

INTERNATIONALISATION OF THE PERFORMANCE OF A JSC LTD: CASE STUDY

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Annotation. The article analyses how the internationalisation of the performance could help an enterprise to occupy a part of any foreign market. The subject of the study is the internationalisation of the performance of an enterprise. The study aims to choose the most attractive foreign market for the internationalisation of the performance of a JSC Ltd. Considering the aim of the study, the following objectives were defined: to review the theoretical aspects of internationalisation processes; identify the modelling and filtering of the internationalisation of the performance; select the most reasonable foreign market for the integration of a JSC Ltd product.

The research methods used in the study were the analysis and synthesis of theoretical sources, the analysis of filtering and the data of the performance of the enterprise, the collection of statistical data, and comparative analysis.

The main outcomes of the research. The theoretical aspects of internationalisation processes have been examined, i.e. different approaches and forms of performance internationalisation are reviewed; the prevailing models of the internationalisation of the performance have been discussed, and the model of filtering internationalisation is presented; analysis of the internationalisation of the performance of an enterprise is provided. The results of the study obtained can be significant and practical to improve export of a JSC Ltd, as well as become a guideline for other small and medium-sized enterprises (SMEs) focusing on the internationalisation of their performance.

Keywords: internationalisation, foreign market, SMEs, organisational performance.

Introduction

Relevance and novelty of the research topic.

The ability to export products for many businesses helps not only to survive but also expand production and trading volume, as well as maintain and create new jobs. Therefore, the enterprise has to deal with the fundamental question of how to boost exports and increase its opportunities. That is why JSC Ltd, a strong and innovative small enterprise, was chosen to be studied seeking to expand its sales at the international level.

Small and medium-sized enterprises (SMEs) are an economic factor that increases competitiveness at both the national and regional levels. However, they face ever-increasing competition and are forced to compete on international markets to achieve growth. Keeping in mind that the analysed enterprise is determined as a part of SMEs term, the practical analysis will be done according to the modified model of the internationalisation of the performance that will consist of 3 main filters for detailed analysis of chosen countries. This analysis will show which market is the most favourable for the production of the enterprise to be sold and provide strong reasoning why this market could be most attractive.

The problem. The topic of the internationalization of the performance of enterprises was covered by Johanson and Vahlne (1977; 2017), who talked about the process of internationalization – a model of knowledge development and increasing foreign market

commitments; Welch and Loustarinen (1988), who discussed the internationalization of the performance in general; Zweig (2002), who researched internalization (domestic interests and global linkages) in China; Žukauskas (2006), who focused on the internationalization of the performance of enterprises (in theory and practice); Hermansdottir (2008), who discovered theoretical underpinnings of the process of the internationalization of the performance; Vabinskaitė (2009), who presented business internalization models; Figueroa et al., (2014), who emphasized the determinants of the internationalization comparing the accelerated model vs. the sequential model; Dimitratos et al. (2016), who argued that most studies in the field of international entrepreneurship embrace the opportunity-based view and assign particular importance to the timing of internationalization; Rezende et al. (2017) who established a conversation between international business and international entrepreneurship literature by analysing whether and how international opportunities are related to the process of internationalization; Pinho et al. (2017), who emphasized three major factors: the industry to which SMEs belong, the level of domestic market development and the international experience of the key decision maker; Alava et al. (2018), who applied PEST analysis based on a case study; Hanell and Nordman (2018), who explored the benefits of a regional internationalization strategy and investigated how a rapid internationalization of a SME development of market knowledge relates to

this strategy; Paul and Rosado-Serrano (2019), who critically reviewed the studies on the process of internationalization (Gradual Internationalization vs. Born-Global/International new venture models) to identify the research gaps in this area and prepare a future research agenda, etc. All of them analysed the internalisation of enterprise performance from various approaches. They proved that this topic is wide but useful for every business that wants to expand its horizons and reach more as an enterprise along with receiving more profit and recognition from international markets.

The scientific problem is how the internationalisation of the performance could help an enterprise occupy a more significant part of the foreign market.

The subject of the research is the internationalisation of the performance of an enterprise.

The research aims to choose the most appropriate foreign market for the internationalisation of the performance of JSC Ltd.

The objectives of the research are to examine the theoretical aspects of the processes of performance internationalisation; identify modelling and filtering of internationalisation; select the most reasonable foreign market for the integration of the production of a JSC Ltd.

