Key motives for internationalization process of small and medium-sized enterprises

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Abstract

The ability of small and medium-sized enterprises, which account for 99% of all economic entities in the Czech Republic, to involve in the internationalization process is an often discussed topic. Apart from finding the key motives for entering a foreign market, the aim of this paper is to determine whether there is some dependence between motives and characteristics of a company. The results show some differences among sectors. Nevertheless, the key motives for internationalization of Czech SMEs are the foreign demand for products, the lack of demand in the domestic market, the customer portfolio enlargement and the increase in sales.

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1. Introduction

Small and medium-sized enterprises (usually abbreviated to SMEs) are important actors in any economy. They account for up to 99% of all economic entities not only in the Czech Republic but also in the entire European Union. Furthermore, SMEs are known to be an important determinant of economic growth and employment and their potential in terms of innovations is evident too.

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Globalization of economy and intense competition force businesses to look for new ways to sustain their competitiveness. One of the ways how to remain competitive, achieve a long-term profitability, competitive success, and actually how to survive is, not only for SMEs but also for large enterprises, the internationalization process. According to the European Parliament (2012), although not all SMEs operate in foreign markets, they all need to realize that due to the ongoing globalization the international competition is inevitable even in the domestic markets. This is because SMEs are no longer protected from foreign competition at their domestic markets.

SMEs, unlike large companies, face many barriers (such as the lack of financial and other resources), which prevent them from international development or hinder their involvement in the internationalization process. The way how can SMEs succeed in internationalization may be, according to Hutchinson et al. (2006), the employing of a differentiation strategy or involvement in networks, because networks can act as “catalyst” in the expansion of the international market.

With regard to the importance of SMEs for national economies, their numerous drawbacks, and obstacles they face it is crucial to pay attention to these entities and focus also on the specifics of their internationalization process. Korsakiene and Baranauskiene (2011) state that the success of internationalization depends on both the motivating factors and the factors impeding the process. Wilson (2006; p. 47) then emphasizes that “the motivation to internationalize is a key factor in SME internationalization”.

It is also vital to realize that the motivation for internationalization is important both in terms of the company’s management as well as from the perspective of policy makers, as government spends a considerable amount of money to support exports (directly or indirectly), as described by Stewart and McAuley (1999). When the motives leading to the internationalization of enterprises are known, the government support may be spent effectively and thus may better stimulate SMEs.

Motives that lead SMEs to think about the internationalization may vary across sectors, depending on the size of the enterprise, their previous experience with international operations, etc. Therefore, the paper scrutinizes the motives for SMEs internationalization also with respect to these points of view.

2. Literature review

There has been much discussion regarding various definitions of the term “internationalization”. Generally, internationalization of enterprises means their involvement in the international environment. Welch and Luostarinen (1988; p. 36) define internationalization as a “process of increasing involvement in international operations”. Johanson and Vahlne (1977) explain this concept similarly. On the other hand, Calof and Beamish (1995; p. 116) define internationalization as a “process of adapting the firm’s operations (strategy, structure, and resources) to the international environment”. Břečková (2003) explains the internationalization as a process of a firm’s involvement in international transactions, i.e. the internationalization is based on the form and the level of this involvement. As Buckley (1989) mentions, the internationalization is connected with a high level of risk and thus the limited resources of SMEs are the major barrier to their foreign expansion. Nevertheless, SMEs can cope with these obstacles for example by employing the strategy of differentiation or by involving in networks, which may be beneficial to all partners (Hutchinson et al., 2006).

