

# Barriers to the foreign expansion of small and medium enterprises: Example of Subcarpathian exporters

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## ABSTRACT

**Objective:** The article aims to present determinants of the activity of the small and medium enterprises (SME) sector. Moreover, we attempted to identify barriers to the internationalisation process and the degree of perceived difficulties in Subcarpathian SMEs. Economic literature devotes a lot of space to enterprises' internationalisation processes. Numerous theories and their empirical verifications explain this process by analysing the activities of large transnational corporations. The emergence of a global competitive environment has resulted in micro, small and medium-sized enterprises (SMEs) being involved in the internationalisation process.

**Research Design & Methods:** In addition to the classic literature analysis, we utilized a survey of internationalized enterprises operating in the Subcarpathian region. We attempted to identify external and internal barriers to internationalisation in SME enterprises. We evaluated differences in the perception of difficulties associated with the existence of individual obstacles in groups of enterprises separated by their size using the non-parametric Kruskal-Wallis test.

**Findings:** The article presents the determinants of the activity of the SME sector in the economic process or their export activity. Research confirms that SME enterprises in Poland, as a rule, are characterized by low resource potential, which causes them to conduct foreign expansion in less advanced forms, mainly in the form of internationalisation of the sphere of exchange.

**Implications & Recommendations:** The research indicates the main internal and external barriers perceived by Subcarpathian exporters. At the same time, they confirm the thesis that SME foreign expansion is mainly conducted in the form of exports. SME companies, often having limited resources while being creative and innovative, choose this very form, which gives them opportunities not only to enter a foreign market and gain experience but also to gain new contacts, learn about the requirements of the target market's customers or become familiar with international business.

**Contribution & Value Added:** It is essential to indicate whether they conduct the internationalisation process similarly or perceive the same barriers to entry into the foreign market. The variety of forms of the internationalisation process and the many factors determining it, create great research opportunities. Still, they are associated with difficulties in inference and give rise to the danger of using simplifications or generalisations.

**Article type:** research article

**Keywords:** internationalisation; export; barrier; enterprise; SME sector

**JEL codes:** D25, F20, F21, F23

Received: 15 November 2024

Revised: 13 March 2025

Accepted: 26 March 2025

## Suggested citation:

Puchalska, K., Majka, A., & Żegleń, P. (2025). Barriers to the foreign expansion of small and medium enterprises: Example of Subcarpathian exporters. *International Entrepreneurship Review*, 11(3), 179-192. <https://doi.org/10.15678/IER.2025.1103.08>

## INTRODUCTION

Companies' internationalisation is a complex and multifaceted process that varies according to company size, industry, geographic origin, and many other factors. Theoretical and empirical studies provide valuable insights into the motivations, strategies, and challenges of internationalisation (Jones & Coviello, 2005; Narayanan, 2016; Wach *et al.*, 2018; Du *et al.*, 2023; Domínguez Romero *et al.*, 2024).

Moreover, SME companies that actively participate in the internationalisation process are an essential part of today's economy. Among them, exporters are an important group. Noteworthy, 99% of European businesses are SMEs. They provide jobs to more than 85 million European citizens and are at the heart of innovation and entrepreneurship. The ideas and solutions of 24.3 million women and men entrepreneurs contribute to a sustainable and digital economy central to Europe's competitiveness ([https://single-market-economy.ec.europa.eu/smes\\_en](https://single-market-economy.ec.europa.eu/smes_en) dated July 24, 2024).

The study's objectives include: 1) introducing the term internationalisation, and 2) assessing the main internal and external barriers perceived by SME exporters.

We tried to find answers to the following research questions:

- How do exporters from the Subcarpathian region feel the various barriers to the internationalisation process?
- Which of the barriers to internationalisation are the most burdensome (difficult to overcome)?
- Does the degree of perception of barriers correlate with the size of the company?

We formulated the following research hypotheses:

- Subcarpathian exporters are much more strongly affected by the external barriers of the internationalisation process;
- The main barrier to foreign market entry of the analysed entities is the state's fiscal policy and a high degree of bureaucracy;
- The degree of perception of barriers to the internationalisation process increases with the decrease in the size of the exporting company.

Increasing competition in foreign markets, the high demands of product buyers, and the spread of international standards force companies to constantly adapt to the changing environment. Internationalisation, or 'entering' foreign markets, often increasingly distant ones, is a process that takes place in many ways and is determined by several factors that provide great opportunities but simultaneously imply problems. Scholars define companies' internationalisation as a sequence in which companies become significantly aware of the direct and indirect impact of international transactions on their future and establish and conduct transactions as well as cooperation with entities from other countries (Duliniec, 2011; Virglerova *et al.*, 2021; Haley *et al.*, 2022).

