

**THE KEY-FACTORS OF BUSINESS
AND
SOCIO-ECONOMIC DEVELOPMENT DURING THE
GLOBAL CRISIS**



**EDITED BY
JURI SEPP DEAR FREAR
AND
WAGIHA TAYLOR**

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Congress of Political Economists International
137 S. Franklin Street
Wilkes-Barre, PA 18766-0001

ISBN 0-9786821-4-9

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CHAPTER 11

TRANSITION AS AN EXAMPLE OF INSTITUTIONAL CHANGE: MACRO- AND MICROECONOMIC ASPECTS. THE CASE OF POLAND

*Marian Gorynia,
Marek Ratajczak¹*

Abstract

The aim of this paper is to discuss selected aspects of transition in Poland from the perspective of institutional change. Since transition is a complex and multifaceted problem, the authors have decided to concentrate on selected aspects of the transition of Poland's economic system. Their reasoning is conducted on two plains:

- *the macroeconomic plain*
- *the microeconomic plain.*

On the macroeconomic plain, special emphasis is laid on causes of the collapse of Poland's centrally controlled economy, investigated using institutional analysis categories and the idea of institutional path dependence connected with the transition to a market economy.

On the microeconomic plain, the focus is on the presentation of selected aspects of corporate strategy in the transformation period, with emphasis laid on empirical research results obtained through the following research projects:

- *aspect I – Companies' adjustment strategies in the transition period;*
- *aspect II – Competitive gap at the company level and Poland's accession to the European Union;*
- *aspect III – Strategies of Polish companies in the face of foreign investors' expansion;*
- *aspect IV – Clusters in the context of international competitiveness and Polish company internationalisation.*

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1. Introductory remarks

The year 2009 sees the twentieth anniversary of the launch of transition in countries which became part of the Soviet bloc as a result of World War II. Although today's world associates the transition with the fall of the Berlin Wall and with the Velvet Revolution in Czechoslovakia, it should be remembered that it was the Polish Round Table talks between the authorities and the democratic opposition, the partially-free election of June 1989, and the formation of a government headed by former dissident Tadeusz Mazowiecki that initiated the final stage of the fall of "real socialism". At present, we hear increasingly often that in countries such as Poland transition has already been completed. This view seems to be confirmed by Poland's membership of the European Union and NATO, organisations whose members have to meet certain systemic requirements.

The authors of this paper present what they believe are some of the most important elements of a discussion of transition in its macroeconomic and microeconomic dimensions. The authors are of the opinion that there is a close relationship between changes at these two levels of economic life, including the institutional area, which is of special interest to them.

2. Contemporary institutionalism

The end of the twentieth century and the first decade of the twenty-first century are characterised by a significantly increased interest in the idea of institutions in economics. Academic publications and journalism very often feature elements which can be summarised with the slogan "Institutions are important". This increased interest in institutions and their role in economic life concerns both microeconomic phenomena and the macroeconomic sphere. In the latter case, causes of the eruption of research which has a more or less clearly defined institutional dimension can be found among phenomena taking place in the world economy. These include first of all systemic transition in the majority of countries which in the past had command economies, the development of countries (especially China) considered to be emerging markets, and problems related to the implementation of what is called the original Washington Consensus.

Even a very brief description and classification of contemporary institutionalism is a difficult task because the phenomenon can be divided into various components, and because particular authors use various names, or they use the same names but with different meanings, to refer to elements of institutional economics, broadly understood. The present paper will refer to two main elements of contemporary institutionalism: traditional institutionalism –

also known as neoinstitutionalism or old institutional economics – which is perceived as a continuation of original institutionalism; and new institutional economics, sometimes also referred to as neoinstitutionalism, or even neoclassical institutional economics.

In spite of terminological similarity, in many matters traditional institutionalism and new institutional economics represent essentially different points of view. The most significant features distinguishing these two elements of institutional economics are presented in Table 1.

