Paper #409

A multi-case study of Polish firms venturing abroad via FDI

Jan Nowak (Tischner European University),
Marian Gorynia (Poznan University of Economics),
Piotr Trapczynski (Poznan University of Economics)
&
Radoslaw Wolniak (Warsaw University)

Paper presented at the 38th Annual Conference of the European International Business Academy (EIBA)

University of Sussex, 7-9th December 2012

A MULTI-CASE STUDY OF POLISH FIRMS VENTURING ABROAD VIA FDI

Introduction

Outward foreign direct investment (FDI) of Polish firms on a significant scale is a very recent phenomenon. Although it emerged in the second half of the 1990s, only the 2000s saw its rapid growth with the average annual outflow between 2005 and 2010 amounting to 6.5 billion USD, with a peak of 8.9 billion recorded in 2006 (UNCTAD, 2011, p. 187). Due to this trend, the gap between inward and outward FDI started to diminish, although it still remains relatively large (in 2010, FDI outflows represented 48.5% of inflows). Similar surges of outward FDI were experienced by some other Central and East European (CEE) countries, but Poland remains the biggest exporter of FDI in the region (not including the Russian Federation).

Meanwhile, researchers' interest remained focused on inward FDI in CEE, the type of investment which did indeed play a significant role in the region's overall successful transformation. Now, as outward FDI started to make its impact on the home and host economies, and on the international competitiveness of local firms, there seems to be an urgent need for international business scholars to refocus their research agendas. By undertaking the present research project, the authors hope to stimulate more interest in outward FDI research in Poland, and indeed – the entire CEE region.

The overall objective of the present study is to identify motivations and strategic choices, as well as their determinants and effects, of Polish companies investing abroad, against the backdrop of these companies' characteristics and international activities. More specifically, the study aims at: (a) revealing the FDI motives and modes, path of internationalization, country-choice decisions, and perceived subsidiary performance; (b) identifying the determinants of strategic choices regarding company internationalization and FDI; and (c) qualitatively relating the above variables with company characteristics.

A multiple case study design has been adopted in order to fulfill the above objective and aims. Such a design is particularly suitable for exploring new research areas and developing novel, empirically testable, theoretical constructs. The number of cases that is considered appropriate in this type of research ranges from four to ten (Eisenhardt, 1989). The upper end of this range was chosen to assure a better representation and greater diversity of the studied firms. Data were collected from managers of parent companies in Poland by using a structured qualitative questionnaire and supplemented by a review of company reports and external published sources.

In the first section of the study, an analytical framework is laid out, based on a review of relevant theories and conceptual frameworks used in the study of FDI and internationalization. This is followed by a literature review concerning the study of outward FDI in CEE. The main part of the study commences with data collection methodology and then presents within-case and cross-case analyses. The last section summarizes and discusses the results.

Determinants, Motives, Modes and Effects of Outward FDI: An Analytical Framework

As J.H. Dunning asserts, international business (IB) scholarly research is about "[…] understanding of how, why, where, and by what means corporations cross national borders and their impact on the economies in which they operate" (Dunning, 2002, p. 826). In this study, the authors seek answers to the "how, why, where and by what means" of Polish firms investing abroad, leaving aside their investment's impact on the home and host economies.

The analytical framework for this study is set out in Exhibit 1. The exhibit shows relationships between three levels of outward FDI determinants – firm, industry and host-country - and FDI motives, modes, country choice and subsidiary performance. It also puts FDI modes into the context of the firm internationalization path. The framework is based on Dunning's Eclectic Paradigm of International Production, two internationalization models (the Uppsala and Strategy Tripod models) and several relevant concepts and classifications (of FDI motives and modes) derived from extant literature.

Dunning's Eclectic Paradigm of International Production, proposed in 1980 (Dunning, 1980) and developed and refined by this author over the next two decades (Dunning, 1988, 1995 and 2001), is a synthesis of Dunning's own research findings and a number of other authors' contributions to IB theory.[1] It is also known as the OLI Paradigm, with the OLI abbreviation denoting terms that constitute the paradigm's three pillars: O – ownership specific advantages; L – location specific advantages; and I – internalization advantages. In a nutshell, this model stipulates that for a firm to become an international player:

- it must possess some ownership advantages that can be successfully exploited abroad (such as brand name or ownership of proprietary technology);
- it is advantageous for the firm to use internalization mechanisms over transactions with other firms to further exploit its competitive advantages; and
- the firm can use some specific resources in the foreign country (e.g. large markets, low input costs or tax and financial incentives) in combination with the ownership and internalization advantages to strengthen its competitive position in the foreign market.

Arguably, the Eclectic Paradigm provides a relatively comprehensive explanation of the reasons for firms to engage in FDI, as well as the basic conditions for the choice of the entry mode (exporting vs. licensing vs. FDI). It also provides an explanation of location choice in international business activity. The Eclectic Paradigm has gained wide acceptance in the

[1] Those other contributions are acknowledged in Dunning (2002).

international business field and is regarded as the best theory to-date to explain the international business activity of firms.

The OLI Model is captured on Exhibit 1 under the firm (as O-advantages) and host-country (as L-advantages) determinants of outward FDI, as well as part of the internationalization path in the form of I-advantages.

J.H. Dunning is also the author of a framework that is related to the OLI model and is also relevant in the context of the present study. Borrowing from an earlier taxonomy developed by Behrman (1972), Dunning (1993 and 1998) organized the numerous motives for FDI and the respective types of MNE activity into the following four groups: Resource seeking; market seeking; efficiency seeking; and strategic-asset seeking.[2] These four types of motives are shown in Exhibit 1 as being influenced by both firm-level, industry-level and host-country level outward FDI determinants. These motives, in turn, determine the choice of host countries and modes of FDI, and indirectly – subsidiary performance.

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" (Dunning, 1998 p. 54).

When firms are motivated to undertake foreign FDI and have chosen destination countries, they face an FDI mode of entry choice. A review of the main-stream literature on FDI modes reveals three possible choices – green-field investment, acquisition and joint venture (see e.g. Kogut and Singh 1988;Padmanabhan and Cho 1995; Buckley and Casson 1998; and Gorg 2000). Meyer and Estrin (1998, 2001 and 2011), however, distinguish a

[2] A comprehensive description of the four groups of FDI motives can be found in Dunning (1993, pp. 57-60).

special case of acquisition which they call brown-field investment. Under brown-field investment, the foreign investor initially acquires an existing firm but then almost completely replaces plant, equipment, technology, labor and product assortment of that firm. In this way, the acquired firm undergoes deep restructuring and becomes an almost totally new operation. These authors have found the brown-field investment construct particularly relevant to FDI in Central and Eastern Europe. Therefore, the brown-field investment is included in the box titled "FDI Modes" on Exhibit 1. The exhibit shows that while the mode choice is dependent on FDI motives and country choice it, in turn, determines subsidiary performance.

