Twenty First
World Business Congress

GLOBAL COMPETITIVENESS IN A TIME OF ECONOMIC UNCERTAINTY AND SOCIAL CHANGE: CURRENT ISSUES AND FUTURE EXPECTATIONS

July 4 - 8, 2012
Haaga-Helia University of Applied Sciences
Helsinki, Finland

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Foreign Direct Investment of Polish Firms: A Case Study Approach

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The overall objective of the study is to identify motivations and strategic choices of Polish companies investing abroad, as well as their determinants and impacts, against the backdrop of these companies' characteristics and international activities. A multiple case study design has been adopted in order to fulfill the above objectives. Such a design is particularly suitable in exploring new topic areas and developing novel, empirically testable theories.

The study is structured as follows: first, a review of FDI and internationalization theories and conceptual frameworks is presented, followed by a review of studies on outward FDI in CEE. Second, the research method is briefly described, followed by a presentation of the results of the multi-case analysis. The last section summarizes and discusses the empirical findings.

FDI and Internationalization Theories, and Conceptual Frameworks

The reasons why domestic firms invest abroad have posed a central research question in international business for many decades. Arguably the first theory to meaningfully explain multinational enterprises' (MNE's) FDI was advanced by Hymer in 1960 (Dunning & Rugman, 1985). When challenging theories of capital flows caused by differentials between rates of return on investment, Hymer based his explanation of FDI on domestic firms' monopolistic advantages unavailable to foreign enterprises (e.g. superior knowledge, economies of scale or product differentiation). Later on, Vernon (1966), developed the Product Life Cycle Theory defining three stages of firms' internationalization. In the first stage, the product is manufactured in the home country and exported into foreign markets. In the second stage, domestic production costs become a concern and the firm is induced to invest in other developed countries to reduce production costs. In the third stage, the firm will tend to shift its production to low-cost locations in developing countries.

Buckley and Casson (1976) introduced the concepts of internalization and transaction costs into the study of international business. Accordingly, firms prefer the mechanism of internal organization of value-adding activities rather than external market transactions, in order to reduce transaction costs and secure monopolistic advantages within the firm. Combining his own location-advantage ideas with the above theories, Dunning (1980, 1988 and 1995) developed his Eclectic Paradigm of International Production, also called the OLI[1] Paradigm. In a nutshell, the theory stipulates that for a firm to become an international player, (1) it must possess some ownership advantages that can be exploited abroad, (2) it is advantageous for the firm to use internalization mechanisms over market transactions to further exploit its competitive advantages; and (3) the firm can use specific resources in a foreign country (e.g. large markets, low input costs or tax incentives) in combination with the O and I to strengthen its competitive position.

Dunning (1993 and 1998) organized the motives for FDI into four groups: resource seeking, market seeking, efficiency seeking and strategic asset seeking. He argues that resource and market seeking motives typically characterize initial FDI, while those of efficiency and strategic asset seeking characterize sequential FDI.

A review of main-stream literature on FDI modes reveals three possible choices: green-field investment, acquisition and joint venture (see e.g. Kogut & Singh, 1988; Padmanabhan & Cho, 1995; Buckley & Casson, 1998). Meyer and Estrin (1998, 2001 and 2011), however, distinguish a special case of acquisition called brown-field investment, a construct particularly relevant to CEE. The foreign investor almost completely replaces the plant, equipment, technology, labor and product assortment of the acquired firm, making it an almost totally new operation.

Furthermore, the phenomenon of FDI can be viewed from the perspective of internationalization theory. Johanson and Wiedersheim-Paul (1975) and Johanson and Vahle (1977 and 1990) developed the Uppsala model of a

[1] O – ownership specific advantages; L – location specific advantages; I – internalization advantages

sequential and gradual process of firm internationalization. The authors also 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 the home and host countries.

