
Simulation of Cross-border Business Activity: A Case Study of the EU Eastern Border

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Abstract:

Purpose: This study aimed to identify the forms and stimulants of Polish enterprises' cross-border activity near the EU eastern border.

Design/Methodology/Approach: A qualitative and quantitative analysis of the empirical material gathered was required to accomplish the research objective. The study was based mainly on a preliminary study conducted on a sample of 244 enterprises located in the border zone of Poland, neighboring former USSR republics which are not parts of the EU, i.e., Russian, Ukraine, and Belarus. The gathered data were analyzed with structure indices, the importance index, and the Mann-Whitney U test.

Findings: The hypothesis that an enterprise's location in the border zone has a beneficial impact on its activity in the neighboring market was rejected due to the study. Moreover, the study has shown that entrepreneurs' expectations regarding potential support for their activity differed depending on their presence in foreign markets. This, in turn, confirmed the hypothesis that various groups of factors stimulate individual forms of enterprise activity in the neighboring national market.

Practical Implications: The study has shown that the supportive measures for the cross-border activity of enterprises should consider the extent of their involvement in relations of this type and the form of such activity on the neighboring market.

Originality/value: Despite many studies of enterprise expansion outside the country, they were found to focus on support measures for enterprises entering international markets, trends in international enterprise expansion, or concerned individual borders. It was necessary to take up empirical studies concerning motives for businesses to undertake activity in cross-border markets in regions threatened with marginalization and the area close to the eastern EU border. Therefore, this study fills the gap in the literature of the subject concerning the forms of cross-border enterprise activity and the extent of their involvement in border areas.

Keywords: Cross-border activity, entrepreneurship, EU eastern border.

JEL classification: F16, F23.

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1. Introduction

Studies into the development of business activity in border areas have been attracting many research teams all over the world. Border areas [There are many definitions of border areas. They are usually defined as an area situated on one side and along a state border. It is a subsystem of the state - a territorial political and social system. In other words, these are regions in the territorial division (towns and communes, districts, and voivodships) that neighbor the state border (Zabielska and Zielińska-Szczepkowska, 2013).] provide a challenge in building economic cohesion and activation, and their specificity about other administrative regions lies in their geographic surroundings. This makes such areas more susceptible to changes in international relations than those located within the country, mainly due to historical, socio-demographic, and economic factors. A significant role is also played by state borders (Halás, 2002; Matos *et al.*, 2017; Muller, 2014), which "enclose" the regions unilaterally, thus affecting their economic and social development. The geographic position, the nature of the state border, differences in the level of development, and how the economies of the function of the neighboring region and social and cultural factors are all key attributes (Miszczuk, 2013).

In consequence of the above, many local and regional initiatives appear, whose aim is to find a space for cooperation and socioeconomic activation. One of them is the cross-border activity of enterprises (Zabielska and Zielińska-Szczepkowska, 2013), which attempt to penetrate new markets. Their activities are driven by the will to make use of the neighborhood, which involves an ability to spot and take advantage of new opportunities (related to production, services, and organization) in the neighboring country, using the geographic position as an element of competitive advantage (Stverkova *et al.*, 2018; Podhludka, Stverkova, and Ślusarczyk, 2018).

The meaning of cross-border enterprise activity is determined by explaining the words: cross-border, i.e., crossing the border, and cross-border activity, which requires regular and permanent contacts over the state border, aimed at daily - institutionalized or otherwise - cooperation in areas on both sides of the border (Zabielska and Wojarska, 2016).

Cross-border activity has a long tradition in other countries of Western Europe, but it was not possible in post-socialist countries until 1989 in Central and Eastern Europe and until 1991 in former Soviet republics. The new geopolitical situation activated formal and informal relations between enterprises and institutions in border areas (Smallbone and Welter, 2012; Clem and Popson, 2000; Van Houtum and Scott, 2005; Williams and Balaz, 2002; Isakova, Gryga, and Krasovska, 2012).

