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The international involvement of SMEs in rural areas

Abstract. The volume of international trade and the share of foreign capital in companies as well as their dynamics in 2005 and 2010 have been analysed. It enabled a verification of the hypotheses on changes, forms and levels of internationalisation. The process of internationalisation depends on the size of the company as well as on its location. There are two important determinants of internationalisation: potential and agglomeration effect. They are responsible for the differentiation of internationalisation of companies in rural and urban areas.

Key words: internationalisation, competitiveness, location, small and medium-sized enterprises, rural areas, urbanized areas, import, export, foreign capital.

Introduction

International competitiveness is one of essential research problems of contemporary economics. It is the ability to gain and maintain advantage over foreign competitors or, in other words, the ability to survive and to develop in the future. It is a condition for success and existence in the international market [Gorynia & Łaźniewska 2009; Markowski 2004]. The international competition and competitiveness are an essential feature in all economic aspects and their level is determined by the processes of international involvement of enterprises [Gorynia, Stępień & Sulimowska 2000; Gorynia 2007A; Witek-Hajduk 2010]. All the concepts comprising international actions are the concepts of enterprise internationalisation [Gorynia 2007B]. The internationalisation may be an active process which is related with the sales of products and with involvement of foreign resources of the enterprise, or a passive one which consists in gaining products abroad and receiving foreign capital. A traditional method of foreign expansion of an enterprise is exports, which requires that the company should adjust to foreign competition and markets. However, for different reasons it is more and more often replaced by capital expansion of the enterprise in a foreign market [Gorynia 2007A; Witek-Hajduk 2010]. Thus, the internationalisation of enterprises is a process of increasing involvement in the international activity, which takes place in two ways: an increased international trade and a domestic and foreign capital integration [Gorynia 2007A].

In the globalised economy, the processes of spatial polarisation of enterprises become intensified and the local environment does not always favour their development [Andrzejczyk 2010]. Small enterprises located outside urban areas encounter in the process of internationalisation important barriers to their development. The location of an enterprise in a rural area affects the volume and form of international involvement of the enterprise. Rural areas have at present various social and economic functions, starting with those of recreational areas, through typically agricultural areas, up to urbanised suburbs which are a socio-economic base for urban agglomerations [Bański 2009]. They are characterised by a

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considerable diversification of internal structures and development level. Their recognition is related with numerous research objectives [Wysocki 2010]. In the context of economic integration and globalisation, the following problems become important: the low international competitiveness of enterprises in rural areas, the poor participation of rural areas in the processes of internationalisation, the socio-economic polarisation of rural areas [Kłodziński 2003; Kulawczuk 1995; Ratajczak 2010; Stawasz 2000; Wysocki 2010; Zawisza & Dończyk 2010].

The aim of this research is to compare the international involvement of domestic enterprises, including their size and location. The subject of research was the volume of international trade, the share of foreign capital in enterprises and the dynamics of changes between 2005 and 2010. The analysis enabled a verification of hypotheses concerning the changes, forms and the level of internationalisation of enterprises.

Research method

The aim of the research is to compare the forms and the level of international involvement of enterprises. The enterprise internationalisation was evaluated by means of the available indices of foreign trade and investments. The research population is composed of enterprises, which according to the definition specifying the number of employees, are small (10-49 employees) and medium-sized (50-249 employees). The population of enterprises under investigation corresponds to the number of enterprises which submitted statistical reports in selected rural communes and rural areas of urban and rural communes in Poland in 2005 and 2010².

The communes selected for the research were classified according to standardised functional types as the following areas: urbanised, multifunctional, with prevailing agricultural functions, strictly agricultural.

The basis of standardisation of functional types was the degree of socio-economic structures concentration. Thus, urbanised areas are characterised by a considerable concentration of intensive structures, especially housing, services, production and recreation, and they meet the following criteria: location beyond the administrative boundaries of urban communes, population density of more than 100 residents per 1 km², more than 140 registered business entities per 1000 inhabitants of working age and a positive migration balance [Bański 2009].

