



# Non-Classical Resource Approach as A Strategy for The Internationalization of Enterprises: Objectives Against General Obstacles

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## Abstract

The authors of the paper discuss the basic foundations of internationalization of private enterprise, related concepts of international business management, as well as key determinants and tendencies prevailing in contemporary realities of business management in global conditions. The main objective of the paper is to analyze the issues concerning the operation of enterprises in the international environment based on the concept of non-classical resource approach. The authors focus on interpreting the elementary categories of strategic management in relation to the phenomenon of internationalization, external and internal factors affecting the internationalization of enterprises, and, in terms of the non-classical resource approach, they evaluate to what extent the owned or required resources may determine the functioning of the company in the foreign markets.

**Keywords:** Business Environment; Internationalization; Management; Opportunities; Resources.

## 1. Introduction

Awareness of the environment favors contemporary internationalization processes, which become an indispensable way to compete with other entities and can be a factor stimulating production growth and thus a factor increasing profits. When considering issues such as global processes, competition, or information technology and the phenomenon of internationalization itself, it is impossible to ignore the concept of strategic management. Both strategic management in enterprises, as well as and internationalization strategies are the foundation of the company's development and orientation to foreign markets. Significant, therefore, is the exploration of approaches and strategic management processes that determine enterprises to expand in connection with internationalization strategies, its instruments, and sources. A non-classical resource approach based on an opportunity, in particular, should not be ignored in discussions regarding the phenomenon of internationalization of enterprises. The business environment, as a set of variables that continually influence the behavior of entrepreneurs on the market, may constitute a kind of stimulus or an obstacle for the processes of internationalization of the company's activity. It is worth examining the direction of development for foreign-oriented enterprises, whether they and how to use their resources and/or search for them, especially in the context of a non-classical resource approach based on opportunities and how they influence, stimulate or formulate business ventures in terms of entering foreign markets. The issue of internationalization, exploitation of resources in terms of exploring the opportunities in the foreign business environment, as well as issues concerning the

functioning of companies in the global space have been the object of the study in this article.

## 2. The non-classical resource approach as an internationalization strategy for enterprises

There are many resources and environment concepts in the literature on the subject regarding the resource approach. The first mention of the essence of resources for the functioning of the enterprise can be found in the literature of the 60's of the last century. E. Penrose [1] is a pioneer of the resource approach, and the authorship of the term RBV (Resource-based View) belongs to B. Wernerfelt [2]. The resource stream was particularly developed in the early 1990s, and its premises can be found in the works of M. A. Peteraf [3], J.B. Barney [4], M. R. Grant [5], G. Hamel and C.K. Prahalad [6] and many others. The most known author of the resource approach in Poland is R. Krupski [7] who claimed that resources form the basis for various models of organizational flexibility, which includes plans and structures and which determines both the competitive advantage and survival issues, which are extremely important from the perspective of a turbulent and dynamically changing environment. They are therefore indispensable and irreplaceable absolutes of the functioning of enterprises in the international environment [8]. A similar opinion was given by mentioned E. Penrose [1] who precisely pointed out that resources have an impact on the company's potential and flexibility, which can be seen when they are used. J.B. Barney claimed that maintaining a competitive advantage depends on the company's resources, which should be valuable, rare, difficult to imitate and replace [4]. According to K.M. Eisenhardt and J. A. Martin, the