The analytical framework presented in Exhibit 1 also incorporates two internationalization models or theories that have been widely used in IB studies. These are the Staged Internationalization Process Model, also called the Uppsala Model, and the Strategy Tripod Model.

Johanson and Wiederheim (1975) and Johanson and Vahlne (1977 and 1990)[3] developed the so-called Uppsala Model, which perceives firm internationalization as a sequential and gradual process. Based on their empirical studies of Swedish firms, these authors identified four stages in that internationalization process. In the first stage, firms do not conduct any regular exporting. In the second stage, they start exporting via independent export/import agents. In the third stage, they establish foreign-country based sales subsidiaries. Finally, in the last, fourth, stage firms engage in foreign production. These authors also postulated that internationalizing firms will first select foreign countries with similar market conditions and similar cultures to those of their home country, and introduced the concept of "psychic distance" between the home and host countries.

[3] In a recent paper, Johanson and Vahlne (2009) revisit and re-evaluate their model in the light of changes in business practices and theory development since the original model was put forward in 1977. A new dimension that these authors add to the model revolves around relationships, networks and knowledge creation, and they call the revised version "The Business Network Internationalization Process Model". A *novum* in the revised model is a concept of "outsidership" which is said to be more of a liability than the "psychic distance". Exhibit 1 does not capture this new concept as it is yet to be discussed by IB scholars and empirically tested .

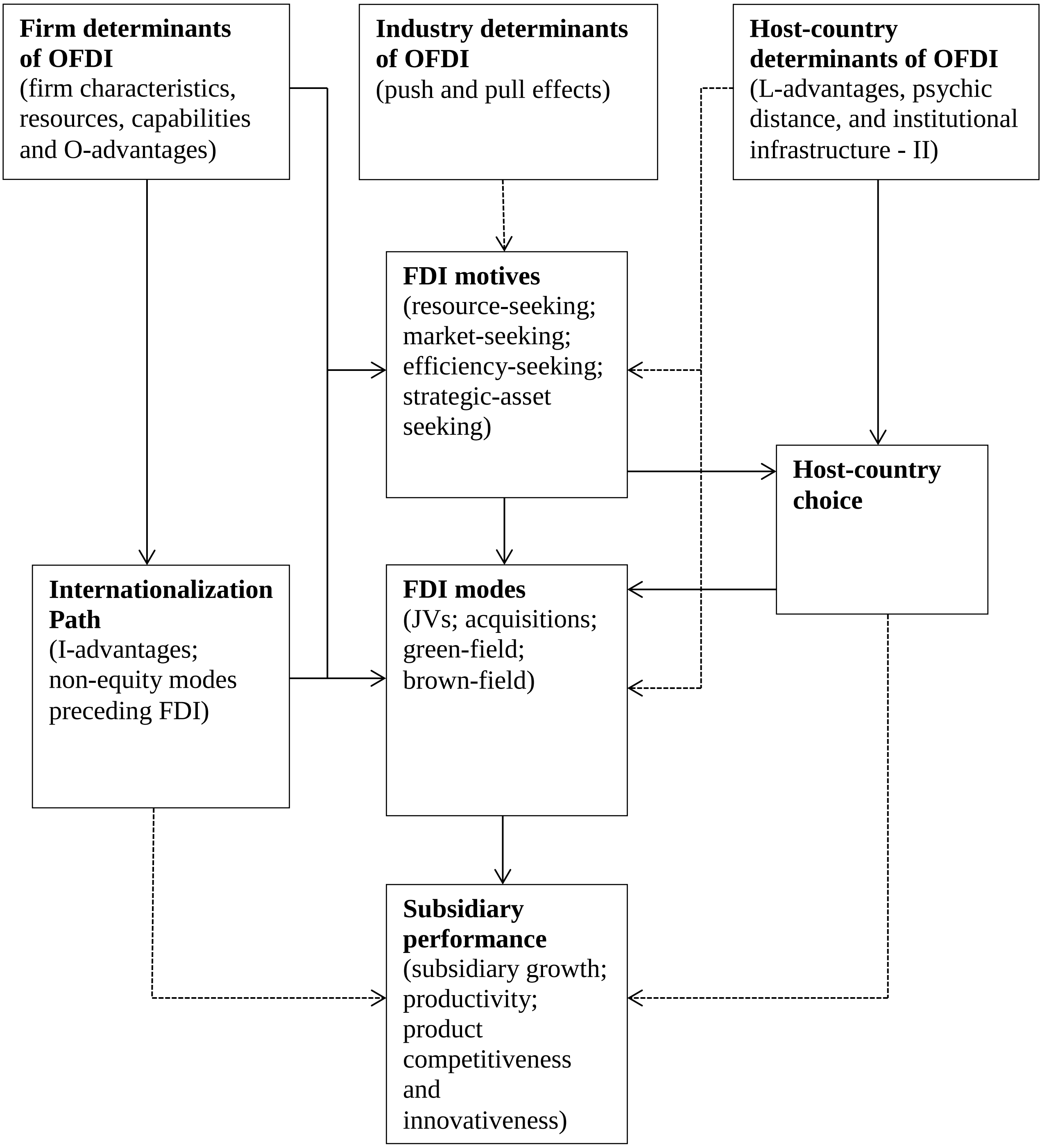
A much more recent model of internationalization is that of the Strategy Tripod, propagated by Peng and several other scholars (Peng, 2001; Peng, 2006; Peng et al., 2008; Yamakawa, Peng& Deeds, 2008; Peng et al., 2009, and Gao, Murray, Kotabe& Lu, 2010). The model combines three perspectives or views of international business: resource-based, institution-based and industry-based.

According to the resource-based view, in order to successfully expand internationally, firms need to possess ownership advantages. At this juncture, the view coincides with (or draws upon) Dunning Eclectic Model's O-advantages (firm-specific ownership advantages), but also goes beyond Dunning's model by specifying the nature of the resources and capabilities that form ownership advantages. In addition to exploiting their unique assets, firms seek assets in international markets to improve their competitiveness. Here, the resource-based view provides a useful framework for analyzing foreign subsidiaries' role in enhancing their parents' ownership advantages. The resource based view is incorporated in the Exhibit 1 box titled "Firm determinants of OFDI".

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 firm propensity to internationalize. A highly competitive and saturated domestic market may drive some firms to expand abroad, particularly those that do not hold a dominant position within a given industry and want to avoid clashing with dominant incumbents head-on in their home market. Conversely, if the level of competition is not very high, domestic firms may not have enough incentive to venture abroad. On the other side of the border, a host country's industry structure may provide opportunities or incentives for firms to enter that country. For example, entering into a sophisticated developed market may provide opportunities to enhance an emerging economy firm's capabilities, knowledge base and competitive position in its home market. Due to the importance of industry structure as a factor in internationalization, this dimension has been also incorporated into the present analytical framework. However, studying the industry determinants of OFDI from Poland was beyond the scope of this research project.

