Chapter 17
Selected Aspects of Managerial Success Perception: The Case of Polish Born Globals

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Abstract The main goal of this paper is to analyze the influence of three groups of factors on managerial success perception in Polish small- and medium-sized international new ventures (Born Globals). We considered the following explanatory variables: (1) international entrepreneurial orientation, (2) the perceived level of excellence in the use of marketing mix tools, and (3) sector-specific determinants (i.e., industry type). Financial situation and the success relative to competitors have been considered as the measures of success perception. The results indicate that the substantial majority of interviewed managers of Polish Born Globals considered their firms to be successful. The first hypothesis concerning the positive relationship of international entrepreneurial orientation and the perception of success was confirmed in the case of internationally experienced and capable top management but disconfirmed as far as orientation on domestic market or international markets was concerned. The second hypothesis related to marketing mix tools was confirmed with the exception of innovativeness: innovative firms evaluated their success in less favorable terms compared to the innovative ones. The third hypothesis was confirmed in the sense that there were significant differences between industries concerning the success perceptions and their considering improved explanation of success based on the first two groups of variables.

17.1 Introduction

A large group of researchers shows interest in the relatively new phenomenon of SMEs operating on global markets right from the start of their activities.

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Early internationalization is stimulated by a number of internal and external factors, well described in the literature. The problem is related to differences in classification, terminology, and definitions.

In our research, we applied the widely cited definition of Born Globals (BG) by Rennie (1993). It describes enterprises satisfying the following criteria:

SMSs receiving at least 25% of their income from foreign markets within the first 3 years of their existence.
The founder has a global vision of target markets.
There is a strong managerial urge for internationalization with the use of modern technologies.

Quantitative analyses of Born Globals from developed countries are numerous, but firms from developing countries and emerging markets are still under-researched (Poland may be considered as a representative of emerging markets). Authors researching BGs expressed opinion that successful and rapid internationalization of BGs should be first of all attributed to the strong international entrepreneurial orientation of the founder and managers: Fletcher (2000), McDougall et al. (2003), Knight and Cavusgil (2004), etc. This observation inspired us to formulate the following hypothesis:

H1. In the case of Polish BGs, there is a positive relationship between international entrepreneurial orientation and the managerial success perception.

Another important factor influencing the success of BGs is efficiency in the use of marketing tools. A number of authors, e.g., Altshuler and Tarnovskaya (2010), Luostarinen and Gabrielsson (2006), Danik and Kowalik (2015), and Gabrielsson (2005), proved that marketing orientation of the firm and skillful use of marketing instruments were essential in BG's successful performance. Thus, our subsequent hypothesis goes as follows:

H2. In the case of Polish BGs, there is a positive relationship between the excellence in the use of marketing mix tools and the managerial success perception.

In the opinion of many researchers, rapid internationalization of BGs is strongly related to the sector/branch of their activity. Sleuwaegen and Onkelinx (2010) and Cannone and Ughetto (2015) indicated that BGs operating in high-tech sector are performing much better than those in traditional sectors. Although enterprises in our sample belong to "traditional" industries, we also test whether the type of industry contributes to the explanation of the success perception. It has been formulated as the next hypothesis:

H3. In the case of Polish BGs, the success perception of enterprises depends on the branch of industry in which they operate.

The research on Polish BGs started at the end of 1990s, but publications of empirical findings appeared much later. Cieślik (2010) was the first to indicate that during the transformation period, nearly 75% of Polish exporters started selling abroad during the first 3 years since the beginning of their business activities. This observation led him to conclusion that the phenomenon of early internationalization

was widely spread among Polish exporters. The further research on this subject and its results have been published by Gorynia (2007), Przybylska (2010), Duliniec (2013), Danik and Kowalik (2013), Kowalik and Baranowska-Prokop (2013), and Baranowska-Prokop and Sikora (2014). They concentrate on general characteristics of Polish BGs, choice of entry mode, determinants of their formation, barriers to expand, etc. The growing importance and scale of BGs operations encouraged us to further analysis of this phenomenon.