processes taking place in the company are based on dynamic capabilities that use resources to adjust the company to market changes, and even to call them. Dynamic competencies allow the creation of resource configurations, thanks to which the company gains the advantage and develops [9]. A thought-provoking suggestion was put forward by J. Brillman who suggested that before a company starts to develop a strategy, it should evaluate and identify resources that are of real value from a strategic point of view, on which they will later build their competitive advantage [10]. E. Maslyk-Musiał, A. Rakowska, and E. Krajewska-Bińczyk regard that the organization's resources as goods which used by the organization help to achieve its goals, and they are also referred to as capital and perceived as limited goods of various forms, whose purposeful possession and use becomes the source of generating the expected values [11]. A comparable concept was developed by J.P. Lenzion and A. Stankiewicz-Mróż [12] who assumed that management consists in acquiring, deploying and using various resources, which can lead to the organization achieving its goals. The concepts related to the resource approach allow to conclude that it is impossible not to notice the importance of resources in maintaining the market position and building company value in such a volatile and uncertain environment, which is why it is important for companies to have a number of competencies that will allow them to be justified use especially in the case of enterprises oriented at operating on foreign markets. More importantly, resources allow companies to conduct their own analysis of the environment, not only national but also international, which in turn will translate into appropriate strategies, thanks to which it can be concluded that the action based on resources gives a chance for independent and autonomous action. This means that on the one hand, companies can freely use relationships and relationships with other domestic and foreign entities, when they recognize that such relations will favour their functioning primarily on foreign markets, and on the other hand, companies, if they have adequate resources and know how to operate them, can operate independently in these markets and irrespective of their links with other entities. Nevertheless, cooperation with others can be fruitful and useful, especially if companies are based on cooperation with foreign entities drawing on their experience in order to learn and acquire proper practices as well as skilfully use their own resources outside the home country [13]. Having that in mind, one can conclude that resources determine the actions and strategies of the company due to which, the certain goals are achieved or not. Therefore, it can be regarded as the process in which to a large extent, not the resource base itself, but also the specific activities of the company, its operations, processes taking place inside the company and its key skills based on the resources it owns, may together ultimately bring the expected success:

resources - business processes - the company's success [14].

Having the above concepts of strategies built on the basis of a resource approach, R. Krupski adopted a slightly different assumption, stating that in fact such a construction should be based on conditions created for the purpose of taking advantage of opportunities. The author pointed out the importance of creating specific conditions for having access to own or foreign resources, on the basis of which the company will prepare appropriate action plans. Opportunities are key when viewed through the prism of fighting against competition, especially when it concerns competition on foreign markets [7]. R. Hayes believes that the company's success is to a large extent determined by the ability to overtake competitors and results from "a faster response to favourable opportunities"[15]. R. Krupski [7] in the conducted research on micro, small and medium enterprises, showed that most enterprises pointed to opportunities as a factor in their development and most of them admitted that they take advantage of emerging opportunities to increase the scope of activity on the existing market and/or enter new markets. The opportunities that were shown in the research most often concerned the accidental purchase of production means, as well as elements of buildings or empty areas at attractive, low prices. The opportunities also contributed to the

initiation of activities so far unplanned and different from the company's profile. The use of opportunities, however, is conditioned by having an excess of resources, possibly stable and reliable access to foreign resources and the ability to use them properly in the exploitation process. Therefore, according to R. Krupski, a model of the process taking place inside the company, based on resources, should be modified into:

*resources - business processes regarding the identification and exploitation of opportunities – company's success* [16].

Possession of resources in order to use them in the event of an opportunity appearing is quite important for a company oriented to foreign markets if one considers the instability of the international environment and its turbulent nature. Such business environment conditions in some cases force the companies to rely on their own resources as a kind of safe base because, in the realities of unpredictable foreign markets, the company's interior is a stable strategy base [8]. The above issues form the backbone of the non-classical resource approach, which includes important objectives:

- building a company's strategy based on occasions,
- resources and competencies of the company as a source of competitive advantage should be used in the process of exploiting the opportunity,
- the use of opportunities in the environment and inside the enterprise is crucial in building added value,
- strategies are interpreted in the language of the occasion: the category of resources, the direction of using the opportunity,
- the strategy process is dynamic and emergent [17].

The key issue remains the specification of the non-classical resource approach as an internationalization strategy for enterprises. Considering that, in essence, the internationalization of an enterprise consists in expanding its activities into foreign markets, it can be concluded that exploiting opportunities, in this case in the international environment, it seems to be the most appropriate strategy. Considering the fact that currently the environment conditions are characterized by unusual dynamics of changes and unpredictability, it seems right that companies will be willing to analyse the markets first in terms of their own capabilities, skills, and resources so that entering the market potentially turns out to be accurate and does not bring negative effects. Companies wishing to acquire new foreign markets, but in a safe manner, without unnecessary risk, must properly assess their own resources and determine possible access to foreign resources, which will constitute a kind of safety base for the undertaken activities. Therefore, opportunities emerging in the international environment, as well as in the domestic environment, should be used in conditions that are sufficient or in excess of resources, and strategies developed in the language of the occasion should be developed based on available resource categories and properly targeted for opportunities.