Despite all the disadvantages that are associated with the internationalization of SMEs, it can be argued that this process is beneficial for SMEs, as stated in the report of the European Commission (EIM, 2010). Operating of SMEs in foreign markets is proven to be associated with a high growth of turnover, higher growth of employment, and higher innovation activities (EIM, 2010). Also the financial crisis represented a motive for many SMEs to take part in the internationalization, since due to the weak economic outlook in Europe they cannot rely solely on the domestic markets anymore (ACCA, 2012). Owing to internationalization, SMEs can obtain an additional capacity, strengthen their financial position, achieve innovation and increased revenues, all of which is also beneficial for their national economies. It is those SMEs from Central and Eastern Europe, including the Czech Republic, which may benefit from internationalization thanks to relatively competitive prices of their products in comparison with the prices of foreign competitors (ACCA, 2012). However, considerable disadvantages for SMEs trying to internationalize their activities are the lack of resources, especially financial, and the subsequent need for a rapid return on investment, which lead to limited options for selection of the method to entry the foreign market. In addition, these companies have only a limited knowledge about foreign markets and lack the necessary relationships.
with the key foreign partners. These factors are often intensified by the managers’ unwillingness to search for foreign opportunities. SMEs differ from larger enterprises not only in size and financial constraints, but also in managerial and operational characteristics (Hutchinson et al., 2006).

As reported by Antoldi (2012), the main SME characteristics, which distinguish them from large enterprises, can be divided into 4 categories. The first feature of SMEs is the entrepreneurship. These enterprises are managed and led most often by only one manager, in most cases an owner, or a small group of people who make decisions about the firm’s development. The second feature of SMEs is a simple and flat organizational structure and a low degree of division of labour or specialization that allows them to respond quickly and flexibly to changes. The third feature is the SMEs’ focus on specific competitive strategies. Hardly could SMEs use the cost-leadership strategy connected with economies of scale which derive from a large volume of activities. However, they can follow the market focus strategy or the strategy of niche seeking. The last feature is the fact that SMEs are mostly owned and managed by family members. This leads to limited financial resources, a lower degree of the top management mobility, and unwillingness to establish relations with new partners. These characteristics may be completed, according to ACCA (2012), with the specificities of SMEs’ decision-making process which is primarily based on intuition and personal or family relationships, unlike the rational strategic planning used by managers of large enterprises.

Many authors raise the question: Why do enterprises decide to engage in internationalization? What is driving them to internationalization? As Senik et al. (2010) state, factors influencing SMEs’ decision to involve in the process of internationalization can be studied through motives. The internationalization motives were scrutinized for example by Derersky (2000), Yip (2003), Rodrigue et al. (2010), Korsakiene and Tvaronaviciene (2012), and others. A detailed description of motives not only enables managers to prepare for the internationalization process, but can also help to target the governmental support for internationalization properly. In addition, Baldauf et al. (2000) found out that the right prerequisite for an export success is, besides the size of the enterprise, also the motivation of the company’s management for engaging in the internationalization, and the strategy of differentiation.

According to Korsakiene and Baranauskiene (2011) enterprises are motivated by different factors depending on the stage of the internationalization process. The literature presents various classifications of the internationalization motives. Some authors distinguish between internal and external motives (for example Korsakiene and Tvaronaviciene, 2012; Minina and Dmitrienko, 2011). According to Mwiti et al. (2013), the internal motives can be considered all factors related to the influences from within the enterprise, while external factors are those stemming from the company’s external environment, whether domestic or foreign. The motivational factors can be also divided into “pull” and “push” ones (Onkelix and Sleuwaegen, 2008). Other authors differentiate between reactive and proactive motives (Czinkota and Ronkainen, 2012). According to the results of the empirical survey conducted by the OECD (2009) in cooperation with APEC, the factors that motivate SMEs throughout the world to engage in the internationalization can be divided into 4 groups: growth motives (1), motives related to the firm’s knowledge (2), motives reflecting social ties, networks and supply chain relations (3), and motives connected with the domestic or the foreign market (4).

Some authors then focus on studying the motives in the context of Born Global (Zucchella et al., 2007). “Born Globals” may be defined, according to Hollensen (2008), as the enterprises which since their establishment pursue the goal of rapid entry into foreign markets without a long-term activity in the domestic market. A major role in the motivation of these enterprises to entry foreign markets plays the management - attitudes of managers and particularly their international experience. The important factors are also the type and the specifics of the sector in which a Born Global enterprise operates. The fact that the share of Born Globals varies depending on the sector has been empirically verified also for Czech SMEs (Kubičková, 2013).