17.2 Research Method

The sample of 233 Polish small- and medium-sized INVs was drawn out of the population of 19,594 Polish firms with 10–249 employees and belonging to the industrial processing sector of the Polish Classification of Activity (PKD) in September to October 2014 by an external market research agency. The response rate was 82.2%. The interviewed persons (questionnaire and CATI technique) were companies' owners, top managers, or managers responsible for the firms' relations with international partners. Collected data were statistically analyzed (SPSS).

In order to test hypothesis H1, the international orientation (international markets vs domestic market) and capabilities of firms' top managers have been assessed with the use of 3-item 5-point semantic-differential scale adapted from the scale of international entrepreneurial orientation elaborated by Knight and Cavusgil (2004).

When testing hypothesis H2, we considered the marketing mix tools known as 4P – the most commonly accepted concepts in marketing management. For industrial firms producing goods of mass consumption, it takes a form of four marketing instruments: product (and brand) management strategy, pricing strategy, distribution (place) strategy, and promotion strategy.

Questions concerning marketing management and all aspects of four marketing mix tools have been included in the questionnaire (2–5 questions per marketing mix tool). The measures have been based on 5-point Likert scales, 5-point semantic-differential scales, a binary scale (for introducing innovations), and a 10-point scale (one of the scales for evaluating product quality).

The hypothesis H3 captures the impact of industry type on the success perception. Industries have been taken into account with binary scales.

The perception of the success by managers has been measured by two statements (on 5-point Likert scales: the lack of success corresponded to values of 1 and 2 on the scales; the success corresponded to values 4 and 5).

17.3 Research Results

Tables 17.1 and 17.2 present the distribution of answers to both statements concerning the perception of success by managers.

Table 17.1 Considering the financial indices (e.g., profitability) for our firm, it can be concluded that our company has been successful

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Definitely not	3	1.3	1.3	1.3
	Rather not	12	5.2	5.2	6.5
	Midpoint	37	15.9	16.0	22.5
	Rather yes	103	44.2	44.6	67.1
	Definitely yes	76	32.6	32.9	100.0
	Total	231	99.1	100.0	
Missing		2	0.9		
Total		233	100.0		

Source: Own calculations

Table 17.2 Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Definitely not	5	2.1	2.2	2.2
	Rather not	4	1.7	1.7	3.9
	Midpoint	49	21.0	21.4	25.3
	Rather yes	101	43.3	44.1	69.4
	Definitely yes	70	30.0	30.6	100.0
	Total	229	98.3	100.0	
Missing		4	1.7		
Total		233	100.0		

Source: Own calculations

The distribution of answers in the Tables 17.1 and 17.2 indicates that substantial majority of respondents declared that their firms (or the firms employing them) were successful. This creates problems, because the results of regression models apply mainly to successful or "in-between" companies. The correlation between both measures of success, although significant, was quite weak: 0.29 (Pearson), 0.23 (Spearman), and 0.205 (Kendall).

Since managers evaluated the excellence of the marketing mix tools in a similar way, i.e., the answers were skewed to the positive evaluations, this led to the situation of weak correlations and problems with multicollinearity when the regression analysis was applied with all variables. Therefore, the use of the stepwise selection procedure has been adopted.

The use of the stepwise regression is also justified by moderate correlations between different measures of the same explanatory variables. For international orientation (3 items), correlation coefficients ranged between 0.083 and 0.653, at best, and for the characteristics of the marketing mix tools, the two measures of the price strategy, for example, their values, were between 0.469 (Kendall) and 0.539 (Spearman).

Table 17.3 First measure of success: multiple regression model for marketing and management variables

Coefficients[a]					
	Unstandardized coefficients		Standardized coefficients		
Model	B	Std. error	Beta	*t*	Sig.
(constant)	2.483	0.479		5.190	0.000
We compete on the foreign markets primarily through low prices [1:5]	0.119	0.045	0.175	2.627	0.009
Quality of our basic export product compared to competitors [much lower 1/much higher 10]	0.119	0.052	0.150	2.304	0.022
In our company, we consider foreign markets as priority [1] – (...) Polish market as priority [5]	0.104	0.050	0.139	2.091	0.038

Source: Own calculations

[a]Dependent variable: Considering the financial indices (e.g., profitability) for our firm, it can be concluded that our company has been successful [1:5]; *R-square* = 0.059, adjusted *R-square* = 0.046; (without two outliers)

The results of the linear regression model (stepwise selection) for the first measure of success in the first BGs sample are presented in Table 17.3. The first two models (Tables 17.3 and 17.4) have been elaborated without taking into account industrial branches in which firms operated.