### 3. Results and Discussion

The Silesian Voivodship is perceived as a leading region in terms of very well-educated employees, especially in the field of information technology. Equally high is the commitment and attitude to work. Combining the asset of human potential with a very good infrastructure, it can be said that the Silesian region is extremely entrepreneurially attractive and can compete with others not only in the country itself but all over the world [18]. Thus, the authors present the characteristics and results of qualitative empirical research and quantitative analyses carried out among enterprises in the Silesian Voivodship in order to demonstrate the level of internationalization of enterprises based on the non-classical approach in the context of strategic management. From the perspective of internationalization, they examine whether, and how, entrepreneurs use opportunities, what character they are and whether companies use resource-based strategies to use these opportunities, and if so, what are they and if they are verified and modifications if there are other occasional events. The research sample included micro, small, medium and large enterprises (Fig. 1), irrespective

of the type of activity, and CAWI and CATI techniques, as well as direct interviews, were used to obtain answers to specific questions. The study involved 114 enterprises, of which one hundred companies were questioned using CAWI and CATI techniques throughout the province, with fourteen companies from the Czeszochowa and Lubliniec regions a direct interview was conducted.

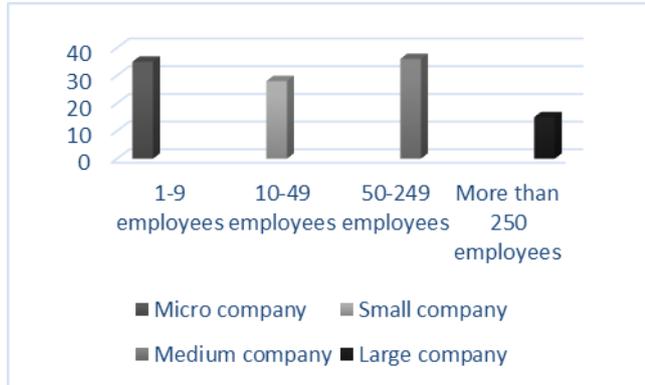


Fig. 1: The type of enterprise according to the number of persons employed N=114

The cross-section of companies participating in the study includes both medium enterprises and micro, as well as small and large employing over 250 people. The number of medium and micro enterprises is almost the same, which accounts for 31% and 30% of all companies, respectively, while small enterprises account for slightly more than 25%, and large enterprises close to 14% out of all entities N = 114. Among the surveyed companies, 45% only deal with services, and 10% of them take into account services in their operations alongside production and trade. Only 20% of the companies in question deal with production, with 5% of enterprises pointing to production together with trade and by analogy 5% of companies are involved in the production and at the same time offers services. Trade alone runs 9% of enterprises from the surveyed population of 114 companies, and 6% trade with services. According to the respondents, 20% companies deal with the production itself, which is 21% of the surveyed population, and trade of 11 entities, or about 10% of all surveyed enterprises. Other companies indicated combinations of activities. There were 19 companies which deal with services and consultancy, 5 real estate companies, 3 companies operate in the industry qualified to the category of environmental protection and ecology, and 4 enterprises have pointed to the automotive industry. Other industries listed by respondents are gastronomy - 2 companies, energy - 2 companies, production of footwear - 2 companies, production of winter sports products - 2 companies, production of games and toys - 1 company, printing - 1 company and locksmith - 1 company. Other data on the above chart indicate that 24 companies deal with industrial production and 14 companies operate in the trade sector. Among the respondents, there were also 11 companies operating in construction, 8 companies in transport and 6 in the IT industry. Few pointed to tourism, hospitality or the food industry. The lowest number of companies operating in health care and education - two entities deal with health protection and one company operates in education. The vast majority of the surveyed enterprises has been functioning for over 16 years. There were 63 entities whose presence on the market lasts more than 16 years, which in comparison with other ranges of years gives almost 56% of all surveyed companies. Less than 9% of companies operate on the market from 13 to 16 years, slightly more than 12% are companies that have been on the market for at least 9 years, and nearly 14% are enterprises that launched their operations the most 8 years ago. The youngest, functioning for 4 or fewer years, are companies constituting about 11% of all surveyed entities. The markets on which function the companies are presented in Fig. 2.