Next, the multifunctional areas are a transitional form between urbanised areas and traditional rural areas. They meet the following criteria: location beyond the boundaries of urban areas, more than 100 registered business entities per 1000 inhabitants of working age and a positive migration balance [Bański 2009].

The areas with prevailing agricultural functions are these where agriculture has a definite advantage over other economic functions. They are characterised by a high diversification, ranging from strict commercial farming to extensive farming. These areas meet the following criteria: they are located outside urbanised and multifunctional areas,

² The research does not include the entities working in the following branches: agriculture, forestry, hunting and fishing, public administration and national defence, mandatory social insurance, households employing workers, households making products and providing services for their own needs, extraterritorial organisations and teams (according to the Polish Classification of Activities 2007).

the share of farmland in the total area is more than 70% and the number of farms running but an agricultural activity exceeds 70% of the total number of farms [Bański, 2009].

Table 1. The distribution of the researched population of enterprises by the employment size and area type in 2005 and 2010.

| Area type | Number of communes | Number of small enterprises in | | Number of medium-sized enterprises in | | Number of small and medium-sized enterprises in | | Share in overall population in, % | |
|--|--------------------|--------------------------------|------|---------------------------------------|------|---|------|-----------------------------------|------|
| | | 2005 | 2010 | 2005 | 2010 | 2005 | 2010 | 2005 | 2010 |
| Urbanised | 18 | 213 | 334 | 141 | 209 | 354 | 543 | 29.9 | 35.2 |
| Multifunctional | 53 | 242 | 308 | 117 | 159 | 359 | 467 | 30.3 | 30.3 |
| With prevailing agricultural functions | 82 | 215 | 225 | 108 | 132 | 323 | 357 | 27.3 | 23.2 |
| Strictly agricultural | 32 | 103 | 121 | 44 | 54 | 147 | 175 | 12.4 | 11.3 |
| Total | 185 | 773 | 988 | 410 | 554 | 1183 | 1542 | 100 | 100 |

Source: author's compilation based on the Main Statistical Office data.

On the other hand, in strictly agricultural areas which are characterised by a dominance of the agricultural function, a concentration of farmland, natural conditions favourable to agricultural production and a high share of commercial farms other economic functions are of small importance. Those areas are located outside the aforementioned types of areas; the share of farmland exceeds 80% of the total area or the share of farms with chiefly market-oriented production amounts to more than 70% [Bański 2009].

The researched population comprised 1,183 enterprises in 2005 and 1,542 in 2010, including 773 and 988 small as well as 410 and 554 medium-sized enterprises respectively. The entities were located in 185 communes, including 18 urbanised communes, 53 multifunctional communes, 82 communes with prevailing agricultural functions and 32 strictly agricultural communes (Table 1).

The research used a quantitative analysis of mean values from statistical reports of enterprises on income, costs, financial result and expenditure on fixed assets. The analysis enabled a conclusion about the degree of internationalisation of enterprises measured with the volume of export sales, import purchases and the share of foreign capital. The international potential of enterprises was compared, including their location, employment size and the forms and dynamics of internationalisation process.

Exports volume in small and medium-sized enterprises

The basic form of foreign involvement of an enterprise is export and import. Export is an active form of international involvement related with supplying the products of the enterprise to foreign markets [Gorynia 2007A; Witek-Hajduk 2010]. Entrepreneurs execute direct and indirect exports. The former is the sale of the producer's own products abroad without an intermediary. It refers to products marked with the producer's trademark which is well known. The latter refers to the agency which resales products purchased from

producers or other agents. It may take place under the agent's trademark [Rymarczyk, 2004].

Table 2. The average volume of exports from enterprises by the employment size and area type in 2005 and 2010, PLN thousand