They are considering the unique nature of Poland's eastern border, where countries of the former post-socialist block meet and which forms the outer EU border, the study's main objective was to identify forms of cross-border activity of Polish enterprises

located in the area stimulants of such activity. The paper has the following structure: chapter 2 contains the literature review; chapter 3 describes the methods applied in the research and the materials used for the analyses; chapter 4 presents the study findings in a tabular and descriptive form; the summary is presented in chapter 5. The following study methods were applied in the research: deduction studies of the literature of the subject regarding the cross-border enterprise activity; a survey in a sample of 244 enterprises located in the border area in Poland (which is also the eastern border of the EU), which neighbors on Russia, Ukraine, and Belarus; statistical methods - structure indices, importance indices, and the Mann-Whitney U test.

2. Literature Review

The most widely debated issue related to motives of enterprise expansion outside the country concerns direct foreign investments. The reasons for which companies invest abroad have intrigued researchers and constituted an integral part of various theories and paradigms. These include (after: Cieřlik, 2019): 1) theory of internalisation - S.H. Hymer - theory of maximum transaction costs (expanded by P.J. Buckley, M.C. Casson, J.F. Hennart, A.M. Rugman, D.J. Teece), theory of industrial organisation and theory of international production; 2) theory of product cycle in foreign investments - R. Vernon - expanded by L.T. Wells; 3) theory of firm-specific ownership advantages - with contributions from: R.E. Caves, T. Horst, H. Johnson, S.P. Magee, B. Swedenborg, T.A. Pugel, A.L. Calvet, R.F. Owen, S. Lall, N.S. Siddhathan and N. Kumar; 4) research into strategies of firms operating on oligopolistic markets - F.T. Knickerbocker, E.M. Graham and E.B. Flowers; 5) an eclectic paradigm of international production (OLI - ownership, location, internalisation) which is an attempt at a holistic explanation of foreign firm operation - J.H. Dunning.

On the other hand, studies into motives of foreign investments are rare. These include Kim and Kim (1993), Tatoglu and Glaister (1998), Hussain, Ali and Nowak (2001), Ali and Mirza (1996) and Fahy, Shipley, Egan and Neale (1998) (after: Cieřlik 2019). The Uppsala model has become the most popular among the internationalisation concepts (Johanson and Wiedersheim-Paul, 1975, Johanson and Vahlne, 1977). Researchers have noted some characteristic features of how expanding firms operate. Expansion is preceded by success in the internal market (e.g., as a consequence of many decisions taken within the firm). It usually starts with nearby markets, to be followed by more distant ones. There is a mental or cultural distance between markets, which usually hinders the mutual flow of information from a firm to the market and back, which is a consequence of linguistic, cultural, political, and educational factors of the economic development level, etc. Moreover, when entering foreign markets, companies usually start with export activities and decide to take up those requiring greater involvement only after some time. Therefore, the process is sequential, or even evolutionary in nature, which is usually caused by a lack of knowledge of cross-border markets and the resources necessary for expansion, the risk associated with entering the markets and the cost of transport, tariff, and non-tariff barriers.

Empirical studies into internationalisation also concern relations with a foreign partner. The research carried out in the Nordic countries is of particular importance to this study because of the tradition of cross-border cooperation that is present there. This research concerned mainly relations between local governments and cross-border cooperation (including Euroregions) (Baldersheim and Ståhlberg, 1999). The alliances entered by local governments proved to be an interesting research problem in this regard (cf. Porter 2001, 2006). Researchers have also performed analyses regarding the internationalisation of business activity and the global dimension of the network (e.g., Ford *et al.*, 1986; Fletcher and Barrett, 2001; Welch, Luostarinen, 1988).

In Poland, this issue has been analysed by: Chojnicki (1996) Dołzbłasz (2005), Komornicki (2003), Kaczmarek (2005), Ratajczak-Mrozek (2014), Szmigiel-Rawska, Dziemianowicz, Szlachta (2011). Spatial relations have been discussed - in the context of physical, social, cultural, ecological, and economic space. Moreover, the internationalisation process has been analysed from the perspective of support instruments for Polish enterprises entering international markets and the international involvement of Polish enterprises has been examined (Cieślak, 2010; 2019). Significant trends in the international expansion of Polish firms have also been identified (KPMG sp. z o.o. 2005; 2010; 2018; reports and conference materials of the Institute of Market and Competition of the Warsaw School of Economics - e.g., Sobiecki and Pietrewicz, 2014).

