
COMPARATIVE ANALYSES OF INTERNATIONALIZATION OF KAZAKHSTAN ENTERPRISES

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Annotation. This paper presents the instruments of internationalization of enterprises operating within the Eurasian Economic Union. Research contains answers of 108 enterprises - exporters located in the Republic of Kazakhstan. The purpose of the paper is to show the main forms of the internationalization of enterprises in Kazakhstan. The paper also presents the following instruments of enterprises' internationalization including: indirect export, direct export, cooperative export, assembly operations, management contracts, turnkey operations, contract manufacturing, licensing, franchising, international alliances cooperation, foreign branches and companies. We analyzed these forms of participation in international business enterprises from the Republic of Kazakhstan. The degree of internationalization of the Kazakh enterprises in relation to the Polish was compared. The basic factors of comparison taken into consideration: the directions of international expansion, dividing them into the countries included in the Eurasian Economic Union, the countries of Central and Eastern Europe, the countries of the European Union and others.

Keyword: Internationalization of enterprises, export, import

INTRODUCTION

Exporting and importing is one of the elements of achieving the state's economic stability, and consequently public security. Larger companies focus on expanding into foreign markets. Particularly important is cooperation with foreign companies, especially in today's globalization. It is possible to observe in recent years the increase in the value of imports and exports between individual countries. This article is devoted to a study on the expansion of companies to external markets and international cooperation.

The **main purpose** of the paper is to determine the impact of the establishment of EUG on the internationalization of enterprises. The paper primarily focuses on cooperation issues,

geographic expansions and internationalization motifs related to the creation of a new integration group.

Methodology of the study. The study covered the territory of the Republic of Kazakhstan and was conducted August 12 - September 28, 2016. The base was 731 companies - exporters, located in the catalog KazNextInvest. The database was also used in Kazakhstan websites www.kazninvest.kz and www.kz24.net. Research questionnaire consists of 20 questions and was sent out to the companies. The research was conducted using CATI (Computer Assisted Telephone Intervention) interview. Finally, 108 replies were received from export companies operating in the Republic of Kazakhstan.

CHARACTERISTICS OF THE TESTING TEST

Of the 108 companies surveyed - 67 exporters belong to the SME sector, 41 are large enterprises (Table 1).

Table 1. Classification of the size of the surveyed enterprises according to the EU definition

| Size of company | Number | % |
|-------------------------------|------------|--------------|
| Micro (0-9 employees) | 6 | 5,6 |
| Small (10-49 employees) | 28 | 25,9 |
| Medium (50-249 employees) | 33 | 30,5 |
| Large (powyżej 250 employees) | 41 | 38,0 |
| Sum | 108 | 100,0 |

Source: Own study based on research results (N = 108)

In turn, according to the classification of legal persons, branches and representatives and objects of individual business activity in the number of employees in Kazakhstan class size enterprises are presented in Table 2¹.

Table 2. The size of the surveyed enterprises according to the classification of Kazakhstan

| Size of company | Number | % |
|---------------------------------------|------------|--------------|
| Small and micro (up to 100 employees) | 34 | 31,5 |
| Medium (101-250 employees) | 33 | 30,5 |
| Large (up to 251 employees) | 41 | 38,0 |
| Sum | 108 | 100,0 |

Source: Own study based on research results (N = 108)

Thus, the results of the study show that overrepresentation of large and medium enterprises in relation to the whole population is presented in Table 3². The result of the sample

¹ Комитет по статистике Министерства национальной экономики Республики Казахстан, 2015

² OECD, 2011

can be explained by the following fact: the share of international enterprises increases with the size of the enterprise (Daszkiewicz N., Wach K. 86).

Table 3. The size of enterprises in Kazakhstan

| Size of company | Number | % |
|---------------------------------------|---------|--------|
| Small and micro (up to 100 employees) | 278 814 | 94,6 |
| Medium (101-250 employees) | 13 699 | 4,6 |
| Large (up to 250 employees) | 2344 | 0,8 |
| Sum | 294 857 | 100,00 |

Source: Own study based on OECD, 2011

DIRECTIONS OF EXPANSION

The respondents answered as follows: 62% of companies pointed to other countries of Eurasia Economic Union, 14% to Central and Eastern European countries, and 11% to European Union countries. A large number of companies, specifically 61%, pointed to other directions of export (Figure 1). As other export directions, the respondents indicated the countries of the former USSR: Ukraine, Georgia, Turkmenistan, Tajikistan and Uzbekistan. There were also countries such as Afghanistan, China, Norway, Turkey, Japan and the United States (Daszkiewicz N., Suchkova I., 2016).

