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Does outward FDI by Polish multinationals support existing theory? Findings from a quantitative study¹

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Abstract: This study identifies and investigates the relationships between FDI motives and establishment modes in the context of outward foreign direct investment (OFDI) undertaken by companies from Poland. It is based on survey data collected in 2013 from Polish companies engaged in FDI. A number of hypotheses, derived from pertinent outward FDI literature, are tested using quantitative analysis tools. Its main findings show that almost half of the surveyed firms preceded their first FDI project with exports, but at the same time a similar proportion of firms had no host-country experience prior to their initial FDI project. The study indicates the leading role of market-seeking motives in Polish OFDI followed by efficiency-seeking and strategic asset-seeking motives, with only a marginal role being left to resource-seeking.

Keywords: outward foreign direct investment, FDI motives, FDI establishment modes, emerging multinationals, Central and Eastern Europe, Poland.

JEL codes: F21, F23, P20.

Introduction

Outward foreign direct investment (OFDI) is a phenomenon with important economic consequences. The investing firms can develop economies of scale and scope which lead to their increased profitability and market power. Secondly, investing firms can enhance their capabilities through asset acquisition abroad and the synergistic combination of the acquired assets with their own capabili-

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ties, thus also possibly contributing to an upgrade of domestic firms [Buckley et al. 2010]. Moreover Visser [2006] argues that OFDI normally leads to a shift from lower to higher-skilled jobs at home. However the empirical evidence regarding the impact of OFDI on domestic investment and employment remains mixed [Gorynia et al. 2014]. Hence this topic is subject to debate by scholars and policy-makers alike.

The volume of OFDI by firms originating from Central and Eastern European (CEE) economies has raised the question about number of issues related to the specific character of this category of firm, including their competitiveness [Jaworek, Szałucka, and Szóstek 2009], foreign expansion motives [Rosati and Wiliński 2003] or entry modes [Gorynia et al. 2013a]. Amongst CEE-related studies a macroeconomic perspective has prevailed [Antalóczy and Élterő 2003; Bohata and Zeplinerova 2003; Varblane, Reiljan, and Roolah 2003; Svetličič and Jaklič 2003; Gorynia, Nowak, and Wolniak 2008, 2010; Kalotay 2004; Radlo and Sass 2012], although studies combining macro-level with firm-level analysis can also be found [Svetličič, Rojec, and Trtnik 2000; Rugraff 2010; Zemplinerová 2012; Gorynia et al. 2013a, b]. All of them point to the geographic concentration of CEE firms' outward FDI in neighbouring European countries. Prominent amongst them are the reports on emerging multinationals from Hungary, Poland, Russia and Slovenia that have been published in recent years within the Emerging Market Global Players (EMGP) Project [Kaliszuk and Wancio 2013; Kuznetsov 2013; Jaklič and Svetličič 2009]. They recognize that the vast majority of these firms have become regional, rather than global, players and many of them remain state-controlled. They focus on Europe and Central Asia as their FDI destinations. Their transnationality index (TNI) is not high: it ranges on average from 30% for firms from Poland to 53% for firms from Hungary.

Although these companies' FDI motives and modes were not extensively covered by those reports certain patterns can nevertheless be discerned. The predominant FDI motive is market-seeking (even among Russian multinationals), followed by resource- and efficiency-seeking. Strategic-asset seeking is quite important only for Russian multinational enterprises (MNEs). The most common FDI mode is acquisition although there seems to be a growing importance of green-field investment. Zemplinerová [2012] concludes that Czech companies invest in other countries not only to exploit their firm-specific advantages but also to access new markets. In general, although investing companies may pursue multiple motives, market- and efficiency-seeking predominate. Svetličič, Rojec and Trtnik's [2000] study reveals a predominance of market-seeking motives of Slovene OFDI, however their study also points to the emergence of OFDI in Slovenia as a result of lack of ownership advantages of local firms and their desire to improve competitiveness through FDI. Despite the existence of several studies devoted to FDI motives of emerging multinationals from the CEE region none of them systematically examines how these motives affect strategic choices. Whilst studies in the Asian con-

text devoted to the relationship between FDI motives and the specific modes of entry have indicated that the choice of acquisitions is frequently related to the strategic asset-seeking motive [Cui and Jiang 2010; Yamakawa, Peng, and Deeds 2008] This relationship has not been examined across a broader set of different FDI motives.