Scientific research into cross-border business activity (Zabielski and Zabielska, 2014; Smallbone and Welter, 2012; Fernandes *et al.*, 2017; Gupta and Fernandez, 2009; Bleeke and Ernst, 1991; Alves, Osorio, Guo, and Wah, 2019) and cross-border cooperation concerned individual borders (Zabielska and Zielińska-Szczepkowska, 2013) or presented only an analysis of secondary data (GUS). The primary data concerned mainly the government administration or one type of industry or were based on theoretical studies (Balińska, 2016; Charucka, 2016; Giełda, 2015; Jabłońska and Burzyńska, 2016; Jabłońska, Dziuba, and Hurak, 2018; Kurowska-Pysz, 2016; Osikowicz, 2017; Reško, 2010; Wieczorek, 2016).

Therefore, if internationalisation is regarded as any activity on cross-border markets for the purpose of this study, a certain classification can be made (according to the Uppsala model of internationalisation). Such activity of a company on foreign markets may manifest itself in carrying out joint projects (e.g., fairs or other industry events, promotional activities, and other cross-border undertakings), organization of entrepreneur meetings, exchange of information on economic opportunities and on establishing cooperation links. This includes mainly export (but also import), contractual forms (contractual cooperation) and investments (Chmielak, Ejsmont, and Zabielska, 2018; Wach, 2014). Considering the methods of entering cross-border markets, entrepreneurs make them dependent on both internal conditions (the company potential) and external ones (by defining the market of the undertaking target location). The key factor is the maturity of the enterprise and entrepreneurs aspiring to conduct such forms of activity in a cross-border market (Tarnawa and Zadura-Lichota, 2015).

This is of particular importance in regions threatened with marginalisation, which is the case in border regions in post-socialist countries, including the eastern regions of Poland (Jabłońska and Burzyńska, 2016; GUS, 2020) and the western regions of Belarus, Ukraine, and Russia (Gorzym-Wilkowski, 2005). In the background, there are features describing historical experiences (shared history interrupted in 1939) and peculiar regional and local conditions. The enterprise activity in the area was associated with the processes of political transformation (Cieślik, 2010; 2014). The level of socioeconomic development in these countries was similar in the early 1990s, but they chose different economic transformation paths. The radical reforms that had been started in Poland earlier (open borders, free movement of goods, services, capital, and people), facilitated the cooperation of enterprises and allowed for quick absorption of well-tested technological and organisational solutions.

On the other hand, Belarus and Ukraine were not independent but relied on the central authorities of the USSR and other republics. Private ownership and individual business activity were officially suppressed, centralised management did not allow for taking independent decisions. Refraining from economic reforms after the disintegration of the USSR and then implementing them to a limited extent, did not allow those countries to enter the transformation path and their economies remained strongly bonded to Russia.

The changes that took place in Poland concerning enterprise involvement in international operations can be divided into two stages. The first stage was a consequence of the political transformation - that was the time of fundamental quantitative changes taking the form of a spectacular increase in the number of commodity exporters. The second stage - following Poland's accession to the EU, was a time of slowed quantitative changes in favour of qualitative changes in the form of the gradual growth of enterprises involved in different forms of international activity (OECD Trade by Enterprise Characteristics [TEC, 2016]).

Currently, the eastern border region of Poland is a place of cross-border languages, religions and traditions, cooperation and activity, whose development is boosted by an increase in international competition, the possibility of cross-border transfer of capital, technology, and labour. Therefore, if an enterprise establishes cooperation, it should gain benefit and, in consequence, consolidate its position on the cross-border market. Cost reduction is not the main reason for entering new activities - it is more important to gain access to the market, to control it and to strengthen links. The activity also has other determinants, namely, experiences in cooperation and integration with previous partners - the more advanced the forms, the greater the inclination for activity (Malkowski, 2014; Polenske, 2004; Huber, Murphy, and Clandinin, 2003; De Sousa, 2012; Bratnicki, 2002; Smallbone and Welter, 2012).

The enterprise activity in the specific Polish-Russian-Belarusian border area is hindered by many factors. These include both the barriers resulting from the borders being closed

(outer EU borders), the need to get visas and passport and customs control on the border, as well as historical, social, political differences and different levels of economic development.