As a process of adapting a company's activities (strategy, structure, resources) to the international environment, internationalisation is also 'the foreign expansion of a company, which includes any type of economic activity undertaken by a company abroad or with foreign partners' (Rozkwitalska, 2007). It is a creative process of identifying and exploiting opportunities in foreign markets (Wach & Wehrmann, 2014).

Numerous questions usually accompany the internationalisation of small and medium-sized enterprises. The most common questions sought are what form of foreign market entry to choose (Dorozhinsky, 2014; Hofman-Kohlmeyer, 2018; Bołoz, 2019), how to identify threats and barriers, and what type of advantages the entity must have.

Exporting, as a form of internationalisation, creates opportunities to initiate new activities in foreign markets. Export activities force entrepreneurs to adapt their offerings to the requirements and expectations of foreign markets, affecting the quality of the products/services offered and leading to an increase in business standards. In addition, by increasing the scale of production, export activity reduces unit costs, which can translate into increased profit, an improved competitive position, or both.

The article presents the barriers to foreign market entry of SME enterprises, among which are mainly considered the fiscal policy pursued and the high degree of bureaucracy in Poland. This problem is vital from the exporter's point of view because it determines the strategy for entering a foreign market. Identifying and eliminating barriers should be the basis of any export process. In turn, correct evaluation of these issues most often results in success in new foreign markets.

The study's added value lies in the identification and detailed analysis of barriers hindering the foreign expansion of small and medium-sized enterprises on the example of exporters from the Subcarpathian region. Moreover, the added value is perceived as placing the results in the context of ex-

isting research on the issues of internationalisation of SMEs and paying attention to the degree of difficulty noticed by entrepreneurs undertaking activities in foreign markets. The study provides practical insights into specific regional challenges, which can support the development of effective internationalisation strategies and policies to support SMEs in expanding into foreign markets. It also contributes to the existing literature and points the way for future research. Indeed, the analysis of the barriers indicates the need to adopt specific directions to support SME enterprises/exporters in several areas. These include, among others, support in obtaining capital, human resources, and legal services, resulting from the need to adapt to different legal tax regulations. This is a fundamental issue, as this problem is taken up by the European Commission and indicated in the EC's 2020 report (<https://ec.europa.eu/docsroom/documents/44244> of 24.07.24.).

The article has the following structure. First, we introduced the essence of the internationalisation phenomenon among SME entrepreneurs in Subcarpathian Voivodeship. Next, we will present the source literature in an aspect of scientific theories concerning enterprises' internationalisation process. Subsequently, we will discuss the determinants of the SME sector's economic activity and the barriers to their activity. The article includes research results, discussion, and conclusions.

## LITERATURE REVIEW

The internationalisation of SMEs is a complex area of research that considers the specific and unique challenges faced by small and medium-sized enterprises in entering foreign markets. Thanks to the contributions of many researchers (Al-Hyari *et al.*, 2012; Fernandes *et al.*, 2020; Urban *et al.*, 2023), it is possible to comprehensively understand the dynamics, strategies, and success factors in SME internationalisation.

The literature in management and economics devotes much attention to the companies' internationalisation processes (Ribeiro Cahen, 2016; Genc *et al.*, 2019; Ramdani *et al.*, 2023). Numerous theories, such as product life cycle theory according to Vernon (1966), Uppsala model according to Johanson and Vahlne (1977), export behaviour theory according to Leonidou and Katsikeas (1996), Porter's Diamond Model according to Porter (1990), SMEs internationalisation theory according to Johanson and Vahlne (2003) and others and their empirical verifications explain this process by analysing activities mainly through the lens of transnational corporations.

Researchers focus on various aspects of the process, including the motivations, strategies, challenges, and impacts of internationalisation.