The present paper addresses this research gap by attempting to examine the relationship between different FDI motives and FDI establishment modes (understood as the dichotomous choice between acquisitions and greenfield investments). By explicitly accounting for the underlying motives of FDI projects and attempting to link them with the selected establishment modes this study contributes to the ongoing debate in international business research on the specific character of emerging multinational motivation for FDI. It also addresses a fundamental issue of the internationalization process of emerging multinationals by considering FDI projects in the context of the earlier foreign operations of the sample firms.

The paper starts with a review of key literature on OFDI with focus on its motives and entry modes as well as the character of the internationalization trajectories of emerging multinationals. The ensuing sections introduce research hypotheses and present the results of their verification by using quantitative analysis. The final sections offer discussion about the relevance and implications of the findings, and finally, a summary of final conclusions and suggestions for future studies.

1. Firm internationalization, FDI motives and establishment modes: the theoretical background

Any study of FDI motives and FDI modes should first be placed in a broader context of firm internationalization, addressing the question whether firms precede their direct investment abroad with non-equity entry modes, such as exporting, licensing, franchising or contract manufacturing. According to the Uppsala Model developed by Johanson and Wiedersheim-Paul [1975] and Johanson and Vahlne [1977, 1990], firm internationalization is a sequential and gradual process of increasing resource commitments in foreign markets. These authors postulated that internationalizing firms will first select foreign countries with market conditions and cultures similar to those of their home country and introduced the concept of “psychic distance” between home and host countries. Thus, according to the Uppsala Model, FDI modes are expected to be used by firms that have already internationalized through non-equity entry modes, notably by exporting [Fonfara 2011; Trąpczyński and Wrona 2013]. However critics of the Uppsala and similar models point to their weaknesses and limited explanatory power [e.g. Turnbull 1997] and call for the

development of a theory with better predictive ability and more in line with recent changes in the international business environment [Vissak, Ibeh, and Paliwoda 2007]. In the context of the present study it is therefore germane to also investigate how the FDI establishment modes of the companies studied relate to their non-equity entry modes.

Although there are many specific motives for undertaking FDI, Dunning [1998] conveniently classified them, and the respective types of MNE activity, into the following four groups: resource seeking; market seeking; efficiency seeking; and strategic-asset seeking. Dunning argues that resource and market seeking motives typically characterize initial FDI, while those of efficiency and strategic asset-seeking characterize sequential FDI. He also argues that “[...] as strategic asset-acquiring investment has become more important, the locational needs of corporations have shifted from those to do with access to markets, or to natural resources, to those to do with access to knowledge-intensive assets and learning experiences which augment their existing O specific advantages”⁵ [Dunning 1998: 54]. It should be pointed out in this context that the link between FDI motives and FDI establishment modes has not been an intensively researched issue in IB studies as compared to other determinants of choice between green-fields, acquisitions or joint ventures [see e.g. Barkema and Vermeluen 1998; Larimo 2003; Hennart and Reddy 1997; Chen and Hennart 2002; Buckley and Casson 1998; Gorg 2000; Kogut and Singh 1988; Padmanabhan and Cho 1995; Slangen and Hennart 2008]. More importantly the said relationship does not have a long and intensive research tradition in the context of developing country MNEs as it does for those in developed country.