The reasons why enterprises undertake cross-border activity are classified in a variety of ways in the literature. These include, for example, offensive motives - oriented towards profit increase, gaining access to new markets and customers to boost sales, and defensive motives - aiming to not lose profits, sales, markets, or customers. Foreign expansion is also driven by the need to look for new markets for the products offered by an enterprise, to get the necessary resources and to diversify the markets and sources of supply. Therefore, enterprises that decide to enter cross-border markets strive for (Shenkar and Luo, 2004):

- taking advantage of market opportunities and increasing sales (efforts aimed at maintaining the market strength and the firm's competitive position) - market stimuli;
- gaining a higher return on investment by increasing income and/or decreasing cost owing to the differences between the countries - economic stimuli;
- developing abroad the resources so far used only domestically, achieving first-mover advantage on cross-border markets (before the competition) and gaining possible benefits from vertical integration - strategic stimuli.

3. Research Methodology

Although studies into business activity play a key role in contemporary economics and finance, the factors responsible for an enterprise operation, especially in a border area, have been discussed and analyzed. Border areas are not only places where many languages, religions, and traditions are present, but they are also regions of cross-border activity and relations. They are unique on the eastern border of the EU, where the states of the former Soviet bloc meet in the new geopolitical system of Europe. On the one hand, the shared tradition and history of the area is both an enriching and complicating factor in mutual relations and cross-border cooperation.

Considering the above, the objective of this study was to identify the forms of cross-border activity of Polish enterprises located near the eastern EU border and their stimulants. To attain it, two hypotheses were examined, i.e.:

H1: *An enterprise's location in a border zone has a beneficial impact on its activity on the neighbouring market;*

H2: *individual forms of enterprise activity in the neighbouring market are stimulated by various groups of factors.*

The necessary data had to be accumulated and analyzed to accomplish the research objective and test the hypotheses. The information came mainly from the preliminary study conducted in Q4 2019 on a sample of 244 enterprises located in the border area of Poland, neighbouring former USSR republics which are not parts of the EU, i.e., Russian, Ukraine, and Belarus. For the study, the border zone was delimited as an area covering district-right towns and districts whose capitals are located within 50 km of the border of Poland with the neighbouring countries (Statistical Office in Rzeszów, 2019). Creating a study sample required the team first to develop a method to select enterprises that met the research criteria randomly (e.g., location within the border area under analysis, size - more than nine workers employed, availability of financial and registration information, international trade data, operation in the industry, construction, and market services sector). To this end, a database of qualifying entities was purchased.

Those to be examined with a questionnaire survey were selected randomly after a detailed analysis of the enterprises in the border area. The application of the respondent selection technique produced a research sample comprising enterprises with a diverse size of personnel, experience, and type of activity. The majority (98.4%) were SMEs, with nearly half (43.9%) employing between 10 and 49 people and 39.7% classified as microenterprises. The average duration of the entities' operations in the market was 17.5 years, with the most extended period (71 years) noted for an entity established in 1950 and the shortest (three years) - for one established in 2018. The firms under study represented a wide range of activities - in total, the respondents provided over 114 codes of Classification of Business Activities in Poland across all the sections of the classification.

The structure indexes and the importance index were used to analyse the primary data (Karaszewski and Sudoł, 1997):

$$W = \left(\sum_{i=0}^k n_i \cdot w_i \right) / k \cdot N \quad (1)$$

where:

i-evaluation index

n_i-number of responses with the factor on the *i*-th position

k-maximum score on a scale from 0 to *k*

N-number of respondents who replied to the question

w_i-score corresponding to the position of factor *i*

The importance index "W" takes values within the interval <0; 1> and reflects the part of the score points given to this answer by the respondents.

Moreover, the Mann-Whitney U test was used to determine the significance of differences between two groups of enterprises (i.e., those active and inactive in neighbouring markets). This analytical tool was selected due to the number of groups under comparison

and the scale on which the dependent variable was measured. The respondents expressed their opinion on a five-degree Likert scale, which is classified as an ordering scale.