Results indicate that there are two ways of successful competition on the market: positive relationships may be seen for both low prices and high quality (H2 confirmed). The correlation between both ways of competing is very weakly negative: −0.101 (Kendall) and −0.124 (Spearman). This indicates that some companies managed to conciliate low prices with high quality (thanks to low labor costs and undervalued domestic currency: the Polish Zloty depreciated from 1€ ≈ 3,2 PLZ in August 2008 to the level around 4 PLZ in the following years). Surprisingly, firms declaring emphasis on the Polish market evaluated their success in more positive terms, thus disconfirming H1.

The results of the linear regression model for the second measure of success are presented in Table 17.4 (a "relaxed" signification level of 0.1 has been adopted for all models due to the small size of the sample).

Two out of three items expressing international orientation have been selected into the regression model as uncorrelated with other variables, but they verify the first hypothesis in the contradictory manner: the better the evaluation of managers' competences, the greater the success (the coefficient is negative because high competences are evaluated at the "lower" end of the scale), but looking for new opportunities more often abroad leads to less favorable evaluations of the success

Table 17.4 Second measure of success: multiple regression model for marketing and management variables

Coefficients[a]					
	Unstandardized coefficients		Standardized coefficients		
Model	B	Std. error	Beta	*t*	Sig.
(constant)	2.797	0.447		6.258	0.000
Our firm is superior in terms of marketing planning in comparison to its competitors [1:5]	0.144	0.057	0.174	2.530	0.012
The management is experienced in running business in international markets [1] – the management has no experience in running business in international market [5]	−0.126	0.063	−0.139	−2.010	0.046
In our company, we look for new market opportunities more often abroad rather than domestically [1] – (...) more often domestically rather than abroad [5]	0.107	0.056	0.133	1.926	0.056
We compete on the foreign markets primarily through high quality [1:5]	0.168	0.089	0.132	1.900	0.059
Introducing innovations [0:1]	−0.239	0.131	−0.126	−1.824	0.070
In our firm, the most important issues are cost savings and continuous cost reduction [1] – (...) cost savings and continuous cost reduction are not the most important [5]	0.081	0.045	0.125	1.792	0.075

Source: Own calculations

[a]Dependent variable: Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors [1:5]; *R-square* = 0.116, adjusted *R-square* = 0.087 (all observations)

(similarly to the situation in the first model). Excellence in marketing planning and the product strategy based on high quality led to more favorable evaluation of the success, confirming H2, but it should also be noted that non-innovative firms evaluated their success better than the non-innovative ones (if one considers

Table 17.5 First measure of success: multiple regression model for marketing and management variables and industries

Coefficients[a]					
	Unstandardized coefficients		Standardized coefficients		
Model	B	Std. error	Beta	*t*	Sig.
(Constant)	2.381	0.458		5.198	0.000
Quality of our basic export product compared to competitors [much lower 1:much higher 10]	0.140	0.049	0.179	2.824	0.005
We compete on the foreign markets primarily through low prices [1:5]	0.129	0.044	0.193	2.952	0.003
In our company we consider foreign markets as priority [1] – (...) Polish market as priority [5]	0.117	0.048	0.158	2.440	0.015
Production of articles from wood. Timber and cork (excluding furniture)	−0.608	0.222	−0.173	−2.735	0.007
Metal production	−0.357	0.161	−0.143	−2.221	0.027
Production of goods from mineral nonmetallic raw materials	−0.664	0.319	−0.132	−2.083	0.038
Production of electric tools and appliances	−0.824	0.419	−0.124	−1.967	0.050

Source: Own calculations

[a]Dependent variable: Considering the financial indices (e.g., profitability) for our firm, it can be concluded that our company has been successful [1:5]; *R-square* = 0.133, adjusted *R-square* = 0.105 (without two outliers)

that innovative product strategy is superior to a non-innovative one, this finding disconfirms H2). The issue of cost-reduction importance in management was supposed to correlate negatively with high-quality product strategy and positively with low price strategy, but it was not the case, because some companies succeeded in applying the two strategies simultaneously. Thus, not putting emphasis on continuous cost reductions appeared as a positive correlate of success independently of the type of marketing strategy.