A more recent model of internationalization is that of the strategy tripod, propagated by Peng and several other scholars (Peng, 2001; Peng, 2006; Peng et al., 2008; Yamakawa, Peng & Deeds, 2008; Peng et al., 2009, and Gao, Murray, Kotabe & Lu, 2010). This model combines three perspectives of international business: resource-based, institution-based and industry-based. From a resource-based perspective, in order to successfully internationalize, firms need to possess ownership advantages. In addition to exploiting their unique assets, firms seek assets in international markets to improve their competitiveness. Here, this approach provides a useful framework for analyzing foreign subsidiaries' role in enhancing their parents' ownership advantages. From an industry-based view, each industry's unique competitive pressure is likely to result in different levels of internationalization, which in turn affect the strategies firms utilize in these industries. The view identifies industry pull and push effects on firms propensity to internationalize. Finally, the institution-based view ascertains that strategic choices are also a reflection of the formal and informal constraints of a particular institutional framework, in both home and host countries, that managers of international firms confront. This perspective is particularly relevant to emerging and transition economies, where institutional change tends to be more profound than in developed countries.

Studies on Outward FDI from CEE

The vast majority of studies on Central and Eastern European (CEE) countries OFDI take a macroeconomic perspective, investigating either individual countries' OFDI or conducting comparative analyses of OFDI across groups of CEE countries. In the former category are the studies of Antalóczy and Éltető (2003) on Hungarian OFDI, of Bohata and Zeplinerova (2003) on the Czech Republic's outward FDI, of Varblane, Reiljan and Roolaht (2003) investigating Estonian OFDI, and of Rosati and Wilinski (2003) and Gorynia, Nowak and Wolniak (2011) on Poland's OFDI. The latter study, in addition to overall trends, covers geographical and sectoral structures of such investment. All the above studies point to the emergence of OFDI in the latter part of the 1990s and its subsequent acceleration in the 2000s. Still the gap between inward and outward FDI has remained large in these four CEE countries. The Hungarian and Polish cases also show a geographical concentration of these countries' OFDI in Europe and particularly in the neighboring countries. Conversely, Kalotay's studies of outward FDI from the Russian Federation (Kalotay 2005 and 2008) reveal quite different dynamics of outward FDI vis-à-vis inward FDI. In spite of being a lower middle-income country, Russia is already a net FDI exporter and thus called by Kalotay "a premature outward investor" (2008, p. 89).

Among the multi-country studies, Svetličič and Jaklič (2003) conducted a comparative analysis of five CEE countries' outward FDI (Czech Republic, Estonia, Hungary, Poland and Slovenia). Their analysis confirms that major increases of FDI outflows started in the latter part of the 1990s. They also find positive correlation between a country's level of development and its rate of investment abroad, and observe that outward FDI of the five countries under study tends to be geographically concentrated in countries with close historical or cultural ties. In another cross-country study, Kalotay (2004) examines outward FDI from most 2004 accession CEE countries plus Croatia and predicts that the EU accession of the eight CEE countries should stimulate their outward and inward FDI.

A study that eschews the above categorization is that of Svetličič et al. (2000). It represents a hybrid approach by focusing on Slovenia's OFDI in the context of OFDI from the entire CEE region and, secondly, supplementing macroeconomic analysis of sectoral and geographic allocation of Slovenia's OFDI stocks with an analysis of survey data on the effects of OFDI on firms' restructuring, as well as their FDI motives. The findings point to the emergence of OFDI in Slovenia not so much as a result of local firms specific advantages, but more so due to the lack thereof and a desire among surveyed firms to improve their competitiveness through FDI. At the same time, the study reveals the overwhelming importance of market-seeking motives among the surveyed Slovenian firms.