Research methods include the analysis and synthesis of theoretical sources, the analysis of filtering and the data of the performance of the enterprise, the collection of statistical data, and comparative analysis.

Research methodology

Research methods used are the analysis and synthesis of theoretical sources, the analysis of filtering and the data of the performance of the enterprise, the collection of statistical data, and comparative analysis.

Research tools. An evident model of the selection of foreign market opportunities (containing an abstract market overview, market examination, market attractiveness and detailed market analysis) has been formed by Žukauskas (2006). At each step of the selection, less attractive countries are rejected to move towards a more detailed examination and analysis of the remaining states, with cautious conclusions at the end of the most appropriate candidate country for the development of the internationalisation of the performance in the future. This model is most suitable for application when the company has absolutely no experience in internationalisation and does not apply any conclusions from the analyses previously obtained.

The model mentioned above is integrated with the most common model for the analysis of the business environment – PESTEL. It identifies the changes and the effects of the external macro-environment on the competitive position of an enterprise. Alava et al. (2018) state that PESTEL analysis is a precondition analysis with the primary function of identifying the environment within which an organisation or project operates and provides data and information for enabling the enterprise to make predictions about new situations and circumstances.

For the best result, the techniques mentioned above should be used in union with Porter's Five Forces Model (1980) – a perfect tool for finding out all the possible dangers in one or another field of concurrency. It is a framework that helps analyse the level of competition within a specific industry. It is beneficial when starting a new business or when entering a new industry sector. According to this framework, the state of competition in an industry depends on five fundamental forces: the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products or services, and existing industry rivalry (Nnamseh, Akpan, 2015).

Bearing in mind the fact that the more vital competitive forces affect an enterprise the less profit is brought, the tools mentioned above could be undoubtedly handy while choosing the most appropriate market for the internationalisation of a SME performance.

Theoretical aspects of the internationalisation of the performance

The concept of the “internationalisation” of an SME performance

There has been much discussion regarding various definitions of the term “internationalisation”. Generally, internationalisation of enterprises means their involvement in the international environment. Welch and Luostarinen (1988) define internationalisation as “a process of increasing involvement in international operations”. Johanson and Vahlne (1977; 2017) explain this concept similarly. On the other hand, Calof and Beamish (1995) define internationalisation as “a process of adapting the operations of an enterprise (strategy, structure, and resources) to the international environment”. Břečková (2003) explains the internationalisation as the involvement of an enterprise in international transactions, i.e. the internationalisation is based on the form and the level of this involvement. As Buckley (1989) mentions, the performance internationalisation relates to a high

level of risk. Thus, the limited resources of SMEs are the major barrier to their foreign expansion. Nevertheless, according to Hutchinson et al. (2006), 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 (Kubičková et al., 2014).

The most critical organisational characteristics for internationalisation are the willingness to reach overseas markets and develop products for them, as well as fund the international activities, technological advantage, size as measured by employment, focus on research development and the nature of the product.

Theoretical background of modelling the internalisation of SMEs performance

There is no doubt that internationalisation is a complex and multidimensional phenomenon. According to Reynoso and Figueroa (2010), internationalisation theories can be classified into economic, consistent, and accelerated.

In economic perspective (containing Monopoly's Superiority Theory (Hymer, 2005), Resource Absorption Theory (Buckley, Casson, 2009) and Organisational Skills Theory (Madhok, 2006)), internationalisation is described as a phenomenon based on costs and economic advantages.

Following the consistent approach (involving Uppsala Model (Johanson, Wahlne, 1977; 2017), Product Life Cycle Theory (Vernon, 1966), Innovation-Based Model (Bilkey, Tesar, 1977), Network Communication Theory (Johanson, Mattson, 1988) and the Model of the Foreign Market Selection Process (Žukauskas, 2006), internationalisation is seen as a process of growing commitment based on learning, pooling knowledge, and investing resources in external markets. Whereas in accelerated aspect (involving *Born in Global* enterprise theory (Oviatt, McDougall, 1993)), the high possibility is that the exports of an enterprise will account for a large part of its sales, even though the enterprise was recently founded.

All perspectives presented are fragmented and generally focus on one aspect of international activities (most of the research focused on the factors causing performance internationalisation or on the process by which enterprises become increasingly international). Following the fact that most of the theories mentioned above are complicated to be applicable in enterprises because of direct investment aspect thus the Uppsala, foreign markets selection process (Žukauskas, 2006) and *Born in Global* models are closely referred to the internationalisation of the performance of SMEs.

