

Internationalization strategies and instruments of competition - Polish furniture companies on the foreign market

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Abstract: *Internationalization strategies and instruments of competition - Polish furniture companies on the foreign market.* Despite the global economic situation related to the COVID-19 pandemic, the Polish furniture industry is still a dynamically developing branch of the national economy of Poland. One of the most important paths in the development of this industry is still internationalization. The aim of the article was to define the internationalization strategies of Polish furniture enterprises, as well as to indicate the instruments of competition used by these companies on the foreign market. Empirical research was carried out in a group of 100 medium and large furniture enterprises conducting export activity. The research identified the most frequently used internationalization strategies by furniture companies, identified the most effective strategies, and identified competition instruments of the greatest importance for Polish furniture manufacturers. The research showed that ethnocentric strategy is most often used in the furniture industry. This strategy is the most effective. Regardless of the size of the enterprise, the quality of products was recognized by the respondents as the most important instrument of competition on the external market.

Keywords: internationalization, competitiveness, strategies, furniture industry

INTRODUCTION

The furniture industry in Poland is characterized by a high degree of internationalization (Jarosiński, Janiuk 2020, Grzegorzewska, Więckowska 2016). This is mainly due to the fact that this industry has a special export potential. Every year, nearly 90% of sold furniture production goes abroad, the vast majority of which goes to European markets. The reason for this situation is, among others, the relatively low domestic demand, and the significant production potential of Polish furniture manufacturers.

One of the first definitions of internationalization was proposed by Johansson and Vahlne (1977), who pointed out that it is a process of a phased involvement of a company on foreign markets. The evolutionary nature of this process was also emphasized by Merlin (1992), Beamish (1995) and Albaum et al. (2002). Hollensen (2011) pointed out that internationalization allows for increasing sales through increased competitiveness, as well as easier access to new markets and technologies.

Due to the growing production capacities of Polish furniture companies, internationalization has been an important path for the development of this industry for many years. The research on the internationalization of business entities concerned mainly the motives for undertaking such activities, as well as barriers, i.e. factors limiting the activities of enterprises on the foreign market. Research on the internationalization of furniture companies was carried out, among others, by Bellagiojoso et al. (2008) who analyzed the internationalization processes of the Italian producers. On the other hand, Pegan and de Luca (2014) paid special attention to the importance of internationalization as a factor stimulating the development of enterprises. The research analyzed the relationship between innovation and internationalization of companies. It was emphasized that the competitiveness of

enterprises and success on the market are closely related to innovations in enterprises. Whereas Kaputa et al. (2016) investigated the reasons why Czech companies decided to start operating on a foreign market.

Research in this field was also conducted based on the experience of Polish furniture manufacturers. Wiśniewski studied (2018) the impact of some industry determinants on the behavior of enterprises as part of internationalization processes. Jarosiński and Janiuk (2020) analyzed case studies of the largest furniture manufacturers in terms of internationalization. Research on internationalization strategies used by furniture companies was conducted by Rembiasz (2011). The author identified the factors that influence the choice of an international strategy.

In the literature four basic strategies for internationalization of enterprises are distinguished (Rymarczyk 2004, Daszkiewicz, Wach 2013, Wiśniewski 2018), namely:

- ethnocentric strategy - export to selected foreign markets that are close to the market - this strategy is similar to the strategy implemented on the domestic market;
- a polycentric strategy that includes adapting products to different requirements and needs of consumers on different markets;
- a global strategy that consists in treating the world market as one market;
- a dual strategy that includes a combination of global and polycentric strategies.

The company's entry into foreign markets is one of the most important strategic decisions. The right choices in the area of internationalization determine success on the international market. Therefore, the aim of the article was to define the strategy of internationalization of Polish furniture companies, to indicate the most effective strategies, and to identify the most important instruments of competition used by furniture companies abroad.

MATERIALS

Empirical studies were carried out to define effective internationalization strategies and important instruments of competition used by Polish furniture companies on the foreign market. These analyzes were carried out in 100 medium and large furniture companies, i.e. those employing over 49 people. In addition, companies expanding on the foreign market were selected for the research. The choice of medium and large business entities resulted from the great importance of this group of enterprises in creating the value of sold furniture production and in creating jobs for this industry. Moreover, the furniture industry in Poland is highly internationalized.

The research was carried out in 2021. The analyzes were carried out, among others using a 35-question questionnaire. An important element of this research were questions about internationalization strategies and instruments of competition used by Polish furniture manufacturers. To assess these aspects of internationalization of furniture companies, the Likert scale was used, where 1 indicated the least importance of a given variable, and 5 confirmed its greatest importance.

RESULTS

Internationalization is a very important process for enterprises operating on the foreign market. These activities are of strategic nature because they affect the entire process of the company's functioning.