Apart from the above-reviewed chapter on Slovenia, the authors could identify only two studies that focus on FDI of individual firms: those of Vissak, Ibeh and Paliwoda (2007) and Rugraff (2010). The first one reinforces the importance of the resource-based approach to internationalization and, at the same time, the limited relevance of the incremental internationalization model. Rugraff's study is based on annual reports of central banks and annual reports of the largest foreign investors of the Czech Republic, Hungary, Poland and Slovenia. One of the findings is that a small number of large MNE's investing in the neighboring countries account for the bulk of the four countries' OFDI. At the same time, this study reveals three different OFDI paths: those of Poland, those of Hungary and the Czech Republic, and those of Slovenia.

The above literature review uncovers a relative paucity of studies on outward FDI of CEE, especially on the firm level. This is in sharp contrast with a proliferation of OFDI research on China and other BRIC economies. And yet, those few existing CEE studies and as the FDI statistical sources, clearly indicate that the region has entered a period of accelerated growth of OFDI and its importance to both firms and countries is bound to increase, requiring a much more intensive research into the OFDI phenomenon in the context of the CEE countries transition process.

Research Method

Sample and Data Collection

A qualitative research design was adopted in this study. Since internationalization of companies from emerging and transition economies is an under-researched area, the choice of a qualitative method seems to be justified (Edmondson & McManus, 2007). By using the principle of theoretical sampling (Corbin & Strauss, 2008), ten cases of FDI by companies based in Poland in the period 1998-2010 were identified in accordance with the present research goals. In order to ensure a fuller mix of investigated categories (Eisenhardt, 1989), the FDI modes include green-field, joint ventures and acquisitions. Moreover, companies differ in age, size and share of foreign ownership, which allows comparing different levels of resource availability (see Appendix).

Data for analysis were collected during the first two months of 2012 from managers of parent companies in Poland by using a structured qualitative questionnaire. Where appropriate, follow-up telephone or personal interviews were conducted to ensure data completeness. Additionally, data were refined by comparing the findings against company reports and other external data sources (Yin, 2009).

The first section aimed to explore firms characteristics (e.g. firm size, sales and procurement structure). The next section was to determine the FDI modes used. Subsequently, the value chain of the foreign subsidiaries was investigated. The fourth part was devoted to the motives of the largest FDI, whereby interviewees were requested to indicate the importance of every motive and to reflect on its role for mode choice. Furthermore, in the context of positioning FDI in the internationalization process, prior entry modes were identified. In the following part, the questionnaire focused on host country choice and its determinants. Subsequently, the resource aspects of internationalization were explored, i.e. resources facilitating expansion as well as missing resources and competences, which might have contributed to a better performance on international markets. The final section was devoted to performance assessment of the major FDI, including areas such as productivity, subsidiary profitability or growth.

Data Analysis Procedure

While several analytical procedures have been proposed in qualitative research literature (Corbin & Strauss, 2008; Eisenhardt, 1989; Miles & Huberman, 1994; Ragin, 1994; Yin, 2009), this study draws on the procedures outlined by Eisenhardt (1989) and Ragin (1994). Accordingly, at the outset a within-case analysis was conducted with a view to identifying relationships between examined variables in individual cases. Thereafter cross-case patterns were searched for by selecting particular case categories and analyzing within-group similarities and across-group differences arising from such categorization. This process was supported by tabulating empirical evidence, as suggested by Miles and Huberman (1994). Thereby, interdependencies between some variables could be observed. Furthermore, the strength and consistency of the emerging set of relationships was verified against each case evidence (Yin 2009) and contrasted with extant literature to enhance its internal validity and applicability. In the concluding stage certain trends and patterns were established, which could inspire future research in the field.

Results of Qualitative Analysis

Outline of case studies

***Case* 1** The first analyzed company was a chemicals manufacturer, whose FDI was usually preceded by exports. Its biggest FDI was a manufacturing JV in Azerbaijan established for efficiency motives. In its internationalization, risk acceptance alongside good headquarters-subsidiary relations were identified as key resources. Limited knowledge of local regulations was recognized as key obstacle in further expansion.