Starting the literature review with the product life cycle theory (Vernon, 1966), we should note that according to this theory, products go through a life cycle that affects their internationalisation. As the product matures, production is shifted to lower-cost countries. The Uppsala model (Johanson & Vahlne, 1977) describes internationalisation as a gradual process in which companies expand into foreign markets, starting with those most culturally and geographically similar. Also noteworthy is the export behaviour theory (Leonidou & Katsikeas, 1996), in which the authors focus on companies' export decisions, analyzing export motivations, barriers, and strategies. Another theory in business internationalisation (network theory, according to Håkansson and Snehota (1989), emphasizes the importance of networks and relationships between companies in the internationalisation process, with relationships with foreign partners being crucial to success. On the other hand, the OLI paradigm (Dunning, 1988) suggests that companies choose to internationalize when they have proprietary advantages (*e.g.*, unique technologies), locational advantages (*e.g.*, favourable conditions in foreign markets), and internalization advantages (*e.g.*, benefits from control of operations abroad). Another theory supporting the internationalisation processes of companies is the transaction cost theory (Williamson, 1975), which assumes that companies make internationalisation decisions based on an analysis of the transaction costs associated with various forms of international activity. Another theory, the evolutionary theory (Nelson & Winter, 1982), treats internationalisation as an evolutionary process in which companies adapt to changing market conditions through innovation and acquiring new skills. On the other hand, Porter's diamond model (Porter, 1990) suggests that firms' international competitiveness depends on four main elements: factor conditions, demand conditions, affinity and supporting industries, and firms' strategy, structure, and rivalry. The last of

the cited theories of corporate internationalisation is the SME internationalisation theory (McDougall, 1994), which focuses on small and medium-sized enterprises' specific challenges and internationalisation strategies, especially so-called 'born globals,' i.e., globally oriented from the start (Moen, 2002; Øyna & Alon, 2018). The pioneers of research on 'born goals' were Knight and Cavusgil (1996), who showed that some companies are globally oriented from inception and develop international operations much faster than traditional internationalisation models suggest.

Furthermore, on a European scale, in 'The Phenomenon of Early Internationalizing Firms: What Do We Know After a Decade (1993-2003) of Scientific Inquiry?', Rialp *et al.* (2005) analyze the internationalisation of small and medium-sized enterprises in the European context, noting the enabling factors and barriers. In the context of studies conducted in so-called 'emerging markets,' cite Luo and Tung's (2007) work, 'International Expansion of Emerging Markets. International Expansion of Emerging Market Enterprises: A Springboard Perspective,' in which the research focuses on companies in emerging markets and their strategies for using internationalisation as a springboard for acquiring resources and technology.

Noteworthy, researchers' approaches to internationalisation have been changing in response to changes in global economies' (Daszkiewicz & Wach, 2014). Wach made, among other things, a detailed study of models in the internationalisation of small and medium-sized enterprises, also pointing out their contemporary forms.

As numerous studies indicate (Costa *et al.*, 2018; Costa *et al.*, 2022; Love & Roper, 2015; Brambil-la *et al.*, 2012), these companies face many barriers and risks in the process of internationalisation. Costa *et al.* (2023) indicate the following types of barriers: external, strategic management, net-working, and operation. Important reflections on the barriers that occur on the way of the company's development were presented by Leonidou (1995), who described the barriers by identifying them with internationalisation through export. These barriers include structural, operational, and other barriers that limit the company from undertaking or developing internationalisation. Nowakowski (1999) identified and classified barriers in the internationalisation process. He divided them into: internal, which included, among others: quantitative and qualitative limitations in the sphere of human, material and financial resources, improper approach or lack of skills in the field of the strategy of operating on the markets, psychological resistance or fear of risk, or an overly optimistic assessment of the chance of entering a foreign market as well as external barriers, such as lack of support (or insufficient support) from national authorities and institutions, the so-called negative protection, state security considerations and restrictions related to international agreements. Particularly valuable in this regard seems to be the research of Nurfarida *et al.* (2022) who conducted a literature review to identify important research findings on the motives and barriers hindering the internationalisation of SMEs over a period of 10 years.

As the literature review shows, the internationalisation of enterprises is a long-term and complex process, depending on economic, social, cultural, political, geographic conditions, etc. There is always research on its course, essence, and significance for the national, European, and global economy. The following part of the article will present the determinants of the internationalisation process of SMEs in Poland and its impact on the functioning of these enterprises.

For most high developed economies, the micro, small and medium-sized enterprise (SME) sector is the most critical pillar of their development (Pietrasieński & Ślusarczyk, 2015). In Poland, this phenomenon is illustrated by the total number of business entities. Of the 2.3 million non-financial enterprises operating in Poland in 2022, as many as 99.8% of entities belonged to the SME group, of which as many as 97.2% were microenterprises ([https://www.politykainsight.pl/prawo/\\_resource/multimedia/20306210](https://www.politykainsight.pl/prawo/_resource/multimedia/20306210) as of July 2024).