4. Results and Discussion

The border location is often regarded as a determinant of a low economic development level and civilizational backwardness, although such location also offers many opportunities. It makes it possible to establish direct economic cooperation with regions in a different country, thereby opening access to the other country's market. Such cooperation can involve commodity exchange and technological cooperation, joint use, and mutual replenishing of the resources of means of production and joint marketing expansion (Mierosławska, 2004). Consequently, the competitiveness in the area increases and becomes a development stimulant for the existing enterprises while at the same time attracting new investors.

The research shows that the enterprises participating in the survey did not observe any benefits offered by their location in the border area. Although 54.9% of them operated on foreign markets (with an absolute majority - 70.9% - being present on the neighbouring market), the border location was not perceived as a development stimulant or a catalyst of cross-border activity. Over half of the respondents (68.4%) in the enterprises involved in cross-border cooperation believed that the geographic closeness of the eastern EU border did not affect their development. A similar percentage of them (69.5%) thought that the border location did not increase their activity in the neighbouring national market, and nearly all of them (90.5%) replied that they had chosen the location for their firm for reasons other than the possibility of conducting business activity in a border zone.

The enterprises without involvement in foreign activities had similar feelings about the closeness of the border. They also did not perceive their location at a small distance from the markets of the former USSR countries as a development factor or a stimulant of the activity in the neighbouring country. No impact of the border location on enterprise development was observed by 80.0% of the respondents in the group and its lack of impact on an opportunity to take up the cross-border cooperation (by 79.1% of the respondents).

Both groups mentioned similar solutions among the factors that could change this (Table 1). Improvement of the road and/railway infrastructure ($W=0.51$) and assistance in seeking cooperating entities, making their offer reach the end consumer, and improving linguistic competence ($W=0.47$) were the most important stimulants for the enterprises operating on the neighbouring market. The most important motivators for the entities not operating outside the country included: support in seeking customers and improving linguistic skills ($W=0.23$) and improving the road and railway infrastructure ($W=0.21$). Although the factors stimulating the cross-border enterprise activity are similar, the intensity of their importance varies. The

enterprises active on the foreign market were given a much higher score, and a lower score was given by those active on the domestic market.

The Mann-Whitney U test was used to establish whether the differences were significant and, based on them, the zero hypotheses were rejected. This means that both groups of entities (i.e., those operating on the neighbouring market and otherwise) differed in the distribution of weights given to various stimulants by the respondents. From the point of view of the policy of supporting business activity in the border areas, it may suggest the need to diversify activities depending on the enterprise's involvement in the cross-border activity. For the entities that do not undertake this type of activity, such policy should focus primarily on the promotion of available solutions and on making the enterprise management aware of the benefits of this form of growth and suggesting specific supporting measures.

Table 1. Stimulants of enterprise activity on the neighbouring market

Stimulants	Index of importance		Mann-Whitney U test	
	E_{not_act}	E_{act}	Z	p
Legal and administrative facilities	0.19	0.46	-5.7491	0.0000
Streamlined border-crossing procedure	0.21	0.43	-4.6323	0.0000
Opening new border crossing points	0.19	0.37	-3.9240	0.0001
Improvement of road/railway infrastructure	0.21	0.51	-5.7432	0.0000
Improved access to information on operations of institutions providing support to enterprises in their activity on the neighbouring market	0.20	0.44	-4.9688	0.0000
Support from selected institutions	0.17	0.39	-4.9440	0.0000
Improved access to information on funding opportunities for activity on the neighbouring market	0.21	0.42	-4.6477	0.0000
Increasing financial support for activity in the neighbouring country	0.20	0.45	-5.2851	0.0000
Assistance in looking for customers	0.23	0.47	-5.1258	0.0000
Assistance in helping the enterprise reach potential customers in the neighbouring country	0.20	0.47	-5.6393	0.0000
Training for entrepreneurs in preparing offers of foreign cooperation	0.17	0.41	-5.5921	0.0000
Establishing and developing cross-border facilities/institutions	0.14	0.35	-4.5875	0.0000
Improvement of linguistic skills	0.23	0.47	-5.0443	0.0000

Note: E_{not_act} - enterprises absent on the neighbouring market; E_{act} - enterprises present on the neighbouring market; p - significance level, if $p < 0.05$, the respondents' answers are deemed as significantly different; Z - value of the statistic.