***Case* 2** This company was an automotive supplier and invested in a manufacturing subsidiary in Ukraine in 2001, without preceding this move with non-equity modes of foreign presence. A key advantage facilitating expansion resulted from good contacts with local Ukraine authorities and management expertise successfully used in a different business environment. However, the approach of local employees to modern management standards was an initial obstacle to operating efficiency.

***Case* 3** This was a Polish bus manufacturer, established initially as a subsidiary of a German company. The company usually preceded its FDI with exports, supported by local sales agents, if required. The biggest FDI project was a wholly owned subsidiary established in Germany already in 1994, where management experience was regarded as a key facilitator of internationalization. Contrary to previous cases, the role of innovativeness in internationalization was evaluated as high, however the company lacked a solid financial position upon the start of its largest FDI project.

***Case* 4** The next investor was a pharmaceuticals manufacturer. Its privatization in 2000 was followed by the establishment of a marketing and sales subsidiary in Russia after years of exports. Yet, the biggest FDI project was an acquisition, also in Russia, preceded by a strategic alliance between both firms. While the firm could rely on its wide product portfolio, an effective business model and a skilled management team, it encountered problems with finding local managers with knowledge of local regulations.

***Case* 5** Here an interior fittings maker invested in four countries using all the three FDI modes. The major FDI to date is its Belarusian joint venture with production, marketing and sales activities. In its foreign expansion, the company leveraged experience of its managers in CEE, resulting in higher risk acceptance. Both its product innovativeness and marketing experience gained in Poland were perceived as important for its internationalization.

***Case* 6** This manufacturer of wood flooring was acquired by a German competitor in 1999. After a gradual expansion by exporting, a production and sales subsidiary was established in Russia in 2004. Past experience gained by exporting, which allowed an understanding of the local environment, played a vital role in the firm's internationalization.

***Case* 7** The next firm, a processed food producer, had relied on exports before making green-field investments in Germany (2005) and Russia (2007). Technological innovativeness was regarded as an advantage in internationalization, however the firm perceived lack of skilled local managers as its key obstacle.

***Case* 8** Here the manufacturer of fixing systems had internationalized by exports and contract manufacturing, before undertaking its largest FDI in the UK. In its internationalization, the investor relied on a competent and agile management team, and high product innovativeness and marketing experience from Poland. However, it regarded limited knowledge of local regulations and inadequate organizational structure as main deficiencies.

***Case* 9** Another case of rapid internationalization represented a furniture manufacturer, whose first FDI was undertaken in Argentina already 8 years after inception. It had preceded FDI with exports and contract manufacturing, The major FDI project was an acquisition in Germany in 2011. While its product competitiveness, international orientation and business contacts were seen as strengths in foreign expansion, it encountered difficulties due to low brand recognition and green-field subsidiaries coordination.

***Case* 10** The final case was on a software provider, who carried out the first FDI 4 years after inception by acquiring a German company, which had been preceded by exports. While positive experience and knowledge of business operations in Germany facilitated internationalization in the said host country, the company indicated an obsolete product portfolio as an obstacle in this process.

Cross-Case Analysis

FDI motives The most outstanding motive was the market seeking one. Then surprisingly came the search for strategic assets followed by the drive to reduce costs abroad. The least pursued motive was in quest of resources abroad viewed more in the context of extending the supply chain to embrace foreign suppliers. As for other identified motives, the bus maker specified preferential tax treatment and the interior fittings firm the desire to evade tariffs.

FDI modes vs. FDI motives The comparison of different entry modes revealed certain patterns in terms of FDI motive-mode combinations. The companies whose major FDI was undertaken by acquisition assigned high relevance to both market and strategic-asset seeking factors. This mode-motive congruence was also recognized by all the acquiring firms. For the pharmaceutical company, the acquisition was a path to quick expansion thanks to a locally established brand and registered drugs. Both the fixing systems and the furniture producer saw a clear link between their motivation to invest and the acquisition mode, as they took over recognized brands with a broad customer base and distribution channels. Also the IT consulting firm stressed the role of acquisition for gaining strategic resources. This motivation is also reflected by the fact that the acquired subsidiaries – except the pharmaceutical firm – focused on marketing and sales activities.