Establishing a microenterprise is much simpler than developing a large company, but this does not change the fact that the steadily increasing share of microenterprises in the total number of business entities shows their importance to the economy. This importance is also confirmed by data on the SME sector's contribution to GDP. According to PARP (2023), the SME sector in Poland generates nearly three-quarters of the GDP value (71.6%). Microenterprises have the largest share of GDP creation – about 29.5%, and the entire SME sector generated 43.6% of GDP (data for 2020).

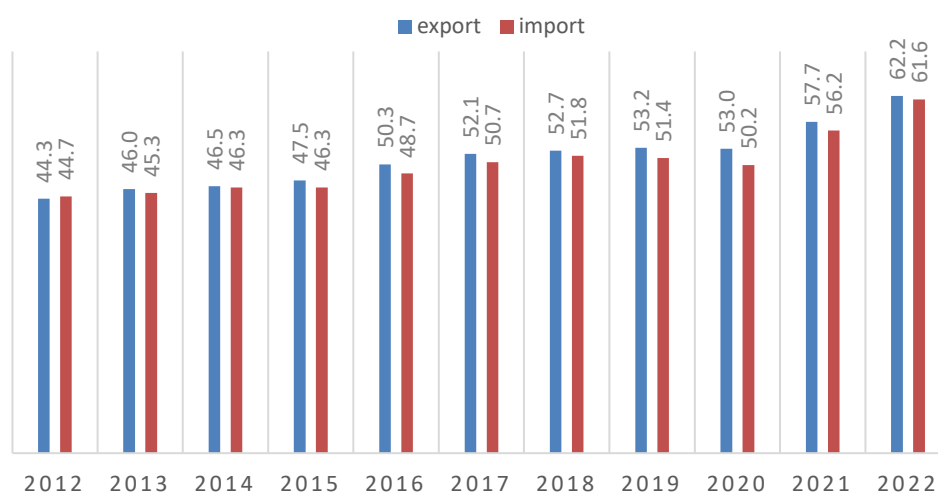
**Table 1. Number of non-financial enterprises in Poland by number of employees in 2019-2022**

Years	Number of enterprises	Number of people working			
	Total	up to 9 people	10-49	50-249	250 or more people
2022	2 349 755	2 283 379	48 217	14 341	3 818
2021	2 355 980	2 288 844	48 731	14 618	3 787
2020	2 261 856	2 194 244	49 514	14 433	3 665
2019	2 211 604	2 144 162	48 911	14 780	3 751

Source: CSO data, Non-financial enterprises by type and place of business in 2019, 2020, 2021, 2022 (as of July 24, 2024).

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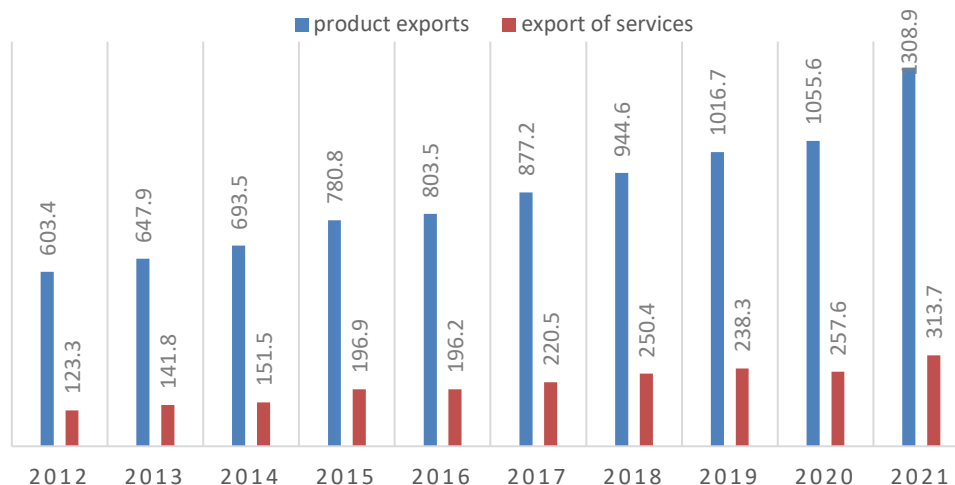
The internationalisation process of the Polish economy is proceeding dynamically. The ratio of exports of goods and services to GDP is steadily increasing. It increased by 17.9 p.p. between 2012 and 2022. Since 2016, the ratio of exports to GDP has exceeded 50%, and Polish companies are increasingly engaged in satisfying the demand of foreign consumers rather than Polish ones. The same is true of imports.

