis of all these data which were collected in order to progressively exploit and process the formulation of strategy. The organization should have the capabilities to formulate its strategy of internationalization before entering a new market. When SMEs reach a certain stage in the growth of their international activities, they need to pay attention to the development of a formal international business strategy, following the example of the existing multinational companies. A strategic plan basically supports 'good salesmanship' in optimizing profitability and avoiding business risks. From a planning perspective, strategy is formed through a sequence of rational analytical steps including mission statement, competitive analysis, internal analysis and strategic control, (Andrews, 1971; Ansoff, 1988; Cohen and Cyert, 1973; Schendel and Hofer, 1979). Even if the empirical research achieved by Fredrickson (1984); Fredrickson and Mitchell (1984) and Mintzberg (1973: 4) shows that in turbulent environments planning is often insufficient and leads to rigidity, various studies have ascribed some significance to structure, comprehensive analyses, and emergent strategic initiatives (Eisenhardt, 1989, 1999; Jelinek and Schoonhoven, 1990). Mintzberg (1978) and Mintzberg and Waters (1985) even suggested that the interplay between intended and emergent strategies was at the heart of the complex strategy formation process. In regards to these above considerations, the following hypothesis H1 has been retained:

H1: Success and business performance is influenced by the firm's internationalization strategy.

Managerial Expertise

Managerial expertise (ME) is an issue of manager competency and it can also be defined as the firm's overall proactiveness and aggressiveness in its pursuit of international markets (Knight, 2001). It is also associated with managerial vision, innovativeness, and a proactive competitive posture overseas (Covin and Slevin, 1989; Davis et al., 1991; Khandwalla, 1977; Miller and Friesen, 1984). Likewise, managerial expertise reflects the firm's propensity to engage in innovative, proactive, and risk-seeking behaviours in order to achieve competitive and strategic objectives. PAED (2010) argues that ''the basic determinant of success in the global economy will be entrepreneurship understood not only as performing business activity, but also as an independent search for ways to solve problems and organization of own work. Innovativeness (organisational, product, process and marketing) concerning all types of enterprises, including the services sector will remain invariably crucial. In such a reality, it will be indispensable to introduce new ways of human resources management, based on cooperation and information

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exchange, which will result in the transformation of enterprises into intelligent organisations optimally utilising human capital''. This drives to the following hypothesis H2:

H2: Managerial Expertise positively impacts on a firm's Internationalisation strategies.

Dynamic Capabilities

Dynamic capabilities (DC) refer to the organizational ability to achieve new forms of competitive advantage. A dynamic capability is seen in this study as an organization's reactivity and adaptability to market fluctuations. According to Teece et al. (1997), dynamic capabilities emphasize two key aspects: the first being the capacity to renew competences so as to achieve congruence with the changing business environment; certain innovative responses are required when time-to-market and timing are critical, the rate of technological change is rapid, and the nature of future competition and markets difficult to determine. The second aspect emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment. At the level of an organization that experiments with internationalization strategies, dynamic capabilities also involve an operational and strategic flexibility across its business environment. In the literature, there is an emerging consensus in the field of strategic management suggesting that dynamic capabilities are embedded in organizational processes (Nelson and Winter, 1982; While Dierickx and Cool, 1989), captured by firm routines (Zollo and Winter, 1999) and directed toward effecting change (Kogut and Zander, 1992; Iansiti and Clark, 1994). Collis (1994:149) suggests that higher-order organizational capabilities such as dynamic capabilities "allow firms to overcome the path dependency that led to the inimitability of the lower-order capabilities." Eisenhardt and Martin (2000) argue that dynamic capabilities are typically valuable and rare (i.e., they are not possessed by all competitors equally), but are equifinal and hence neither inimitable nor immobile. Thus, this quality implies that dynamic capabilities can be a source of competitive but not sustainable advantage. This leads to the following hypothesis:

H3: Dynamic capabilities positively impact on the firm's Internationalisation strategies.