The explanatory power of the two models is weak. Taking into account the industry type improves somewhat explanatory power of the regression models. The results of the linear regression model for the first measure of success are presented in Table 17.5.

Table 17.6 Second measure of success: multiple regression model for marketing and management variables and industries

Coefficients[a]					
	Unstandardized coefficients		Standardized coefficients		
Model	B	Std. error	Beta	*t*	Sig.
(Constant)	3.772	.295		12,779	.000
Our firm is superior in terms of marketing planning in comparison to its competitors [1:5]	.148	.055	.183	2684	.008
Production of goods from rubber and synthetic materials	−.564	.212	−.182	−2657	.009
In our firm, the most important issues are cost savings and continuous cost reduction [1] – (...) cost savings and continuous cost reduction are not the most important [5]	.102	.043	.159	2334	.021
Metal production	−.340	.174	−.135	−1957	.052
Introducing innovations [0:1]	−.234	.126	−.126	−1851	.066
Our basic export product is sold under our brand [0:1]	.222	.119	.128	1861	.064
The prices of our basic export product are the lowest on the market [1] – the prices of our basic export product are the highest on the market [5]	−.119	.068	−.118	−1740	.083

Source: Own calculations

[a]Dependent variable: Considering the situation on the (domestic and foreign) markets, where our firm operates, it can be concluded that our company has been successful in comparison to its competitors [1:5]; *R-square* = 0.148, adjusted *R-square* = 0.116 (without one outlier)

The results of the linear regression model for the second measure of success are presented in Table 17.6.

The fact that values of all coefficients for industries are below zero indicates that only branches with the least favorable evaluations of the companies' success have been selected to the model and is another evidence of the skewness in the data.

The "rerunning" of the stepwise regression procedure for the second measure of success with industries led, partially, to selection of different variables representing management orientation and marketing mix compared to the model in Table 17.4.

However, the results are coherent in the way that marketing strategies based on high quality (and branded products) and low prices led to the success on the market. None of the international orientation items appears as an uncorrelated explanatory variable for the second measure of success.

Although international orientation of the management team and the excellence in use of the marketing mix variables explained the success perception by managers in the case of Polish small- and medium-sized BGs, the explanatory power of the regression models was weak. Adding industrial branches improved the situation (confirming H3), but still the percentage of explained variance was around 10%. Such results may be due to the composition of the sample: the percentage of non-successful firms was only between 3.9 and 6.5% depending on the success measures.

We should consider that during the non-crisis time of economic activity profitable and successful enterprises are a substantial majority. Taking also into account that respondents from non-successful firms may have lower propensity to participate in a survey (although we do not have evidence that this has happened in our study), it is not surprising that share of successful firms in the sample is so much higher than the share of the non-successful ones.

However, this situation shows the limits of the procedure of the random sampling. Although considered as the best solution for statistical inference and generalization purposes, it should be completed by additional sampling aimed at selecting unsuccessful enterprises (in this case).

17.4 Conclusion

The first hypothesis has been confirmed in the aspect that the level of experience of the top management in international markets was positively correlated with the perceived success. However, when domestic or international orientation was considered, the relationship was contrary to this hypothesis. Although all firms were exporters, those more strongly interested in selling on the domestic market evaluated their success in more favorable terms.

As far as the second hypothesis is concerned, marketing mix tools showed significant and mostly positive relationships with the success perceptions with one exception: non-innovative firms evaluated their success better than the innovative ones. This may be due to psychological factors (higher expectations of success by managers from innovative companies) or to the market-related factors: the costs of both innovations elaboration and their introduction on the market may be burdensome for small- and medium-sized enterprises compared to those which apply strategies based on imitation.

The third hypothesis has been confirmed: evaluation of success by managers was significantly different among analyzed industrial branches and taking them into account improved the success explanation.

The variables used in this research covered international orientation and marketing. Considering also economic environment on both domestic and export markets, financial management, accounting, etc. may lead to improved explanation of firms' success in future research.

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