**Figure 1. The ratio of exports to GDP and the ratio of imports to domestic demand from 2012 to 2022**

Source: own elaboration based on CSO data from the publication Annual Macroeconomic Indicators (dated 24.07.24).

One of the primary measures of the internationalisation of the economy is the number of companies engaged in exporting or importing. Unfortunately, this area is still not one of the strengths of our economy. Based on CSO data for 2021, PARP estimates show that 4.5% of companies in Poland (*i.e.*, 106.4 thousand) sell products abroad, and only 0.97% (20.5 thousand) sell services.

Polish companies generate a relatively large percentage of their revenue from exports. According to estimates based on CSO data, in 2021, 25.8% of companies' revenues came from exports of products and services. The weakest performance in this regard was achieved by micro companies (5.9%), clearly better by small (17.0%), medium (20.9%) and large entities (27.0%). Over the 2012-2021 period, a steady increase can be seen in the internationalisation of enterprises' activities, as measured by the percentage of exports of products and services in total revenues of enterprises. During this period, the share of exports in the revenues of Polish enterprises grew steadily (from 2012 to 2021, an increase of 6.5 p.p.).



**Figure 2. Value of exports from 2012 to 2021 in billion PLN**

Source: [https://www.parp.gov.pl/storage/publications/pdf/ROSS\\_2023\\_scalony\\_ost\\_akt.pdf](https://www.parp.gov.pl/storage/publications/pdf/ROSS_2023_scalony_ost_akt.pdf). (dated July 24, 24).

## RESEARCH METHODOLOGY

The results presented here are part of a broader study conducted among SME enterprises with foreign capital from the Subcarpathian region. This research was conducted in 2019.

The research was conducted based on a questionnaire addressed to all enterprises with foreign capital from the Subcarpathian region (696 enterprises) – 194 companies responded to the survey. One can assess the degree of company internationalisation using various measures, a significant number of which have a quantitative dimension. As emphasized by McDougall *et al.* (1994) and Du-linieć (2011), an indicator calculated as the share of exports (or profit made from them) in the total sales (respectively: in total profit) of a company seems to be of the most significant importance in analyses. Therefore, for this study, we based the analysis on data from companies where the share of exports in the value of production sold exceeded 20%.

We analysed data from 70 enterprises, with small and medium-sized enterprises accounting for 41.4% each and micro-enterprises accounting for 17.2%. Table 2 shows the detailed structure of the studied collective.

Among the surveyed enterprises, the dominant ones were those that have been operating for more than ten years – they accounted for 60% of the surveyed collective, while the relatively most minor share (2.8% of the total surveyed) was held by young companies – operating for 1 to 2 years. Manufacturing and service industry companies were the most numerous, which accounted for 37.2% and 34.3% of the total surveyed, respectively.

The scope of the research concerned the forms of expansion and planned strategies of enterprises in foreign markets. Among other things, we asked entrepreneurs what barriers to internationalisation they identified and the perceived degree of threat of this problem. Barriers to internationalisation (both internal and external) were assessed based on a survey interview, in which the respondents assigned ratings on a scale from 0 (when the barrier did not occur) to 4 (when it happened to a very high degree). For this study, we analysed data from companies where the share of exports in the value of production sold exceeded 20%. We conducted a Kruskal-Wallis test to examine the differences in the perception of difficulties associated with the occurrence of individual (internal and external) barriers to the internationalisation process in different groups of companies separated by their size. Using this test, we evaluated whether  $n$  independent populations came from the same population (or a population with the same median) (Józwiak & Podgórski, 2006). In this study, we verified the zero hypothesis, according to which the degree of perceived barriers does not depend on the size of the enterprise, *i.e.*, the distributions of the degree of perceived barriers are the same for different groups of the size of the enterprise.

**Table 2. Structure of the study population**

Specification		Number of enterprises	Percentage of companies
Enterprise size by employment	1-9 people	12	17.2%
	10-49 people	29	41.4%
	50-249 people	29	41.4%
Total		70	100%
Period of operation of the company in years	1-2 years	2	2.8%
	3-4 years	6	8.6%
	5-6 years	4	5.7%
	7-8 years	6	8.6%
	9-10 years	10	14.3%
	over ten years	42	60.0%
Total		70	100%
Main sector of activity	trading	19	27.1%
	services	24	34.3%
	processing industry	26	37.2%
	extractive industry	1	1.4%
Total:		70	100%

Source: own study based on own survey data.

