

2ND AIB CEE - Chapter Conference

Book of abstracts

International Business and Research in the CEE Region Why is it worth doing?



WARSAW SCHOOL OF ECONOMICS PRESS

International Business and Research in the CEE Region. Why Is It Worth Doing?
Warsaw, 17–19 September 2015

The conference was jointly organised by:
Academy of International Business Central and Eastern Europe Chapter (AIB-CEE Chapter)
and Institute of Management, Warsaw School of Economics.

Book of Abstracts

ISBN 978–83–8030–019–4

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Cover design

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Foreword

Dear Readers,

It's with a great pleasure that I present you this Book of Abstracts providing overview of scientific papers and panels offered at the 2nd Academy of International Business Central and Eastern Europe Chapter Conference in Warsaw.

Almost a year ago the organising committee of this conference decided that its topic would be "International Business and Research in the CEE Region. Why Is It Worth Doing?". We hope that the papers and panels presented at the conference supplemented by the conference discussions will provide appropriate explanation why to do business and why to do the research in our home region and that the conclusion will be that all of them are worth doing.

The general idea of establishment of the Central and Eastern Europe Chapter of the Academy of International Business was to foster collaboration among businesspeople, scholars and specialists from Central and Eastern Europe and this Book of Abstracts is a good proof of such a collaboration. It is a joint effort of authors, reviewers, Track Chairs, organising committee members and people from the Warsaw School of Economics Press, all of whom come from more than 20 different countries.

The topics covered in papers and panels being presented at the 2nd AIB-CEE Chapter Conference in Warsaw, reflected in extended abstracts demonstrated here, are quite diverse as diverse are the interests of IB scholars. Thus you will read here about small and medium-sized enterprises' internationalisation, industries' competitiveness, government policies to attract FDIs, employees' behaviour in international companies, entrepreneurs launching international new ventures, women executives on supervisory boards as well as methods of teaching International Business course, just to mention only a few. All of them very interesting and worth reading.

On the following pages you will find abstracts of 50 articles and 2 panels presented at the 2nd AIB-CEE Chapter Conference in Warsaw. Enjoy reading!

Warsaw, 17th September 2015

Miroslaw Jarosiński
Conference Programme Chair

Postcolonialism in Poland: New Markets, New Opportunities and New Cultural Imperialism

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The end of Soviet communism in the Eastern Bloc can be viewed as having led those countries, Poland included, from one neo-colonial system to another. Echoing Fukuyama's 'end of history' hypothesis, it can be argued that capitalist economic imperialism has become the new form of postcolonial domination which dictates the rules of the game to those countries which Western corporations expand into. The end of the era of Soviet dominance and the emergence of Poland as a free-market economy has had an impact on its perception by business leaders in the West. Managers and Directors of expansive, Western corporations often refer to the post-communist markets of Central and Eastern Europe in a manner which resembles the rhetoric of empire in its thirst for territorial expansion.

Predominantly utilised as a tool to interpret aspects of Western representation and power towards former colonies, postcolonial theory (PCT) has only very recently been utilised by international management and cross cultural management researchers. Whilst such a research has tended to focus on historical colonial structures, recent PCT research points to a growing perception that Poland, together with other Central and Eastern European countries, can be viewed as postcolonial in its interactions with the West. By focusing on the power dynamic inherent in Western capitalist expansion into developing markets rather than traditional colonial ties, PCT has become a tool with utility beyond the traditional, historical definition of colonialism.

With the recent global economic crisis resulting in the contraction of most major Western economies however, the neo-colonial/imperial rhetoric, which has accompanied Western direct foreign investment, may be changing. The comparative approach adopted in this study makes it possible to observe any such changes in postcolonial discourse towards Poland, representing the country as a development opportunity for Western corporations.