Finally, the third leg of the tripod, the institution-based view, ascertains that strategic choices are not only driven by industry conditions and firm capabilities, but 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. The institution-based view is particularly relevant to emerging and transition economies, where institutional change tends to be more profound than in developed countries and there are often significant differences in institutional infrastructures between the two groups of countries. Peng et al. (2008) note: “it is research on emerging economies that has pushed the institution-based view to the cutting edge of strategy research, which is becoming the third leg in the strategy ‘‘tripod’’ (the other two legs being industry-and resource-based views)” , and these authors continue: “This is because the profound differences in institutional frameworks between emerging economies and developed economies force scholars to pay more attention to these differences in addition to considering industry and resource-based factors” (p. 4). Dunning and Lundan (2008) have recognized the growing importance of institutions in determining the IB activity and incorporated the institutional dimension into the OLI Paradigm. Likewise, in a different study, Dunning argues: “[…] the extent and quality of a nation’s institutions and its institutional infrastructure (II) is becoming a more important component of both (a) its overall productivity and (b) its drawing power to attract inbound FDI. This, in turn, reflects the belief of private corporations (both foreign and home based) that the role played by location bound institutions and organizations in 21st century society is becoming an increasingly critical determinant of the successful deployment of their ownership specific, but often mobile,

Exhibit 1: Analytical Framework for Studying Outward FDI


Firm determinants of OFDI
(firm characteristics, resources, capabilities and O-advantages)
Industry determinants of OFDI
(push and pull effects)
Host-country determinants of OFDI
(L-advantages, psychic distance, and institutional infrastructure - II)
FDI motives
(resource-seeking; market-seeking; efficiency-seeking; strategic-asset seeking)
Host-country choice
Internationalization Path
(I-advantages; non-equity modes preceding FDI)
FDI modes
(JVs; acquisitions; green-field; brown-field)
Subsidiary performance
(subsidiary growth; productivity; product competitiveness and innovativeness)

Source: Authors' own concept

Note: Dotted lines denote relationships hypothesized but not studied for this paper assets" (Dunning, 2005, p. 50). In the said Exhibit 1 the institutional dimension is incorporated under the "Host-country determinants of OFDI" rubric. Together with location advantages and psychic distance, the institutional infrastructure (II) is hypothesized to determine host-country choice. The II may also have influence on FDI mode choice. For example, government policies and attitudes may force foreign investors to opt for a joint venture instead of a wholly-owned subsidiary.

Studies on Outward FDI from Central and Eastern Europe

Since outward FDI from the countries of Central and Eastern Europe (CEE) is a relatively new phenomenon, its study is yet to gain momentum. Although several papers and book chapters investigating CEE OFDI have been written, the vast majority of them take a macroeconomic perspective, where the locus of analysis is the entire country economy or/and its sectors. Very few studies have so far focused on firm level OFDI.

The macroeconomic studies either investigate individual countries' OFDI or conduct 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&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, when FDI outflows were growing faster than FDI inflows. In spite of this acceleration, the gap between inward and outward FDI has remained large in these four CEE countries. The Hungarian and Polish studies also show a geographical concentration of these countries' OFDI in Europe and particularly in the neighboring economies. 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. Kalotay calls Russia "a premature outward investor" (2008, p. 89), and wonders if this finding should trigger a paradigm change in FDI theory.

Among the multi-country studies, Svetličič and Jaklič (2003) conduct a comparative analysis of several CEE countries' outward FDI (the Czech Republic, Estonia, Hungary, Poland and Slovenia). Their analysis confirms that major increases of FDI outflows started in the latter part of the 1990s. At the same time Svetličič and Jaklič 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, comparative study, Kalotay (2004) examines outward FDI from most of the 2004 accession CEE countries plus Croatia and predicts that accession of the eight CEE countries to the EU in 2004 should give a major thrust to both their outward and inward FDI.

Two studies could be identified that represent a hybrid approach: a macroeconomic analysis of FDI supplemented by an analysis of individual firm behavior, and a focus on one country but in the context of regional OFDI .The study of Svetličič et al. (2000) first focuses on Slovenia's OFDI in the context of such investment in the entire CEE region. Second, it supplements the macro-economic analysis of the sectoral and geographic allocation of Slovenia's OFDI stocks with an analysis of survey data gauging the effects of OFDI on Slovenian firms' restructuring, as well as their FDI motives. Svetličič et al.'s findings point to the emergence of OFDI in Slovenia in the latter part of the 1990s, 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.[4] At the same time, the study

[4] Interestingly, a similar situation is reported today in studies of Chinese firms' FDI; see e.g. Cui & Jiang, 2010.

reveals the overwhelming importance of market-seeking motives among the surveyed Slovenian firms. Kilvits and Purju (2003), on the other hand, analyze Estonia's outward FDI, observing a concentration of this investment in the neighboring Baltic states. An interesting explanation of Estonian investors penetration of Latvian and Lithuanian markets is the fact that Estonia is very often used by Finnish and Swedish investors as a springboard to ultimately expand into the entire Baltic region. Consequently, a large part of FDI from Estonia directed to the neighboring countries is based on Finnish and Swedish capital. Kilvits and Purju also supplement their macroeconomic analysis with some elements of a micro-analysis (company level examples and one case study).

Apart from the above-reviewed hybrid studies on Slovenia and Estonia, the authors could identify only two papers that clearly focus on the activities of individual firms investing abroad: those of Vissak, Ibeh and Paliwoda (2007) and Rugraff (2010). The first of these studies does not specifically focus on OFDI. Instead, it investigates the internationalization processes of four Baltic firms. However, since the studied firms have engaged in FDI, this research is worth reporting here. It reinforces the importance of the resource-based approach to internationalization and, at the same time, the limited relevance of the incremental internationalization model. As for conclusions, the small number of cases studied is a key limitation on the meaningful quality of the findings. Rugraff's study, on the other hand, is based on annual reports of central banks and annual reports of the largest firms engaged in outward FDI of the Czech Republic, Hungary, Poland and Slovenia. One of the findings of this study is the fact 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 Central and Eastern Europe, and especially of firm-level studies.

This is in sharp contrast with a proliferation of OFDI research on China and other BRIC economies. And yet, those few existing CEE studies, as well 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 transition process of the said CEE countries to a market led system.