Among the green-field FDI, three companies declared the predominance of production efficiency factors while only one indicated strategic and market motives. While the motive constellation in this latter case resembled that of acquisitions, the green-field mode was related to the past business activity of the founder in the host country, hence it emerged from the intention to leverage extant industry contacts. Finally, in the first of the joint venture cases market-seeking prevailed, in the second one it was efficiency based. The former clearly saw the JV mode as being related to an easier access to new markets; the latter regarded mode choice as a mere tool for political risk minimization. It can thus be argued that joint ventures were preferred over green-field subsidiaries in riskier countries.

Host country choice determinants While half of the companies demonstrated concentration on non-EU CEE countries in their FDI, the remaining ones balanced out their destinations with developed countries from the EU and beyond. Regarding the major FDI projects, the choice of EU countries was most commonly influenced by market size, previous business contacts in the target market, as well as the existence of sought (strategic) resources. Interestingly, EU membership in two instances, was merely considered as secondary. For non-EU developing countries, geographical proximity, availability and lower cost of resources, as well as previous business experience were most frequently assessed as important.

FDI motives vs. host country choice An interesting pattern was identified between FDI motives and destination choice. The two joint ventures, where the market-seeking motive prevailed, were based in non-EU developing countries. However, in choosing host markets, both companies referred to them as springboards for expansion into other, strategically important markets. For the efficiency-oriented green-field FDI in developing countries, the lower cost of production related resources prevailed in the country choice. The green-field FDI of the bus producer in Germany was dominated by market factors, whereby market size and previous contacts influenced the location choice. As for the acquisitions (market- and strategic-asset seeking), market size and previous business contacts in the host country led to the choice of EU markets and Russia. Two investors in the EU directly stressed the fact that country choice depends on location of the sought strategic assets. The IT firm (acquisition in Germany) indicated this factor as secondary, with the customer base and product portfolio of the acquired firm being crucial to expansion.

FDI within the internationalization process All but one of the analyzed companies had had export experience before embarking on foreign investment. Two companies had preceded FDI with contract manufacturing and two others with distribution agreements with local companies. In one case the analyzed FDI was of sequential character, following a green-field subsidiary and a strategic alliance. Half of the companies had undertaken FDI in other countries prior to their largest FDI. These findings largely tend to confirm the sequential internationalization process as postulated by the Uppsala model.

Resource determinants of internationalization Half of the companies recognized the role of management team skills in advancing their international expansion. Furthermore, four of the six investors in the non-EU countries and two of the four investors in the EU regarded previous experience in host countries as a key advantage in their international expansion. The role of innovativeness in internationalization was perceived as high by only two firms operating in the EU and two outside EU. In two cases the role of innovativeness was perceived as low. All other companies perceived the role of innovativeness as rather moderate. The limited role of innovativeness, which can be attributed to industry factors and particular firm strategy, was apparently offset by the importance of other resources.

In terms of deficient resources, a certain commonality could be identified within the groups of investors focused on non-EU CEE countries and those having a balanced portfolio of EU and non-EU host countries. The former pointed more to problems on the host country level, e.g. the knowledge of local regulations and business conduct as well as inadequate skills of local employees; the latter recognized issues on firm level, e.g. weak financial position, obsolete products, low international brand recognition or cultural differences and inadequate fit of organizational and capital structures.