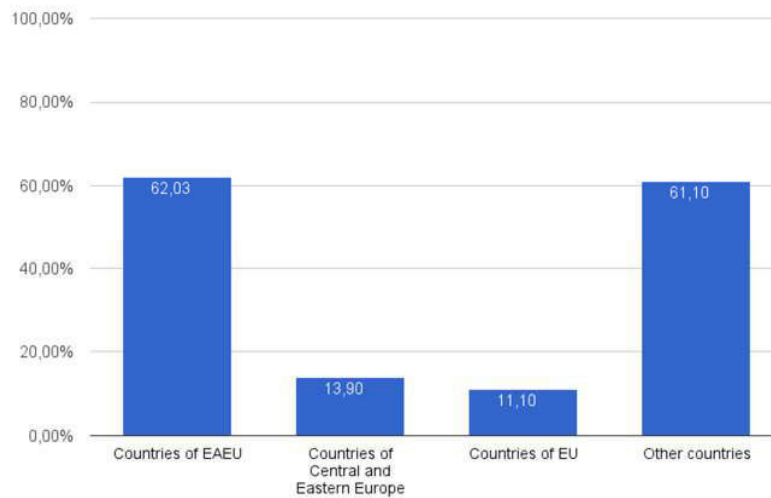


Fig. 1 : The main direction of expansion of companies in Kazakhstan

Source: Own study based on research results

Motives and reasons for expansion

Then the respondents were asked about the main theme of internationalization. The motifs were divided according to the well-known and popular OECD classification (1997a, 1997b, Dashkiewicz, 2014, p. 207-2019) on:

Push factors when unfavorable market conditions induce a company to expand abroad (eg increasing competition, saturation of the domestic market);

"Pull factors" when companies perceive a potential foreign market (thanks to internationalization they can achieve economies of scale and scope benefits),

A chance factor, such as an entrepreneur, recognizes the right conditions in foreign markets and uses occasional opportunities (eg receives a response to a quote from a foreign company).

Entrepreneurial factor - Entrepreneurial factor is connected with the constant pursuit of growth (eg international entrepreneurial orientation).

Most companies (almost 40%) indicated active opportunities, that is, occasional opportunities that appear on foreign markets, 29% of companies saw new pull factor opportunities, and only 15% were expanding due to unfavorable market conditions (push factor). The entrepreneurial factor was at the heart of international operations of nearly 17% of the surveyed companies (Table 4).

Table 4. Motives of internationalization

| The main theme of internationalization | Number | % |
|--|--------|-------|
| Adverse conditions on the domestic market | 16 | 15,0 |
| The perception of opportunities in foreign markets | 31 | 29,0 |
| The use of random opportunities on foreign markets | 42 | 39,2 |
| Constant pursuit of the company's growth | 18 | 16,8 |
| Sum | 107 | 100,0 |

Source: own study based on research results (n = 107)

The next question asked to the respondents concerned the main reason for the company's foreign expansion. The reasons for the expansion were divided according to another very well known classification of FDI by the transnational corporations J. Dunning (1993, p.183-218). For the largest number of respondents (45%), the main reason for foreign expansion is the search for new markets, 23% of companies pointed to the possibility of acquiring strategic resources or competencies, for 20% of enterprises the main reason for internationalization is searching for resources, and less than 12% 2).

Then the companies were asked about the chances they have associated with the establishment of the EUG. 48% of respondents believe that the creation of a new integration group will not change anything for their business, 31% have their hopes for international growth in opening up new markets, and nearly 30% count on cooperation.

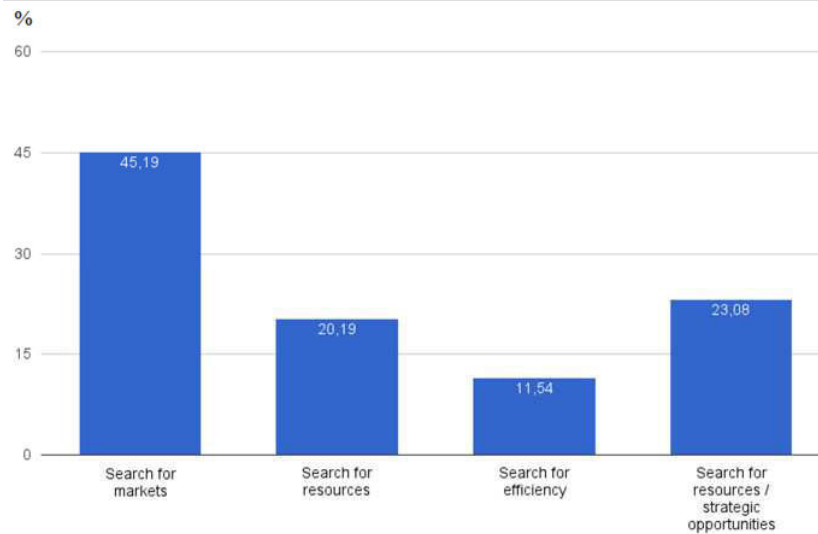


Fig 2: Reasons for internationalization
Source: Own study based on research (n = 104)

Further indications are that better access to capital (25%), reduction of technological gaps (24%), improvement of product quality (16%) and decrease in export costs (14%) (Figure 3).