There is an assumption that the motives for internationalization of SMEs differ from the motives for internationalization of large companies. The internationalization motives relevant particularly to SMEs were discussed for example by Hollensen (2008) who classified the motives to proactive and reactive ones. Hollensen (2008) explains that proactive motives are those based on internal decisions of the enterprise, therefore they are based on the enterprise’s interests in utilizing some unique competencies or market opportunities. The concept of proactive motives is in accordance with the resource-based view of an enterprise which states that a competitive advantage can be gained through the integrative employment of the enterprise’s resources (Stewart and McAuley, 1999). In contrast to this, the reactive motives reflect a passive behaviour of the enterprise which emerges from
a pressure or threats in the domestic or in foreign markets, but also from a pressure in the internal environment of the enterprise (Hollensen, 2008; Stewart and McAuley, 1999).

According to Hollensen (2008), among the basic proactive motives that initiate the entry into foreign markets are the following ones: profit and growth objectives, managerial initiatives, technological competences, uniqueness of product, foreign market opportunities, market information, economies of scale, and tax benefits. Within the framework of reactive motives Hollensen (2008) mentions the following: competitive pressure, small domestic market and lack of domestic demand, overproduction or excess capacity, unconsolidated foreign orders, possibility to extend sales of seasonal products, and proximity to international customers or psychological distance.

The push and pull classification of motivational factors was introduced by Onkelinx and Sleuwagen (2008). As “pull” factors are defined motives that arise from attractive conditions in foreign markets and from a favourable development of foreign markets. These motives pull the enterprise into internationalization. “Push” factors, on the other hand, are the motives that reflect the specific characteristics of enterprise given by its resources, competitiveness, and product life cycle.

Some authors also deal with the influence of various motives on the export effectiveness and success. For example, Baldauf et al. (2000) found out that the proactive external motives (e.g. the physical proximity to customers in foreign markets) have a positive effect on the export efficiency and intensity, while the reactive external motives (e.g. competitive pressures in domestic market) decrease the export intensity. It means, according to Voerman (2003), that responding to negative pressures, unlike taking the foreign market opportunities, does not improve the export performance.

3. Objective and methodology

The aim of this paper is to determine the motives that initiate the engagement of Czech SMEs in the internationalization process and also to verify which factors (characteristics of an enterprise) may affect the motives for entering a foreign market.

To identify the specifics of internationalization processes of SMEs from the Czech Republic several partial questionnaire surveys were conducted between 2010 and 2012. The questionnaires were sent via e-mail to SMEs from various sectors of the Czech economy. This enabled to assess the differences and similarities in the behaviour of SMEs from individual sectors. Among other specifics, the motives for engaging in internationalization were scrutinized in order to describe the overall process of engagement in international activities. The first question should be: why do Czech SMEs take part in internationalization, what are their motives or driving forces?

This paper deals with the results of questionnaire surveys conducted among SMEs from wood processing industry (80 respondents), agriculture (28 respondents), food industry (32 respondents), textile industry (98 respondents), and mechanical engineering (103 respondents). A total of 341 respondents were included. Only questionnaires from SMEs already involved in the internationalization or SMEs which dealt with foreign trade in the past but nowadays operate only in domestic markets were processed. SMEs that have not been involved in the internationalization so far were not included because they were not able to identify the motives which lead the enterprise to take part in this process as they have no experience with it.

The descriptive statistics, such as calculation of absolute and relative frequencies, was used to process the obtained data. To test the independency between motives for internationalization (five key motives selected) and the characteristics of an enterprise (firm size, the length of existence in domestic market, previous experience with foreign trade), the hypothesis testing was performed. The Pearson’s Chi-Square test for independence between qualitative variables was applied.