| Area type | Mean value of net revenue from sales of exported products and services in | | Dynamics, % | Mean value of net revenue from sales of exported commodities and materials in | | Dynamics, % |
|---|---|--------|----------------|---|--------|----------------|
| | 2005 | 2010 | | 2010/2005 | 2005 | |
| | small and medium-sized | | | | | |
| Urbanised | 2225.8 | 3073.9 | 138 | 716.9 | 501.2 | 70 |
| Multifunctional | 1974.5 | 2889.7 | 146 | 274.7 | 599.8 | 218 |
| With prevailing agricultural functions | 2204.7 | 2820.8 | 128 | 129.4 | 1027.3 | 794 |
| Strictly agricultural | 743.9 | 1124.4 | 151 | 132.2 | 82.5 | 62 |
| Total | 1959.6 | 2738.2 | 140 | 349.7 | 605.4 | 173 |
| | small | | | | | |
| Urbanised | 281.4 | 433.2 | 154 | 231.3 | 262.1 | 113 |
| Multifunctional | 563.3 | 964.5 | 171 | 231.5 | 562.9 | 243 |
| With prevailing agricultural functions | 515.0 | 526.8 | 102 | 37.0 | 125.1 | 338 |
| Strictly agricultural | 285.0 | 920.2 | 323 | 52.2 | 59.4 | 114 |
| Total | 435.1 | 679.8 | 156 | 153.5 | 299.9 | 195 |
| | medium-sized | | | | | |
| Urbanised | 5163.1 | 7293.9 | 141 | 1450.5 | 883.4 | 61 |
| Multifunctional | 4893.3 | 6618.9 | 135 | 364.0 | 671.2 | 184 |
| With prevailing agricultural functions | 5568.6 | 6730.8 | 121 | 313.5 | 2565.3 | 818 |
| Strictly agricultural | 1818.1 | 1582.1 | 87 | 319.6 | 134.3 | 42 |
| Total | 4833.9 | 6409.3 | 133 | 719.6 | 1150.2 | 160 |

Source: author's compilation based on statistical reports of enterprises on income, costs, financial result and expenditure on fixed assets.

In order to analyse the export volume two measures were used: the net revenue from sales of products and from the sales of exported commodities and materials. The revenue from sales of commodities and materials includes the sales of components acquired to be resold in an unprocessed form. This is net revenue from the sales of commodities and materials without the value added tax, i.e. the amounts due for the sold commodities and materials, regardless of whether they were paid or not, resulting from a multiplication of the amount sold by the net sales unit price, corrected by the surcharges due and discounts, rebates etc. or agreed amounts due to be paid for sales.

In the researched group of enterprises, the mean value of product exports was higher than the value of commodities and materials exports. It was 2,738.2 PLN thousand as opposed to 605.4 PLN thousand in 2010. The highest value of product exports (3,073.9 PLN thousand) had the enterprises located in urbanised areas and the lowest (1,124.4 PLN

thousand) those in strictly agricultural areas. On the other hand, the enterprises in the areas with prevailing agricultural functions reached the highest mean value of the commodities and materials exports (1,027.3 PLN thousand), whereas the lowest value was reached in strictly agricultural areas (82.5 PLN thousand). The value of direct and indirect exports increased in 2010 by 40% and 73% on average, as compared with 2005. However, in urbanised and strictly agricultural areas the value of the commodities and materials exports decreased, whereas in the areas with prevailing agricultural functions it increased nearly seven times. The mean value of product exports increased by more than 50% in strictly agricultural areas (Table 2).

The mean value of product exports in the group of small enterprises in 2010 was 679.8 PLN thousand, whereas the mean value of commodities and materials exports was 299.9 PLN thousand. Small enterprises in multifunctional and strictly agricultural areas had the highest values of product exports. The average value of direct exports (562.9 PLN thousand) was the highest in small enterprises located in multifunctional areas and the lowest (59.4 PLN thousand) in strictly agricultural areas. The exports of commodities grew in small enterprises in 2010 more rapidly. It was higher by 95%, whereas the exports of products were higher by 56%, as compared with 2005. The growth of commodities exports was the most rapid in the areas with prevailing agricultural functions, whereas the export of products grew most rapidly in strictly agricultural areas.