This paper proposes therefore that despite PCT being utilised primarily as a theoretical framework in formerly colonised nations, a postcolonial perspective on Western business/management discourse towards Poland has merit. It provides insight into the neo-colonial, neo-imperial rhetoric which views Poland, as with other post-communist Central/Eastern European countries, as an opportunity for economic and cultural expansion. Furthermore, this paper considers the changing nature of such discourse over the period following Poland's 2004 European Union accession. A Foucauldian approach to discourse analysis is adopted which applies textual analysis to a variety of sources including, but not limited to, CCM academic texts, guides for international/expatriate managers and semi-structured interviews with British expatriate managers in Poland spanning a ten-year period.

Keywords: cross-cultural research, Central and Eastern Europe, cultural frameworks, Hofstede, globalisation, expatriation, Cross-Cultural Management, Postcolonial Theory

Women on Board and Shareholder Structure. Preliminary Results

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Female involvement in governance and management is the outcome of the political, legal and social systems as well as culture and religion at the country level. At the company level women's presence on board is determined by certain company characteristics (size, industry of operation, ownership structure, age) and is believed to be tied to firm's performance. We add to this literature by examining the links between women's presence on board and ownership structure in the post-transition Central European context. The goal of the paper is to identify how ownership concentration and shareholder identity are tied to the presence of (at least) women on board and is based on the empirical analysis of the composition of supervisory boards of 100 largest Polish companies for the period 2008–2012.

The descriptive statistics reveal that the number of supervisory boards with at least one woman reveals slight changes over the analysed period – the increase in 2010 was followed by the drop in 2012 to reach the number of 49 boards. The females' presence was estimated at 11% and the average number of women per board equals 0.7, what means that usually 7 women sit per 10 boards. The number of supervisory boards with female chairman remained very low and equalled to 8 boards in 2012. This data suggests that the females' involvement in governance in Polish companies remains at the moderate level placing Polish boards below the EU average. The changes in the corporate governance guidelines introduced at the Warsaw Stock Exchange were to assure gender balance and reporting on the number of females on boards by companies. The dynamic analysis carried out over the 2008–2012 period did not have any impact on the presence of females on corporate boards in Poland. The research findings indicate a positive impact of ownership structure and presence of females on board indicating that the majority shareholders may be engaged in the firm's governance and management and will be interested and have decision power to appoint women to board. The results indicate that the presence of the state as the largest shareholder does not have any influence on the females' participation on boards. Shareholder identity in terms of individual, industry and financial investors proved to have negative influence over the presence of women on board.

Examination of Central-Eastern-European Professional Football Clubs' Sport Success, Financial Position and Business Strategy in International Environment

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The aim of this paper is to interpret and examine the competitiveness of professional football clubs in the Central Eastern European (CEE) region. We examine nine countries from Central-Eastern Europe: Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia. We compare the sport and financial competitiveness of the CEE region to the German and Russian professional leagues. In the past few years clubs in the region have become more successful; they are participating more often in international tournaments and as a result, the export of players has increased as well.

We introduce the related literature of internationalisation of business and sport management. We define export in field of professional football and show the business trends of global football. We collect and describe the sport management articles that are prepared in CEE region. The largest added value of our study lies in the literature processing we collected, selected by themes and summarised English literature which is arising from the CEE region and dealing with professional football.

We use data of international organisations and related case studies to show empirical results of our research. We make regional comparison of nine countries of the CEE region with German and Russian league and we collect and summarise the sport results of clubs in the CEE region. After the overview of the case studies of youth players' academies, we investigate the transfer results of the CEE region in two different intervals (4–4 years) to show the trend of the transfer market.

Our main findings that CEE region has a weak sport and financial competitiveness in the European football, but in the market of football players have a good opportunity to realise huge profits. In the last four years the realised revenues from transfer market decreased so the competitiveness of the region in youth players transfer is getting weaker. With recent ruleset and international business circles the CEE clubs cannot compete with larger clubs. The markets of football became international today, therefore the clubs from the CEE region have to cope with Barcelona not only on the soccer field, but also through the entertainment activities built around football, which sounds more than hard.