All the above-discussed theories reveal the most critical aspects of the internationalisation for SMEs. However, each of them individually fails to reflect the overall internationalisation of the performance of the enterprise. Recently, international business theories have been criticised for the lack of interdisciplinary approach and a backlog from real life (Jones, Coviello, 2005). In response to this criticism, this research presents a specified model of internationalisation for SMEs involving Žukauskas's (2006) internationalisation model and two other business environment analysis tools.

The internationalisation model for SMEs consists of 3 main filters: **abbreviate market review** (containing the political, economic, financial, geographical, and social situation); **market size analysis** (including the size of the market and GDP per capita); **market analysis** (based on Porter's Five Forces Model (1980) containing the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, the risk of substitute products or services and existing industry rivalry).

Any other factors that are used in many different analyses or models of the internationalisation of the performance like budget planning, transportation matters, marketing strategies, technical capabilities, sales planning, etc. are apart from this study and put aside for the future research directions.

The constructed and followed in the study model ensures that the most likely results would be reached while analysing the perspective alternative business markets for a small JSC Ltd.

Characteristics of JSC Ltd.

The JSC Ltd under investigation, established in 2006 as a part of JSC Y Ltd and located in Lithuania, is one of the industry's leading players producing high-quality uPVC and aluminium windows and doors.

The JSC Y Ltd was founded in western Norway in 1926 and is today a considerable European manufacturer of windows and doors. In 2017, the group consisted of ten factories, 25 project management offices, more than 1700 employees, and a turnover of about 2.4 billion NOK.

The mission of the JSC Ltd is to provide the best service and supply the highest quality product to achieve perfect, long term cooperation with its customers. Small but meaningful changes in product, sales, and services processes are the details that help their clients save time and take care of their needs. In the short term, it is a small detail; in the long term, little details make a significant impact on the quality of life.

The production includes four lines: outside opening windows, inside opening windows, entrance and terrace doors, and non-standard product line.

The JSC Ltd is owned by the parent company JSC Y Ltd, thus has similar trade affairs with Norway, Sweden, China, and the Baltic countries. It is important to emphasise that the JSC Ltd sells 95 per cent of its production directly to Norway and the Baltic states.

The company has the background required for the internationalisation of an SME performance and export development feasibility study; therefore, it is appropriate for further analysis.

Empirical analysis of the JSC Ltd according to the model of internationalisation of an SME performance: 1st filter: Short market review

The best market is where the temperature is low, where it is possible to arrive by water/land, the distance from Lithuania is as small as possible, and the topography is the most suitable for the production of the enterprise. According to the table above, it can be stated that the smallest distance from the country of origin is to Finland and Denmark. The best topography elements can be seen in Finland, Denmark, and Iceland; air temperature is the most appropriate in Switzerland and Iceland. The most attractive path is in all countries but in Switzerland. To sum up the geographical aspect, the most attractive countries are **Finland** and **Denmark** (Table 1).

Table 1. The geographical situation in the selected countries

Countries	Distance, km.	Topography	Climate	Path
Belgium	1436.89	The topography consists of dunes, flat pastureland, and polders	There are 4 seasons. The average temperature is 3°C in January and 18°C in July.	Water/land
Switzerland	1485.11	A mountainous and landlocked country located in Western and Central Europe	The weather is moderate. Eastern Switzerland, pre-alps, the average maximum temperature in July is 7.5°C. The average minimum temperature in January is 10.3°C.	Land
Finland	895.72	Coastal plain with the severely indented coastline and thousands of small islands. Densely forested upland. The highest elevations are a mountain 1,328 m above sea level. Extensive, interconnected lake and river systems provide critical natural waterways	Because of Finland's northern location, winter is the most extended season on average; it lasts from early January to late February. Winter highs tend to be between 0 and 5°C. The highest temperature ever recorded is 37.2°C.	Water/land
Denmark	868.39	The country is flat without hills and mountains. For the most part, Denmark consists of flat lands with minimal elevation, except for the hilly central area on the Jutland Peninsula. Its average height above sea level is only 31 meters.	The climate of Denmark is cold in winter and mild in summer, being influenced by the ocean. Winter is cold, with an average temperature of 0°C. In summer, the temperatures are usually pleasant: about 22°C.	Water/land
Iceland	2447.86	Iceland is mainly an arctic desert punctuated by mountains, glaciers, geysers, hot springs, volcanoes, and waterfalls. Most of the vegetation and agricultural areas are in the lowlands close to the coastline. Iceland's most distinctive features are the glaciers that cover over (11,922 sq. km)	Southerly lowlands of the island average around 0°C in winter, while the Highlands of Iceland tend to average around -10° C.	Water/land

