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Enterprise Behaviour in Globalization Processes
– *New Business Models*¹

Zachowanie przedsiębiorstw w procesach globalizacji – nowe modele biznesu

Key words: entrepreneurship; globalization; success factors

Słowa kluczowe: przedsiębiorstwo; globalizacja; czynniki sukcesu

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Introduction

In the first decade of the 21st century numerous phenomena occurred that exerted an important influence on economic and managerial processes. Complexity, speed, and character of these phenomena caused that now successful managing a company requires concern and more responsibility of managers that are acting in developing countries markets, but also those in leading ones. We know the examples of full bloom, but also the bankruptcy of enterprises, irrelevantly of their former position. Such an experience shows marketing in new light, as both business philosophy and function.

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1. Aim of investigations

- to explore the knowledge on managerial behaviour;
- to identify and describe the determinants of decision taking processes;
- to assess managerial behaviour in the context of globalization processes.

2. Investigation methods

- studies of literature quoted in the list that refers to the key words: entrepreneurship, globalization, success factors;
- application of some fragments of the questionnaire “Inventory of global leader qualities” [Goldsmith et al. 2007], described as the 360-degree method. Investigations have been done on a sample of 150 enterprises randomly chosen from the “Rzeczpospolita” 500 list.

3. Identification and determinants of entrepreneurship

One of key challenges for managers is the idea of development strategy, understood as the way to predict and create the future. It should include both immanent and transcendent goals. The first ones are traditionally linked with economic efficiency, while the second ones define in more detail the character of relations with various stakeholders. To treat these goals in a dichotomist way would make a paradox. They are mutually conditioned, and this character of relation defines also contemporary understanding of entrepreneurship. The essence of this behaviour is nowadays different than in the past. The notion of entrepreneurship dates back to the Middle Ages, and since that time the views of its essence and importance evolved. At first it has been understood as the production initiation process or large scale of production, later meant managerial skills that enable making profits. Only the face is changed, since changing are the relations between market participants and conditions under which they appear.

If the behaviour of an enterprise has to be driven towards efficient activity, the formula of 5Ps [Mintzberg 1987] could be helpful:

- Plan – some sort of consciously intended course of action;
- Pattern – formalized model of this action;
- Ploy – manoeuvres undertaken to reach the goal;
- Position – finding the advantageous position in the environment;
- Perspective – perceiving own position in the future.

Only market activities understood in this way in the market can bring expected effects and can influence today’s and future efficiency.

Particularly important feature of contemporary development processes is the dynamism of changes. It concerns not only the speed, but also the character, direction,

and the importance of perceived and expected effects. The article deals with such changes that seem to be most close to the philosophy and function of marketing, being at the same connected with managerial behaviours. These are of course conditioned by existing possibilities, but in themselves can accelerate or hinder changes. They can also reduce or exacerbate stakeholders conflicts. In economic literature six forces that determine enterprise strategies have been distinguished. It is worthwhile to recall them in the context of this article. They are [Kotler et al. 1997]:

- global interdependencies – characterised by increasingly strong transnational economy with global systems of trade, investments and development, that link together almost all regions of the world;
- protectionism and proliferation of economic formations in international trade – reflected by increasing number of regional blocks (their number is assessed at over 100) that can create and diversify market processes;
- trans-nationalization of multinational corporations – characteristic both of developed and developing economies;
- sector globalization in industry and trade (electronics, pharmaceuticals, car industry) that creates new connection networks and new labour sharing;
- tremendous development of advanced technologies – concerning in particular microelectronics, biotechnology, material engineering, telecommunication, aviation, robotics, mechanical tools, computer software. In each case the technological progress increases productivity, decreases labour costs, equalizes economic, cultural and intellectual differences;
- conflicts of common policy and group interests – creating the dissonance between the goals of macroeconomic and group ones and the articulated threat for particular, professional and group interests;
- growing processes of environment overloading activities, characterized on the one hand, by giant scale degradation of natural environment, on the other hand – by increased pressure to disseminate ecological consciousness and to apply instruments preventing the approaching catastrophe.

If the managers are willing to make the most of marketing achievements, they should be aware that marketing, as managerial orientation, provokes a sequence of positive feedbacks in economic development.

The comprehensive approach to the factors that determine company success has been given by Dutch authors [Verhoef and Leeflang 2009]. They started from the market orientation perceived as delivering the value for customer higher than the standard one. Actions are then based on the knowledge gained from the analysis of customers, competition and processes, collected and distributed inside the company. This allows one to identify and develop competencies that are needed for a long-term success. Particularly stressed in the literature is the necessity of a comprehensive approach that can considerably influence the marketing strategy. Obtaining an advantage can be, however, more and more difficult due to the environment turbulence and the fact that a number of companies is about to lose their characteristic features [Kumar et al. 2011].