The chapter Results and discussion can be divided into three parts. In the first part the differences and similarities regarding the motives for internationalization of SMEs from different sectors are discussed. In the second part the relations between motives and the size of enterprises, the previous experience with foreign trade, and the length of existence in the domestic market are investigated. The third part includes comparison of the results and the findings of an Austrian study related to motives for engaging in the internationalization. This study included 487 respondents and was conducted in 2004 at the Austrian institute for Economic research WIFO. (Wolfmayr, 2004) The study focused on motives and barriers related to expansion of Austrian enterprises into foreign markets and it also dealt with the motives and barriers in the context of the enterprise’s size and its previous international experience.
4. Results and discussion

Despite the fact that the data from different industries were processed separately, some general conclusions can be drawn. The most important factors that motivate Czech SMEs to engage in internationalization are the foreign demand for their products, the possibility of customer portfolio enlargement, the lack of demand in the domestic market, the increase in sales, and the competitive pressure in the domestic market. These are the most often mentioned motives by SMEs from all sectors, when not considering their exact ranking. This conclusion is supported by the Table 1 which shows the comparison of the most important internationalization motives for SMEs from food industry, wood processing industry, and agriculture. Among these top motives are included those mentioned by at least one third of respondents in particular sectors. The only exception has been made in case of agriculture where in general SMEs are less motivated to internationalization than SMEs from other sectors (compare with Fig. 1). That is why only one quarter of respondents mentioning a particular motive has been set as a threshold for distinguishing the top motives in agriculture.

Table 1. Top motives for internationalization – comparison of different industries.

<table>
<thead>
<tr>
<th>Food industry</th>
<th>%</th>
<th>Wood processing industry</th>
<th>%</th>
<th>Agriculture</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign demand for products</td>
<td>63</td>
<td>Foreign demand for products</td>
<td>84</td>
<td>Higher sale prices in foreign markets</td>
<td>50</td>
</tr>
<tr>
<td>Increase in sales</td>
<td>56</td>
<td>Lack of demand in the domestic market</td>
<td>53</td>
<td>Foreign demand for products</td>
<td>36</td>
</tr>
<tr>
<td>Competitive pressure in the domestic market</td>
<td>47</td>
<td>Competitive pressure in the domestic market</td>
<td>45</td>
<td>Customer portfolio enlargement</td>
<td>29</td>
</tr>
<tr>
<td>Customer portfolio enlargement</td>
<td>47</td>
<td>Increase in sales</td>
<td>44</td>
<td>Significant position in the domestic market</td>
<td>29</td>
</tr>
<tr>
<td>Accession to the EU</td>
<td>41</td>
<td>Enlargement of market for company products</td>
<td>39</td>
<td>Enhancement of image</td>
<td>25</td>
</tr>
<tr>
<td>Lack of demand in the domestic market</td>
<td>41</td>
<td>Customer portfolio enlargement</td>
<td>38</td>
<td>Increase in sales</td>
<td>25</td>
</tr>
<tr>
<td>Better use of production capacity</td>
<td>41</td>
<td>Better use of production capacity</td>
<td>36</td>
<td>Grants and subsidies</td>
<td>25</td>
</tr>
<tr>
<td>Competitor’s success in foreign markets</td>
<td>34</td>
<td>Higher sale prices in foreign markets</td>
<td>33</td>
<td>Previous manager’s experience with the foreign trade</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: author’s results