Risk Aversions

In this study risk aversions (RA) are perceived as the company's propensity to make decisions to develop new markets, given a certain level of uncertainty. From the perspective of an organization, risk aversion is defined as the tolerance of threats and uncertainties in business transactions and the deployment of new market development. Today the issue of risk looms so large that some observers speak of a "risk society", where problems of "risk distribution" replace those of income distribution which characterised the industrial society (Majone, 2010). Some threats that are linked to the risk issues can be inherent to the insolvability of markets, high barriers in organizational rules to export, protectionist measures and also of lack of trust in the solvency and integrity of the financial intermediaries. According to Olson and Wu (2008), quantitative methods, cultural awareness, processes and control are all important to an enterprise's risk management framework that is ductile. Indeed, in an era of global competition, technological change and continual search for competitive advantage, it becomes crucial for SMEs who internationalize their activities to integrate risk management in the framework of considering the complexity of their networks reaching out, at multiple levels, to many different stakeholders. In this sense, risk management can focus on identifying better ways and means

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of accomplishing organizational objectives rather than simply preserving its assets or risk avoidance (Olson and Wu, 2008). This drives to the following hypothesis:

H4: Risk Aversions positively impact on a firm's Internationalisation strategies.

Alliance capabilities

An alliance capability (AC) is defined as an organizational competency to work in networks with other companies or collaborators. In this study, developing and designing alliance capabilities signify to increase partnership activities, and to responsibilize employees throughout the organization. It is also translated into corporations' enhancement skills to develop wider organizational alliance capabilities for the improvement of their market shares. Companies that successfully build such capabilities enjoy a favourable impact on market capitalization and benefit from the "virtuous cycle" of being able to attract (and learn from) quality alliance partners (CEB, 2000). Improvements in the functioning of a firm's alliance capability, "derive from a complex set of factors that include learning by-doing of individual team members and of the team as a whole, deliberate attempts at process improvements and problem-solving, as well as investment over time" (Helfat and Peteraf (2003: 1002). In line with Simonin (1997), Gittell (2002), Kale et al. (2002) and Zollo and Winter (2002), alliance capabilities mediate between alliance experience and alliance performance (Asher, 1976; Lehmann et al., 1998); this implies that the effect an experience has on the alliance performance is explained via a firm's alliance capability (Eisenhardt and Martin, 2000). Hence, an alliance capability is an important variable explaining why an alliance experience positively influences an alliance performance, since it can induce the development of repeatable practices (Eisenhardt and Martin, 2000) via the transfer and replication of experiences and knowledge (Florida and Kenney, 2000) using knowledge sharing routines (Helleloid and Simonin, 1994; Dyer, 2000; Dyer and Singh, 1998). This leads to the following hypothesis:

H5: Alliance capabilities positively impact on a firm's Internationalisation strategies.

Foreign Market Orientation

Foreign market orientation (FMO) is viewed as the capability to gather financial, technological and human resources in order to be successful when implementing internationalization strategies. Selnes and Wesenberg (1993, p. 23) define market orientation as a 'response to market information', while Kohli and Jaworski (1990, p. 6) state that 'market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, the dissemination of the intelligence across departments, and organization-wide responsiveness to it.' Narver and Slater (1990, p. 21) complement Kohli and Jaworski (1990), by suggesting that market orientation consists of three behavioural components, namely customer and competitor orientations and interfunctional coordination; these 'comprehend the activities of market information acquisition and dissemination and the coordinated creation of customer value'. Market orientation is a capability and the principal cultural foundation of learning organizations (Deshpandé and Farley 1998; Slater and Narver 1995). Through the constant acquisition of information regarding customers and competition, and the sharing of this information within an organization, market-oriented firms are well positioned to develop an organizational memory, a key ingredient for developing a learning organization. Furthermore, market orientation encourages a culture of experimentation and a focus on continuously improving the firm's processes and systems. This implies that developing and improving on a firm's market orientation may make a firm's capabilities become more

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distinctive (relative to the competition) over the long run, resulting in a Sustainable Competitive Advantage (Kumar, et al., 2011). This brings us to the following hypothesis:

H6: Foreign market orientation positively influences the formulation of a firm's Internationalisation strategies.