Firm characteristics and internationalization In search of cross-case patterns, different firm-specific variables were examined. Regarding the current revenue structure, no clear relationship between foreign revenue and the number of FDI projects could be observed. While the flooring producer and IT firm had carried out one FDI each and recorded up to 30% of revenue abroad, the automotive supplier reached a 60% revenue level also with only one FDI project. Conversely, the furniture and fixing systems makers (16 and 13 FDI projects, both 60% share of foreign revenues), were outnumbered by the interior fittings and chemicals producers with 70% and 65% foreign revenues, yet both having only 4 FDI projects. Furthermore, the share of foreign revenues showed no clear relationship with firm age. For instance, the oldest three companies, established before 1989, i.e. in the previous socio-economic system, showed low to moderate revenue internationalization (below 45%). This could be due to the fact that no international orientation had existed in that earlier system, although – on the other hand – these companies had accumulated substantial business experience and resources. Likewise, no clear influence of firm size on revenue internationalization could be discerned.

As for the share of international procurement, no clear interdependency with other variables could be recognized either. There appears to be evidence of idiosyncratic and industry-specific rationale in the evolution of this variable. In the case of the pharmaceutical company, it reached a current level of 90% due to increased outsourcing. Conversely, four case companies which had started with selling imported products, and then switched to own production, experienced a decline in foreign procurement.

FDI mode and subsidiary performance Regarding the two joint ventures in non-EU developing countries, the current performance for the chemicals manufacturer could not be assessed (subsidiary being in the launch phase), but it had reported satisfactory initial performance in all aspects (except subsidiary growth). The interior fittings firm revealed a productivity increase from a poor to good level, paired with a rise of profitability and subsidiary growth to good levels. Only product competitiveness and innovativeness remained on a satisfactory level throughout the subsidiary operation.

Among the green-field cases, productivity increased to a currently good level. This was accompanied by a visible increase in profitability to good level compared to the outset, with the exception of the bus manufacturer in Germany, where profitability remained at satisfactory level. An increase in growth evaluation to good levels was observed, except in the case of the automotive supplier, where it dropped to poor. The subsidiary-parent relations had consistently remained on a good level.

Certain common elements could also be found in acquisitions. In three cases, productivity of the subsidiary was initially poor and improved to a satisfactory level. An exception was the furniture manufacturer, where this factor remained on a good level. Likewise, profitability was evaluated as currently satisfactory (signifying an improvement for the IT consultancy and the fixing system producer and an unchanged situation for the pharmaceutical firm), while it was consistently good for the furniture maker. Subsidiary growth was rated as very good only for the pharmaceutical firm in Russia, while it was satisfactory in the EU-acquisitions. Subsidiary-parent relations had improved to or remained on good level, except the IT consultancy, where they remained satisfactory. As for product competitiveness and innovativeness, they have remained good in the fixing systems firm and improved from satisfactory to good with the furniture maker, but remained weak or improved to only a satisfactory level in the pharmaceutical firm and IT consultancy.