Table 1 does not contain top motives for SMEs from the textile industry and the mechanical engineering because SMEs from these sectors chose the motives from different list in the questionnaire, therefore their answers cannot not be exactly compared with the answers of SMEs from the sectors shown in the table. Nevertheless, in spite of not having the same selection possibility, the most often mentioned motives for SMEs from mechanical engineering are again the increase in sales (63 %), the foreign demand for company products (44 %), the customer portfolio enlargement (44 %), the competitive pressure in the domestic market (40 %), and the lack of demand in the domestic market (32 %). Concerning the SMEs from the textile industry, the results are again similar: the foreign demand for products (65 %), the customer portfolio enlargement (39 %), the lack of demand in the domestic market (38 %). Moreover it is interesting that for SMEs from the textile industry a better use of their production capacity is not so motivating (it was mentioned only by 3 % of respondents from this sector, the reason was probably the decrease in demand for their products due to the economic recession and strong Asian competition) in contrast to SMEs from the wood (36 %) and the food industry (41 %). An often mentioned barrier for competitiveness within the food industry was the lower utilization of capacities which causes the increase in fixed costs (Doucha and Pohlová, 2013). To reduce these costs SMEs may try to make better use of their capacities by producing for foreign markets. With regard to the wood industry, the motive of better use of production capacity can be affected by the recent restructuring of production and the efforts to use effectively the modernized production equipment and technologies (MPO, 2013).
Fig. 1 shows attitudes of SMEs regarding the whole list of motives and suggests that the least internationalization-motivated subjects are SMEs from the agriculture sector. Due to the accession of the Czech Republic to the European Union, the agricultural enterprises have to comply with many new requirements and standards which increase their production costs and thus prices which lead to a lower international competitiveness of Czech agricultural enterprises. (Doucha and Pohlová, 2013) This also supports the finding that only 14% of agricultural SMEs chose as a motive for internationalization the accession to the EU. However, more interesting conclusions can be found.

In 4 out of 5 sectors it is the foreign demand for company products which motivates the most to enter the foreign markets. Only the agricultural SMEs are driven to internationalization mainly by higher prices in foreign markets (50%). This is probably caused by the pressure of retail chains as agricultural SMEs from the Czech Republic export mainly raw commodities which are purchased by foreign processors who can offer higher prices than the domestic processors (Doucha and Pohlová, 2013). The accession of the Czech Republic to the European Union is the driving force for engagement in foreign trade mainly for SMEs from the food industry (41%) as only 14% of SMEs from the wood industry, as well as from agriculture, mentioned this factor. The success of competitors in foreign markets is a great motivation again mainly for SMEs from the food industry (34%). For agricultural SMEs, in comparison with the two other sectors, the inspiring factor is the knowledge about foreign markets obtained via their manager’s previous experience with foreign trade. However, they are not so much motivated by the competition be it in the domestic market or in the foreign market. The competitive pressure in the domestic market, the low competition in foreign markets, internationalization activities of competitors, and success of competitors in
foreign markets are perceived as important only by 7\% of these enterprises. It may be caused by many factors, among them the increasing grants or subsidies offered to agricultural enterprises which may have also a negative effect in the form of a decreasing market pressures on efficiency and thus on competitiveness (Doucha and Pohlová, 2013). Lower competitiveness then leads to a lack of interest in entering foreign markets.

To sum up, both reactive as well as proactive motives are significant for Czech SMEs. In Table 1 the proactive motives are shown in italics and the reactive motives in normal font. Again there is a difference between agriculture and the other two sectors. The agricultural SMEs are driven to internationalization by proactive motives in a greater extent than SMEs from the food or the wood industries. The conclusion may be that during decision making processes about taking part in internationalization the agricultural SMEs are not so much motivated by the market conditions or by competition.

An interesting issue is also the verification whether the motivation of SMEs regarding the foreign market entry is affected by the characteristics of individual enterprises. Is the motivation to engage in internationalization influenced by the size of the enterprise? Or does the motivation reflect the length of the enterprise’s existence? Do the previous experiences in the international business play a role in the motivation to entry a foreign market? To verify the correlation between individual motives for engagement of an enterprise in the foreign trade and characteristics of the enterprise the hypothesis testing was performed. Hypotheses were set for five top (key) motives based on the response rate within the conducted surveys.

First, the null hypotheses of independence between characteristics were formulated and then the corresponding alternative hypotheses were determined. The hypotheses were as follows:

- \( H_0: \text{A particular motive for foreign market entry is not dependent on the size of the enterprise.} \)
  \( H_1: \text{A particular motive for foreign market entry is dependent on the size of the enterprise.} \)

- \( H_0: \text{A particular motive for foreign market entry is not dependent on whether the enterprise has some previous experience with the foreign trade or not.} \)
  \( H_1: \text{A particular motive for foreign market entry is dependent on whether the enterprise has some previous experience with the foreign trade or not.} \)

- \( H_0: \text{A particular motive for foreign market entry is not dependent on the length of the enterprise’s existence in the domestic market.} \)
  \( H_1: \text{A particular motive for foreign market entry is dependent on the length of the enterprise’s existence in the domestic market.} \)

Table 2 shows the results of hypothesis testing based on Pearson’s Chi-Square test for independence between qualitative variables. We can summarize that the null hypothesis on independence between variables may be rejected only for certain motives for entering foreign markets and the size of enterprise or the length of the enterprise’s existence in the domestic market.