Market Knowledge

The specificity of market knowledge (MK) is defined as a means to understand beliefs, the cultural, social and economic norms of a well-determined region in relation to an organization's international business performance. Whereas traditional international business research was concerned with economic/ legal issues and organizational forms and structures, the importance of national culture – broadly defined as values, beliefs, norms, and behavioural patterns of a national group – has become increasingly important in the last two decades, largely as a result of the classic work of Hofstede (1980); Kwok et al. (2005). National culture is shown to impact on major business activities, from the capital structure (Chui et al., 2002) to group performance (Gibson, 1999). For instance, Wei & Jiang (2005) examined the influence of culture on the standardization of creative strategy and execution, and show that culture impacts on execution more than on creative strategy. Accordingly, it makes sense for international advertisers to develop a single creative strategy to use globally so long as execution accounts for culture. The more culturally different the target market is from the home country, the more localized the execution should be (Wei & Jiang 2005). Thus, the global economy requires business organizations to cultivate their international holdings by respecting the national differences of their host countries and by coordinating efforts for rapid innovation. The relevant literature is reviewed in the areas of communication innovation. An exploration is made into how efforts toward innovative practices are directly related to globalism and business strategy (Ulijn et al. 2000). Hence, particular attention should be given to the strategic factors of foreign firms that may affect brand extensions in a foreign host market. Drawing from international business and marketing literature, Ayoun and Moreo (2008) proposed an integrative, conceptual framework to study these factors at three different levels: consumer-specific, industry-specific, and firm-specific factors in a host market. Specifically, they examined the impact of uncertainty avoidance, consumer innovativeness, market concentration, firms' heterogeneous resources (i.e., international experience and local market knowledge), and firms' strategic posture of standardization/adaptation. This leads to the following hypothesis:

H7: Market knowledge positively impacts on a firm's Internationalisation strategies.

METHODOLOGY

Based on previous studies, an internationalization strategy involves a variety of activities that are achieved at both the internal and external levels of an organization. Those activities have converged around seven main domains, as specified in the above literature review. Before undertaking this study, we pre-tested the questionnaire in order to make it intelligible to the understanding of business owners and managers of companies' export service. To accomplish this, we completed a set of 3 focus groups proportionally made up of 18 managers specialised in an export service and/ or implementing organizations' strategies for internationalization, four academicians that are experts in international business, three experts in international trade and export in international trade organizations, and finally nine specialists on foreign markets

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drawn from public services. The feedback from the pilot test was used to improve the readability and the questionnaire. Then, a confirmatory factor analysis using the Lisrel software was used to test the validity of the studied framework. Prior to the LISREL analysis, a set of items for each construct was examined in the pre-test using an exploratory factor analysis to identify those items not belonging to the specified domain. The properties of the proposed research constructs were then tested with the structural equation modeling (SEM). The maximum likelihood method of estimation was adopted. The SEM procedure is appropriate to test the proposed theoretical model because an evaluation is then possible of how well the proposed conceptual model (Figure 1) that contains observed variables and unobserved constructs explains or fits the collected data (Bollen, 1989; Hoyle, 1995).

Survey

A questionnaire was administered to business owners and managers in the export department of selected companies. It was sent by email and consisted of the main aspects related to the internationalization strategies of companies. Data were collected from a set of 412 companies but with 27 uncompleted responses, the final number of usable questionnaires was 385, for a response rate 93.44 %. A 39-item questionnaire elaborated in English was employed to measure the constructs. Furthermore, the questionnaire was measured on a 7-point Likert scale. The constructs include seven domains of investigation that are: Managerial expertise (eight items), dynamic capabilities (eight items), risk aversion (five items), success and business performance (nine items), foreign market orientation (five items) and market knowledge (four items).

Sample

As described in Table 1 above, the socio-demographic distribution of the sample consists of 59 % male managers and 41 % female managers. The managers' level of education shows that 45 % have a university degree while less than 19 % have a secondary level of education and below. 18 % of the companies surveyed have more than three million dollars of annual sales, while 11 % of them have less than 1 M $ of annual sales. Companies surveyed with less than 50 employees represented 32 % of the sample, while 27 % had more than 250 employees. It is also important to note that 21 % of the companies belong to the sector of activity of machines and equipment, while 10 % are in the wood sector. We noted that food and beverage accounts for 12 %, furniture 15 % and the textile sector is 11 %.

Empirical Analyses and Results

Measurement Model

A confirmatory factor analysis (CFA) to test the measurement model was performed. The covariance matrix as an input to Lisrel 8.8 was used. The model was trimmed by discarding items.

The model was trimmed by discarding items for each construct where necessary in order to ensure the best fitting model. A split-sample approach was taken, whereby the total sample was split into a calibration and a validation sample (Diamantopoulos and Siguaw, 2000). Table 2 shows the retained measurement variables and the proposed constructs.

