




Europeanization of SMEs MODES OF ENTRY

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Visegrad Fund Project
VUSG




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Outline of the Lecture

1. Dimensions of Europeanization
 - The Triad
 - Trade Openness of the EU
2. Motives for Internationalization
3. Modes of Internationalization
4. Models of Internationalization
5. Statistics in Focus
6. Case Studies

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Part 1

Definition of Europeanization

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Problem Question #1

How can we define the term
Europeanization ?

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The coin of „Europeanization”


- in **sociological** meaning (RU 18th, TK 20th)
- in **political** meaning
- in **legal** meaning
- in **institutional** meaning
- in **geographical** meaning

- in **macroeconomical** meaning
 - external macroeconomical
 - internal macroeconomical
- in **microeconomical** meaning

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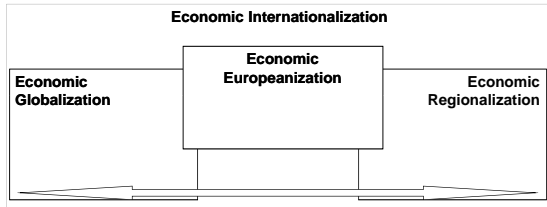
What about relations?

- Internationalization
- Europeanization
- Globalization



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The Triad: Macro Level

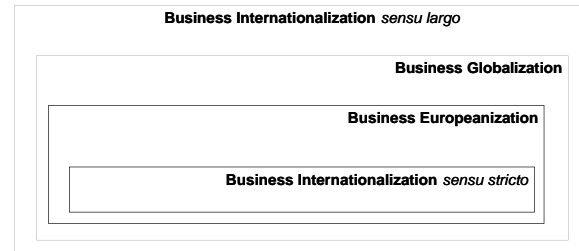


Source: K.Wach [In:] N.Daszkiwicz, K. Wach, *Internationalization of SMEs. Context, Models, Implementation*, Gdanski Univevsity of Technology Press, Gdansk 2012

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The Triad: Micro Level



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Part 2

Small Business Internationalization

Problem Question #2

Is Europeanization for SMEs or LEs?

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Global paradox

global paradox

„the bigger the world economy,
the stronger its the smallest actors”

John Naisbitt

„progressive internationalization minimalizes
threats and maximizes opportunities for
SMEs”

David Smallbone

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Part 2

Motives and Methods od Internationalization

Problem Question #3

Why do SMEs internationalize?

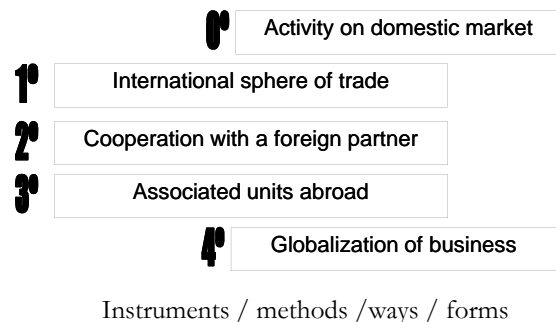
OECD Motives for Internationalization

- *push factor*
local market pushes a firm to go abroad
- *pull factor*
int'l markets pull a firm to come abroad
- *chance factor*
make use of opportunity
- *entrepreneurial factor*
growth theory

Problem Question #4

What is the difference / relation
Between
internationalization and internalization?

Internationalization Intensity



Forms of Internationalization

- import
 - Indirect
 - Direct export
 - through (four types)
- also:
- transit trade
 - cooperative export
 - piggy back
 - export grouping

1

Forms of Internationalization

- Licencing
 - Franchising
 - Subcontracting
-
- Inter-firm cooperation
 - *strategic alliance*
 - *management contract*
 - *turnkey operation*

2

Forms of Internationalization

- branch
- Subsidiaries
 - joint ventures
 - wholly owned subsidiary

3

Foreign Affiliates

(UNCTAD)

- **a subsidiary enterprise**
(more than a half of the shareholder's voting power)
- **an associate enterprise**
(at least 10%, but not more than a half, of the shareholders' voting power)
- **a branch**
(a wholly or jointly owned unincorporated enterprise in the host country)