Similarly to small enterprises, medium-sized enterprises reached in 2010 a high average value of product exports (6,409.3 PLN thousand) and a low value of commodities and materials exports (1,150.2 PLN thousand). Medium-sized enterprises reached the highest value (7,293.9 PLN thousand) of direct exports in urbanised areas and the lowest (1,582.1 PLN thousand) in strictly agricultural areas. On the other hand, the enterprises reached in indirect exports the highest mean value (2,565.3 PLN thousand) in the areas with prevailing agricultural functions and the lowest (134.3 PLN thousand) in strictly agricultural areas. The indirect exports in medium-sized enterprises grew in 2010 by comparison with 2005 more rapidly (60%) than direct export (33%). The highest growth in value of commodities and materials exports was observed in the areas with prevailing agricultural functions. It grew more than 8 times. In strictly agricultural areas, the value of both types of exports decreased, the exports of commodities and materials to a greater extent, whereas in urbanised areas the value of indirect exports decreased.

The average value of the exports of products and commodities in small enterprises was nearly half of the value achieved by medium-sized enterprises in strictly agricultural areas. The value of exports in small enterprises in multifunctional areas achieved similar values. In small enterprises in rural areas there was a more rapid growth of exports than in medium-sized enterprises. There was a similar trend in urbanised and multifunctional areas. In strictly agricultural areas the rate of products and commodities exports growth in small enterprises was nearly two and three times higher than in medium-sized enterprises. On the other hand, small enterprises in the areas with prevailing agricultural functions achieved a lower rate of exports growth than the medium-sized enterprises.

Imports volume in small and medium-sized enterprises

Import is a form of passive involvement abroad, related with purchasing commodities or services in foreign markets [Witek-Hajduk 2010]. Imports satisfy current productive

needs, like imports of raw materials, materials or semi-manufactured products and services, development needs, like imports of capital goods as well as consumption needs, like imports of consumer goods [Rymarczyk 2004]. Enterprises arrange imports directly or indirectly, which satisfies their current productive and investment needs. It is the imports of raw materials, materials and prefabricates for production purposes and the imports of machines, appliances and know-how. Another form of trade is the imports of trade commodities, i.e. the imports of commodities to be resold, which replace domestic production, substitutive imports or competitive to domestic products.

Table 3. The average volume of imports in enterprises by the employment size and area type in 2005 and 2010, PLN thousand

| Area Type | Mean total value of imports purchase in | | Mean value of raw materials, materials, semi-manufactured products and services imports for production purposes in | | Mean value of commodities and services imports to be resold in | | Dynamics | | |
|--|---|---------|--|--------|--|--------|-----------|------|-----|
| | 2005 | 2010 | 2005 | 2010 | 2005 | 2010 | 2010/2005 | | |
| | 1 | | 2 | | 3 | | 1 | 2 | 3 |
| small and medium-sized | | | | | | | | | |
| Urbanised | 5865.9 | 8233.4 | 2398.9 | 2286.0 | 3135.8 | 5641.5 | 140 | 95 | 180 |
| Multifunctional | 1430.9 | 2434.3 | 985.7 | 1038.1 | 399.3 | 1255.9 | 170 | 105 | 315 |
| With Prevailing Agricultural Functions | 1426.2 | 1747.0 | 1111.2 | 800.8 | 157.3 | 590.9 | 122 | 72 | 376 |
| Strictly Agricultural | 801.1 | 1165.3 | 355.6 | 480.9 | 428.5 | 563.3 | 145 | 135 | 131 |
| Total | 2678.5 | 4173.3 | 1364.5 | 1359.4 | 1155.7 | 2567.7 | 156 | 100 | 222 |
| small | | | | | | | | | |
| Urbanised | 3528.3 | 6179.2 | 216.1 | 386.5 | 3025.2 | 5661.3 | 175 | 179 | 187 |
| Multifunctional | 495.1 | 996.6 | 176.5 | 266.8 | 293.3 | 708.5 | 201 | 151 | 242 |
| With Prevailing Agricultural Functions | 236.6 | 284.3 | 126.5 | 122.1 | 68.1 | 121.2 | 120 | 97 | 178 |
| Strictly Agricultural | 212.5 | 659.3 | 22.4 | 238.1 | 186.7 | 276.4 | 310 | 1063 | 148 |
| Total | 1221.4 | 2545.1 | 153.0 | 270.8 | 969.2 | 2196.2 | 208 | 177 | 227 |
| medium-sized | | | | | | | | | |
| Urbanised | 9397.1 | 11516.2 | 5696.4 | 5321.6 | 3303.0 | 5609.8 | 123 | 93 | 170 |
| Multifunctional | 3366.5 | 5219.3 | 2659.2 | 2532.1 | 618.8 | 2316.3 | 155 | 95 | 374 |
| With Prevailing Agricultural Functions | 3794.5 | 4240.4 | 3071.5 | 1957.6 | 334.7 | 1391.6 | 112 | 64 | 416 |
| Strictly Agricultural | 2179.0 | 2298.9 | 1135.6 | 1025.0 | 994.5 | 1206.2 | 106 | 90 | 121 |
| Total | 5425.8 | 7076.9 | 3648.8 | 3300.7 | 1507.4 | 3230.3 | 130 | 90 | 214 |