Keywords: global sport, professional football, competitiveness, export, Central Eastern European region

Developing Students' Knowledge, Skills and Social Competences in International Marketing Research – Cooperation of Academia and Business

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This paper is a part of a larger debate concerning the determinants of high quality education, which in the long term constitutes the bases for the CEE countries' competitiveness. The authors attempt to answer the question regarding possible levels of modern knowledge transfer into real-life business processes, as well as the benefits for higher education institutions of cooperating with business practice representatives. The aim of the paper is to present good practices in the scope of providing students with timely knowledge, skills and social competences within the course of international marketing research (IMR) conducted under the auspices of the International Business programme of the University of Economics in Katowice. The paper indicates the need to deepen the cooperation between universities and companies while identifying the beneficiaries of such a cooperation also among the students. The examples of student engagement in the business processes of companies within the IMR course are presented. The meaning of social competences as a key educational effect is underlined and it's indicated that the main area of shaping this kind of competences is student participation in projects directed at solving problems of companies. On the basis of the experience assembled barriers of cooperation between academia and business are indicated.

Contemporary manager, a specialist within the international business area, should be equipped with grounded knowledge in the field of international marketing research as well as suitable scope of skills and social competences, which will pay off in the practice of company management. Hence, it is crucial to conduct the classes based on modern teaching methods, which will allow to achieve the intended educational effects. At present a necessary condition for high quality teaching within the IB degree programmes is, for the students, to have easy access to international commercial data bases, timely case studies, interactive forms of conducting the classes, assignments in the form of projects and working in international groups. In case of IB graduates, especially those whose professional future is connected with internationalised companies, it seems that the acquired social competences may to the biggest extent determine their professional career development. Hence universities should create as much opportunities as possible to verify the knowledge, skills and competences acquired during classes while pursuing actual business projects. Business-university cooperation should be a priority from the point of view of educational benefits, as only close contact with the business practice will allow universities to shape their graduate profile according to contemporary expectations of the labour market.

The Inverted U-Shaped Curve and Multinationality- -Performance Relationship of Polish Firms

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This paper posits, based on the data set covering an 8-year period between 2006 and 2013, that Polish firms show an inverted U-curve relationship between multinationality and performance (MP relationship) what is contrary to the predictions resulting from the traditional S-curve analysis. On the other hand the empirical findings of this study seem to be in line with the recently proposed M-curve and its first two stages of “global illusion” and subsequent fall in performance due to costs arising from liability of newness and foreignness. It is then likely in the future that increasing internationalisation of Polish firms in the future may provide evidence for inverted S-curve shaped and subsequently M-curve shaped MP relationships. This should be however accompanied by better adaptation to foreign markets and improved internal efficiency.

The research was conducted on 97 Polish public firms with grounded international activities (i.e. min. 5% of total sales were achieved abroad over the last three years covered by the analysis). To test the MP relationship a multiple regression analysis was employed. The multinationality level of firms was measured using FSTS (ratio of foreign sales to total sales) and performance was reflected with the use of ROE (Return on Equity), ROA (Return on Assets), ROS (Return on Sales) and annual change in total sales revenue.

A large set of internal and external contextual variables was also incorporated into the analysis including those of qualitative character, largely neglected in the extant body of literature but indicated by other scholars as having a high research potential. Two initial categories of potentially high significance were internationalisation motives and foreign entry strategies modes. The first was measured using four compounded indices relating to market-seeking, efficiency-seeking, competitiveness related and political-institutional motivations. Within the second category three groups of firms were identified, i.e. using only non-equity forms of entry (usually exporting), using exclusively FDI to go abroad and the last one comprising firms using both types of entry modes. Other control variables included firm's size, firm's age, firm's industry, geographical diversification, international experience, real GDP change in the EU-15 countries and year of observations.

The achieved results revealed however that only some of the control variables proved to be significant for the analysis. This in turn may imply that the contextual nature of the MP linkage may be limited only to a specific set of variables. Hence further effort is still required to identify them in a comprehensive manner and subsequently to explain their influence.