According to the collected data, almost 59% of the surveyed enterprises operate exclusively in the country, and almost 40% of enterprises take into account in their activities the domestic and

foreign market, which together with two companies that indicated activity only on the foreign market gives almost 42% of enterprises operating also outside of Poland. Due to the fact, that the aim of the article is to present the results of the study concerning the resources and their use in exploration of foreign markets and occasions in them, the authors focus generally on the completed results of the research including the answers to questions about the resources. The outcomes of the experiment have been discussed in the following part.

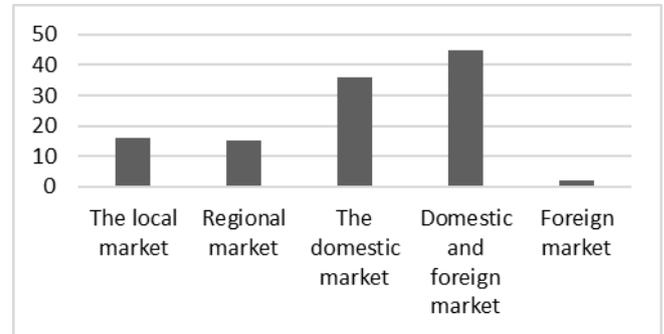


Fig. 2: The kind of market in which operate the companies N=114

## 4. Experimental

In the quantitative survey and the during the direct interview, the companies were asked for an indication of resources that they think are helpful and needed at the moment of entering foreign markets or if the company is preparing to do so in the future. The results of the quantitative survey are presented in Figure 3.

The enterprises indicated that the most important resources in internationalization both financial as well as personal and intellectual resources. Financial resources include stability in the company and assets extending operations outside the home country. According to the companies, an equally important aspect in internationalization is the company's own well-trained and qualified staff, who with their knowledge and experience is able to implement the company's expansion into foreign markets with positively measurable effects. Also, the intellectual resources of the company are conducive to activity on foreign markets, especially if among these resources there are those that allow the company to compete with foreign entities or achieve a competitive advantage in this field. The surveyed companies also indicated which resources they consider the most important when regarding foreign markets in general. The obtained data is presented in Figure 4.

During the interview with the group of 14 firms, it has been acknowledged that generally, the companies focus on financial resources which ownership determines employment of qualified staff and building the adequate infrastructure. These factors together allow entering the foreign markets. The gathered information is presented in Table 1.

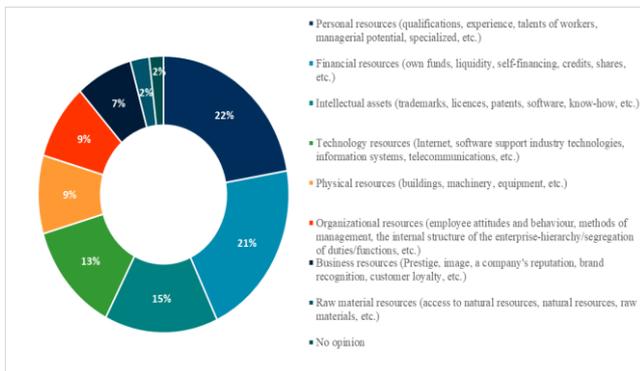


Fig. 3: The most important resources for the company considering entering the foreign market N=100