<table>
<thead>
<tr>
<th>Motives for foreign market entry</th>
<th>Size of enterprise p-value</th>
<th>Can be ( H_0 ) rejected?</th>
<th>Length of enterprise’s existence in the domestic market p-value</th>
<th>Can be ( H_0 ) rejected?</th>
<th>Previous experiences with foreign trade p-value</th>
<th>Can be ( H_0 ) rejected?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign demand for products</td>
<td>0.0293</td>
<td>Yes</td>
<td>0.6473</td>
<td>No</td>
<td>0.5370</td>
<td>No</td>
</tr>
<tr>
<td>Customer portfolio enlargement</td>
<td>0.1822</td>
<td>No</td>
<td>0.0447</td>
<td>Yes</td>
<td>0.2657</td>
<td>No</td>
</tr>
<tr>
<td>Lack of demand in the domestic market</td>
<td>0.9567</td>
<td>No</td>
<td>0.7535</td>
<td>No</td>
<td>0.9254</td>
<td>No</td>
</tr>
<tr>
<td>Increase in sales</td>
<td>0.0117</td>
<td>Yes</td>
<td>0.8102</td>
<td>No</td>
<td>0.2594</td>
<td>No</td>
</tr>
<tr>
<td>Competitive pressure in the domestic market</td>
<td>0.5663</td>
<td>No</td>
<td>0.5778</td>
<td>No</td>
<td>0.2876</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: author’s results
Whether the enterprise has or has not previous experience with foreign trade does not affect the motives for engagement in internationalization. Testing of the hypotheses led the authors to the following conclusions (see Tab. 2):

- Whether the enterprise enters a foreign market under the motive of the existing foreign demand for its products is influenced by the size of the company. According to the value of Cramer contingency coefficient (0.1443) this dependence may be assessed as weak.
- Whether the enterprise enters a foreign market under the motive of increasing its sales is influenced by its size. According to the value of Cramer contingency coefficient (0.1917) this dependence may be again assessed as weak.
- Whether the enterprise enters a foreign market under the motive of customer portfolio enlargement is influenced by the length of its existence in the domestic market. According to the value of Cramer contingency coefficient (0.2840) this dependence may be again assessed as moderate.

A detailed look at the relationships between the characteristics of an enterprise and its motives for engagement in the internationalization is enabled by the analysis of contingency tables. This analysis was performed because of the fact that although the hypothesis testing did not verify the significance of relation between all motives and characteristics of the company in most cases, we believe that with a larger number of respondents the dependences would be significant and therefore we tried at least to indicate the possible directions for future research in the area of motives for internationalization of SMEs.

Interesting findings were obtained by examining the relation between the size of an enterprise and its motives (see Fig. 2). Most of micro-enterprises as well as small enterprises (67% and 63%) responded that the motive for internationalization would be the foreign demand for their products, which can be classified as a reactive motive. On the contrary, most of medium-sized enterprises (67%) responded that the motive for entering foreign market would be the increase in sales, which falls into proactive motives. Thus it can be concluded that micro and small enterprises are more cautious and respond rather to opportunities arising from the environment, whereas medium-sized enterprises are more confident in own capabilities and abilities and thus they actively search for opportunities. Therefore, it would be interesting to explore deeply the relationships shown in Fig. 2 in the future research.

![Fig 2. Comparison of top internationalization motives for different sizes of enterprises (Source: author’s results)](image-url)
foreign demand for products. More generally, our findings imply that the bigger the enterprise is, the more likely it will be driven to engage in internationalization by proactive motives at the expense of reactive motives.