Employment Prospects on the Periphery – The Case of Hungary

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In countries on the periphery, employment largely depends on the growth of a centre. At the same time these countries also have own possibilities to accelerate their growth exploiting their internal resources. To achieve it, the enterprise's structure must be renewed. The weight of medium sized enterprises ought to be increased. The study is based on extended use of statistical data and model calculations, and describes how this structural change accelerates the GDP growth, increases employment, slows down the outflow of the most entrepreneurial workers and prevents the increase of the public work financed from public money at the recent pace. That would be needed in order to get onto a growth path, which converges to the developed world.

The above chain of thoughts is presented in four chapters. Chapter 1 analyses the slowdown of growth of the world economy, especially in the European Union. Special attention is paid to a selected group of countries, like Germany, France, Austria, Sweden, Poland and the Visegrad countries, plus the Central and Eastern European emerging economies (the Baltic states, Bulgaria and Rumania). Their growth is compared to the Hungarian growth of 2008–2014. Chapter 2 deals with the correlation or with the lack of correlation among growth and employment and unemployment and identifies cases when slowing growth is not accompanied by slowing employment and on the contrary, when soaring GDP growth turns into jobless growth in Central Eastern Europe. Chapter 3 presents an international comparison, how the enterprises are producing the GDP, i.e. the added value in the EU28 countries based on a model, in which the *number of enterprises*, the *structure of enterprises*, the *production of added value of enterprises* and the *employed personnel of enterprises* are the main variables. The most important message is that a special “U curve” type transition of the enterprise's structure is mainly responsible for the jobless growth of the Central and Eastern European periphery. In chapter 4 model calculations are shown about future growth prospects for Hungary to give quantitative support to the main conclusions of the article.

The most important topics: normal GDP growth, disturbed GDP growth, recovery periods in GDP growth, present and future GDP growth trends, employment, unemployment, rates of employment and unemployment, produced GDP and added value of enterprises, enterprises' structure according to micro, small, medium and big enterprises, evolution of average enterprise's size in different economies, correlation or lack of correlation between growth and employment, correlation between GDP growth and enterprise structure, connection of enterprise data to national account data, modelling of enterprise activity in producing added value, enterprise's total productivity and labour productivity.

Competencies for Human Resource Management in Foreign-Owned Firms. Focus on Three CEE Countries and Austria

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Foreign-owned firms enter foreign markets for traditional reasons (market acquisition, securing resources, and diversification), but lately they have also been seeking better economies of scale and a more rational allocation of expenditures, via shifting processes and activities to lower-cost nations. This paper summarises the major foreign direct investments (FDI) and impacts on human resource management in Hungary, Slovakia, the Czech Republic and Austria. The analyses show that in times of dynamic economies, HR needs to have an orientation through competency-based models which picture the current developments. It is therefore essential to generate the competencies which are most needed to perform in an efficient way.

The analysis based on the qualitative approach gives indication that there is a range of differences in HR management in MNC companies. In the MNCs surveyed in the Czech Republic, the HR department focuses mostly on recruitment, compensation, and benefits. Roles of HR management in the Czech Republic changed from rather operational services to strategic and partnership oriented support functions. In Hungary, multinationals are supposed to be the drivers of a more strategic HR work in Hungary. The company studied pays attention especially to talent management and performance issues, focusing also on employer branding and recruitment by attracting ambitious people. Czech labour law is perceived as less restrictive in comparison to Hungarian labour law. The MNC analysed in Slovakia is influenced by the current growth phase, which challenges employer branding, recruitment, compensation and benefits. Although the headquarters provide HR strategy directives, every country has its local HR and works with a high level of autonomy. In Austria, HR management is perceived as a strategic business partner and change communicator and is highly influenced by restrictive labour law.

The influence of local culture, local policies and HR practices is obvious. From an HR point of view it seems crucial to broaden competencies of HR managers and especially involves sensitivity to diversity and openness to ambiguity, flexibility, and communication skills.