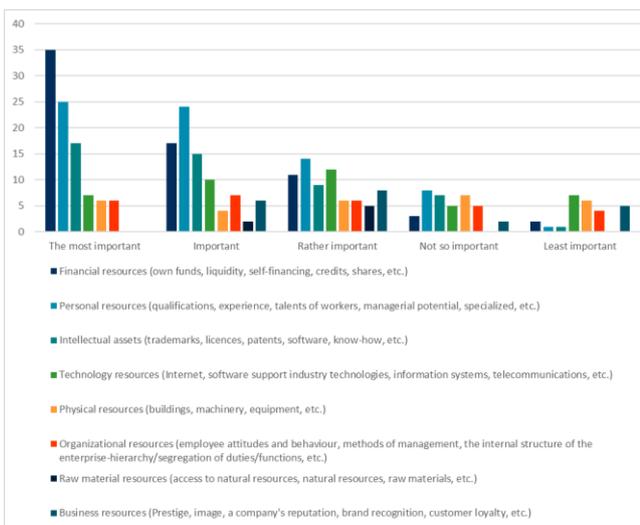


Fig.4: The importance of resources in internationalization in the opinion of the surveyed enterprises N=100

Table1: Resources significant in internationalization according to the interviewed companies N=14

Resources significant in internationalization according to the interviewed companies N=14									
Company	Presence in foreign markets	Financial resources	Personal resources	Intellectual assets	Technology resources	Physical resources	Organizational resources	Raw material resources	Business resources
A IT solutions Częstochowa	5-8 years	yes	yes		yes				
B Sport and Fun accessories Częstochowa-Błachownia	9-12 years	yes	yes			yes			
C Toys and musical instruments Częstochowa	13-16 years	yes	yes	yes		yes			
D Toys for kids Mykanów	13-16 years	yes	yes	yes		yes	yes		yes
E Shoe company Częstochowa	13-16 years	yes	yes	yes	yes	yes			yes
F Automotive accessories Częstochowa	more than 16 years	yes	yes						yes
G Window accessories Częstochowa	more than 16 years	yes	yes	yes	yes	yes			
H Car accessories Częstochowa	more than 16 years	yes	yes	yes	yes	yes			yes
I Lightning and lamps Częstochowa	more than 16 years	yes			yes	yes		yes	yes
J Shoe company Częstochowa	more than 16 years	yes	yes		yes	yes			
K Cast iron Foundry Częstochowa	more than 16 years	yes	yes	yes	yes			yes	yes
L Steel production Częstochowa	more than 16 years	yes	yes		yes	yes			
M Car components Częstochowa	more than 16 years	yes	yes		yes	yes			
N Metal Plants Lisów	more than 16 years	yes	yes		yes		yes	yes	

Based on the collected answers, it can be stated that the group of Polish enterprises surveyed in the Silesian Voivodeship oriented on foreign markets considers financial resources to be the most important in the internationalization process, and also the personal and intellectual resources are equally important. Companies have indicated that having or accessing these resources is a priority if the company is considering expanding outside of the home country. Gathering resources and organizing their proper use of them is extremely important for the surveyed companies. Based on resources, companies can possibly analyze the international environment for opportunities. What is more, during the interview, the companies put the emphasis on the fact that financial backup determines the possibility of taking business actions. Firms pay attention to the financial stability and they find lack of money as the obstacle to any sudden actions or investing in the development, which means also an exploration of foreign markets. According to them, financial resources are important to support the plans and strategies for broadening the company's functioning. Besides, if the company thinks about the personnel or infrastructure, it is also considered in terms of financial aspects, as without funds, firms are forced to reduce the employment, and/or search for savings. This results in lack of investing in buildings, machines or equipment until the company's financial situation improves.

### 5. Conclusion

Polish companies oriented to foreign markets prefer conscious and well-targeted action on these markets and do not decide on the spontaneous action without knowledge of the market. Such an attitude may, therefore, create the need to collect and organize appropriate resources that the company will be willing to exploit in order to enter foreign markets. Companies that already operate on foreign markets primarily use their resources and, if necessary, they can also look for them abroad. The obtained results from the empirical study confirm that according to the surveyed companies financial, personal and intellectual resources are the most important in the internationalization process. Both having these resources, accessing them and skilfully using them favours internationalization and potentially determine the success of enterprises on foreign markets.

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