Table 1. Traditional institutionalism and new institutional economics

Criterion	Traditional institutionalism	New institutional economics
Attitude towards the Thorstein Veblen / John Commons tradition	First of all, acceptance of Veblen as a founding father, lesser emphasis on Commons's work	Essentially, ignoring Veblen's achievements and almost the whole of original institutionalism, except Commons
Attitude towards mainstream economics	Strong criticism	Supplementing and enriching
The idea of <i>homo oeconomicus</i>	Rejection	Considerable criticism (suggestion that limited rationality and opportunism be taken into consideration)
Holism in academic research	Acceptance	Rejection
Role of formalised analysis in economics	Far-reaching scepticism and criticism	Moderate scepticism
Induction and deduction	Predominance of induction	Predominance of deduction
Accepting model assumptions about individual behaviour	Lack of acceptance	Limited acceptance
Research area	Extensive and loosely defined	Precisely defined
Evolutionism	Strong affirmation	Less distinct
Cognitive individualism	Rejection	Acceptance in principle
The idea of power	Plays a significant part in analysis	Is of little significance
Level of analysis	Rather macroeconomic and macrosocial issues	Rather microeconomic and mesoeconomic analysis
Direction of the person-institution relationship	Institutions influence people's behaviour	People create institutions

Source: own study based on: M. Ratajczak (2005).

Although – owing to its internal divisions and degree of theoretical maturity – institutional economics cannot aspire to be an alternative to mainstream economics, it can be an extremely useful instrument for analysing various economic phenomena, including those making up the transition process. At the same time, new institutional economics seems to be especially significant from the viewpoint of microeconomic and mesoeconomic phenomena related to the restitution of a market mechanism. The latter is based on the predominance

of private ownership accompanied by free resource allocation, and on the idea of taking responsibility and risk involved in decision making. On the other hand, traditional institutionalism, with its concept of an economic sphere remaining in close relations with the other areas of social life, seems to be especially interesting from the viewpoint of a discussion of the macroeconomic dimension of transition, including such issues as the state's role in the economy or non-economic determinants of growth and development.

3. Transition as institutional change: the macroeconomic dimension

Transition covers three basic spheres: economic, political, and social. In the economic sphere, the essence is a transition from a command to a market economy. In the political sphere, transformation consists in a transition from an authoritarian (or even totalitarian) system to one that is democratic. In the social sphere, transition consists in changing a society based on imposed collectivism into one in which a significant part is played by individual activity. All three spheres of transition have been interrelated and influencing one other. Consequently, changes taking place in one sphere are not neutral from the viewpoint of what is happening in the others. It also means that the autonomy of transition within each sphere is limited. The idea is consistent with the holistic approach, which is given special emphasis by traditional institutionalism.

From the perspective of the aim of this paper, of special significance is transition in the economic sphere. When seeking an answer to the question about causes of the collapse of an economy based on the ideas of centralising allocation decisions and practically eliminating a microeconomic choice, we should refer to the already-mentioned elements of new institutional economics featuring in agency and property rights theories (Ficdor, 2009). The elimination or – less radically – a severe limitation of property rights, and the predominance – or even hegemony – of “collective ownership” led to the disappearance of microeconomic incentives which ensure both allocation effectiveness and – no less significant – “effectiveness X”, related to the exploitation of available resources (Leibenstein, 1988).

A non-market economic system considerably reinforced the “rent-seeking” and “free-rider” attitudes. This had implications for the relations between the principal – which was generally the state – and its agents, i.e. officials representing the state and the management personnel of state-owned business organisations.

A command economy also showed clear symptoms of opportunism, which was so strongly emphasised by new institutional economics. *Ex ante* opportunism was related to the stage of taking economic decisions at central level, a time when those who implemented a plan tried to secure the smallest

tasks but also the largest possible resources to carry them out. On the other hand, *ex post* opportunism, or moral hazard, in a command economy was linked to the role of the state as a general insurer of sorts, who accepted all the risk connected with the activity of particular entities. This manifested itself as the absence of bankruptcies or an official lack of unemployment. In such conditions there were no incentives to ensure the microeconomic effectiveness of business².

In the categories of traditional institutionalism, transition in the economic sphere is to a large extent related to the question of the consequences of the institutional legacy of a command economy for the development of a market economy. From this point of view, it is worth noting that a command economy with its concomitant solutions in the political and social spheres fostered the development of institutions which were indicative of a dysfunctional economic and social life. One of such institutions was corruption, sometimes perceived as a peculiar way of overcoming the absurdities of central planning through adapting a planned allocation of both outlays and results to actual needs.