The measurement model has a statistically significant value of the chi-square test (Satorra–Bentler scaled chi-square=506.55, df=378, $p<0.001$). However, the proportion between the chi-

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square value and the degrees of freedom is within an acceptable range ($\chi2$/df=1.35). RMSEA (0.028) and standardized RMR (0.029) show a good fit. All other relevant measures (GFI=0.921; NFI=0.984; TLI=0.992; CFI=0.993) are also within an acceptable range, which allows the conclusion that the fit of the measurement model is acceptable (Bollen, 1989; Hoyle, 1995).

The item and construct reliability (Table 2) were then tested. All items are reliable and all values for composite reliability are above 0.70. According to a complementary measure for construct reliability, that is the average variance extracted (AVE), all constructs have a good reliability. We also tested the model for convergent and discriminant validity as proposed by Anderson and Gerbing (1988). All t-values of the loadings of the measurement variables on the respective latent variables are statistically significant. Thus, convergent validity is supported. The correlations in Table 3 provide an initial test of discriminant validity. All correlations are below 0.80, thus, supporting discriminant validity. Discriminant validity was further assessed with a chi-square test for pairs of latent variables with constraining correlation coefficient between two latent variables (ϕ) to 1. All unconstrained models have a significantly lower value of the chi-square ($p<0.001$) than the constrained models, which allows the conclusion that the latent variables are not perfectly correlated and that discriminant validity exists (Bagozzi and Phillips, 1982).

Structural Model

The final structural equation model includes the exogenous latent variables managerial expertise, dynamic capabilities, risk aversion, alliance capabilities, success and business performance, foreign market orientation and market knowledge.

Table 3 Correlations among constructs

Constructs	1	2	3	4	5	6	7	8
IS	1.00	0.33	0.36	0.45	0.24	0.30	0.42	0.34
ME	0.35	1.00	0.63	0.51	0.39	0.71	0.37	0.45
DC	0.38	0.46	1.00	0.59	0.41	0.57	0.30	0.41
RA	0.32	0.32	0.50	1.00	0.28	0.23	0.25	0.33
AC	0.41	0.42	0.43	0.51	1.00	0.34	0.58	0.39
SBP	035	0.34	0.29	0.33	0.61	1.00	0.44	0.54
FMO	0.34	0.31	0.25	0.37	0.48	0.55	1.00	0.49
MK	0.44	0.30	0.31	0.52	0.47	0.35	0.27	1.00

The independent variables therefore explain the dependent variables well. The fit indices for the overall model are also acceptable. Like with the measurement model, the structural model also has a statistically significant value of the chi-square test (Satorra–Bentler scaled chi-square=526.75, df=395, $p<0.001$), but the proportion between the chi-square value and the degrees of freedom is within an acceptable range ($\chi2$ /df=1.35). All other relevant fit indices are also within an acceptable range (RMSEA=0.028; SRMR=0.034; GFI=0.921; NFI=0.984; TLI=0.992; CFI=0.993). All of the parameter estimates are statistically significant and consistent with the proposed direction in the hypotheses. The findings support all of the seven proposed hypotheses (Table 4).

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Table 4 Results of testing the hypotheses

Hypotheses	Standardized path coefficient (t-test)	Results
H1 : IS positively impacts on SBP	0.58 (5.28) p<0.05	Supported
H2 : ME positively impacts on IS	0.45 (4.12) p<0.05	Supported
H3 : DC positively impact on IS	0.49 (1.56) p<0.001	Supported
H4 : RA positively impacts on IS	0.42 (2.63) p<0.05	Supported
H5 : AC positively impact on IS	0.38 (6.31) p<0.001	Supported
H6 : FMO positively impacts on IS	0.36 (5.17) p<0.001	Supported
H7 : MK positively impacts on IS	0.33 (2.65) p<0.05	Supported

DISCUSSION

In this study, we identified the essential factors that determine the internationalization strategy of Polish SMEs. In fact, the model we tested, has allowed us to validate factors related to Managerial expertise, Dynamic capabilities, Risk aversion, Alliance capabilities, Foreign market orientation and Market knowledge, which participate in the formulation of the internationalization strategy for the development of the organizational performance and success of Polish firms.