Multinational enterprises from emerging economies may lack ownership advantages to be exploited and sustained abroad and thus may seek strategic assets abroad in order to close this gap and enhance their international competitiveness [see e.g. Cui and Jiang 2010; Yamakawa, Peng, and Deeds 2008; Makino, Lau, and Yeh 2002]. Mathews [2006] proposed in his „LLL” (linkage, leverage, learning) concept that emerging multinationals skip conventional stages of foreign expansion in order to catch up with international rivals in the sphere of technology. Likewise Luo and Tung [2007] proposed in their „springboard” approach that the latecomer disadvantage of firms from emerging markets can be overcome by acquisitions of intangible assets from developed country MNEs. According to the imbalance theory of Moon and Roehl [2001] FDI is undertaken to increase productivity of existing assets or to acquire complementary assets in order to balance out the asset portfolio. Imbalance stands for a situation whereby the latecomer does not have certain firm-specific assets for which the current marginal value is below the market rate. However whilst there have been several studies in the Asian context highlighting the relationship between the intention of acquiring strategic assets and the preference of emerging mul-

⁵ Ownership advantages.

tinationals for selecting acquisitions in more developed countries as an establishment mode [see e.g. Deng 2007; Luo and Tung 2007] this relationship has not been investigated in a systematic manner for a broader range of different motives. In their qualitative study based on a sample of foreign investors in Poland, Gorynia et al. [2007, 2012] shed some light on this relationship and postulated further research using larger samples and quantitative methods.

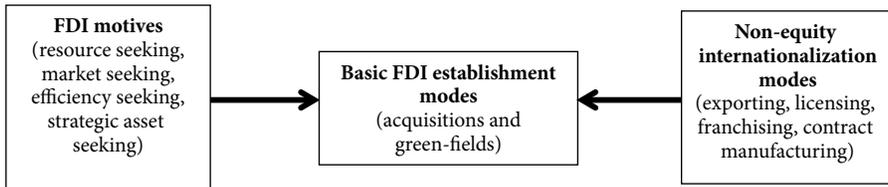


Figure 1. Analytical framework for studying FDI motives and modes

To summarize, the authors' analytical framework, presented in Figure 1, is derived from conventional IB literature in order to provide a basis for analyzing the context of firms from an advanced emerging market – Poland. Thus whilst the strategic decisions in the internationalization process discussed above are not a novel, nor context-specific phenomenon in themselves, it is their application to the Polish context on which the present study will focus. The analytical framework shows the variables investigated in this paper and their basic relationships which will be formalized in the form of hypotheses in Section 3.

2. Research hypotheses

Based on the literature review presented in Sections 1 and 2, as well as the findings from a qualitative study carried out by the authors [Gorynia et al. 2013a, b], several hypotheses were formulated. They were grouped into three subject areas: FDI in the internationalization process; FDI motives and FDI motives vs. FDI establishment modes.

The first area deals with the place of FDI in the firm's internationalization process. Consistent with the stages of the internationalization models reviewed in the previous section and the results of the previous qualitative study Polish companies tend to expand – with several exceptions – gradually, by preceding equity entry modes with exports, also in line with previous research in the CEE context [see e.g. Antalóczy and Éltető 2003; Śliwiński 2012]. This phenomenon has been increasingly visible since the opening of former centrally planned economies in the CEE region at the beginning of the 1990s. Whilst initially Slovenia displayed the highest dynamics of the emerging outgoing

investment Poland already appeared as the new dominant source of OFDI in the early 2000s. This gradual expansion could be attributed to several factors including inter alia Poland's large domestic market size, allowing local firms to benefit from economies of scale. Moreover whilst Poland gradually liberalized its foreign trade and investment policy the introduction of support measures for the internationalization of domestic firms remained limited [Gorynia et al. 2013b]. This evolutionary behaviour can also be interpreted by the exploitation of previous business connections, frequently established before the transition process in the region [Bartosik-Purgat and Schroeder 2014]. In fact the studies of Rosati and Wilinski [2003] and Gorynia, Nowak, and Wolniak [2011] reveal a geographic concentration of Polish OFDI in neighbouring European countries. The experience of doing business in the CEE region, but also in more developed EU economies, is often perceived by managers as a key advantage as compared to foreign competitors.⁶ Hence, the following hypothesis is formulated:

H1: *FDI in a given host country is preceded by non-equity entry modes.*

Strong evidence was found in both the authors' previous study [Gorynia et al. 2013a, b] and other empirical research [see e.g. Kaliszuk, Błaszczuk-Zawiła, and Wancio 2012; Svetličič, Rojec, and Trtnik 2000; Zemplerová 2012] that the most important FDI motive for investors from CEE countries was the market seeking one, whilst efficiency-seeking and strategic asset-seeking motives were less prevalent. Jaworek, Szałucka, and Szóstek [2009] found that for Polish outward investors the search for new markets was the dominant motive whilst other motives varied with the host country's level of development. Likewise Radło [2012] found a predominance of market-seeking motives for the largest Polish companies investing abroad and confirmed the geographic concentration of their investment in Europe. This is in line with the notion of Dunning and Lundan [2008] that such a motive usually appears in strategies of firms embarking on a move into foreign markets in the early, extensive stages of the internationalization process.

Accordingly, the second hypothesis is as follows:

H2: *The main motives for undertaking FDI fall into the market-seeking category, followed by efficiency-seeking and strategic asset-seeking motives.*

Although empirical literature on the relationship between FDI motives and FDI establishment modes remains scarce the argument appearing in research on emerging-market MNEs is that these enterprises seek strategic assets abroad through acquisitions to overcome their lack of firm-specific advantages [see e.g. Peng 2012; Cui and Jiang 2010; Svetličič, Rojec, and Trtnik 2000]. The authors' previous study also indicated that there might be an interdependency between the two variables, which is especially visible for Polish investments in targets located in more advanced economies [Gorynia et al. 2013a, b]. On the

⁶ For a review of experience effects on internationalization success see: [Trąpczyński 2013].

other hand a significant portion of investments made by CEE firms, including those from Poland, has geographically focused on neighbouring country markets, which are either similar or less developed in economic and institutional terms. The authors also found cross-case patterns between efficiency-seeking motives and FDI establishment modes. In FDI projects driven by these motives the firms studied preferred green-field investments as establishment modes allowing them to exploit firm-specific advantages and to better adjust the scale of operations relative to the home country and, if applicable, to other host country operations.

The above arguments lead to the formulation of the following two hypotheses:

H3a: *The dominance of efficiency-seeking motives increases the propensity to choose green-field investment as the FDI establishment mode.*

H3b: *The dominance of strategic asset-seeking motives increases the propensity to choose acquisition as the FDI establishment mode.*

3. Research methods

3.1. Data collection

Data were obtained from a sample of firms investing abroad and registered in Poland. In order to maximize the available pool of Polish foreign investors several data sources were combined such as Amadeus, Kompas Poland, BPR Benchmark Poland and Deal Watch, as well as press articles and company reports. The triangulation of sources led to the creation of a proprietary database of 910 firms. Between May and June 2013 an invitation to participate in the study with a link to a web-based survey was sent to top managers directly responsible for foreign operations or other managers with a request to forward it to responsible colleagues.

The survey, originally written in Polish, was designed for a larger project on Polish OFDI and thus contained a number of aspects not investigated in this study, including location choice criteria or foreign affiliate performance. Due to frequent concerns about technical reliability, response rates or security of electronic surveys [Kim and Gray 2008], an IT services agency was entrusted with the preparation of the survey, its execution and repeated reminders. An automated survey management system was supported by a substantial number of personal contacts with the sample firms in order to identify and persuade appropriate respondents to take part in the survey. Moreover additional interviews and secondary sources, including annual reports, were used to complete missing survey data. Thus a total sample of 60 complete surveys was obtained, which corresponds to a usable response rate of 6.6%.

3.2. Sample structure

Whilst the sample size can by no means be regarded as representative for the total population and allowing for generalizations, the response sample distribution is largely similar to that of the entire population with regard to industry classification and parent nationality [see GUS 2013]. Thus the collected data make it possible to conduct a detailed exploration of the sectoral, geographic, modal and organizational structure of Polish OFDI (see Tables 1a–c).