The rules of a command economy consolidated the dualism of institutions as norms. On the one hand, it was a world of declared and officially respected norms; on the other – a set of norms commonly used in everyday life. The idea of power, so significant for traditional institutionalism, was associated on the one hand with the possibility of being privileged in the sphere of distribution, and on the other – with the main cause of distribution problems encountered by people who did not participate in power. At the same time, the idea of power had a very broad meaning, ranging from the top levels of a formal-power system to local and informal power resulting from the position held, which involved access to unavailable goods.

The peculiar institutional infrastructure developed in a command economy and the related ideas of the state's role in the economy were transferred to a new systemic environment created by transition. The issue of the institutional legacy of a command economy – understood not as organisational institutions but, first of all, as informal institutions of rules, customs and traditions – is significant because the field was evidently underappreciated in the early stages of transition. Examples of this included ideas for transition – also in the economic sphere – which generally disregard the institutional sphere in the sense explained above, including institutional distinctions in particular countries³.

When discussing the institutional legacy of a command economy, we should observe that although institutions in the form of organisations or legal

² An interesting starting point for a discussion of moral hazard is the current economic situation and the action taken by particular governments and central banks, which in actual fact often act as insurers of last resort and, unfortunately, can lead to the intensification of elements of *ex post* opportunism.

³ The issue is discussed, among others, by Joseph E. Stiglitz (2004), who analyses Russia's transition experiences.

rules (starting with the constitution) can be modified relatively quickly, institutions such as informal rules, traditions and customs are characterised by considerable inertia. These usually change gradually and over a long period of time, which is natural in the case of demographic and socio-economic changes. Institutional inertia is one of the significant elements determining the phenomenon of *path dependence* (Acemoglu, Johnson, Robinson, 2001).

Transition of the institutions of norms, especially informal norms, is closely related to the idea of social capital. The notion of social capital, similarly to the term *institution*, has not been given a clear or universally accepted definition yet. By referring to the most popular interpretations of the idea, we can offer a somewhat simplified definition of social capital as a set of norms, relationship networks and mutual trust within a given social group (Sztompka, 2007). What links the idea of social capital to an institutional analysis typical especially of traditional institutionalism is: 1) perceiving the economic, political and social spheres as closely interrelated, 2) emphasising the significance of formal, but also informal, relations between business entities, and 3) pointing to institutions as a source of external effects. Proponents of the idea of social capital and its special role in economic life are inclined to agree that where automatic social capital creation fails, the state's interference may be of help. Through its activity, the state may support or initiate processes positive from the perspective of increasing the resources of social capital (Fukuyama, 1997).

In a discussion of the state's role in the economy, we should distinguish the idea of omnipotence typical of command economics from the idea of the state's strength and independence in relation to other business entities. The state's strength means the ability to strengthen and promote norms and behaviour which are consistent with the institutional system in the form of formal rules. In a command economy, although the state seemed to be an omnipotent institution, it was weak, which was illustrated by the incompatibility between the official norms and rules of business life, and those which were universally used in practice.

The ostensible strength related to the state's omnipotence became clearly visible at the beginning of transition. Many economies showed signs of what is called a weak state and peripheral capitalism. A weak state is by nature very vulnerable to the influence of various interest groups, and is unable to introduce and/or abide by clear rules at the meeting point of politics and business. This may lead – and in some East European countries has actually led – to the emergence of elements of “political capitalism”, in which the state retains a considerable role in the economy. This manifests itself in ownership participation, but above all in economic overregulation. What is characteristic for political capitalism is that the world of politics and the world of business are closely interconnected, with the relations between the two spheres being based on informal and unclear rules (Kochanowicz, 2000).

The already-highlighted institutional legacy of a command economy and the related institutional path dependence were clearly underestimated in the early stages of transition. An example of the role of institutional legacy understood as institutions of norms and uncodified rules is the process of Germany's unification and the still existing, though diminishing, division into "Ossies" and "Wessies". While the country's unification in terms of changes of institutions as legal norms and in the organisational sphere has already been completed, the reunification process in terms of institutions from the sphere of social consciousness or tradition is still incomplete.