Sample and Data Collection

In aiming to address the aforementioned gaps in extant literature the present study has adopted a qualitative research method . Although mainstream research on FDI has developed for several decades now, the internationalization behavior of companies from emerging and transition economies, as outlined earlier, is a relatively novel and still under researched phenomenon (Meyer and Peng 2005). Thus, while much knowledge already exists on this issue, it is considered by some as not an entirely mature research area (Edmondson and McManus 2007). Accordingly, the choice of a qualitative research design enables a better understanding of complex relationships in a specific context and allows to raise questions guiding further research (Corbin and Strauss 2008).

By using the principle of theoretical sampling (Corbin and Strauss 2008), ten cases of foreign direct investment, undertaken by companies based in Poland in the period 1998-2010 were identified in accordance with the present research objectives. In order to ensure a fuller mix of investigated categories (Eisenhardt 1989), the analyzed FDI modes include green-field investment, joint venture formation and acquisitions, whereas the host countries in question belong to both developed and developing countries, and according to a different criterion both European Union (EU) and non-EU economies. Moreover, the investigated companies differ in age, size and share of foreign ownership, which allows comparing different levels of resource availability. The main characteristics of the analyzed companies can be found in the table in Appendix 1.

Data for the following analysis were collected from managers of the parent companies in Poland by using a structured qualitative questionnaire during the first two months of 2012. Where appropriate, follow-up telephone or personal interviews were conducted in order to clarify the examined interdependencies and to ensure data completeness. Additionally the said data were refined by comparing the findings against company reports and other external data sources (Yin 2009). The questionnaire comprised of eight sections, which reflect the main strands of theoretical knowledge regarding this subject area and correspond to their selected aspects (Kelle 1995). Therefore, despite the inductive elements inherent to a qualitative research design, the study is not purely exploratory, as it also takes into account and builds on prior knowledge.

The first section aimed to explore the firms' characteristics, including the industry, product profile , the year of inception, share of foreign owned equity, the year of first FDI and number of FDI host countries, structure of sales (domestic vs. exports), sources of supplies (domestic vs. imports) and number of employees. The next section was to determine the FDI modes used by the company and the mode of the largest FDI project. Subsequently, the value chain of the foreign subsidiaries was investigated. The fourth part was devoted to the motives of the said largest investment project, differentiating between market-seeking, efficiency-seeking, resource-seeking and strategic asset-seeking motives. Interviewees were requested to indicate the importance of every motive for the investment decision, indicate where applicable other motives as well as to reflect on its role for the selection of investment modes. Furthermore, in the context of positioning FDI in the internationalization process as such entry modes preceding the investment were identified. In the following part, the questionnaire focused on the choice of host countries, whereby all extant FDI host countries were to be specified, and on the main determinants of country choice, where the respondents were again prompted to assess the importance of particular factors and reflect on others. Subsequently, the resource aspects of internationalization were explored, i.e. the company was to describe the resources facilitating its international expansion, the role of innovativeness and experience in sales and marketing gained in the home market, and to identify the resources and competences, which were missing and might have contributed to a better performance on international markets. The final section was devoted to subsidiary performance assessment from the parent company perspective, including areas such as productivity, product competitiveness, technological advantage of products, quality of subsidiary-headquarter co-operation, subsidiary profitability and subsidiary growth and expansion.

Data Analysis

While a number of analytical procedures have been developed by qualitative researchers(Corbin and Strauss 2008, Eisenhardt 1989; Miles and Huberman 1994; Ragin 1994; Yin 2009), this study draws on the procedures outlined by Eisenhardt (1989) and Ragin (1994). Accordingly, in the first part of this research process, a within-case analysis was conducted with a view to identify relationships between the examined variables in individual cases. This step was essential to the generation of insights before certain general patterns could be shown. 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 manifestations of some variables and the manifestations of others 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. The concluding sections describe the trends and patterns emerging from the analysis, which could inspire future research in the field to test the posited interdependencies by using quantitative methods and thus allowing for a higher aggregation of results.

Qualitative Within-Case Analysis

Case 1. The first FDI case under study is that of a chemicals manufacturer founded in 1978. While it started as a domestic firm, foreign markets now have a high share in its revenues (65%) and supplies (40%). In the internationalization process, FDI was usually preceded by exports. The biggest FDI was a manufacturing, sales and marketing JV in Azerbaijan, motivated by, what the firm called, strategic asset seeking motive interpreted in this case however as access to local customers. A relationship could be found between this motive and the joint ownership mode choice: reaching the local market alone was perceived as difficult for political and cultural reasons. Regarding host country selection, prior contacts, availability and cost of required resources played a moderate role, yet a key factor was the use of this market entry in further expansion to other countries. The subsidiary's performance was evaluated as high (very good) in terms of productivity, but moderate (good) in other aspects and low for growth. In its internationalization, the risk acceptance by managers alongside good headquarters-subsidiary relations were identified as crucial resources. Meanwhile, a limited knowledge of local regulations and business rules were recognized as the main obstacles.

Case 2. This automotive supplier, founded in 1991, initially generated all its sales and procurement in Poland. The internationalization process shifted this structure towards a high share of foreign revenues in total revenues. The company invested in a manufacturing subsidiary in Ukraine in 2001, without preceding this move with non-equity modes of foreign presence. From the management perspective, the rationale behind the investment decision, and simultaneously a reason for selecting the green-field mode, were lower production, transport and labor costs (the efficiency-seeking motive). Ukraine became an FDI host country due to its geographical proximity, availability and cost of production resources, as well as a favorable investment climate and financial incentives of the said host country. While the company saw its foreign expansion as facilitated by certain internal (clear strategic vision and high staff qualifications) and external factors (renowned customers and stable demand), a key advantage resulted from good contacts with local authorities and institutions in Ukraine 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. Nonetheless, the performance of the subsidiary is currently rated as good.

Case 3. This case concerns a Polish bus manufacturer, established in 1994 initially as a subsidiary of a German company. Thus, while initial sales were generated solely in Poland, the share of foreign procurement was already substantial (75%). Currently, the company generates 50% of its revenues abroad and has FDI affiliates in 13 countries. The company usually preceded its FDI with exports from Poland, supported by local sales agents, when required. The biggest FDI project was undertaken already in 1994 by establishing a wholly owned subsidiary in Germany. While market-seeking and strategic-asset seeking motives stood at the forefront, the host country choice was influenced by its market size and prior experience of the management team there. This experience was perceived as one of the key facilitators of internationalization, followed by flexible adjustments to customer needs and state-of-the-art technology. Contrary to previous cases, the role of innovativeness in the internationalization process was evaluated as good. The company lacked a strong financial position upon the start of the largest FDI project, yet it witnessed an increase of the German subsidiary performance compared to the outset.