Table 1. Summary of Selected Case Characteristics

Characteristics	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8	Case 9	Case 10
1. Product (product line)	Chemical products	Automotive equipment, furniture and hotel services	Bus, trolleybus and tram manufac-turing	pharmaceu-ticals	interior fittings and building materials	engineered wood, surface finished products	meat and processed food producer	anchoring and fixing systems	furniture manufac-turing and services	software / consulting services
2. Year of inception	1978	1991	1994	1935*	1992	1974	1951*	1982*	1992	2006
3. Initial sales, domestic/exports (%)	100/0	98/2	100/0	88/12	100/0	100/0	95/5	70/30	90/10	100/0
4. Present sales, domestic/exports (%)	35/65	40/60	49/51	56/44	30/70	67/33	80/20	40/60	40/60	65/35
5. Initial sources of supply, domestic/ imports (%)	100/0	98/2	25/75	50/50	10/90	90/10	100/0	30/70	40/60	not applicable
6. Present sources of supply, domestic/ imports (%)	60/40	35/65	40/60	10/90	70/30	75/25	90/10	40/60	60/40	not applicable
7. Year of first FDI	1999	2001	1994	2000	1998	2004	2005	2003	2000	2010
8. Number of FDI host countries	4	1	13	3	4	1	2	16	13	1
9. Entry modes used	greenfield, JV**	greenfield	greenfield, JV	greenfield, acquisition, JV	greenfield, acquisition, JV	greenfield	greenfield	greenfield, acquisition, JV	greenfield, acquisition, JV	acquisition
10. Mode of major FDI	JV	greenfield	greenfield	acquisition	JV	greenfield	greenfield	acquisition	acquisition	acquisition
11. Country of major FDI	Azerbaijan	Ukraine	Germany	Russia	Belarus	Russia	Russia	UK	Germany	Germany
12. Dominant motives for major FDI	market-seeking	efficiency-seeking	market-seeking, strategic asset-seeking	market-seeking	market-seeking, efficiency-seeking	market-seeking, efficiency-seeking	market-seeking, efficiency-seeking	market-seeking, strategic asset-seeking	market-seeking, strategic asset-seeking	market-seeking, strategic asset-seeking
13. Determinants of host country choice	springboard for further expansion, prior contacts, availability and cost of resources	geographic proximity, resource availability and cost, investment climate, financial incentives	market size, prior experience	geographic proximity, market size, previous business contacts	fiscal incentives, proximity of Russian market	geographic proximity, market size, resource availability and cost, previous contacts	market size, availability and cost of resources	market size, previous cooperation, location of acquired company	market size, availability of strategic assets, previous contacts	geographic proximity, availability of required strategic resources, previous contacts

* Initial data were available for the start of the privatized or restructured operations (Case 4 – privatization in 2000, Case 7 – privatization in 1991, Case 8 – restructuring in 1999). ** Joint venture.

Conclusions

The emerging profile of outward FDI undertaken by 10 firms from Poland is complex and does not entirely fit conceptual models from received theory. Firstly, in the field of FDI motives and modes, most foreign investment projects are of the market seeking category confirming thus the notion of Dunning that this category usually appears in early, extensive stages of the internationalization process, and also corroborates some earlier studies of FDI from CEE. The mode most used here is that of acquisitions. However, right after, paradoxically comes the strategic asset and efficiency seeking motive which is indicative of strategies normally followed by mature MNE's. In the case of strategic asset-seeking firms the modes employed were acquisitions and green-field operations and joint ventures in the case of firms driven by the efficiency seeking motive. Joint ventures were used to enter the more risky non EU Eastern and Asian markets.

The geographic profile of outward FDI from Poland confirmed the trend identified by previous research on this issue that Poland is a regional player focused on the European continent (Gorynia, Nowak & Wolniak, 2011). It seems to reflect a relatively small "psychic distance" between Poland and most of the FDI destinations of the studied firms. The spread in the FDI locations was generally even between EU Western countries and EU and non EU Eastern countries. Expansion to more distant locations was more prominent eastwards including the markets of West Asia and the Middle East. Absent from the list of targeted country markets were China and the USA. In South America only Argentina was on that list.

As for key resources required to achieve success on foreign markets, what was conspicuously missing was the availability of adequate funds to finance foreign expansion, especially via FDI. In this study the most sought after assets were managerial skills and previous experience derived from operating on the Polish as well as foreign markets. Strange was also the relatively low rating of innovativeness, which was only rarely regarded as critical to gaining a competitive advantage abroad.

Outward FDI obviously contributed to an increase in the share of revenues generated by the investigated companies abroad relative to total revenues. Generally performance in all existing FDI projects improved relative to their starting point of operating on the foreign market. This assertion was visible in a wide cross section of performance criteria leading all to increased revenues with minimal exceptions.

The overall view of outward FDI from Poland emerging from this study should be treated cautiously. Based on case study evidence it is, by nature, fragmentary and only reveals the existence of certain trends and patterns which require more rigorous quantitative testing to draw representative and more binding conclusions which could form the base for policy prescriptions, projections and guidelines for the investing firms as well as the home and host country economies.

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