It is agreed that for a transition process in the institutional sphere to be complete, it has to meet the following conditions:

1. "1. formal institutions preserving a plan order must be replaced with a coherent and complete set of rules constituting a market order;
2. informal norms, conventions and customs associated with a command economy must be replaced with a coherent systems of informal institutions of the market;
3. business entities must internalise formal and informal rules so that their choices and behaviour will be fully based on a market-oriented set of norms" (Hockuba, 2000, p.127).

It seems that it is easier to fulfil the above conditions (especially items 2 and 3) in countries where a command economy was based on less orthodox and less radical rules than those applied in the Soviet economic model. A case in point is Poland, which retained quasi-market elements based on individual entrepreneurship throughout the whole period the country had a command economy.

The above-mentioned elements of the institutional environment in countries undergoing transition were relevant first of all to phenomena of the macro-sphere. The sphere is significant from the perspective of creating conditions more or less conducive to the development of economic activity related to decisions made by particular business entities. At the same time, it is, no doubt, the microeconomic sphere that determines the final effects of economic activity.

4. Company strategy as a market-economy institution – selected aspects of Polish companies' strategies in the transition period

In this part of the paper, it is assumed that both the company as such and its strategy are important institutions of a market economy. The form of these institutions is codetermined through institutional decisions made at macroeconomic level for the economy as a whole. A company is a historically tried and tested way of organising economic activity and ensuring its

effectiveness. In a socialist command economy, the company's role was reduced to executing the central planner's orders. The most typical features of a socialist company include unclear (collective) property rights, high agency costs, and lack of economic calculation at micro-level. Only in a market economy did companies start to operate in an institutional environment which allowed them to behave in accordance with economic calculation rules oriented towards increased effectiveness. This was reflected in the behaviour of companies operating in new business conditions. In particular, conditions were created for companies to develop and pursue strategies which satisfy criteria of microeconomic rationality.

The subsequent parts of this paper discuss changes in Polish companies' behaviour in the realities of a market economy. The focus is on the presentation of selected aspects of company strategies in the transition period, with emphasis laid on empirical research results obtained through the following four research projects:

Aspect I – Companies' adjustment strategies in the transition period⁴.

Aspect II – Competitive gap at the company level and Poland's accession to the European Union⁵.

Aspect III – Strategies of Polish companies in the face of foreign investors' expansion⁶.

Aspect IV – Clusters in the context of international competitiveness and Polish company internationalisation⁷.

4.1. Companies' adjustment strategies in the transition period

The research programme "Poznań Companies' Behaviour in the Period of Transition to a Market Economy" was the main undertaking within the empirical part of the ACE project titled "Economic Adjustment Policy at the Sectoral and Subnational Level. A Comparative Study of Poland, Eastern Germany, Portugal and Britain". Its main aim was to identify and interpret patterns in the

⁴ An ACE project, titled "Economic Adjustment in Medium Sized Enterprises in Eastern and Central Europe" and carried out in 1996-1998.

⁵ A KBN Project, titled "An Adjustment Gap at Corporate Level and Poland's EU Accession. Implications for Corporate Strategies and Economic Policy" (no. 1H02D 01317) and carried out in 1999-2000.

⁶ A KBN Project, titled "Strategies of Polish Companies in the Face of Foreign Investors' Expansion" (no. H02D 01124) and carried out in 2003-2004.

⁷ An MNiSzW project, titled "The Role of Clusters in Supporting International Competitiveness and Internationalisation of Polish Companies" (no. 1 H02D 10328) and carried out in 2005-2007.

adjustment behaviour of medium-sized and large enterprises operating in the processing and construction industries, and based in the-then Poznań province.

The empirical study analysed the behaviour of 66 Poznań-based companies between the end of 1989 and July 1993. One of its elements was a questionnaire survey of medium-sized and large Poznań-based companies. The most interesting results pertained to:

- changes in the industries or product ranges of the companies surveyed – predominant among the companies were one- or two-industry firms; there was a slight increase in the number of multi-industry companies; only a quarter of the companies surveyed joined a new industry; the strategy, in terms of industry or product range, can be described as conservative;
- changes in the markets of the companies surveyed – there was a slight increase in the number of export firms; export was dispersed throughout particular markets; the average number of domestic buyers increased while the number of export buyers decreased; the strategy of the companies surveyed was rather conservative also in this area;
- changes in the quantity and quality of resources available to the companies surveyed and in the method of their allocation – there was a marked reduction in employment and fixed assets (disinvestment); the companies established new organisational units to which resources were transferred; the predominant decisions taken were those which consolidated the companies' activity in sales markets; the strategies in terms of resource allocation can be described as relatively courageous and innovative.