Source: author's compilation based on statistical reports of enterprises on income, costs, financial result and expenditure on fixed assets.

Three values were applied for analysis of the volume of imports: the total imports purchase, the imports of raw materials, materials and prefabricates for production purposes

and the imports of commodities to be resold. Total imports purchase is the net value of purchased imported commodities and services, i.e. without the VAT and handling costs, including the purchase of imported fixed assets and services.

The researched enterprises based their activity on imported products to a different extent. The greatest volume of imported purchase could be observed in the enterprises located in urbanised rural areas. Its average value reached 8,233.4 PLN thousand in 2010, whereas the lowest volume was noted in the enterprises located in strictly agricultural areas, with the value of 1,165.3 PLN thousand. The average value of imported commodities for trade was 2,567.7 PLN thousand in 2010 and it was higher than the value of commodities for production purposes which was 1,359.4 PLN thousand. The areas with prevailing agricultural functions were an exception, whereas in strictly agricultural areas the value of materials, raw materials or semi-manufactured products, services and trade commodities imports did not differ much (Table 3).

An average value of import purchases increased in the researched group of enterprises in 2010 by 56%, as compared with 2005. The value of materials, raw materials or semi-manufactured products and services imports did not change and the imports of commodities for trade increased by 122%. In the enterprises located in urbanised areas, multifunctional areas and those with prevailing agricultural functions, the imports of commodities for increased more rapidly, whereas in strictly agricultural areas a higher growth rate was observed in the imports of commodities for production purposes. There was a more important role of the imports for commercial purposes in urbanised areas, whereas in strictly agricultural areas materials, raw materials or semi-manufactured products and services imports were more important.

Among small enterprises, the highest on average volume of import purchases could be observed in the enterprises located in urbanised rural areas. It amounted to 6,179.2 PLN thousand in 2010. The lowest volume was noted in the enterprises located in the areas with prevailing agricultural functions, i.e. 284.3 PLN thousand. In 2010, the average value of imports of commodities for trade was 2,196.2 PLN thousand and it was much higher than the value of commodities imported for production purposes, i.e. 270.8 PLN thousand. The enterprises located in the areas with prevailing agricultural functions and in strictly agricultural areas were an exception. Their values of materials, raw materials or semi-manufactured products and services imports as well as the imports of commodities for trade were very low and did not differ much. The highest rate of changes took place in the volume of the above mentioned imports in strictly agricultural areas, where they rose more than ten times in 2010, as compared with 2005. A considerable increase could be seen in the enterprises located in multifunctional and urbanised areas; it was more rapid in the commodities imports than in imports of materials, raw materials or semi-manufactured products and services.

The highest on average volume of import purchases in medium-sized enterprises could be observed in the enterprises located in urbanised rural areas. It amounted in 2010 to 11,516.2 PLN thousand. The lowest volume was noted in the enterprises located in areas with prevailing agricultural functions, i.e. 2,298.9 PLN thousand. The average value of commodities imported for trade in medium-sized enterprises in 2010 was 3,230.3 PLN thousand and it was slightly lower than the value of commodities imported for production purposes, i.e. 3,300.7 PLN thousand. The enterprises located in urbanised areas and in strictly agricultural areas were an exception, where the value of materials, raw materials or semi-manufactured products and services imports was slightly lower than the imports of

commodities for trade. There was a growth in the imports of commodities for trade. It was the highest in the areas with prevailing agricultural functions and in multifunctional areas, where the value of imports of commodities for trade increased in 2010 more than 4 times and nearly 4 times respectively, as compared with 2005. During the period under analysis the researched group of enterprises noted a fall in the imports of materials, raw materials or semi-manufactured products and services, which was the highest in the areas with prevailing agricultural functions.