Source: Composed by the authors referring to en.wikipedia.org and www.mapcrow.info

The best choice is the one having all the ratios as low as possible. Following the government budget trend, the most attractive countries are Switzerland and Denmark. The countries that have the lowest tax rates are Switzerland and Iceland, and the lowest

rate of inflation is in Switzerland. The smallest balance of trade is in Denmark. To sum up the financial aspect, the most attractive countries are **Switzerland** and **Denmark** (Table 2).

Table 2. The financial situation in the selected countries

Countries	Government budget trend (per cent) 2014-2019	Taxes (per cent)	Rate of inflation (per cent)	Balance of trade
Belgium	From (-3.1 per cent) to (-1.9 per cent)	Corporate Tax Rate: 29 per cent Personal Income Tax Rate: 53.70 per cent Sales Tax Rate: 21 per cent	0.57 per cent	1871.30 mln. EUR
Switzerland	From (-0.2per cent) to (1.5 per cent)	Corporate Tax Rate: 18 per cent Personal Income Tax Rate: 40 per cent Sales Tax Rate: 7.70 per cent	-1.1 per cent	3156.85 mln. CHF
Finland	From (-3.2 per cent) to (-1.1 per cent)	Corporate Tax Rate: 20 per cent Personal Income Tax Rate: 53.75 per cent Sales Tax Rate: 24 per cent	0.6 per cent	-270.00 mln. EUR
Denmark	From (1.1 per cent) to (3.7 per cent)	Corporate Tax Rate: 22 per cent Personal Income Tax Rate: 55.80 per cent Sales Tax Rate: 25 per cent	0 per cent	9297.50 mln. DKK
Iceland	From (-0.1 per cent) to (-1per cent)	Corporate Tax Rate: 20 per cent Personal Income Tax Rate: 46.24 per cent Sales Tax Rate: 24 per cent	2.2 per cent	-820.53 mln. ISK

Source: Composed by the authors referring to <https://tradingeconomics.com/>

The best market is the one having all the ratios as high as possible except the GINI index that must be as low as possible. The highest GDP rate, as well as the biggest GDP per capita, are in Switzerland and Denmark. The lowest Gini index is in Belgium

and Finland. The best country forming the sector of government debt to GDP is Iceland; thus, to sum up, the economic situation the most attractive countries are **Switzerland, Denmark, and Iceland** (Table 3).

Table 3. The economic situation in the selected countries

Countries	GDP (USD Billion)	GDP per capita (USD)	Gini index - Year		Government Debt to GDP (per cent)
Belgium	53.2	46683.2	25.9	2013	98.6
Switzerland	715.0	78816.2	29.5	2014	41.0
Finland	291.0	48579.9	27.2	2016	59.4
Denmark	352.0	62888.7	29.0	2016	33.2
Iceland	24.7	52103.2	28.0	2006	37.0

Source: Composed by the authors referring to <https://tradingeconomics.com/>, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2172rank.html>

The best fit is where all the ratios except the unemployment rate are as high as possible. The most appropriate market from the GDP growth rate section is Iceland. The most significant population is in Belgium and Switzerland. The highest rate of

population growth is in Iceland and Switzerland, and the lowest unemployment rate is in Denmark, Switzerland, and Iceland. To sum up the economic-social situation, the most attractive countries are **Switzerland, Denmark, and Iceland** (Table 4).