If there was a statistically significant difference ( $p < 0.05$ ) between groups, the next step involved multiple comparisons for pairs of subgroups (Koronacki & Mielniczuk, 2006), presenting (in tabular form) the test probability value only for groups that differed significantly. We performed all calculations using the *Statistica 13* package.

## RESULTS AND DISCUSSION

The research shows that, as a rule, SME enterprises in Poland display low resource potential, which causes them to expand abroad in less advanced forms, mainly in the form of internationalisation of the sphere of exchange. The surveyed enterprises confirm the thesis. A common practice of most companies in the Subcarpathian region is to import and export in parallel. Direct export was most often indicated as the dominant form of expansion of the SME sector (29.4% of enterprises), with this form being the leading one in every third of small and medium-sized companies and every fifth microenterprise. The research conducted – as well as the study of many other researchers (Gołębiowski, 2007; Witek-Hajduk, 2007; Plawgo, 2004; Domanska, 2016) – confirms the thesis that SME foreign expansion is mainly conducted in the form of exports. SME companies, often having limited resources while being creative and innovative, choose this very form, which gives them opportunities not only to enter a foreign market and gain experience but also to gain new contacts, learn about the requirements of the target market's customers or become familiar with international business.

The ordering of internal barriers to internationalisation according to the strength of the problem for exporters in the SME sector in the Subcarpathian region is as follows:

- resistance and fear of risk (strength of problem 1.7),
- quantitative and qualitative limitation of human, material, and financial resources (strength of the problem 1.7),
- inappropriate approach or lack of skills in the field of strategy for operating in foreign markets (strength of problem 1.5),
- overly optimistic assessment of the chances of entering the market (strength of the problem 1.3).

As many as 90% of Subcarpathian SME enterprises declared the occurrence of difficulties related to the quantitative and qualitative limitation of human, material, and financial resources when entering a new sector/industry (Table 3), with 70% of the surveyed companies considering that these difficulties occurred to a 'very low or medium' degree. Although the degree of perceived difficulty experi-

enced in connection with this barrier was noticeably higher in the surveyed micro companies than in small and medium-sized enterprises (Figure 1, Table 3), the difference proved statistically insignificant.

**Table 3. Internal barriers to internationalisation observed when a company enters a particular sector/industry (percentage of companies surveyed)**

Barriers and difficulties	Did not occur	They occurred at a very low rate	Occurred to a medium degree	They occurred at a high rate	They occurred at a very high rate	Average strength of the problem
Quantitative and qualitative limitations of human, material, and financial resources	10.0%	30.0%	40.0%	18.6%	1.4%	1.7
Inappropriate approach or lack of skills in the field of foreign market operations strategy	21.4%	28.6%	28.6%	18.6%	2.9%	1.5
Resistance, fear of risk	14.3%	31.4%	27.1%	22.9%	4.3%	1.7
Overly optimistic assessment of market entry opportunities	22.9%	35.7%	31.4%	8.6%	1.4%	1.3
Poor evaluation of market signals	22.9%	28.6%	35.7%	12.9%	0.0%	1.4

Source: own study based on own survey data.

An inadequate approach or lack of skills in foreign market strategy was a barrier in nearly 80% of the companies surveyed (Table 3). Among 57.6% of respondents, this difficulty occurred to a very low or medium degree, and 2.9% to a very high degree. A high or very high degree of difficulty associated with this barrier was noted by 27% of medium-sized, 7% of small, and 41% of micro-enterprises. Noteworthy, 28% of small and 24% of medium-sized enterprises did not experience such a barrier to entry.

Over 85% of Subcarpathian SME companies involved in exporting experienced difficulties related to resistance and fear of risk were. In total, 58% of the surveyed microenterprises, 21% of small, and 20% of medium-sized companies declared a high and very high degree of feeling this barrier. An overly optimistic assessment of the chances of market entry occurred in nearly 77% of the companies surveyed, with the vast majority (67.1%) believing that this barrier happened to a very low or medium degree.