The relationship between the level of previous experience with foreign trade and the motivation of SMEs in the internationalization process could not be confirmed not even by the analysis of contingency tables. The results show that the very similar percentage of enterprises with and without previous experiences with foreign trade decided between the individual motives. Therefore, there is no difference in their motivation. The only exception were the results concerning the motive of higher sale prices in foreign markets. This motive was chosen by 49% of enterprises without previous experiences and by 24% of enterprises with previous experiences. The most important motive for both the enterprises with previous experiences (61%) and enterprises without previous experiences (57%) was again the foreign demand for their products. The second most important motive for both categories was the customer portfolio enlargement (44% enterprises with and 38% enterprises without previous experiences).

In addition to these analyses, the comparison of motives for internationalization of Czech SMEs with motives of Austrian enterprises was performed. The comparison is interesting not only due to the geographical proximity of both countries, but also because while Austria as a traditional member of the European Union has a considerable experience with foreign trade, the Czech Republic is a relatively new member and SMEs do not have enough experience with foreign trade. It is therefore interesting to compare our results with the results of Austrian study.

There are various factors that motivate Austrian enterprises to expand in foreign markets and some of them are similar to the motives that trigger the involvement of Czech SMEs in the internationalization process. For example, higher sale prices in foreign market or low competition in foreign market. The Austrian enterprises are motivated primarily by the demand-oriented factors such as the faster market growth compared to other markets, compensation for weak demand in Western Europe, and new market niches. Also Czech SMEs are more influenced by the demand-oriented factors, as the most important factor was the foreign demand for the company’s products. On the other hand, the Austrian enterprises perceive motives associated with the “first-mover” advantage, such as the effort to secure strategic advantages gained by early market entry, which are not perceived by Czech SMEs. We would expect this motive to be relevant for larger enterprises that are, however, not the subject of our research. Regarding the competitive-oriented motives, they are not so important for Austrian enterprises, yet for Czech SMEs they are of a relatively high importance. These factors include for example the competitive pressure on the domestic market or a competitor’s success in foreign markets.

The research of perception of motives for internationalization with regard to the size of the enterprise revealed that small Austrian enterprises primarily consider important the motive of new market niches. On the other hand, Czech micro and small enterprises are motivated mainly by the foreign demand for their products. In case of Austrian larger enterprises, the prevailing motive was the faster market growth compared to other markets, whereas in case of Czech medium-sized enterprises prevailed the motive of increase in sales. Moreover the Austrian research pointed out that for the enterprises that are less experienced the motive of new market niches is very important and that with the growth of international experience also grows the importance of securing the strategic advantage gained by an early market entry. However, in case of Czech SMEs no impact of experiences on motivation in internationalization was proven.

5. Conclusion

It was found out that Czech SMEs are motivated to enter foreign markets by both proactive and reactive motives. The main motives include foreign demand for company products, possibility of customer’s portfolio enlargement, lack of demand in the domestic market, increase in sales and competitive pressure in the domestic market. The motives leading SMEs to internationalization were viewed from the perspective of a few specific sectors of the Czech economy (wood processing industry, agriculture, food industry, textile industry, mechanical engineering). The least motivated enterprises to take part in the internationalization process are the SMEs from agriculture. Furthermore, agricultural SMEs are driven to internationalization mainly by higher sale prices in foreign markets, whereas the other sectors are primarily driven by the foreign demand for their products. The dependence between the enterprise’s size or the length of its existence in the domestic market and its motives for internationalization was proven only in some particular motives. The dependence between the previous international experience and different motives has not been proven. Moreover, it was found out that micro-enterprises as well as small enterprises are
motivated primarily by the foreign demand for their products (reactive motive). On the contrary, the most often mentioned motive for entering foreign markets by medium-sized enterprises was the increase in sales (proactive motives). Our findings also imply that the bigger the enterprise is, the more likely it will be driven to engage in internationalization by proactive motives at the expense of reactive motives. Finally, the results of this paper were compared with a similar study focused on Austrian enterprises.

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