Table 4. The economic-social situation in the countries

Countries	GDP growth rate (per cent)	Population (mln.)	Annual population growth rate (per cent) 2018	Unemployment rate (per cent)
Belgium	-3.9	11.41	0.4	5.3
Switzerland	0.3	8.54	0.8	3.3
Finland	-0.7	5.53	0.2	7.3
Denmark	0.6	5.81	0.6	4.1
Iceland	4.8	0.36	2.9	3.3

Source: Composed by the authors referring to <https://tradingeconomics.com/>,
<https://data.worldbank.org/indicator/SP.POP.GROW>,
<https://data.oecd.org/unemp/long-term-unemployment-rate.htm>

The most important of all are the political factors in the stability of the political nature of the edge. It is best reflected by the fact that indicates whether the balance is reached and maintained between the dominant and opposition political forces or not. All the countries have a different system of governance, but the most popular one is a parliamentary democracy. The political parties in the government in Belgium are mostly left-orientated, and the most popular party is the New Flemish Alliance. The political parties in the government in Switzerland are mostly right-orientated and the most popular party is the Swiss People's Party. The political parties in the government in Finland are primarily right-orientated

and the most popular party is the Democratic Party of Finland. The political parties in the government in Denmark are mostly right-orientated and the most popular party is the Social Democrats. The political parties in the government in Iceland are mostly left-orientated and the most popular party is the Independence Party. The judicial system in all countries is similar; they are all based on the Constitution of the country. Also, elections to the government are organised every 4 years, and the number of seats in the government varies depending on the Constitution of the country. To sum up the political approach, the most attractive countries are **Switzerland, Denmark, and Iceland** (Table 5).

Table 5. The political situation in the selected countries

Countries	The system of governance	Political parties in the government	The judicial system in the country	Elections to the government
Belgium	Federal, representative democratic, and constitutional monarchy The King plays a ceremonial and symbolic role in the nation	There are representatives of 12 parties in the Parliament of Belgium. Three of them are right-orientated. Four of them are centre-orientated, and 5 of them are left-orientated. The leading party in the Parliament is the New Flemish Alliance.	The judicial system is based on civil law and originates from the Napoleonic code. It has a judicial review of legislative acts. The organisation of the courts in Belgium is a solely federal responsibility.	National Council, 4-year term, 150 seats
Switzerland	Semi-direct democratic federal republic The Head of the state is the President	There are representatives of 14 parties in the Parliament of Switzerland. Eight of them are right-orientated. Two of them are centre-orientated, and 4 of them are left-orientated. The leading party in the Parliament is the Swiss People's Party.	Switzerland has a Federal Supreme Court, with judges elected for a six-year term by the Federal Assembly.	National Council, 4-year term, 200 seats
Finland	Parliamentary representative democracy	There are representatives of 10 parties in the Parliament of Finland. Five of them are right-orientated; two of them are centre-orientated; three of them are left-	The courts exercise judicial power; that is, they decide individual cases. The courts are independent and bound only by the law in force. No outside party can intervene in the	National Council, 4-year term, 200 seats

Countries	The system of governance	Political parties in the government	The judicial system in the country	Elections to the government
	The Head of the state is the President	orientated. The leading party in the Parliament is the Social Democratic Party of Finland.	decision-making of the courts. The independence of the courts is guaranteed by the Constitution.	
Denmark	Parliamentary democracy The Danish Queen is the official Head of Government in Denmark, but her role is largely ceremonial	In Denmark, politics are about consensus. There are representatives of 14 parties in the Danish Parliament. Seven of them are right-orientated; three of them are centre-orientated; four of them are left-orientated. The leading party in the Parliament is the Social Democrats.	The Danish Courts are composed of the Supreme Court, two High Courts, the Maritime and Commercial Court, the Land Registration Court, 24 district courts, the courts of the Faroe Islands and Greenland, the Appeals Permission Board, the Special Court of Indictment and Revision, the Danish Judicial Appointments Council and the Danish Court Administration.	National Council, 4-year term, 150 seats
Iceland	A constitutional republic with a multi-party system The Head of the state is the President	There are representatives of 9 parties in the Parliament of Iceland. Two of them are right-orientated. Two of them are centre-orientated, and 5 of them are left-orientated. The leading party in the Parliament is the Independence Party.	Judicial power lies with the Supreme Court and the district courts. The judiciary is independent of the executive and the legislature.	National Council, 4-year term, 63 seats

Source: Prepared by the authors referring to <https://europeelects.eu/>, <http://www.parties-and-elections.eu/>, www.government.is, <https://e-justice.europa.eu/>, <https://www.domstol.dk/om-os/english/>, <https://oikeus.fi/tuomioistuinten/en/index.html>; <https://denmark.dk/>, <https://www.government.is/>

According to the methodology of the model, 3 out of 5 markets must be chosen for further analysis. So, in line with the results presented in the table above it can be stated that the most appropriate

markets are Switzerland (4/5), Denmark (5/5), and Iceland (3/5). Therefore, to conclude, the selected countries from the first filter are **Switzerland, Denmark, and Iceland** (Table 6).