Research conducted among Polish enterprises shows that the furniture industry uses an ethnocentric strategy. It covers the export of goods to specific foreign markets. The strategy used in these markets is similar to the strategy implemented in the domestic market because

these markets are similar to each other. Most of the products of the Polish furniture industry go to European markets, especially EU markets, which are similar in nature to the Polish market. The ethnocentric strategy was implemented on average by 44% of the surveyed companies, while in the group of medium-sized enterprises nearly half of the respondents indicated this answer (figure 1). In large enterprises employing over 249 people, 38% use this strategy.

In turn, the polycentric strategy covers servicing many foreign markets, and 18% of all surveyed furniture companies implement this strategy model. It is used more often in the largest companies (28%) than in enterprises employing from 50 to 249 people.

The research results confirm that few enterprises implement a global strategy which consists in identifying the world market with the domestic market. Only 6% of respondents indicated that the global strategy is applied in their enterprises. A slightly higher percentage was noticed in the case of large enterprises - every 10th company employing more than 249 people implemented this type of strategy. In turn, the implementation of the dual strategy was confirmed by 13% of respondents. This strategy is an attempt to reconcile a global strategy and a polycentric strategy, which includes the need to adapt to the specificity of specific foreign markets. It should also be emphasized that nearly 20% of the respondents indicated the lack of a strategy with regard to the ongoing internationalization processes. At the same time, it is worth noting that in the case of medium-sized enterprises such a situation takes place in every fourth company. On the other hand, in the group of large furniture manufacturers, every 10th respondent confirmed the lack of an internationalization strategy.

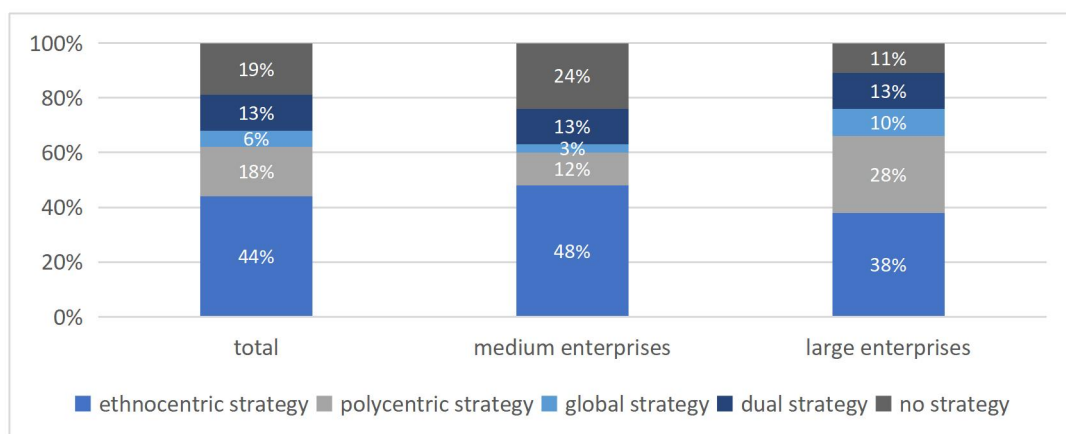


Figure 1. Internationalization strategies used in furniture enterprises [%]

Source: own research.

The research shows that the highest level of effectiveness was noticed in the case of the ethnocentric strategy. This answer obtained an average of 3.94 points on a five-point scale (Figure 2). Regardless of the size of the enterprise, this strategy of operation on selected foreign markets, which are similar to the domestic market, was assessed the highest. This is due to the fact that Polish furniture manufacturers operate primarily on European markets, which are similar to the domestic market. They most often use this type of strategy.

In the second place, the respondents indicated a polycentric strategy (3.92 points). Its higher effectiveness was emphasized by respondents from large enterprises (3.78 against 3.32). Furniture manufacturers indicated two strategies as the least effective - global, which consists in treating the world market as a whole, and dual, which is a combination of a global and ethnocentric strategy.

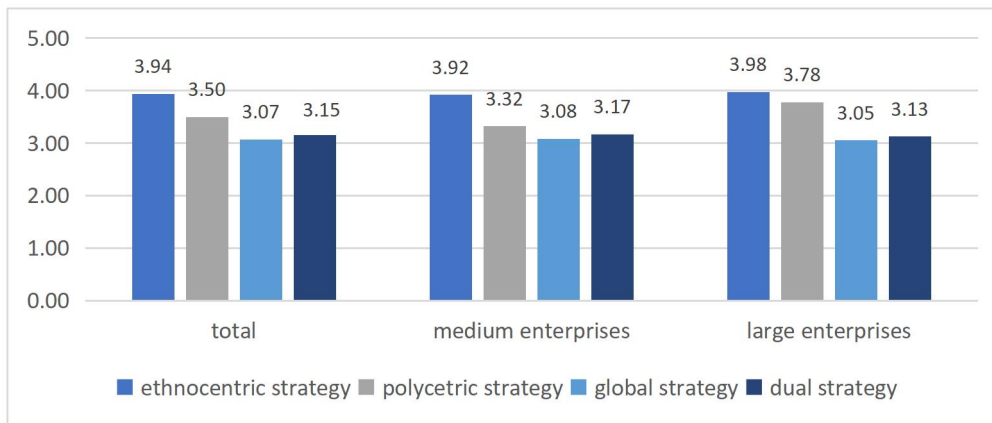


Figure 2. Average assessment of the effectiveness of internationalization strategies used by furniture enterprises
Source: own research.