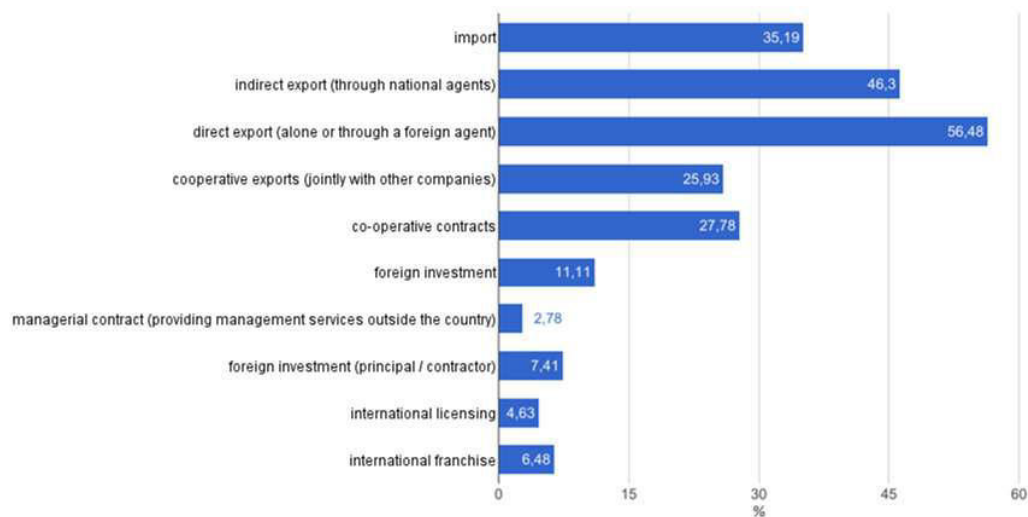


Fig. 3. The ways / forms of internationalization
Source: Own study based on research (n = 104)

RESULTS OF RESEARCH

The analyzed sample includes all the regions of the Republic of Kazakhstan. According to the survey, 56.48% of companies have direct exports (by themselves or through a foreign agent), 46.3% indirect exports (through domestic intermediaries), 25.93% export cooperation (jointly with other companies), import 35.19% 2). Therefore, it can be stated that the dominant

forms of internationalization in the examined sample are import and export. Thus, the article hypothesized that export is the main form of internationalization of SMEs has been confirmed.

CONCLUSION

The article presents various forms of internationalization. The study was conducted with 108 companies - exporters from Kazakhstan, representing more than 13% of the total. The results were quite surprising. Exporters use a variety of forms of internationalization, including very advanced ones such as managerial contracts and co-operative exports. A literature review on the internationalization of enterprises has also been created. Due to the extensive literature both Polish and foreign, the most important items were presented. This allowed us to compare the internationalization of Kazakh enterprises with respect to Polish. It has been noted that the size of the business influences its engagement in internationalization. The bigger the company the greater the involvement. This applies both to Kazakh and Polish companies. Analysis of the conducted research allowed us to conclude that the forms of internationalization of Kazakh enterprises are dominated by direct exports. This confirms the hypothesis that export is the main form of the internationalization of SMEs.

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KAZACHSTANO ĮMONIŲ INTERNACIONALIZACIJOS LYGINAMOJI ANALIZĖ

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Santrauka

Straipsnyje pateikiami internacionalizacijos veikiančių per Eurazijos ekonominės sąjungos įmonėms priemonės. Tyrimas remiasi 108 respondentų -įmonių, eksportuotojų Kazachstano Respublikoje, pateiktais duomenimis. Straipsnio tikslas - parodyti pagrindines Kazachstano įmonių internacionalizavimo formas. Straipsnyje taip pat pristato šie įmonių internacionalizacijos instrumentais, įskaitant: netiesioginis eksportas, tiesioginis eksportas, kooperacinis eksportas, surinkimo operacijos, valdymo sutartys, raktinės operacijos, kontraktinė gamyba, licencijavimas, franšizė, tarptautiniai bendradarbiavimo aljansai, užsienio filialai ir įmonės. Tirtos šios dalyvavimo formų naudojimas tarptautinėse verslo įmonėse iš Kazachstano Respublikos. Atkiltas Kazachstano ir Lenkijos įmonių internacionalizavimo laipsnių palyginimas pagal šiuos veiksnius: tarptautinės plėtros kryptys, skirstant jas į šalis, priskirtas Eurazijos ekonominės sąjungos valstybėms, Vidurio ir Rytų Europos, Europos Sąjungos ir kitas šalis.

Pagrindinės sąvokos: įmonių internacionalizacija,, eksportas, importas.

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