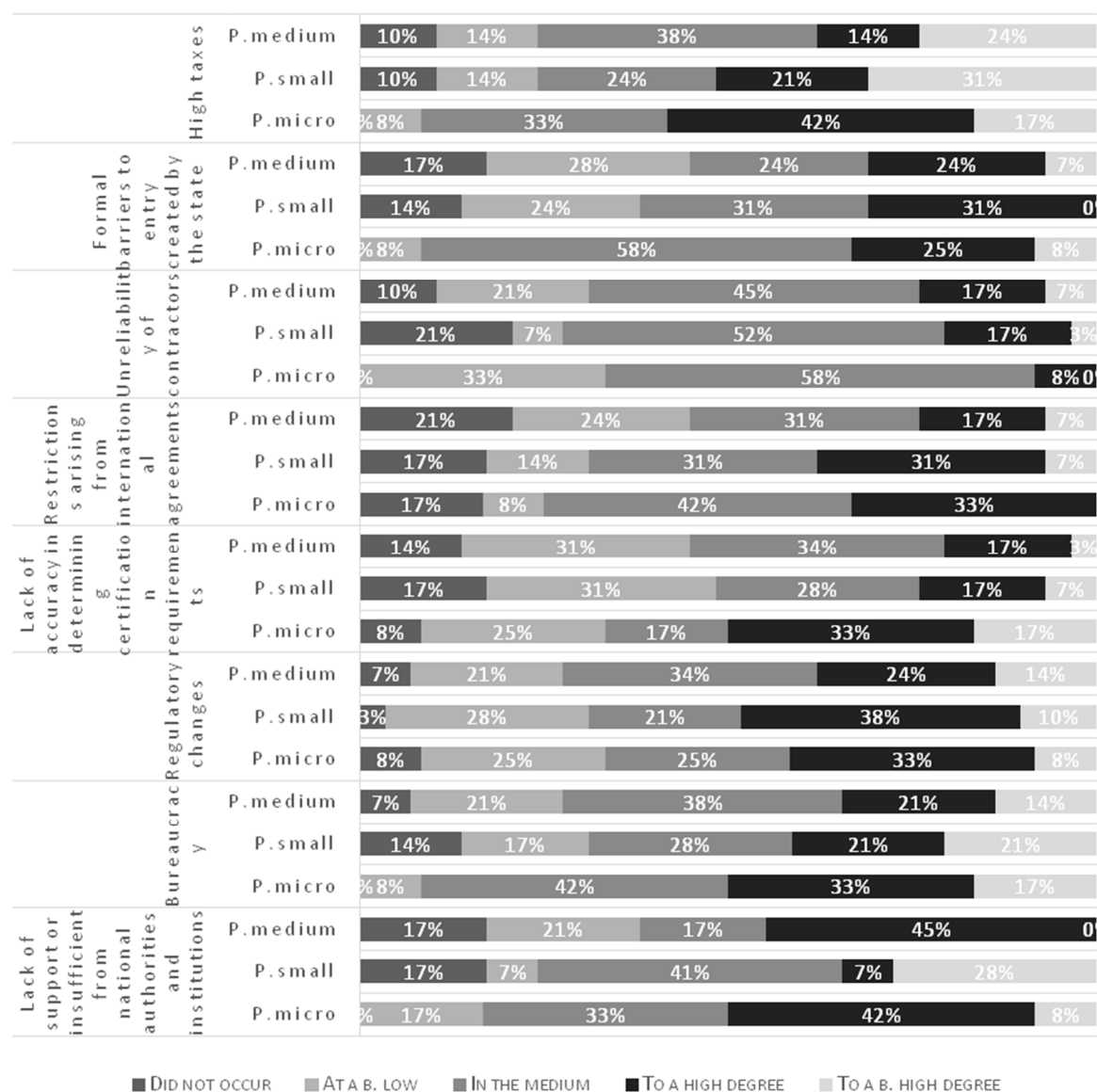
Moreover, 77.1% of respondents declared difficulties related to poor evaluation of market signals. Similarly, as in the case of an overly optimistic assessment of market entry opportunities, they were predominantly of a very low or medium onerous nature (this level of occurrence of difficulties was indicated by 64.3% of companies). None of the surveyed exporters reported the occurrence of this barrier to internationalisation to a very high degree. The results of the Kruskal-Wallis test (Table 4) confirmed the existence of statistically significant differences only between the degree of perceived difficulties related to fear of risk, with these difficulties being significantly more strongly perceived by micro-enterprises than by small enterprises.

In turn, the ordering of external barriers to internationalisation according to the strength of the problem according to exporters in the SME sector in the Subcarpathian region is as follows:

- high taxes (strength of problem 2.4),
- bureaucracy and regulatory changes (strength of problem 2.2),
- lack of support or insufficient support from national authorities and institutions (strength of the problem 2.1),
- formal barriers to entry created by the state (strength of the problem 1.9),
- international treaty restrictions and unreliability of contractors (strength of problem 1.8),
- lack of accuracy in determining certification requirements (strength of problem 1.7).

Noteworthy, the degree of difficulty associated with the occurrence of individual problems (strength of the problem) is (according to respondents' indications) significantly higher for external barriers than for internal ones.