Table 1a. Sectoral distribution of major FDI of the sample firms (N = 60)

Sector	Total manufacturing	Total services	Other
Number of FDI	29	27	7
Percentage	48.0	45.0	7.0

Source: Survey data.

Table 1b. Geographic distribution of major FDI of the sample firms (N = 60)

Country	Germany	Ukraine	Romania	Czech Republic	Slovakia	Russia	Other
Number of FDI	12	10	7	6	4	3	18
Percentage	20.0	17.0	12.0	10.0	7.0	5.0	30.0

Source: Survey data.

Table 1c. Firm size distribution of FDI in the sample (N = 60)

Size (employment)	0–49	50–99	100–249	250–499	500–999	1000–1999	>2000
Number of firms	5	3	10	11	9	6	16
Percentage	8.0	5.0	17.0	18.0	15.0	10.0	26.0

Source: Survey data.

Whereas in order to qualify for the study the firms had to be registered in Poland their ultimate owners might be located abroad. Therefore firms with more than 10% of foreign capital constituted 47% of the sample. With regard to the FDI forms used, 58% of the firms had previous experience with wholly-owned green-field subsidiaries, whilst 20% had established joint ventures abroad. Notably 48% of the sample firms had made foreign acquisitions, out of which 12% could be classified as brownfield investments [Meyer and Estrin 2011]. The firms studied located their major FDI projects mostly in Germany

(20%), Ukraine (17%), Romania (12%) and the Czech Republic (10%) (see Table 1b). This was based on a request to respondents to refer to subsidiaries engaged only in manufacturing and distribution, thus omitting special purpose entities/vehicles and other similar elements of corporate financial structure, and as a consequence, diminishing the significant role of such locations as Luxembourg, Switzerland or the Netherlands [Zimny 2011]. The current limited scope of foreign operations was reflected in the fact that 70% of the firms had foreign subsidiaries in up to 3 countries only, where sales and marketing activities were predominant. This finding remains in line with earlier studies in the CEE context outlined in Section 1.

3.3. Data operationalization

The FDI establishment mode is that of the largest foreign affiliate in terms of total assets in the last fiscal year. It assumes a value of 0 if it is a greenfield subsidiary and 1 if it is an acquisition [Dikova and van Witteloostuijn 2007; Slangen and Hennart 2008]. Whilst there are studies jointly comparing joint ventures, green-fields and acquisitions [e.g. Kogut and Singh 1988; Anand and Delios 1997], establishment modes can be perceived as a separate decision problem in international expansion. Thus ownership choices (joint ventures vs. wholly-owned subsidiaries) were not analyzed here [see also Gorynia, Nowak, and Wolniak 2007].

The motives for establishing the largest foreign affiliate of the outward investor were measured on a five-point Likert scale for each of the four motive categories [Dunning and Lundan 2008]: market-seeking (foreign market share increase and expansion to further markets, Cronbach's $\alpha = 0.67$), efficiency-seeking (lower production costs, economies of scale and access to low cost labour, Cronbach's $\alpha = 0.55$), strategic asset-seeking (new brands, new distribution channels, human resources and new technology, Cronbach's $\alpha = 0.62$) and resource-seeking (access to raw materials and components; no Cronbach value since only one item was used for measurement). Table 2 summarizes the data operationalization.

Whilst different studies have used secondary data to measure host-country and firm-level variables, Brouthers [2013] suggests that antecedents of managerial decisions such as entry modes need to be measured as perceptions of the decision-makers as opposed to objective variables which affect post-entry performance, as they refer to the actual environment for foreign operations. Obviously perceptual measures are burdened with the limitation of respondent subjectivity. However, in the context of FDI decisions, prior research suggested that the use of subjective measures is particularly appropriate in exploring the behaviour of firms from emerging economies and that such measures significantly correlate with objective indicators [Luo and Peng 1999]. Moreover, in the context of this research, reference to survey questions addressed to repre-

Table 2. Operationalization of motives

Question	Scale	Cronbach's Alpha
Motives for establishing the largest foreign subsidiary:		
1. Market-seeking (foreign market share increase, expansion to further markets)	Five-point Likert scale (1-no importance, 5-key importance)	0.67
2. Efficiency-seeking (lower production costs, economies of scale, access to labour)		0.55
3. Strategic asset-seeking (new brands, distribution channels, personnel and technology)		0.62
4. Resource-seeking (access to raw materials and components)		

Source: Survey data.

sentatives directly responsible for FDI decisions in firms allows an evaluation of the relevant decision determinants instead of merely inferring them.