Our results indicate that the way of formulating an internationalization strategy can play a significant role in the organizational success and business performance. In fact, the incidence of IS on SBP is explained by 58 % of the variance (Table 4). These results also suggest a positive influence of ISF on SBP and are consistent with many other authors' findings such as Kuester et al. (2012); Isik et al. (2009); Ganji et al. (2012). Thus H1 is supported.

ME is, as stated by Knight (2001), an important skill that companies need to build within the framework of their business development in general and particularly in their internationalization strategy formulation. As such, our result shows a positive influence of ME on IS. This positive influence is highlighted by 45 % of the variance (Table 4). In fact, the managers' expertise in the development of an export strategy is an asset for the company's achieving success and performance expectations. Thus H2 is supported.

Our result emphasized that DC positively influenced the internationalization strategy formulation. Thus, H3 is supported. Indeed, the Dynamic capabilities are a set of elements and behaviours relating to organizational issues in anticipation of the company's adjustment in relation to its market. Our result shows an impact of 49 % of DC on IS (Table 4). This result is consistent with the findings that show that the dynamic capabilities are also a source of competitive advantage (Eisenhardt and Martin, 2000); which means, the ability of the company to define relevant strategic planning in order to obtain substantial benefits from its internationalization strategy.

The capabilities of taking some risk (RA) in the internationalization strategy are seen as having a positive influence. As indicated in Table 4, the hypothesis H4 is supported. The (RA) factor reveals an influence of 42 % on the IS. Risk management is an issue within companies who want to engage in international markets. Integrating the risk factor in both the tendency to anticipate and to handle it, is thus one of the key components of the formulation of the

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internationalization strategy. This finding is also consistent with many other authors' research results, such as Olson and Wu (2008).

AC is an important part of an internationalization strategy formulation. This importance is characterized when the small size of some companies - very often the case of SMEs - does not allow them to effectively set up in foreign countries, taking into account the costs related to setting up branches. Taking into account the size and turnover of organizations, some SMEs are often supported by other companies abroad within the framework of launching and distributing their services and products. This situation does not only concern the development of services and products but also integrates all those aspects that are related to knowledge and production process sharing. Thus, the positive impact of AC on IS is explained by 45 % of the variance (Table 4). The hypothesis H5 is supported and is consistent with the findings of authors such as Knight (2001); Eisenhardt and Martin (2000).

FMO impacts positively on ISF as emphasized in the test results (Table 4). Thus, the hypothesis H6 is supported and this is explained by 36 % of the variance of FMO on ISF. Indeed, the orientation of the business to foreign markets is also a dynamic factor that determines the choice to launch a product or service abroad. The mastery of such a factor, however, allows the company to acquire certain assets that will enable it to achieve its performance in commercialization activities. In the same vein, it should also be noted that several authors have mentioned the orientation to foreign markets as being one aspect of achieving success in the business development of the internationalization of companies (Kumar, et al., 2011).

Likewise, MK is a factor that influences positively on IS. As found by many other authors, some specificities of the local market as well as of the national culture are shown to impact on major business activities, from the capital structure (Chui et al., 2002) to group performance (Gibson, 1999). As indicated in Table 4, MK influences positively on IS by 33 % of the intended variance. Thus, the hypothesis H7 is supported (Table 4).

CONCLUSION

This study extends the current knowledge related to the interrelationship between an internationalization strategy and business performance. In this study, we found that seven factors determine the internationalization strategy to achieve success and business performance of the Polish SMEs that were surveyed. The Practical implication of this study resides on the fact that Polish firms must pay attention to the way their internationalization strategies are formulated in order to tackle more and more competitiveness and innovation issues at the level of international markets. The study gives an overview of the main factors that determine the internationalization strategy of specific Polish enterprises. In parallel to the literature on internationalization strategies, the study leads to the conclusion that the Polish firms surveyed, utilize almost the same techniques and logic as large companies to penetrate international markets. Indeed, this fact is seen as vital for the achievement of success and performance. The present study significantly contributes to enrich the insight into factors that determine the internationalization strategy formulation and implementation and their impacts on the success and business performance of Polish SMEs. The limitations of this research can be emphasized by the fact that conclusions of the study may not be generalized, given the fact that other specific actors and groups that might be involved in export activities have not been taken into account. That is to say, that the external validity of the study is relatively limited. Therefore, to

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enhance the robustness of the study, the direction of future research may explore a richer set of variables to predict and explain internationalization strategy formulation and implementation on export capabilities efficiencies, business environment and organizational performance.

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