**Figure 4. External barriers to internationalisation observed upon entry into a particular sector/industry in micro, small and medium enterprises**

Source: : own elaboration based on survey data.

**Table 6. Company size vs. perception of external barriers to internationalisation**

Barriers and difficulties	Average strength of the problem			$H^*$	$p^{**}$
	P. micro	P. small	P. average		
Lack of support or insufficient from national authorities and institutions	2.42	2.21	1.90	1.310	0.519
Bureaucracy	2.58	2.17	2.14	1.315	0.518
Regulatory changes	2.08	2.24	2.17	0.162	0.922
Lack of accuracy in determining certification requirements	2.25	1.65	1.66	2.364	0.307
Restrictions arising from international agreements	1.92	1.96	1.66	1.335	0.513
Unreliability of contractors	1.75	1.76	1.90	0.306	0.858
Formal barriers to entry created by the state	2.33	1.79	1.76	2.32	0.313
High taxes	2.67	2.48	2.26	0.900	0.637

Source: own study based on self-reported survey data.

We conducted Kruskal-Wallis test to assess whether the size of an enterprise differentiates the perception of difficulties associated with the presence of particular external barriers to internationalisation (Figure 4). The test results showed no statistically significant differences in the perception of the difficulty of the external obstacles in micro, small, and medium-sized enterprises (Table 6).

## CONCLUSIONS

As a general summary of results, we claim that the internationalisation process requires an in-depth analysis of internal and external barriers. These are undoubtedly important and often key issues in exporters' decision-making process. This publication assesses the role of SMEs as a pillar of economic development and attempts to identify internal and external barriers perceived by Subcarpathian exporters in the SME sector. The classification of perceptions of the internal obstacles at the time of a company's entry into a given sector/industry indicates that the vast majority of Subcarpathian SME companies identify difficulties related to the limitation of human, material, and financial resources, with 70% of the surveyed companies considering these difficulties to have occurred to a 'very low or medium' degree. Although the degree of perceived problems arising in connection with this barrier was noticeably higher in the surveyed micro-enterprises than in small and medium-sized enterprises, the difference was statistically insignificant. On the other hand, perceptual differentiation of external barriers to internationalisation points to insufficient support (or lack thereof) from domestic authorities and institutions as a barrier when entering foreign markets. Bureaucratic difficulties that arise in the internationalisation process are rated as highly burdensome. We also found that legal regulations are essential for the internationalisation decisions of the analysed entities.

Through the research and analysis of these studies, we can deduce that the SME sector in Poland faces several impediments and barriers, inhibiting their expansion into foreign markets. Among the recommendations concerning the activities of this type of enterprise in foreign markets, it is necessary to propose, first of all, simplification of the legal regulations for starting operations abroad, as well as increased support (legislative, fiscal, administrative, and other) of domestic authorities and institutions for companies intending to start operations in a foreign market. Respondents also emphasized the need to study the market these companies intend to operate in. Market research should consist of an analysis of competing companies in the target market, as a lack of reliability of contractors was cited as a barrier to operating in foreign markets. An important role also belongs to learning about the preferences and needs of potential customers and investigating whether there is enough demand in the target market for the products/services offered by these companies. Moreover, respondents also assign importance to the marketing strategy adopted and logistical and distribution support in the foreign market.

We know that the research may indicate some limitations since we conducted it in a province with a low degree of industrialization. Nevertheless, it is a border province conducive to establishing international cooperation and undertaking economic initiatives in border markets (and beyond). As the main limitation of the research, we point to the fact that the survey covered enterprises that are already engaged in export activities, while as suggestions for future studies, we point out the need to conduct research among enterprises in the SME sector that have not yet decided to do business abroad. The survey could be supplemented by enterprises from outside the SME sector and other provinces (besides the Subcarpathian region) for comparative analysis.

Concerning empirical studies, it is worth noting that it is difficult to decide to what extent the indicated barriers are permanent here. We are aware that there are still many unanswered questions regarding the internationalization of SMEs in relation to the factors determining their growth. Hence, there is a need for ongoing monitoring of perceived barriers to internationalization. We believe that the existing assumptions about the business environment, as well as the relationships and linkages of international entrepreneurship, also require analysis.

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### Acknowledgements and Financial Disclosure

Fundings provided by Faculty of Economics and Finance, University of Rzeszów, Poland.

### Use of Artificial Intelligence

The text is free of AI/GAI usage.

### Conflict of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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Published by Krakow University of Economics – Krakow, Poland