4. Findings

In order to test to Hypothesis 1 the data on firms' foreign expansion were aggregated and summarized (Tables 3a and 3b). As many as 48% of the sample firms preceded their first FDI project with exports and 7% with contract man-

Table 3a. Host-country experience prior to the first FDI project (N = 60)

Operating mode	Exports	Contract manufacturing	Licensing	No experience
Number of firms	29	4	1	29
Percentage	48.0	7.0	2.0	48.0

Source: Survey data.

Table 3b. Host-country experience prior to subsequent FDI projects (N = 41)

Operating mode	Exports	Contract manufacturing	Licensing	Franchising	Another FDI	No experience
Number of firms	24	2	2	1	4	12
Percentage	59.0	5.0	5.0	2.0	10	29.0

Source: Survey data.

ufacturing. Moreover from the 41 firms which also made further investments in other countries, 59% previously operated in these host-countries through exports, 5% by contract manufacturing and another 5% through licensing. Therefore support could be found for Hypothesis 1. At the same time it is worth noticing that 48% of firms did not have any host-country experience prior to their initial FDI project, nor did 29% of those investing in more than one country.

In order to address Hypothesis 2 mean scores of the motive categories were computed (Table 4). In line with this hypothesis market-seeking motives appeared as the dominant driver of Polish OFDI, followed by efficiency-seeking and strategic asset-seeking motives, with only a marginal role left to resource-seeking motives.

Table 4. The significance (1 – low, 5 – high) of FDI motives (N = 60)

FDI motive category	Market-seeking	Efficiency-seeking	Strategic asset-seeking	Resource-seeking
Mean score	3.55	2.72	2.05	1.57
SD	1.25	0.94	0.87	1.14

Source: Survey data.

Additionally, in order to address Hypotheses 3a and 3b, a chi-square test was run for the relationship between the motives and FDI establishment modes (Table 5). No statistically significant relationship was found between these variables thus providing no support for Hypotheses 3a and 3b.

Table 5. Chi-square tests for the FDI motive-mode relationship

		Motive				Total
		Market-seeking	Efficiency-seeking	Strategic asset-seeking	Resource-seeking	
FDI Mode	Green-field	27	7	1	1	36
	Acquisition	16	2	3	3	24
Total		43	9	4	4	60
Pearson Chi-Square		5.408				
Likelihood Ratio		5.464				
Linear-by-Linear Association		2.543				

Source: Survey data.

In conformity with existing theory and research on the internationalization of firms from emerging and transition economies most Polish companies expanded gradually by preceding equity entry modes with exports to target markets. This corresponds with previous findings in the CEE context [see e.g. Antalóczy and Éltető 2003] but also to some of those related to advanced economy environments [see e.g. Holmlund, Kock, and Vanyushyn 2007]. However, in the case of firms originating from CEE countries, the evolutionary behaviour in the internationalization process can be interpreted as a phenomenon driven by the exploitation of previous business connections frequently established before the beginning of the transition process in the early 1990s. Previous experience with doing business in the CEE region can be regarded as a key advantage in embarking on capital expansion there [Gorynia et al. 2013a]. At the same time a significant number of the largest FDI projects undertaken by the sample firms were made without any prior experience in the target country or elsewhere. Given the predominance of market-seeking motives in the said investments it cannot be concluded that these investments were driven by the need to acquire deficient resources quickly, which characterized OFDI generated by Asian firms [Luo and Tung 2007]. Rather the non-linear character of Polish firms' internationalization, which becomes more apparent with a careful scrutiny of case-by-case evidence, can arguably be attributed to the fact that most CEE countries share a similar, historically shaped institutional background, which tends to facilitate foreign expansion and omit certain stages of the gradual expansion sequence [Del Sol and Kogan 2007]. Nonetheless this aspect of CEE firm internationalization still requires further investigation in order to understand the relevance of the advantages stemming from a similar institutional context. Moreover this accelerated internationalization is a known phenomenon in the case of developed country multinationals also which can be traced back to a number of explanatory variables, such as home market size or firm size [Dimitratos and Jones 2005]. Thus it is yet to be determined on a larger sample of companies as to what extent the phenomenon of OFDI from emerging markets is specifically related to their origin rather than other factors which are independent of this country context.