Another important thing was the findings concerning the companies' starting points, the types of adjustment strategies, and their influence on adjustment success. The results obtained failed to clearly determine the features of a company's starting point and strategies leading to its successful adjustment to free market conditions.

Research conducted as part of the programme "Poznań Companies' Behaviour in the Period of Transition to a Market Economy" was continued (after partial modification) as part of the ACE project titled "Economic Adjustment in Medium Sized Enterprises in Eastern and Central Europe" (second stage). That stage of research carried out in 1995 took into account the companies' situation until the end of 1994 as well as performance forecasts for 1995.

The empirical research into 35 processing-industry companies concerned two groups of problems and led to the following findings⁸:

⁸ The research results are presented in: M. Gorynia (1998), *Zachowania przedsiębiorstw w okresie transformacji. Mikroekonomia przejścia*, Wydawnictwo Akademii Ekonomicznej w Poznaniu.

- identification and assessment of Poznań-based companies' strategies – there was considerable difficulty in determining the companies' market shares; the number of the export markets entered grew; the companies' product ranges did not change significantly; the companies operated in moderately attractive markets; on average, the companies referred to themselves as "mediocrities" in terms of competitiveness; there was no strong tendency to change product ranges; the companies did not consider it important to change their range (especially in vertical integration);
- identification of power and assessment of conflict in Poznań-based companies – an important feature of the power structure was that power was in the hands of top management, which was interpreted as favourable for adjustment to market conditions; in general, the level of conflict in the companies under study was found to be very low or insignificant.

The research results presented at this point demonstrate the inherent dynamic of companies whose entrepreneurship – dormant in the institutional conditions of a socialist economy – was suddenly reawakened in a new institutional environment, and found its expression in the creation of new strategies.

4.2. A competitive gap at the company level and Poland's accession to the European Union

A competitive gap is part of a larger problem, namely an adjustment gap at corporate level. The gap appeared together with the change of the regulation system in the Polish economy from an administrative system to a market system. After the market regulation system was introduced, business entities experienced difficulty adapting to the new rules of the game. The phenomenon of adjustment and competitive gaps gains additional significance particularly in the context of Poland's accession to the European Union and achieving official EU membership. A competitive gap refers to differences in terms of competitive position, competitive potential, and competitive instruments (competitive strategy) between Polish companies participating in the transition process and companies from developed EU countries.

The empirical part of the project involved measuring competitive gaps in companies representing three sectors: the processing industry sector (66 firms), the construction sector (11 firms), and the transport and forwarding sector (14 firms). For instance, in the case of the processing industry sector, the most important findings were as follows: the companies surveyed are mediocre in terms of both average competitive position and competitive potential; it is similar with competitive instruments or competitive strategy; the companies'

conservative attitude towards the chances of expanding into EU markets with the use of methods other than export; moderate scepticism in perceiving EU entry in terms of opportunities and threats.

The research carried out demonstrated that, although the above-mentioned competitive gap does exist, there are some good reasons for optimism about Polish companies' strategies, namely:

- managers are aware of the existence of a competitive gap;
- the gap is not perceived as huge – it follows that average competitors in the EU market and in the other markets investigated are perceived as ones with whom Polish firms can compete effectively;
- forecasts concerning competitive position, competitive potential and competitive instruments suggest that Polish companies are on the offensive and that they intend to reduce the existing competitive gap. For this to happen, it is necessary to reformulate the competitive strategies of many of the companies surveyed and to enjoy the support of economic policy⁹.