Table 6. Summary of the first filter analysis

Countries	Situation					Final results
	Geographic	Financial	Economic	Social	Political	
Belgium	-	-	-	-	-	0/5
Switzerland	-	+	+	+	+	4/5
Finland	+	-	-	-	-	1/5
Denmark	+	+	+	+	+	5/5
Iceland	-	-	+	+	+	3/5

Source: Composed by the authors

2nd filter: Analysis of the market size

According to the methodology, the analysis of the second filter will be conducted just for 3 countries. In that way, the study is expected to be more accurate and precise. The market growth percentage will be calculated using the formula of the rate $\frac{\text{Market size this period}}{\text{Market size last period}} - 1 \times 100$ (Figure 1).

The best fit is the country that has the most stable ratios, and it is Denmark because every year this country has bigger or smaller market growth, opposite to Switzerland, which had a drop in 2016. This makes its market quite unstable. Iceland had the same decline in 2019, which means that the market is also inconsistent. To sum up, the best market from this part of the analysis is in **Denmark** (Figure 1).



Fig. 1. Market growth of countries, per cent
Source: Composed by the authors

Calculation of the market share

According to the methodology, the second filter analysis will be done just for 3 countries. In that way, the study is expected to be more accurate and

precise. So further market share growth calculation will be done using the formula of the rate $\frac{\text{Data of the most recent period}}{\text{Data of the oldest period}} \times 100 - 100$ (Figure 2).

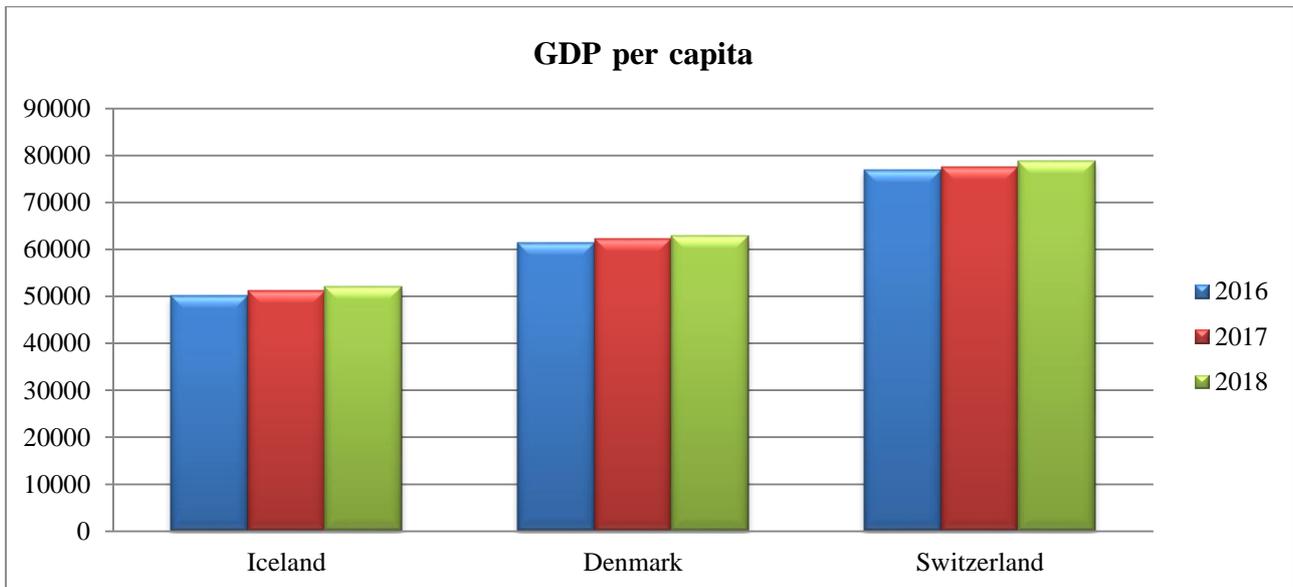


Fig. 2. GDP per capita of countries, USD
Source: Composed by the authors

The rate of GDP grows every year step by step. In Iceland, from 2016 to 2017, GDP grew by 1093.5 USD, and from 2017 to 2018, by 821.2 USD. In Denmark, from 2016 to 2017, GDP grew by 986.2 USD, and from 2017 to 2018, by 531.9 USD. In Switzerland, from 2016 to 2017, GDP grew by 517.7 USD, and from 2017 to 2018, by 1364.2 USD. So, the most significant growth for Iceland and Denmark was from 2016 to 2017. For Switzerland, it was from 2017 to 2018.