As for the role of particular FDI motives most foreign investment projects belong to the market seeking category thus confirming the argument of Dunning that this category usually appears in strategies of firms embarking on a move into foreign markets in the early, extensive stages of the internationalization process and also corroborates some earlier studies of FDI from CEE [Varblane, Reitjan, and Roolaht 2003; Czaplewski and Wiśniewska 2007; Karpińska-Mizielińska and Smuga 2007]. However no support could be found for the argument that the predominance of efficiency-seeking motives increases the propensity to choose green-field investment as the FDI mode, nor for the impact of the strategic asset-seeking motive. Both motive categories are normally indicative of strategies followed by mature MNEs, reflecting their

intensive approach to continued internationalization, hence the limited scope of Polish firms' internationalization does not yet permit any firm conclusions.

However the argument about the link between acquisition and the need to capture new intangible assets abroad remains consistent with the evidence of other emerging multinationals, especially those from China, where OFDI is capable of fulfilling the strategic goals of both the investors and government [Cui and Jiang 2010; Yamakawa, Peng, and Deeds 2008]. A case-by-case analysis of the present sample provides indications that this relationship holds true also for Polish firms to some extent, particularly the investment in more advanced economies.

Conclusions

The findings of the quantitative analysis on a sample of outward investors based in Poland presented in this paper can be summarized as follows. Whilst foreign expansion of Polish firms is mostly of a gradual character, i.e. FDI projects are preceded with other modes of foreign expansion and many investments also skip the earlier, non-equity stages of internationalization. The study points to the fact that market-seeking motives explain most of the FDI undertaken by these latecomer firms. No clear support was found for the relationship between the motives for FDI and the choice of FDI establishment modes. Nonetheless the analysis provided some preliminary evidence that strategic asset-seeking motives tend to be at the heart of foreign acquisitions, although this relationship received little support here.

The study is clearly subject to certain limitations, the key one being its limited sample size. Thus the present analysis cannot properly account for factors such as sector of activity, firm size, or host-country characteristics, which seem to be relevant from the point of view of specific FDI motives. Nonetheless it is part of a broader research project and therefore these initial results should first of all be regarded as the exploration of the international expansion patterns of Polish firms. Another limitation pertains to the unique use of subjective measures in order to probe the concepts investigated. Although the intention was to capture managerial perceptions which are crucial to expansion decisions, the use of secondary data might have improved the reliability and robustness of the research results obtained.

Further studies on the expansion of firms from CEE countries could investigate the role which different FDI motives have in different locations, notably economically and institutionally less or more advanced than the home country. These motives might affect both the entry mode itself as well as location choice. Sub-sample analysis would be an appropriate research project, requiring however a larger total sample. Another relevant research problem is the multitude of motivations underlying FDI decisions. Hence the adopted categorization of

motives inevitably leads to certain oversimplification and does not fully reflect, from the perspective of the parent firm, the complexity of roles attributed to outward FDI. Thus a more nuanced approach to identifying a higher number of motives behind the investment can provide more meaningful insights. In the same vein the role of subsidiaries in the value chain of the parent firm should be taken into account in future investigations. The present study did not look into the effects of the industry sector on foreign expansion decisions, which also constitutes a promising avenue for future studies.

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