Forms of Internationalization

- international enterprise
- multinational enterprise, MNE
 - micro-national (*among SMEs*)
- transnational corporation, TNC
- global enterprise

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Forms of Internationalization

FORM	Advantages	Disadvantages
Indirect export		
Direct Export		
Export Grouping		
Piggy Back		
Licensing / Franchising		
Branch		
Wholly-Owned Subsidiary		

Measuring Internationalization

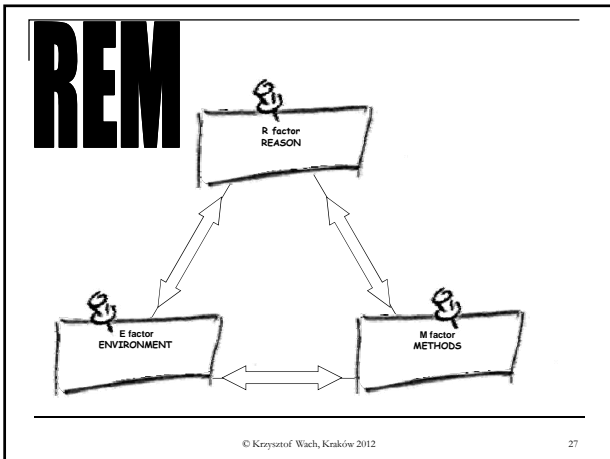
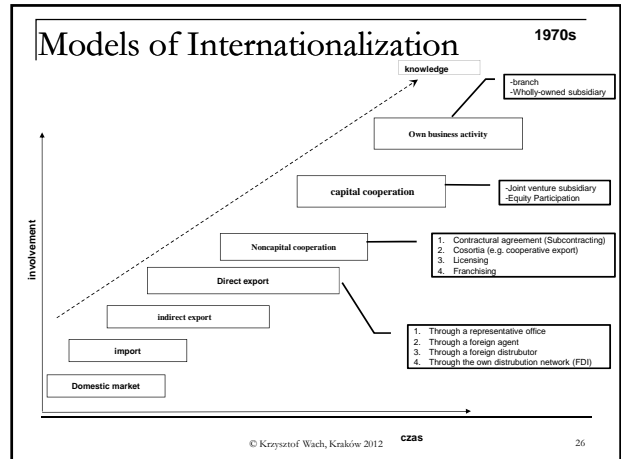
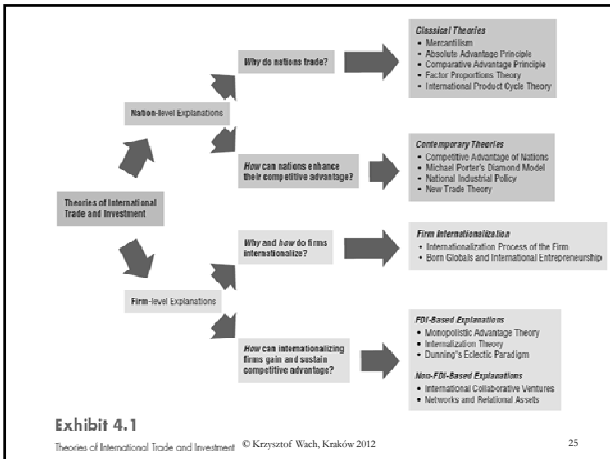
OECD Globalization Index of SMEs

- 1-2: **not globalised** (domestic SMEs)
- 3-4: **limited** (maliny domestic SMEs)
- 5-6: **major** (internationalised SMEs)
- 7-8: **extensive** (globalised SMEs)
- 9-10: **complete** (fully globalised SMEs)



Part 3

Theories (Models) of Internationalization



INTERNATIONALIZATION THEORIES
BORN GLOBALS

Basic characteristics:

- niche markets
- technology and other advantages
- flexibility of SMEs-born global
- global network
- internet born globals

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Problem Question #5

How to define 'born global'?

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Part 4

STATISTICS
on the Internationalization of
European SMEs

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Problem Question #6

**What are the conclusions
from the comparison of
US and EU
SME level of Internationalization?**

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Any Questions?



Any question is more than welcome!

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Thank you for your attention ...



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