Source: Own study.

The presence of enterprises in the neighbouring national market can have various forms. Six main forms have been identified for this study:

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- foreign trade (export and import),
 - establishing branches,
 - hiring and/or exchanging personnel,
 - promotional activities (including participation in fairs or other industry events, initiating promotional activities, promotion of investment areas and free warehousing areas),
 - purchase and/or granting licences,
 - joint enterprise with a foreign partner.

The empirical material gathered in the study shows that a majority of the enterprises (48.4%) did not diversify the forms of their presence on the adjacent markets and usually limited their activities to trade (29.5%), promotional activities (8.4%), or personnel replacement (7.4%). Some firms (21.1%) connected foreign trade with promotional activity, while the other forms (and their combinations) were used much more rarely.

An attempt was made to determine the factors that could increase the cross-border enterprise activity depending on their presence in the neighbouring market. The analysis at this stage was based on the index of importance, and its results are shown in Table 2.

Table 2. *Stimulants of enterprise activity in the neighbouring market by forms of presence*

Stimulants	Index of importance					
	1	2	3	4	5	6
Legal and administrative facilities	0.48	0.34	0.38	0.50	0.60	0.56
Streamlined border-crossing procedure	0.43	0.34	0.35	0.47	0.00	0.44
Opening new border crossing points	0.38	0.22	0.31	0.39	0.00	0.38
Improvement of road/railway infrastructure	0.51	0.32	0.52	0.50	0.40	0.61
Improved access to information on operations of institutions providing support to enterprises in their activity in the neighbouring market	0.44	0.28	0.44	0.44	0.40	0.55
Support from selected institutions	0.39	0.26	0.38	0.44	0.60	0.49
Improved access to information on funding opportunities for activity in the neighbouring market	0.44	0.28	0.44	0.43	0.40	0.59
Increasing financial support for activity in the neighbouring country	0.46	0.30	0.42	0.46	0.80	0.60
Assistance in looking for customers	0.46	0.36	0.46	0.51	0.80	0.57
Assistance in helping the enterprise reach potential customers in the neighbouring country	0.47	0.34	0.41	0.52	0.80	0.60
Training for entrepreneurs in preparing offers of foreign cooperation	0.41	0.34	0.36	0.45	0.60	0.51
Establishing and developing cross-border facilities/institutions	0.33	0.20	0.39	0.39	0.40	0.43
Improvement of linguistic competence	0.48	0.24	0.43	0.51	0.80	0.57

Note: 1 - foreign trade, 2 - establishing branches, 3 - hiring and/or exchanging personnel, 4 - promotional activity, 5 - purchase and/or granting licences, 6 - joint enterprise with a foreign partner.

Source: Own study.

The data in Table 2 show that improvement of the infrastructure was the most important stimulant for the enterprises that reached the neighbouring market through trade, personnel exchange, and joint enterprises with a foreign partner. The entities whose cross-border activity involved opening a branch expected mainly to find customers and/or business partners and/or cooperation offers in the neighbouring country. Those who focused on promotional activity could increase their foreign activity if they received more significant help in making their offer reach potential customers on the other side of the border.

An in-depth analysis of the scores given to each stimulant by the respondents clearly shows that the factors with a positive impact on expanding the enterprise activity in the neighbouring country comprise different groups, depending on the form of the market presence. This means that the measures aimed at increasing the enterprise activity should consider the extent to which they are involved in cross-border operations and their presence in the neighbouring market. There are no exhaustive studies on factors that stimulate the business activity of enterprises in border areas. Most studies concern selected factors (e.g., benefits from cross-border cooperation of various business entities) (Welter and Smallbone, 2008; Isakova, Gryga, and Krasovska, 2012).

One of such studies contains a detailed analysis of the motives that guide entrepreneurs entering business cooperation with a foreign partner (Welter, Alex, and Kolb, 2012). A shared understanding of the purpose and form of such cooperation between the partners is - according to researchers - one of the prerequisites of successful cooperation. The cooperating parties should also have a similar view of their cooperation's benefits - the geographic closeness between the cooperating parties can be one of them. Potential benefits do not need to be similar, as long as both parties define benefits in a potentially valuable way. The enterprises participating in the current survey did not feel any benefits offered by their location in the border area. A large majority of the respondents did not perceive it as a decisive factor for undertaking cross-border activities.