Here, the country goes further if it has the highest or second from the top growth rate. As is seen in the table, Switzerland's market share grew from 2016 to 2018 by 2.44 per cent. Denmark's market share grew from 2016 to 2018 by 2.47 per cent. Iceland's market share grew from 2016 to 2018 by 3.82 per cent. This means that Iceland had the most significant growth rate, and Denmark got second-best growth rate, which means that the best fit is **Denmark and Iceland** (Table 7).

Table 7. GDP per capita - Market share of countries, USD, per cent

Countries	2016	2017	2018	Growth (per cent)
Switzerland	76934.3	77452.0	78816.2	2.44
Denmark	61370.6	62356.8	62888.7	2.47
Iceland	50188.5	51282.0	52103.2	3.82
Total	188493.4	191090.8	146918.1	8.73

Source: Composed by the authors referring to <https://tradingeconomics.com/>

According to the methodology of the model, 1 out of 3 markets must be chosen for further analysis. So, in line with the results presented in the table above, it can be stated that the most appropriate market for

further analysis is Denmark. Because Switzerland got 0/2, Denmark got 2/2, and Iceland got 1/2. To sum up the results of the second filter, the most attractive country remains **Denmark** (Table 8).

Table 8. Summary of the second filter analysis

Countries	Calculation of the percentage of Market growth	Calculation of Market share	Results
Switzerland	-	-	0/2
Denmark	+	+	2/2
Iceland	-	+	1/2

Source: Composed by the authors

3rd filter: Market analysis

This filter analysis was made based on Porter's Five Forces analysis. Any points that were not discussed while performing analysis mean that those points were not available to use or find.

Bargaining power of buyers. The bargaining power of purchasers in the uPVC window industry is high. Customers can check prices of different window seller enterprises fast enough through many different online price comparisons on the websites of an enterprise. Besides, there are no switching costs involved in the process. Customers nowadays are likely to purchase windows from different sellers if they lower the costs. Brand loyalty, therefore, does not seem to be that high. Some enterprises are trying to change this with loyalty programs aimed at rewarding customers who come back to them from time to time.

Bargaining power of suppliers. The bargaining power of suppliers in the window industry can be considered very high. When looking at the major inputs that window selling enterprises need, it can be noticed that they are mostly dependent on glass and frame material. In terms of glass, for instance, only a few significant suppliers exist. Therefore, they have substantial bargaining power on the prices they charge. In terms of the frame, the enterprise has more suppliers such as "Inautic", "Sapa", "Reimpex". Therefore, the bargaining power of frame suppliers is lower than that of glass.

Rivalry among existing competitors. When looking at the window selling industry in Scandinavia, it is obvious that the industry is extremely competitive because of several reasons, which include the entry of low-cost carriers, the tight regulation of the industry where safety becomes paramount leading to high fixed costs and high barriers to exit, and the fact that the industry is very stagnant in terms of growth at the moment. The switching costs for customers are also meagre, and many players in the industry are similar in size leading to extra fierce competition among those enterprises. To sum up, it can be said that rivalry among existing competitors in the window selling industry is intense.

The threat of substitute products. In terms of the window selling industry, the general need of its customers is living in a warm and safe house. It may be clear that there are few alternatives for living that way except having excellent and reliable windows installed in the home. Of course, a person can always choose between different enterprises that sell similar products, but they will have to purchase some windows anyway. The threat of substitutes in the window industry can be considered from medium to low.

The threat of new entrants. The risk of new entrants in the window selling industry can be considered as the medium. It takes little upfront investment to start a window selling and manufacturing enterprise. Moreover, new entrants

need licenses, insurances, distribution channels and other qualifications that are not easy to be obtained when you are new in the industry. Furthermore, it can be expected that the existing players have built up a broad base of experience over the years to cut costs and increase service levels. A new entrant often lacks this kind of expertise, and therefore, creates a competitive disadvantage right from the start. However, due to the liberalisation of market access and the availability of leasing options and external finance from banks, investors, and different manufacturers, new doors are opening for potential entrants. Still, it does not sound desirable for enterprises to enter the window industry.

