

Impact of Business Networks on Internationalization of Slovene Enterprises

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Active participation on international markets is of the utmost importance for Slovene enterprises due to relatively small but open domestic market. Slovenia's exports in 2016 amounted to almost € 25 billion, out of that 72.1% with EU Member States, with 50 largest exporters generating almost 50% and 100 largest exporters contributing almost 60% of the total value of exports (SURS 2016 and 2017). Therefore, internationalization as a way to effectively enter and operate in foreign market environments is essential for majority of Slovene enterprises.

Nowadays, the business environments are regarded more as a web of relationships, i.e. networks, than as neoclassical markets with many independent suppliers and customers (Johanson and Vahlne, 2009). Business networks are becoming increasingly important in the internationalization of businesses (Anderson, 1993; Czinkota et al., 2011), as they have an impact on foreign market selection as well as on the mode of entry in the context of ongoing network processes (Johanson and Vahlne, 2009; Hakansson and Snehota, 2006; Ruzzier et al., 2014).

The study focuses on the impact of integration in the domestic and foreign business networks and the role of these networks in the internationalization of large Slovene enterprises. The main goal of the study is to determine whether and how involvement in business networks and close relationships with various stakeholders in networks influence the effectiveness of the internationalization of large exporters.

Most of the data required to measure the importance of business networks are not available from archival sources. Therefore, the quantitative study employed a Likert-scale type web survey in order to obtain statistically useful information from top executives of 198 large enterprises. It was carried out in 2016. The structured questionnaire consisted of 130 questions. Altogether 89 out of 198 questionnaires were properly completed, meaning a response rate of 45 percent, and were statistically evaluated with SPSS program.

The study suggests that large Slovene enterprises are mostly engaged in establishing new business partnerships, searching for new business opportunities, and forging long-term business relationships. Mostly on non-equity basis as they prefer business alliances like business clusters. They are not actively searching for financial sources on international financial markets. Additionally, large exporters see the potential for international growth increasingly on more remote emerging markets, predominantly in Asia and Middle-East. In this respect, they envision the role of the economic diplomacy as important but rarely use its services.

The study further suggests that the increase in number of both, domestic partnerships and foreign partnerships in business networks, has statistically positive impact on the level of internationalization of large Slovene enterprises. Similarly, the quality and the familiarity of relationships with foreign business partners have statistically positive impact on the level of internationalization. On the other

hand, the frequency of interactions with foreign partners has no impact on the level of internationalization.

Keywords: business networks, relationships in business networks, business networks and internationalization, Slovenia

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