Other studies show the importance of previous experience establishing informal contacts among entrepreneurs in the neighbouring country in undertaking cross-border activities (Welter and Smallbone, 2006). They help businesspeople get to know the culture, tradition, and customs of the neighbouring country and improve their communication skills in a language other than their own. This and a range of other experiences contribute to establishing permanent business cooperation in the future. In the current study, improvement of the linguistic skills and support in seeking potential customers was regarded as being among the essential stimulators of cross-border activity both by entrepreneurs operating in the neighbouring market and those who do not.

Earlier studies into the policy of supporting entrepreneurship in the European border areas focused mainly on the opportunities offered by the EU cohesion policy as part of dedicated programs for cross-border regions (Perkmann, 2007; Harguindéguy and Bray, 2009; Lepik and Krigul, 2009; Reško, 2010; Klimczuk, Klimczuk-Kochańska, and Plawgo, 2015; Welter, Smallbone, Aculai, Isakova, and Slonimski, 2007a; 2007b; Medeiros, 2018). One such study conducted on the Polish-Czech border suggests that the economic sphere lags concerning cross-border cooperation compared to social spheres, such as culture, education, and tourism (Kurowska-Pysz, 2016). At the same time, Polish and Czech enterprises are not sufficiently eager to develop cross-border cooperation, although they have been offered several support instruments. The current study has shown that the state policy regarding enterprises that do not take up cross-border activity should promote available solutions and make business owners aware of the benefits from this form of cooperation, which concrete support measures should follow.

The findings of a different study conducted in the West Ukrainian border districts show that expansion of the EU does not always positively impact the development of cross-border enterprise activity, which applies to small businesses in the SME sector (Isakova, Gryga, and Krasovska, 2012). Therefore, it is essential to identify and describe the factors that could increase the enterprise activity depending on their presence in the neighbouring market. This study fills the gap in this regard because it contains a comprehensive analysis, both stimulants of cross-border enterprise activity and their correlation with the form of the activity. The current study confirms that enterprise stimulating measures should consider the extent of their involvement and the method of their operation on the neighbouring market.

5. Conclusion

The internationalization of an enterprise operation is increasingly often a necessary condition for growth or for achieving a competitive advantage. Studies into cross-border enterprise activity conducted in a group of entities near the EU eastern border showed that they did not use the advantage offered by their border location to establish cross-border relations. Nearly half of them (45.1%) did not take up any foreign activity, and those that did justified it by other factors than the geographic closeness of the border. Nearly 75% of the respondents thought this factor did not impact the activity or its absence in the neighbouring country. This helped to reject hypothesis H1, which assumed a stimulating effect of the border location.

The study also included an attempt at identifying the most common forms of the presence of Polish firms in the adjacent markets and at determining the factors which could increase it. The highest percentage of enterprises reached the markets on the other side of the border through export and import of goods or by combining foreign trade with promotional activity. The study has shown that entrepreneurs' expectations regarding potential support for their activity differed depending on their presence in foreign markets. This, in turn, confirmed hypothesis H2, that various groups of factors stimulate forms of enterprise

activity in the neighbouring market.

The authors of this paper wish to clarify that despite their efforts and due diligence, this study does not exhaust all the aspects of the issue. Therefore, the specificity of the assumptions and scope of the research should be considered in interpreting these findings. The fact that the study dealt with a sample of enterprises only from one country (Poland) is a factor that limits the conclusions that can be drawn from its results. At the same time, it needs to be stressed that identifying the forms of Polish enterprise cross-border activity on both sides of the eastern EU border and its stimulants provides an essential basis for future research, which would be conducted not only on a more extensive study sample but also expanded to include the border zones of other European post-socialist countries.

Curiosity may be raised by the specificity of the international business activity in these countries. The issues left unanswered, which can become research problems in the future, concern business owners' motivation to take up international economic activity and its changes in time and an analysis of the cross-border enterprise development path depending on their owners' preferences. Moreover, considering the factors that could increase the cross-border enterprise activity, it is essential to research an effective policy of permanent support for internationalization processes.

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