Case 4. When the next investor, a pharmaceuticals manufacturer was privatized in 2000, its international sales amounted to only 12%, whilst purchases to 50%. Having exported and relied on foreign distributors, it embarked on its first FDI in 2000 in Russia, by establishing a wholly owned marketing and sales subsidiary. The biggest FDI project was an acquisition, also in Russia, which was preceded by a strategic alliance between both firms. A key motive for this investment was to sustain and improve the market position in a strategically relevant market. The chosen FDI mode was contingent on this motive, as acquiring a local player was instrumental in quick expansion, a logic which was not uncommon in this industry. The geographical proximity, market size and particularly previous business contacts in Russia were the main factors affecting country choice. The Russian subsidiary's present results are good in terms of growth and co-operation, yet weaker for productivity, profitability and product competitiveness. While the firm could rely on its wide product portfolio, an effective business model and a skilled management team in its internationalization, it encountered problems with finding local managers with knowledge of local regulations.

Case 5. This foreign investor has operated in the sector of interior fittings since 1992. Starting in 1998, the previous exporter has altogether invested in four countries using all FDI modes. The biggest FDI project to date is its Belarusian joint venture undertaking production, marketing and sales activities. While market (especially overcoming import barriers) and efficiency-seeking motives were perceived as decisive for the FDI itself, the choice of its mode had an independent justification related to political risk. The host country choice resulted from fiscal incentives and from the proximity of the important Russian market, which could be served from Belarus. The performance of this subsidiary is currently evaluated as good, marking a significant improvement compared to the outset. In its foreign expansion, the company leveraged experience of its managers in Eastern Europe, resulting in a higher risk acceptance. Both its product innovativeness and the marketing experience gained in Poland were perceived as important for its internationalization process.

Case 6. This manufacturer of wood flooring was founded in 1974 and acquired by a German competitor in 1999. While it had started with a low foreign procurement and no foreign sales, it gradually internationalized by exporting and, in 2004, a production and sales subsidiary was established in Russia. From management perspective, market and efficiency-seeking motives justified the investment decision. The Russian market was selected because of its geographic proximity, market size, resource availability and cost, as well as previous contacts there. This past experience gained by exporting, which allowed an understanding of the local environment, played a vital role in the firm's internationalization. The overall performance of the Russian venture has developed to a good level since its establishment.

Case 7. When the next firm, a processed food producer, was privatized in 1991, its operations were confined to the home market. During its internationalization it relied on exports, before making a green-field investment in Germany (2005) and Russia (2007). The main motives for the biggest FDI project in Russia were to gain foreign market share (market-seeking) and to reduce transport and production costs (efficiency-seeking). Russia was chosen due to its market size as well as availability and cost of natural and production resources. Technological innovativeness was regarded as an advantage in the company's internationalization, however the firm perceived lack of skilled local managers as its key obstacle. The performance of the Russian subsidiary could not be assessed, as its operations had not started yet.

Case 8. The manufacturer of anchoring and fixing systems founded in 1999, registered a significant share of foreign sales and supplies already within 3 years from inception. The company had internationalized by exports and contract manufacturing, before embarking on FDI expansion in 2003 (Czech Republic), which initiated the present network of 16 foreign subsidiaries, whereby 60% of revenues are generated abroad. The largest FDI project was an acquisition in Great Britain, motivated by reinforcing international market position and gaining access to the acquired firm's strong brand and customer base, which also justified the choice of acquisition as the FDI mode. The choice of Great Britain was influenced by the country's market size, previous cooperation and location of the acquired company. Management highly valued the results of this subsidiary in the sphere of competitiveness and innovativeness of product offering, as well cooperation with headquarters. In its internationalization, the investor could rely on a competent and agile management team, as well as high product innovativeness and marketing experience derived from the Polish market. However, it regarded limited knowledge of local regulations and inadequate organizational structure as its main deficiencies.

Case 9. Another case of rapid internationalization represents a furniture manufacturer founded in 1992, whose first FDI was undertaken in Argentina already in 2000. The company, which had preceded FDI with exports and contract manufacturing, registered foreign sales and high foreign procurement already 3 years after inception. Currently, international markets have a dominant share in its revenues and it has undertaken FDI in 13 countries. The major FDI project was an acquisition in Germany in 2011, motivated by reinforcing international market position (market-seeking), obtaining access to new products and international distribution channels (strategic asset seeking) as well as previous business contacts in this market. Management regarded the overall performance of the German subsidiary as good. While its product competitiveness, international orientation and business contacts were seen as strengths in foreign expansion, it encountered difficulties due to low brand recognition abroad and coordination problems in all of its green-field investments.

Case 10. The final case deals with a software provider, founded in 2006 as a division of a Polish IT company. In 2010 it carried out its first FDI by acquiring a German company, which had been preceded by exports. Similar to the previous acquisition case, market-seeking and strategic asset seeking motives were found to have justified the decision to invest abroad. The possibility of quick access to a foreign customer base and sales network also motivated the preference for acquisition over a green-field investment mode. Geographic proximity, availability of required strategic resources and previous contacts of the management team influenced to the largest extent the choice of Germany as the host country. While positive experience and knowledge of business operations in Germany facilitated internationalization, the company indicated an obsolete product portfolio as an obstacle in this process. Accordingly, it judged its subsidiary's performance as satisfactory, at most.

Cross-Case Analysis

FDI motives. Among the motives to enter foreign markets the most outstanding and in line with received theory and evidence was the market seeking one with 8 firms identifying it and attaching at the same time high importance to that factor. The second most important motive was surprisingly search for strategic assets with 5 firms attaching a high rank to it and 3 firms attaching a low mark. Thereafter came the drive to reduce costs abroad with 4 firms assigning it high importance and 3 firms low importance. The least pursued motive was in quest of resources abroad viewed more in the context of extending the supply chain management to embrace foreign suppliers. In this case only 2 firms claimed that it had an influence but only a weak one. As for other identified motives the bus manufacturer specified preferential tax treatment and the interior fittings firm the desire to jump tariff walls.

FDI modes and ownership structure. Within the FDI space, 4 firms used all the three basic forms of operating on foreign markets, i.e. joint ventures, mergers and acquisitions, and green-field operations. However in the context of the largest FDI project abroad the most common forms were green-field operations (4 firms) and acquisitions (also 4 firms) with only 2 firms relying on joint ventures. This tends to indicate that the majority of the analyzed firms had a relatively strong competitive advantage which did not make it necessary to go into the cooperation mode reflected in the choice of joint ventures in order to sustain market presence abroad. But this could have been the result of the ownership structure of the investing Polish firms, since 3 of them had up to 25% of foreign equity (cases 2, 7 and 9) and one had above 50% of foreign equity (case 6). Accordingly, FDI undertaken by these firms can be interpreted as indirect, i.e. these entities were in fact subsidiaries of MNE's undertaking further expansion from Poland, acting in these circumstances as a convenient springboard.

Further in the context of the domestic/foreign mix of the ownership structure of the investing firms, those that were 100% Polish-owned favored country market spreading, investing on average in 6.8 countries. On the other hand, those that had over 25% foreign equity showed lower country dispersion, investing on average in 5.3 countries whereas the one with foreign ownership exceeding 50% of equity had only invested in one host country.