4.3. Strategies of Polish companies in the face of foreign investors' expansion

The present research project discusses internationalisation and globalisation of business activity from the perspective of the strategies adopted by companies based in a country hosting foreign direct investments, in this case – Poland¹⁰. So far, theoretical and empirical research on internationalisation and globalisation has usually focused on the behaviour of companies carrying out international expansion in the form of foreign direct investments. Far less attention has been devoted to strategies adopted by companies based in a country hosting foreign direct investments in the face of foreign investors' expansion. Consequently, the aim of the research project presented here was to fill a gap in theoretical and practical knowledge related to local companies' behaviour in the face of foreign investors' international expansion strategies.

The focal point of the research project was the confrontation between strategies pursued by companies based in country X and those implemented by foreign firms which were entering the market in various ways, with special attention devoted to foreign direct investments. Emphasis was laid on local companies' strategies. The main research task was to answer three questions: What strategies can be followed by local firms in the face of foreign companies'

⁹ M. Gorynia, *The Polish Economy's International Competitiveness and Economic Policy, Russian and East European Finance and Trade* 1998, 34 (4).

¹⁰ The research results were published in: *Strategie firm polskich wobec ekspansji inwestorów zagranicznych*, M. Gorynia (ed.), PWE, Warszawa 2005.

expansion? What strategies do local firms follow? What strategies should they follow?

To answer the second question, empirical research was conducted on Polish (local) firms which faced challenges related to the adoption – and hence the selection and implementation – of particular strategies in response to the strategy of foreign companies' expansion into the Polish market. The empirical research consisted of a questionnaire survey of 77 Polish firms representing three industries: construction, automotive, and food industries; additionally, three case studies were prepared (three Polish firms).

On the basis of the empirical research, the following conclusions were formulated about the firms surveyed and their environment:

- the companies are aware that the basic motive for foreign investors' presence in the Polish market is to capture it;
- in the period covered by the study, there was a growing trend in the number of competitors, accompanied by a simultaneous increase in their competitive potential;
- administrative barriers are not the main obstacles for companies entering the industries investigated; more important are economic barriers such as price, product diversity, etc.;
- the nature of relations between rivals within an industry is quite complex and diverse; these are not only competitive relations;
- the predominant type of competition in the construction and automotive industries continues to be price competition, whereas in the food industry there was a shift towards the increased significance of competition through diversification;
- among Polish companies, the predominant attitude towards foreign companies' entry onto the Polish market was that of rivalry, which, with time, partly transformed into cooperation strategies and niche-seeking strategies;
- the majority of the companies surveyed reported that the main reason for maintaining their independence from foreign capital was the position achieved in the Polish market and fear of its erosion;
- negatively perceived aspects of foreign-capital companies' presence on the Polish market are: influencing the level of unemployment and limiting Polish companies' expansion (access to the market); on the other hand, the advantages of foreign companies' entry and activity in the Polish market are perceived in the following areas: access to new technologies, product innovativeness, Polish companies' quality and efficiency, and management staff qualifications;

- the companies under study expect neither government intervention at particular companies nor a selective industrial policy towards specific sectors;
- in terms of competitive position (measured by market share and profitability) in relation to their foreign rivals operating in the Polish market, the companies surveyed perceive themselves below an average rival, but at the same time they display an aggressive attitude, expecting their position to improve in the medium run (three years);
- as for competitive potential, what is most unfavourably evaluated by the companies under study in relation to an average foreign competitor operating on the Polish market is the level of their own outlay on research and development, company size, and the ability to finance current business activity with one's own resources; in the companies' view, the strongest elements of their potential are quality and the fit between their products/services and Polish consumers' tastes;
- as far as competitive instruments are concerned (comparison with foreign competitors present in the Polish market), those most negatively evaluated by the companies surveyed are advertising and sales promotion, frequency of new product launches, and innovativeness of products/services; the competitive instruments most favourably perceived by the companies under study are price, terms of delivery, and timeliness of delivery.

4.4. Clusters in the context of international competitiveness and Polish company internationalisation

Poland's accession to the European Union means the Polish economy's intensified integration with the world economy in general and the EU economy in particular. Still relevant is the question of improvement in companies' international competitiveness and in the whole economy. Membership alone of an integration grouping is no guarantee for gaining or retaining competitive advantage. It is obvious that because of an even greater openness of the Polish economy, companies face stronger competitive pressure. However, market rivals' pressure should be evaluated positively because, as economic reality demonstrates, healthy competition usually forces changes enhancing effectiveness and innovativeness. The question arises whether local Polish companies can be offered solutions which would support their efforts to increase international competitiveness without distorting the market mechanism and would have a positive impact on their internationalisation behaviour.