Apart from the implemented internationalization strategies, an important element are the instruments of competition used on foreign markets by furniture companies. The Likert scale was used to assess these instruments, where 1 meant the least importance of a given instrument, and 5 - the most important. The research confirmed that, regardless of the size of the enterprise, the respondents indicated product quality as the most important instrument of competition on the external market (Table 1). This answer was obtained on average by 4.57 points and, additionally, in the case of medium-sized enterprises this rating was higher (4.68 points against 4.40).

Table 1. Average score for instruments used by furniture enterprises on the foreign market

Itemisation	Total	Medium enterprises	Large enterprises
Product price	4.13	4.18	4.05
Product quality	4.57	4.68	4.40
Product design	4.16	4.13	4.20
Functionality of products	4.31	4.30	4.33
Adaptation to the needs of recipients	4.51	4.53	4.48
Timely deliveries	4.31	4.37	4.23
Terms of warranty	4.00	4.07	3.90
Terms of payment	3.90	3.92	3.88
Effective promotion	3.96	3.92	4.03
After-sales service	3.85	3.88	3.80

Adaptation to the needs of recipients was indicated in the next place. Again, the respondents representing medium-sized enterprises assessed this instrument of competition slightly higher (4.53 points against 4.48). The respondents also indicated the functionality of the products and the timeliness of deliveries - both of these instruments obtained an average score of 4.31 points. The functionality of the products was perceived regardless of the size of the enterprise. On the other hand, the timeliness of deliveries was assessed higher by respondents from companies employing from 50 to 249 people.

According to the respondents, important elements of the competitiveness policy implemented on the external market are also the design of products and the price of products, these responses received an average score of 4.16 and 4.13, respectively. Product design was of greater importance for large furniture manufacturers, while respondents from medium-sized companies assessed the price of the products slightly higher.

Research has shown less importance of after-sales service, effective promotion and payment terms as sources of competitiveness. The average score of these competition instruments was below 4.0 in the five-point scale.

CONCLUSIONS

The research conducted among Polish enterprises shows that the ethnocentric strategy is most often used in the furniture industry. This strategy is considered to be the most effective. It covers the export of goods to specific foreign markets. The strategy used in these markets is similar to the strategy implemented in the domestic market because these markets are similar to each other. Almost 20% of the respondents indicated the lack of a strategy with regard to the implemented internationalization processes. At the same time, it is worth noting that in the case of medium-sized enterprises such a situation takes place in every fourth company. In turn, in the group of large furniture manufacturers, every tenth respondent confirmed the lack of a strategy. Regardless of the size of the enterprise, the quality of products was recognized by the respondents as the most important instrument of competition on the external market. The next item is adaptation to the needs of recipients, and then the functionality of the products and timely deliveries.

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Streszczenie: *Strategie internacjonalizacji i instrumenty konkurencji polskich przedsiębiorstw meblarskich na rynku zagranicznym.* Pomimo ogólnoświatowej sytuacji gospodarczej związanej z pandemią COVID-19 polski przemysł meblarski jest wciąż dynamicznie rozwijającą się gałęzią gospodarki narodowej Polski. Jedną z ważniejszych ścieżek rozwoju tej branży nadal pozostaje internacjonalizacja. Celem artykułu było określenie strategii internacjonalizacji polskich przedsiębiorstw meblarskich, a także wskazanie instrumentów konkurencji stosowanych przez te firmy na rynku zagranicznym. Badania empiryczne przeprowadzono w grupie 100 średnich i dużych przedsiębiorstw meblarskich prowadzących działalność eksportową. W ramach badań zidentyfikowano strategie umiędzynarodowienia najczęściej stosowane przez firmy meblarskie, wskazano strategie o największej skuteczności, a także określono instrumenty konkurencji o największym znaczeniu dla polskich producentów mebli. Z badań wynika, że strategia etnocentryczna jest najczęściej stosowana w branży meblarskiej. Ta strategia jest uważana za najbardziej efektywną. Niezależnie od wielkości przedsiębiorstwa, jakość produktów została uznana przez respondentów za najważniejszy instrument konkurowania na rynku zewnętrznym.

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