FDI modes vs. FDI motives. The comparison of different entry modes reveals certain patterns in terms of FDI motive-mode combinations. The companies, whose major FDI to date was undertaken by acquiring a foreign firm, assigned high relevance to both market and strategic-asset seeking factors. In addition to the observation of this cross-case commonality, the mode-motive congruence was also recognized by all the acquiring firms. For the pharmaceutical company, the acquisition of a key local player was a path to quick expansion thanks to a locally established brand and already developed and registered drugs. Both the fixing system producer and the furniture manufacturer saw a clear link between their motivation to invest and the chosen acquisition mode, as they took over internationally recognized brands with a broad customer base and distribution channels. Also the IT consulting firm stressed the role of acquisition for gaining strategic resources and accelerating international expansion. Two of these foreign subsidiaries (producing pharmaceuticals and fixing systems) embraced the complete value chain, while the two others were just focused on sales and marketing activities. However, in the pharmaceutical case the production itself was regarded as less critical than the acquisition of a locally registered drug portfolio. The fixing system producer later relocated the production activity of the acquired UK firm to Poland and restructured the local subsidiary. Thus, on the whole, marketing and sales activities were dominant in this type of market entry.

Moving to the group of green-field FDI, three companies declared the predominance of efficiency factors. The automotive supplier, flooring manufacturer and food producer were all looking for efficiency in the production process. The bus manufacturer, on the other hand, indicated strategic as well as market motives and its subsidiary concentrated on sales, marketing and after-sales activities. While the motive constellation in this 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 the market-seeking motive prevailed (chemicals producer), in the second one it was efficiency based (interior fittings). The former clearly saw the JV mode as being related to the use of a local partner for easier access to new markets. However, the latter regarded the mode choice as a mere tool for political risk minimization and hence separate from the dominant logic of avoiding trade barriers. It can thus be argued that joint ventures were preferred over green-field subsidiaries in more risky host countries.

Host country choice determinants. While half of the case companies demonstrated geographical 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 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 quoted as important.

FDI motives vs. host country choice. An interesting pattern across the analyzed FDI cases was identified between FDI motives and the choice of investment destinations. The two joint ventures, where the market-seeking motive was regarded as predominant, invested in non-EU developing countries. However, in choosing the 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 (in case of the automotive supplier also coupled with the market seeking factor), the availability and lower cost of production related resources prevailed in the country choice (three cases). 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 acquisition cases, in which the market-seeking motive was combined with the strategic-asset seeking one, market size and previous business contacts in the host country led to the choice of EU markets (three cases) and Russia (the pharmaceutical firm). Two investors in the EU (fixing systems and furniture manufacturers) directly stressed the fact that country choice depends on the existence of the sought strategic assets, i.e. the decision is contingent upon the location of the acquired company. The IT consulting firm, which made an acquisition in Germany, indicated this factor as secondary with the customer network and product portfolio of the acquired firm being key to an accelerated expansion westwards.

FDI within the internationalization process. All analyzed companies had had export experience before embarking on foreign investments. An exception was the automotive supplier firm, which invested in Ukraine without having previously exported there. Two companies had moreover preceded FDI with contract manufacturing and two others with distribution agreements with local companies. In case of the pharmaceutical manufacturer, the analyzed FDI in Russia was of sequential character, following a previous green-field subsidiary and a strategic alliance with the acquired firm. Half of the sample companies had already undertaken FDI in other countries before engaging in their largest FDI project.

Resource determinants of internationalization. Moving to the resources and competences which facilitated the internationalization process of the sample companies, half of them 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.

As for the role of innovativeness in internationalization, it was perceived as high by the managers of only two firms operating in the EU (fixing systems firm and bus manufacturer) and two outside EU (food and interior fittings manufacturers). For the fixing systems (FDI in the UK) and interior fittings producers (FDI in Belarus), innovativeness was also coupled with leveraging commercial experience gained in Poland. In two cases – the chemicals (FDI in Azerbaijan) and furniture manufacturers (FDI in Germany) perceived the role of innovativeness as low. The bus maker stressed the high role of innovativeness as well as flexibility in meeting customer requirements and industry experience of the firm’s owner. Conversely, the pharmaceutical firm with a long history on the Polish market, regarded the transfer of its commercial experience abroad as a key strength. All the other companies perceived the role of innovativeness and previous Polish sales and marketing experience as moderate. The lower role of innovativeness, which can be attributed to industry factors and particular firm strategy, was offset by the importance of other resources.

In terms of deficient resources and competences, a certain commonality could be identified within the groups of investors focused on non-EU CEE countries (and whose main FDI was also in that area) and within those having a balanced portfolio of EU and non-EU host countries (and whose major FDI project was in a developed EU country). The former more frequently pointed to problems on the host country level, particularly the knowledge of local regulations and business conduct as well as inadequate skills of local employees. The latter, on the other hand, recognized issues predominantly on firm level, including weak financial position (bus manufacturer), obsolete products (IT consultancy), low international brand recognition and problematic subsidiary coordination (furniture producer) or cultural differences and inadequate fit of organizational and capital structures (fixing systems manufacturer). The only firm, which did not report resource deficiencies in its internationalization, was the flooring company, which had become a subsidiary of a German corporation prior to its FDI.

Firm characteristics and internationalization. In search of cross-case patterns, different firm-specific variables were also examined. The share of foreign revenue in total revenue constituted the first set of relevant characteristics. In five cases initial revenues were 100% domestic, in one case the initial share of foreign revenue was fragmentary (1.8%), in the remaining ones the said share ranged from5% to 30% of total revenues. 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 producers with 16 and 13 FDI projects each, who declared a 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. Three companies founded between 1991-1992 reached 60-70% foreign revenue level. Meanwhile, 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 among the sample case firms.

As for the share of international procurement, no clear interdependency with other variables could be recognized either. However, there appears to be evidence of idiosyncratic and industry-specific rationale in the evolution of this variable. On the one hand, in four cases international procurement increased from negligible to low or moderate, in line with the increase of foreign revenues. In the case of the pharmaceutical company, it reached a current level of 90%, caused by the purchase of less expensive active pharmaceutical ingredients. On the other hand, four case companies which had started with the sales of imported products, and subsequently switched to own production, experienced a visible decline in foreign procurement .

FDI mode and subsidiary performance. The study also examined the performance of the largest FDI project in each case. Regarding the two joint ventures in non-EU developing countries, the current performance evaluation for the chemicals manufacturer could not be obtained, as its foreign subsidiary still remains in the launch phase. It had reported good initial performance in all aspects except obviously subsidiary growth. The interior fittings maker revealed a productivity increase from a poor to a good level. This improvement was paired with a rise of profitability and subsidiary growth to very good levels , while cooperation between the subsidiary and the parent company had been continuously rated as good. Only product competitiveness and innovativeness remained on a satisfactory level throughout the subsidiary operation.