Enterprises with foreign capital input

Apart from traditional trade relations, the capital connections are at present an essential form of international involvement of enterprises. The sale of shares of an enterprise in the domestic market to a foreign entity is a passive, non-cooperative and capital form of internationalisation [Gorynia 2007A; Witek-Hajduk 2010]. The investment involvement of Polish enterprises abroad is not high, but it has been increasing in recent years. On the other hand, the location of foreign investments in domestic enterprises is a significant economic process and so far it has been the dominant form of internationalisation of Polish enterprises [Rymarczyk 2004].

In the researched group of enterprises, their number with foreign capital input changed depending on the size of the enterprise and the functional type of the area. On average, the share of entities with foreign capital input in the total number of enterprises was 12.9% in 2005 and it increased to 15.2% in 2010. This share was the highest in urbanised areas, i.e. 23.9% in 2010, and it was the lowest in strictly agricultural areas, i.e. 6.3%. There were similar changes between 2005 and 2010, this share rose by more than 4% in urbanised areas and only by 0.2% in strictly agricultural areas, whereas in the areas with prevailing agricultural functions it dropped by 1% (Table 4).

Among small enterprises the share of foreign capital was nearly 9.7% in 2005 and it increased to 12.2% in 2010. The share of small enterprises with foreign capital input was diversified according to the area type. The largest number of enterprises (18.6%) was located in urbanised areas in 2010, whereas the smallest number (i.e. 6.6%) was in strictly agricultural areas. The dynamics of enterprises with foreign capital input in urbanised and in strictly agricultural areas was in 2010 similar; their share increased by 4% and 3.7% as compared with 2005. On the other hand, the increase in areas with prevailing agricultural functions and in multifunctional areas reached barely 0.5%.

On the other hand, the share of foreign capital input in medium-sized enterprises was higher than in small enterprises. It was 19% in 2005, but it rose to 20.6% in 2010. The number of enterprises with foreign capital input differed depending on the area type. The largest number (nearly 32.5%) of medium-sized enterprises was in 2010 located in urbanised areas, whereas the smallest number (5.6%) was in strictly agricultural areas. There was a different dynamics of the number of enterprises between 2005 and 2010. Their number increased in urbanised and multifunctional areas by 5.5% and 3.3% respectively, whereas in the areas with prevailing agricultural functions and in strictly agricultural areas it decreased by 4.6% and 8% respectively.

Table 4. The share of enterprises with foreign capital input by the employment size and area type in 2005 and 2010

| Area type | Total number of enterprises in | | Enterprises with foreign capital input in | | Share of enterprises with foreign capital inputs in, % | | Change 2010/2005 |
|--|--------------------------------|------|---|------|--|------|------------------|
| | 2005 | 2010 | 2005 | 2010 | 2005 | 2010 | |
| | small and medium-sized | | | | | | |
| Urbanised | 354 | 543 | 69 | 130 | 19.5 | 23.9 | 4.4 |
| Multifunctional | 359 | 467 | 40 | 59 | 11.1 | 12.6 | 1.5 |
| With prevailing agricultural functions | 323 | 357 | 35 | 35 | 10.8 | 9.8 | -1.0 |
| Strictly agricultural | 147 | 175 | 9 | 11 | 6.1 | 6.3 | 0.2 |
| Total | 1183 | 1542 | 153 | 235 | 12.9 | 15.2 | 2.3 |
| | small | | | | | | |
| Urbanised | 213 | 334 | 31 | 62 | 14.6 | 18.6 | 4.0 |
| Multifunctional | 242 | 308 | 24 | 32 | 9.9 | 10.4 | 0.5 |
| With prevailing agricultural functions | 215 | 225 | 17 | 19 | 7.9 | 8.4 | 0.5 |
| Strictly agricultural | 103 | 121 | 3 | 8 | 2.9 | 6.6 | 3.7 |
| Total | 773 | 988 | 75 | 121 | 9.7 | 12.2 | 2.5 |
| | medium-sized | | | | | | |
| Urbanised | 141 | 209 | 38 | 68 | 27.0 | 32.5 | 5.5 |
| Multifunctional | 117 | 159 | 16 | 27 | 13.7 | 17.0 | 3.3 |
| With prevailing agricultural functions | 108 | 132 | 18 | 16 | 16.7 | 12.1 | -4.6 |
| Strictly agricultural | 44 | 54 | 6 | 3 | 13.6 | 5.6 | -8.0 |
| Total | 410 | 554 | 78 | 114 | 19.0 | 20.6 | 1.6 |