In the traditional literature on economics and management it is pointed out that company size determines innovation. The greater is the company size, the greater can be its comparative advantage. Large companies have more financial, technological and human resources to their disposal, contrary to the small ones, where quite often funds, experience, and knowledge is lacking. Some researchers suggest, however, that small businesses can indeed achieve comparative advantage, because they are more entrepreneurial, elastic, and quick. Their organizational structures allow one to recognize chances earlier, their elasticity makes possible to modify plans, to restructure implementation phase, and to manage incentives to increase innovativeness [Rogers 2004]. Large companies are, in turn, more bureaucratic – this creates an unfavourable atmosphere for innovation. It comes out from the research [González-Benito et al. 2015] that there is a strong positive dependence between market orientation and innovation, between entrepreneurship and innovation, and between business size and innovation. Market-oriented companies are conscious of consumer needs, can identify market opportunities and are more pro-active in developing innovations. They are also actively involved into new knowledge development, which improves efficient product innovation that increases sales, market share, and other indicators connected with business activity. Researchers do agree that market orientation leads to product innovations, but are not unanimous in the question how market orientation influences the two forms of innovation – the radical and the incremental ones. Some of them point out that market orientation leads to reactive answer to the expressed consumer needs, therefore, to incremental (small) changes. Alternative perspective assumes that market orientation companies try to understand and fulfil the hidden, and not only the expressed consumer needs. They do perceive the expressed needs, but also observe the problems of their customers and creatively think how to provide radical solutions to these problems. Market orientation may bring chances to the business that result from observation of those problems that usually cannot be articulated by the customers, but that may be solved through radical innovations. These opposite points of view suggest that market orientation can support both types of innovation (radical and incremental ones).

The relations between innovation and marketing, like also with market orientation, are manifold. This concerns perception, but also for the implementation form. The innovation will end successfully if [Drucker 2008]:

- besides talent, inventiveness and predispositions, there is the work done with great care, perseverance and engagement;
- it is based on strengths and analysis of opportunities in the environment;
- it is close to the market, concentrated and stimulated by the market, due to the fact that innovation is a phenomenon that occurs inside economy and society.

Mental elasticity of managers can exert a decisive influence on the process in which creative business activity is adapted to the intensive civilisation development. Non-conventional combination of knowledge and experience is leading to the end goal that is more than a simple sum of what is commonly known. Today's skill will

not be sufficient. It is indispensable to develop competencies and to prepare the organization for the conditions of diversified possibilities and cultures, as the widespread influence of globalization forces to identify factors at the global level – this is one of the main challenges for the 21st century.

4. Globalization processes – essence and importance

Globalization is an abstract concept, it does not apply to any particular object, but rather to the social process, and, in fact, to its interpretation. The context in which this expression is used is important, according to the lexical definition globalization denotes “becoming or making something on a world scale”. It has also been defined as the process of world-scale integration, or the process that transforms itself into a uniform, coherent unit, without boundaries for the flow of capital and commodities and without differences in consumer preferences. For some authors globalization is a complex concept that includes political, economic, and socio-cultural changes and relates to the consequences caused by these changes. Geographical distances cease to be an important factor in initiating and keeping relations, which themselves become cross-boundary. They are so much developed that create a separate, almost independent world.

Globalization has its origin in technological innovations, first of all, in the area of communication and information techniques, resulting in capital transfers between most distant corners of the world in fractions of a second. Also particular elements of a ready product are manufactured at different continents. The factor that accelerates these processes is increased utilization of market mechanism as the economy regulator. Globalization is, however, a mechanism that gets out of control, as if it had its own life. For young economies or markets not matured enough it can ever become some threat, because due to globalization, the traditional role of a state is changing. Its function as a safeguard of national public goods becomes weaker, the differences in living standard increase, unemployment grows up, as the cheap working force from less developed countries is used, and quite often production is transferred abroad. Due to globalization, the concentration of wealth in highly developed countries continues, and the distance from the poor parts of the world increases. Also in national scale can be noticed the difference of living standard between the group that gains income from capital investments, global markets, and new technologies and the rest of society.

Development of global economy accelerates the pace of environment degradation. Countries use different standards in the area of environment protection, often lowering them in order to gain international capital. Changes in global balance of forces and appearing trends will be of course diverse opportunities and threats for each single country. The probability to be successful depends on abilities, if they exceed those of our competitors. This should be the concern of particular importance, especially during fundamental transformations. Such concern should create the prem-

ises of development strategy, both at the macro level, where we consider the role of exchange in economy functioning as a whole, or at the micro level, when we relate this exchange to the scale of company market, including also managerial decisions concerning information and resources management [Styś and Borowiec 1999].