Amongst the green-field cases, the processed food producer declared poor performance, however this was due to problems with the launch of operations. Thus, the analysis focused on three other firms with subsidiaries in Russia, Ukraine and Germany. In all of them, 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 a satisfactory level. An increase in growth evaluation to very good levels was observed, except for the automotive supplier, where it dropped to a poor level. The subsidiary-headquarters relations had consistently remained on good level. As for product competitiveness and innovativeness, data could only be gathered for the interior fittings company, where it remained satisfactory throughout the studied period for innovativeness and improved to a good level for product competitiveness.

In the four acquisition cases, certain commonalities could also be found. In three cases, productivity of the acquired 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 high for the furniture maker. Subsidiary growth was rated as very good only in the Russian acquisition (pharmaceutical firm), while it was satisfactory in the EU-acquisitions (subsidiary growth could not be determined for the furniture firm). Subsidiary relations with the parent company had improved to or remained on a good level, except for the IT consultancy where they remained satisfactory all the time. With regard to 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. Since the investigated acquisition cases differed in their FDI experience prior to their largest FDI projects the overall performance of the acquired subsidiaries appeared to be contingent on this experience.

Conclusions

The profile of outward FDI undertaken by firms from Poland, which emerges out of this study, 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 strategies of firms embarking on moving into foreign markets in the early, extensive stages of the internationalization process, and also corroborates some earlier studies of FDI from CEE. The most used entry mode 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, reflecting their intensive approach to continued internationalization. This departure from theoretical prescriptions may be in part explained by the fact that some of the investigated FDI projects were of the indirect FDI type, i.e. were made by firms registered in Poland but with a share of foreign equity. In this context the modes employed were acquisitions in the case of strategic asset seeking firms and green-field operations and joint ventures in the case of those firms driven by the efficiency seeking motive. Joint ventures were logically used to enter 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 of Poland being a regional player focused on the European continent. 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. Noted absence from the list of targeted country markets included China and the USA. In South America only Argentina was on that list. This tendency seems to confirm the still limited resources which curb the scope of expansion of firms from Poland, staying so far away from large, both mature and emerging markets located in geographically and culturally distant environments.

As for key resources required to achieve success on foreign markets, what was conspicuously missing and often stressed in the authors' previous studies was the availability of adequate funds to finance foreign expansion, especially via FDI. In this study the most sought after and necessary assets were managerial skills and previous experience derived from operating on the Polish as well as foreign markets. What was also somewhat strange was the relatively low rating attributed to innovativeness which only in a minority of cases was considered as a decisive factor in acquiring a competitive advantage abroad.

The competencies and resources that were considered as lacking were varied and fragmented in importance. Identified in this area were employee skills, adequate knowledge of the local environment, financial resources, brand recognition and new products. This last factor was not surprising when confronted with the low importance of innovativeness underlined earlier.

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 and outline of outward FDI from Poland that emerges as the outcome of this study should be treated with an appropriate degree of caution. Based on case study evidence it is, because of its nature, fragmentary and only reveals the existence of certain trends and patterns which require more rigorous testing on much larger quantitative samples of firms to draw representative and more binding conclusions which could form the base for policy prescriptions, projections and consequences for both the investing firms, the host country economies and the home country (Polish) economy as such.

References

Antalóczy, Katalin and Éltető, Andrea (2003). "Outward Foreign Direct Investment in Hungary. Motivation and Effects", in MarjanSvetlicic and Matija Rojec (eds.), *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition.*Aldershot: Ashgate, pp. 155-174.

Behrman, J.N. (1972). The Role of International Companies in Latin America: Autos and Petrochemicals. Lexington, MA: Lexington Books.

Bohata, M. and Zeplinerova, A. (2003). 'Internationalization of Czech Companies via Outward Investment', in M. Svetličič and M. Rojec (eds.), *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition.* Aldershot: Ashgate.

Buckley, P.J. and Casson, M.C. (1998). Analyzing Foreign Market Entry Strategies: Extending the Internalization Approach. *Journal of International Business Studies*, Vol. 29(3): 539-562.

Corbin, J. & Strauss, A. L. (2008). *Basics of qualitative research: techniques and procedures for developing Grounded Theory*. Thousand Oaks, CA: Sage.

Cui, L. & Jiang, F. (2010). Behind ownership decision of Chinese outward FDI: Resources and institutions. *Asia Pacific Journal of Management*, 27: 751-774.

Dunning, J.H. (1980). Toward an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies*, Vol. 11(1): 9-31.

Dunning, J.H. (1988). The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions, *Journal of International Business Studies*, Vol. 19, No. 1, pp. 1-31.

Dunning, J.H. (1993). *Multinational Enterprises and the Global Economy*. Harlow, Essex: Addison-Wesley Publication Company.

Dunning, J.H. (1995). Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism, *Journal of International Business Studies*, Vol. 26, No. 3, pp. 461-491.

Dunning, J.H. (1997). *Alliance Capitalism and Global Business*. London and New York: Routledge.

Dunning, J.H. (1998). Location and the Multinational Enterprise: A Neglected Factor? *Journal of International Business Studies*, Vol. 29(1): 45-66.

Dunning, J.H. (2001). The Eclectic (OLI) Paradigm of International Production: Past, present and Future, *International Journal of the Economics of Business*, 8(2), pp. 173-190.

Dunning, J.H. (2002). Perspectives on International Business Research: A Professional Autobiography Fifty Years Researching and Teaching International Business, *Journal of International Business Studies*, 33(4), pp. 817-835.

Dunning, J.H. (2005). Institutional Reform, Foreign Direct Investment and European Transition Economies, in R.E. Grosse (ed.), *International Business and Government relations in the 21st Century*, Cambridge: Cambridge University Press.

Dunning, J.H.&Lundan, S.M (2008). Institutions and the OLI paradigm of the multinational enterprise, *Asia Pacific Journal of Management*, 25: 573-593.

Edmondson, A. C. & McManus, S. E. (2007). Methodological fit in management field research. *Academy of Management Review*, 32(4), 1155-1179.

Eisenhardt, K. M. (1989). Building theories from case study research. *The Academy of Management Review*, 14(4), 532-550.

Gao, G. Y., Murray, J. Y., Kotabe, M. and Lu, J. (2010). A “strategy tripod” perspective on export behaviors: Evidence from domestic and foreign firms based in an emerging economy. *Journal of International Business Studies*, 41: 377-396.

Gorg, H. (2000). Analysing Foreign Market Entry – The Choice between Greenfield Investment and Acquisitions. *Journal of Economic Studies*, Vol. 27(3): 165-181.