A starting point for the research project was the observation that in developed market economies actual regulation mechanisms differ from pure and ideal solutions of the perfect-market type. The working of a "price mechanism"

is restricted by the functioning of various institutional solutions which support and supplement the regulatory function of a neoclassical price system instead of limiting the role of the market. Numerous trends in economics – such as new institutional economics, industry economics, and evolutionary economics – highlight the diversity of relationships between business entities, which goes far beyond relationships identified by pure price theory. It is pointed out that in addition to traditionally analysed purely competitive relations and the regulatory function of the state, an important part is played by cooperative relations.

The research project described here focused on the ways existing or potential clusters in Poland influence Polish companies' international competitiveness and their internationalisation behaviour.

The empirical research was conducted among companies belonging to three clusters: furniture companies (31 entities), automotive companies (11), and boiler manufacturers (13). On its basis, the following conclusions were reached about the three clusters in the Wielkopolska region:

- the principal reason for the location of cluster members in Wielkopolska was that their families had run a given business in the region in the past;
- all the firms, regardless of their cluster origins, are aware that their competitive potential can be strengthened by specialised and qualified personnel available in the region, and that they cannot expect to increase their capital using their own potential – the availability and cost of venture capital received the lowest rating;
- a type of relationship typical of existing well-developed and mature clusters is visible also in the clusters investigated. According to the majority of respondents, rivalry in their industries is accompanied by signs of cooperation;
- in each cluster, the most popular form of cooperation is that with suppliers and customers. Respondents also declared their firms' relatively intense involvement in cooperation with local and non-local competitors, industry organisations, and R&D institutions;
- on the whole, however, cooperation is perceived as insignificant from the viewpoint of companies' competitiveness within particular clusters. Low ratings may indicate that cooperation as a strategy of playing a competitive game is clearly underestimated;
- companies from each of the three clusters differently perceive the major consequences of establishing cooperative relations, especially those with local and non-local rivals. The most important consequences of cooperation for the furniture, boiler manufacturing, and automotive clusters include an improved quality of the products offered or the services provided, reduced costs, and a stronger position in relation to non-local competitors, respectively;

- the companies surveyed most often cooperate with local entities in the area of raw-material supply;
- the furniture and automotive clusters are characterised by the companies' active attitude towards internationalisation, whereas the boiler manufacturing companies surveyed do not get involved in expansion into foreign markets, which does not accurately describe boiler manufacturers' attitude;
- the firms from the furniture and automotive clusters use export as a strategy of internationalising their activity, and offer their products predominantly in EU markets and in East European countries;
- companies from each of the three clusters agree that the most significant thing for their internationalisation is cooperation with customers, although it should be added that this was not assessed as very significant for the firms' internationalisation activities;
- cluster members agree that economic self-government and the state's economic policy can have a considerable influence on the conditions in which business entities operate, and thus on their competitiveness. This is why the majority of economic self-government's and economic policy's tasks listed in the questionnaire were assessed as useful. On the other hand, in the opinion of the companies surveyed, the way the tasks are fulfilled leaves much to be desired.

5. Conclusion

The present article has indicated the relationships between institutional changes at macroeconomic level and institutional changes at company level, especially those related to the evolution of company strategies. Institutional change at macro level created a general framework for carrying out institutional change at microeconomic level. In the analysis of macro-level institutional change in economies undergoing transition, a part that cannot be overestimated is played by the findings of contemporary institutionalism. On the other hand, the achievements of new institutional economics in the field of contemporary company theories are very helpful in research on changes in corporate strategies. What is particularly useful is the achievements of such research trends as agency theory, property rights theory, transaction cost theory, behavioural theory, managerial company theories, and what are called competence theories of the firm.

As for directions of further research in the field, there can be no doubt that institutional research has a great future. While no one calls into question the importance of institutions, there is still too little understanding of the mechanism

whereby institutions influence economic growth processes and increase business effectiveness. What is especially fascinating is the relationship between macroeconomic-level institutions and institutions at microeconomic level.

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