To sum up, it can be stated that the market for this enterprise is tight. However, the JSC Ltd already has a lot of experience in exports, so they are expected to manage to get through difficulties. The market is quite favourable for future exports.

Conclusions

1. Internationalisation is mainly understood as the process when an enterprise increases the level of international operations abroad. The main differences appear when some authors perceive it as a process of increased involvement in international operations or the process when enterprises gradually increase their international involvement. Other researchers understand it as a process when enterprises are more aware of the impact of direct and indirect cross-border transactions on their future and create as well as to conduct transactions with enterprises in foreign countries or the expanded flows of goods, services and people across state boundaries thereby increasing the share of transnational exchanges relative to domestic ones, along with a decline in the level of regulation affecting those flows. Despite diverging approaches, it can be stated that internationalisation is generally interpreted as a continuous commercial activity of an economic operator outside national borders with a view to international development, competitive advantages, or market survival.
2. The selection of foreign markets is a challenging but vital process, which aims to sum up lots of information sources as well as the selection of the most attractive markets. At each stage, all the information is scrutinised until only one priority area is selected, and then the immense market opportunity and the lowest risk is evaluated. It ensures that the future exports of the company could be made profitable and successful due to the detailed analysis of internationalisation. Internationalisation is more attributable to the

same process with business organisations of a specific service or product/product group than the foreign market. The business environment includes a wide array of forces, the nature and content of the factors considered, and each has its specific content, expression, and effect to the company.

3. The company has all components that are required for internationalisation and export development feasibility study and is appropriate for further analysis. The JSC Ltd is an innovative enterprise, with continuously improved manufacturing technology, selection of diverse raw materials. They do not change them into cheap substitutes because this enterprise is most targeted to produce quality, not quantity. The enterprise is already carrying out exports to many countries, which are not far export markets. However, they should expand because the company has many good aspects that are appropriate for internationalisation processes. All filters were analysed according to the methodology of the internationalisation model, and after the first filter, 3 countries: Switzerland, Iceland and Denmark were chosen. After the 2nd filter, an appropriate state was just one, Denmark. After the 3rd filter, there was clear that the market is suitable for internationalisation in Denmark. However, the market will be quite tight. The markets analysed in the study may be attractive because of the single market when GDP growth is lower than the population growth, which means that in the future more people will be able to be potential users. The most significant influence on foreign market activities is from the language, religion, education, values, the scale of technical culture. It is, therefore, necessary to identify, define, and apply the product on the market. The competition factor is essential because it may be a more significant barrier to increasing the foreign market rather than geographical or cultural factors. To sum up, the best market for the internationalisation of the performance of the enterprise is the Danish market.

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UAB "X" VEIKLOS INTERNACIONALIZACIJOS ATVEJO ANALIZĖ

Santrauka

Straipsnyje nagrinėjama, kaip veiklos internacionalizacija galėtų padėti įmonei užimti didesnę rinkos dalį. Darbo objektas yra įmonės internacionalizacija. Tyrimo tikslas yra parinkti tinkamiausią užsienio rinką bendrovės UAB "X" veiklos internacionalizacijos procesams. Remiantis šio tyrimo tikslu, buvo suformuluoti šie uždaviniai: išnagrinėti teorinius internacionalizacijos procesų aspektus; identifikuoti internacionalizacijos modeliavimą ir filtravimą ir parinkti labiausiai pagrįstą užsienio rinką UAB "X" produktų integracijai.

Šiam tyrimui pasitelkti darbo metodai: teorinių šaltinių analizė ir sintezė; filtruojanti analizė; įmonės veiklos rezultatų duomenų analizė, statistinių duomenų rinkimas ir lyginamoji analizė.

Pagrindiniai tyrimo rezultatai: ištirti teoriniai internacionalizacijos procesų aspektai; pateiktas internacionalizacijos filtravimo modelis; atlikta įmonės veiklos internacionalizacijos analizė.

Remiantis šio atvejo tyrimo duomenimis, ateityje būtų galima atlikti detalesnę konkrečios įmonės analizę. Tai dar labiau sustiprintų įmonės galimybes ateityje padidinti eksportuojamos produkcijos kiekius bei sėkmingiau įsiliesti į užsienio rinkas.

Reikšminiai žodžiai: veiklos internacionalizacija, užsienio rinka, mažos ir vidutinio dydžio įmonės, organizacinė veikla.

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