Gorynia, M., Nowak, J. and Wolniak R. (2011). Outward Foreign Direct Investment of Poland: Exploring Geographic and Industry Trends and Patterns. *Proceedings of the Annual Conference of the European International Business Academy*, Bucharest, Romania.

Johanson, J. and Vahlne, J.E. (1977). The Internationalization Process of the Firm – A Model of Knowledge Development and Increasing Foreign Market Commitments, *Journal of International Business Studies*, Vol. 8, No. 1, pp. 23-32.

Johanson, J. and Vahlne, J.E. (1990). The mechanism of internationalisation. *International Marketing Review*, 7(4), 11-24.

Johanson, J. and Vahlne, J.E. (2009). The Uppsala Internationalization Process Model Revisited: From Liability of Foreignness to Liability of Outsidership, *Journal of International Business Studies*, 40: 1411-1431.

Johanson, J. and Wiedersheim, F. (1975). The Internationalization of the Firm – Four Swedish Cases, *Journal of Management Studies*, Vol. 12, No. 3, pp. 305-323.

Kalotay, K. (2004). Outward FDI from Central European Countries, *Economics of Planning*, 37, 141-172.

Kalotay, K. (2005). Outward Foreign Direct Investment from Russia in a Global Context, *Journal of East-West Business*, Vol. 11, Issue 3&4, 9-22.

Kalotay, K. (2008). Russian transnationals and international investment paradigms, *Research in International Business and Finance*, 22: 85-107.

Kelle, U. (1995). Theories as heuristic tools in qualitative research. In: I.Maso, P.A. Atkinson, S. Delamont, & J.C. Verhoeven (Eds.), *Openness in research* (pp. 33-55). Assen: Van Gorcum.

Kilvits, K. and Purju, A. (2003). Outward Foreign Direct Investment from the Baltic States as a Factor of Regional Integration, in G. Fóti and Z. Ludvig (eds.), *The Future of Europe Relations between the Enlarging European Union and Russia and Ukraine*, Proceedings of the International Seminar, Budapest: Institute for World Economics of the Hungarian Academy of Science.

Kogut, B. and Singh, H. (1988). The Effect of National Culture on the Choice of Entry Mode. *Journal of International Business Studies*, Vol. 19(3): 411-432.

Meyer, K. &Estrin, S. (2001). Brownfield Entry into Emerging Markets. *Journal of International Business Studies*, Vol. 32(3): 575-584.

Meyer, K. &Peng, M. W. (2005). Probing theoretically into Central and Eastern Europe. Transactions, resources, and institutions. *Journal of International Business Studies*, 36(2), 600-621.

Meyer, K. and Estrin, S. (1998). Entry Mode Choice in Emerging Markets: Greenfield, Acquisition, and Brownfield. Working Paper No. 18. Copenhagen: Centre for East European Studies, Copenhagen Business School.

Meyer, K. and Estrin, S. (2011). Brownfield Acquisitions. A Reconceptualization and Extension. *Management International Review*, 51: 483-509.

Miles, M. &Huberman, A. M. (1994). *Qualitative data analysis.* Thousand Oaks, CA: Sage.

Padmanabhan, P. and Cho, K.R. (1995). Methodological issues in international business studies: the case of foreign establishment mode decisions by multinational firms. *International Business Review*, 4(1): 55-73.

Peng, M. W. (2001). The resource-based view of international business. *Journal of Management*, 27: 803-829.

Peng, M. W. (2006). *Global Strategy*. Cincinnati: South Western.

Peng, M. W., Sun, S. L., Pinkham, B. and Chen, H. (2009). The institution-based view as a third leg for a strategy tripod. *Academy of Management Perspectives*, 23(3): 63-81.

Peng, M.W., Wang, D. Y. L. and Jiang, Y. (2008). An institution-based view of international business strategy: a focus on emerging economies. *Journal of International Business Studies*, 39(5): 920-936.

Ragin, C. C. (1994). *Constructing Social Research*. Thousand Oaks, CA: Pine Forge Press.

Rosati, D. and Wilinski, W. (2003). Outward Foreign Direct Investments from Poland. In M.Svetličič and M.Rojec (eds.), *Facilitating Transition by Internationalization: Outward DirectInvestment from Central European Economies in Transition*, Aldershot: Ashgate.

Rugraff, E. (2010). Strengths and weaknesses of the outward FDI paths of the Central European countries. *Post-Communist Economies*, 22(1): 1-17.

Svetličič, M. and Jaklič, A. (2003). Outward FDI by Transition Economies: Basic Features, Trends and Development Implications. In M. Svetličič and M. Rojec (Eds.), *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition* (pp.49-76). Aldershot: Ashgate.

Svetličič, M.,Rojec, M. and Trtnik, Andrea (2000). The restructuring role of outward foreign direct investment by Central European firms: The case of Slovenia. *Advances in International Marketing*, 10: 53-88.

UNCTAD (2011) *World Investment Reports,* New York and Geneva: United Nations Conference on Trade and Development.

Varblane, U., Reiljan, E. and Roolaht, T. (2003). 'The Role of Outward Foreign Investments in the Internationalization of Estonian Firms', in Marjan Svetličič and Matija Rojec (eds.), *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition.* Aldershot: Ashgate.

Vissak, T., Ibeh, K. and Paliwoda, S. (2007). Internationalising from the European Periphery: Triggers, Processes, and Trajectories. *Journal of Euromarketing*, 17(1): 35-48.

Yamakawa, Y., Peng M. W. and Deeds, D. L. (2008). What Drives New Ventures to Internationalize from Emerging to Developed Economies? *Entrepreneurship Theory and Practice*, 32: 59-82.

Yin, R. K. (2009) *Case study research: design and methods.* Sage Publications, Thousand Oaks, CA.

Appendix 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 manufacturing, sales of parts and services	pharmaceuticals	interior fittings and building materials	engineered wood, surface finished products and laminate flooring	meat and processed food producer	anchoring and fixing systems	furniture manufacturing and services	software / consulting services
2. Year of inception	1978	1991	1994	1935 (2000* - privatization)	1992	1974	1951 (1991* - privatization)	1982 (1999* - restructuring)	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, joint venture	greenfield	greenfield, joint venture	greenfield, acquisition, joint venture	greenfield, acquisition, joint venture	greenfield	greenfield	greenfield, acquisition, joint venture	greenfield, acquisition, joint venture	acquisition
10. Mode of major FDI	joint venture	greenfield	grieenfield	acquisition	joint venture	greenfield	greenfield	acquisition	acquisition	acquisition
11. Country of major FD	Azerbaijan	Ukraine	Germany	Russia	Belarus	Russia	Russia	Great Britain	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

* While the companies had existed earlier, initial data were available for the start of the privatized or restructured operations.