Source: author's compilation based on statistical reports of enterprises on income, costs, financial result and expenditure on fixed assets.

Conclusions and recommendations

There is a considerable diversification in the process of internationalisation of enterprises in Poland, which may influence the balanced development of economy. The analysis confirmed the presence of two important effects in the process of enterprise internationalisation: potential effect and agglomeration effect.

The presence of those effects is indicated by the international involvement of larger enterprises located in the areas near urban agglomerations. Enterprises in urbanised areas gain agglomeration advantages resulting from the advantages of scale, location and urbanisation. In the researched group of enterprises the agglomeration effect clearly determines the forms of their internationalisation. The presence of these effects in the process of enterprise internationalisation may mean that the aim of enterprises may be to gain and maintain permanent advantage in the local market rather than to realize global strategies.

The analysis positively verified the hypotheses. The internationalisation potential of enterprises depends on the possibility of gaining foreign capital and thus, of gaining advantage over domestic competitors. On the other hand, the location of direct investments in the largest enterprises which are located in big agglomerations confirms the assumptions of Dunning's [1980] eclectic theory of direct investments. It assumes that the internationalisation of production takes place where there are specific advantages resulting from the property, internalisation and location [Gorynia 2005]. The research took into consideration a diversification of structure, size and location of enterprises. This enabled the author to draw a conclusion about the heterogeneity of the processes of enterprise internationalisation and their concentration in urbanised areas. In consequence, there are even bigger differences in the development of urban outskirts, including strictly agricultural areas and the areas with prevailing agricultural functions whose competitiveness decreases.

To sum up the research results, the share of enterprises with foreign capital in the total number of enterprises changed between 2005 and 2010 along with the size of enterprises and the type of the area where they were located. There was a higher number of enterprises with foreign capital input among medium-sized rather than small companies. The highest number of these was located in urbanised areas and the lowest in strictly agricultural areas. The share of enterprises with foreign capital input among small and medium-sized enterprises in urbanised areas was about 20% and 30% respectively, whereas in strictly agricultural areas it was about 7% and 6% respectively. However, as far as medium-sized enterprises are concerned, there was a slightly slower rate of growth of enterprises with foreign capital input in 2010, as compared with 2005. There was a similar increase in the number of small enterprises with foreign capital input in urbanised and strictly agricultural areas. However, as far as medium-sized enterprises with foreign capital input are concerned, in 2010 their number decreased by 8% in strictly agricultural areas and by 4.6% in the areas with prevailing agricultural functions, as compared with 2005.

Small and medium-sized enterprises achieved a higher value of imports when they were located in urbanised areas. The imports of commodities for resale were also more significant in those areas. In the other areas the enterprises had a higher value of imports for production purposes. The imports of commodities for trade were an essential form of imports in small enterprises, whereas medium-sized enterprises turned the majority of imports for their own production purposes. In the researched period there was an increase in imports in small enterprises in strictly agricultural areas, which indicates their growing share in the processes of internationalisation.

The direct exports of products made in the enterprise were in the researched group of enterprises located in rural areas more significant than indirect exports of commodities and materials. During the period under analysis, small and medium-sized enterprises achieved a higher value of exports when they were located in urbanised areas. In the researched period there was a considerable increase in the exports in small enterprises located in strictly agricultural areas, which indicates their growing share in the processes of internationalisation.

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