5. Investigations results and their managerial implications

The assessment of managerial behaviour can be done on the base of their attitude towards the above mentioned six forces of planning and implementation of a strategy. It can be also quantified, like it has been done by the authors of research [Goldsmith et al. 2007], using the 360-degree method. It comprises 15 competencies important for the business functioning and allows one to define quite precisely their situation in the complex and dynamic environment. More than anything this method makes possible to evaluate the process of adaptation to the environment changes. This evaluation deals with the following competencies:

- thinking globally;
- appreciating cultural diversity;
- developing technological savvy;
- building partnership relations;
- sharing leadership;
- creating a shared vision;
- developing people potential;
- empowering people;
- achieving personal mastery;
- encouraging constructive dialogue;
- demonstrating integrity;
- leading change;
- anticipating opportunities;
- ensuring customer satisfaction;
- maintaining the competitive advantage.

These competencies permit to evaluate firm's relations with environment, but also internal activities that improve the functioning system. The manager should be perceived as change initiating person and strategy author. Particularly important is to take into account participation of various stakeholders, the acceptance among (potential) receivers. Sometimes such changes are described as marketing failure. This is to answer, if the real threat causes lack of initiatives connected with innovativeness. The image of entrepreneur is changing. New entrepreneurship codes appear, from residual ones, through dominating to emergent (climbing connected with experience and resources, innovative-creative idea that breaks schemes, and entrepreneurship as an element of lifestyle together with the realization of ethical principles and social responsibility of business) [Haber and Polak 2011].

Investigations of decisive processes in the aspect of environment changeability have been done by the authors on the sample of 150 enterprises randomly chosen from the “Rzeczpospolita” 500 list, using the 360-degree method. The used by them scope of competencies, called “global thinking” include the following ones:

- perceiving the impact of globalization on the enterprise;
- demonstrating the ability to adapt, necessary for success in global environment;
- gaining various experiences, needed for global-scale activity;
- taking decisions considering global questions;
- helping others in understanding globalization.

Taking into consideration three important firm characteristics, their scale of activity (small, medium, large) and range of activity (local, national, international) we obtain cognitively interesting results. The scale varied from 1 to 5, where 1 denotes that the respondent is *very dissatisfied* with business behaviour in the given area, and 5 that is he/she is *very content*. The general evaluation was ranked between 3.7 and 3.94. The highest mark was given for “exhibiting the ability to adapt necessary for success in global environment” and “gaining various experiences necessary for business activity on a global scale” (3.93). Surprising is – against this scoring – the relative lowest estimate towards the area “recognizing the influence of globalization on the firm” (3.76). Somewhat better scoring appeared for large and medium firms, though the differences were not as important. Also surprising were the results when range of activity was concerned – companies of international range gained the lowest score. It may result from the felt stabilization, due to undertaken actions, to the competitive advantage and so on. More threatened with globalization could feel domestic and local enterprises, and this may result in taking into account global issues in managerial decisions, as well as in the trials to adapt to new circumstances. Appraisal of results related to industry type shows the advantage of service companies, in particular connected with science and education (3.82 to 4.33, depending on the question scope). Undoubtedly, such a result means that people working in services better understand the importance of competences and creativity for development. It is worthwhile to recall here the result concerning the competence called “leading change”. Respondents dealing with science and education are content with managers behaviour, since they are prone to make use of innovativeness and creativity of people and transform them into economic results.

Conclusions

The presented above discussion on business behaviour under globalization conditions shows a number of challenges for decision processes. Important message remains still the fact that occurring phenomena are not of a stable character, so the key success factor is to investigate them and to create conditions that favour taking advantage of opportunities.

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Enterprise Behaviour in Globalization Processes – New Business Models

The authors try to determine the importance and character of enterprise behaviour in the context of environment changes mainly due to the globalization processes. The complexity and dynamics of these changes is emphasised. Managerial decisions should be, therefore, adequately adjusted to the speed and scope of these changes, and this creates a new business model, being an important success factor for enterprises.

Zachowanie przedsiębiorstw w procesach globalizacji – nowe modele biznesu

Autorzy opracowania podjęli próbę określenia znaczenia i charakteru zachowań przedsiębiorstw w kontekście dokonujących się zmian otoczenia, wywołanych zwłaszcza procesami globalizacji. W artykule podkreślono złożoność i dynamikę tych zmian oraz konieczność dostosowania decyzji menedżerów do ich tempa i zakresu, co tworzy nowy model biznesu i jest istotnym czynnikiem sukcesu przedsiębiorstw.