These findings together with the analyses of the literature result in a newly designed competency model for HR work. Three technical HR competencies (HR Knowledge, Business Knowledge, Strategic Approach) and six behavioural HR competencies (Leadership Competence, Relationship Management Competence, Consultation Competence, Ethical Competence, Cultural/Global/Diversity Competence, Change Competence) outline the relevant skills, abilities and knowledge important for HR work in MNCs.

What Can Be Measured and What Cannot? An Explorative Investigation on Firm–Level Export Competitiveness by Qualitative and Quantitative Research Findings

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Exports and exporting firms are among the inquiries in both international business (IB) and competitiveness. IB focuses on the performance of firms and within those on the processes from company's and managerial perspectives, while competitiveness focuses on national level implications from mainly policy perspective. Qualitative research is frequent in IB research, at the same time quantitative methods are widely used in competitiveness research. This paper is to match both types of researches. An explorative qualitative research was completed on 10 Hungarian SMEs to discover the processes and mechanism of export excellence where financial figures were also collected. A quantitative research was done to explore the financial performance patterns of privately owned companies in Hungary. Claiming that the qualitative and quantitative research are complementary, the paper investigates how SMEs' performance can be evaluated based on financial performance patterns and what conclusions can be drawn for competitiveness. The selected SMEs are among the financially high performing firms. Based on qualitative research we suggest that outstanding management, continuous learning and innovations, which are frequent in competitiveness narratives, may be the explanatory factors for that.. But these factors may require not only further investigation but also the subtle approaches in conceptualisation and measurement.

Keywords: internationalisation, export competitiveness, domestically and foreign owned firms, financial performance, profitability, SMEs, subsidiary performance, qualitative and quantitative comparison

The Effectiveness of Manufacturing Practices in Different Subsidiary Types – Consequences for CEE Subsidiaries

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In the last decades several companies have become manufacturing networks of plants, operating usually in an international context. These plants can serve different purposes, such as access to low cost production, access to skills and knowledge, or proximity to market. Also, they have different levels of competences, including tight internal production competence; wider external supply chain competence; and development competence to be able to manage or even direct changes. This diversity of purposes and competences results in different plant roles.

Plant roles can influence the use and effectiveness of different bundles of manufacturing practices, like advanced technologies, HR practices, lean management tools, quality management practices, or the integration of suppliers and customers. Among these practices those which lead to high performance improvement are called best practices.

Although both topics (plant roles and best practices) are popular in themselves, their relationship has not been explored in the literature yet. Therefore, we propose that due to the diversity of roles a manufacturing plant can play in a manufacturing network, best practices also depend on the role that plants fulfil. The “higher” a plant’s role, the higher the competence it has and, in effect, the better process and product knowledge and more developed skills in implementing manufacturing practices the plant has. Thus, we expect that plants with higher competences implement practices more successfully, resulting in higher performance (in terms of cost and differentiation).

We use a sample of 471 plants from the sixth edition of the International Manufacturing Strategy Survey for this purpose. After developing the relevant measures of manufacturing practices and performances by confirmatory factor analyses, clusters are created for plant roles. Then separate multiple regression analyses are carried out for each cluster and each performance factor, with bundles of different manufacturing practices as predictor variables.

The findings show that plants with higher competences have more best practices (that is, practices leading to high performance improvement) than less competent plants. Furthermore, more competent plants usually strengthen their differentiation performance, while less competent plants focus on and achieve cost performance improvements instead. In Central and Eastern Europe less competent plants are more frequent, resulting in higher cost focus.

The Role of Incentives in Attracting FDI to the New EU Member States

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The spread of globalisation and market liberalisation have increased international capital flows, in particular in the form of foreign direct investment (FDI). Higher flows of FDI always reflect a better economic environment and the presence of economic reforms and investment-oriented policies (Yan & Kundan-Pokhrel, 2011). Developing as well as developed countries seek to attract FDI due to the advantages that it offers for their development. FDI affects countries' domestic competitiveness of businesses, capital flows, productivity and employment thus contributing to the overall growth of the economy. FDI yields more benefits than other types of financial flows because it comes with more direct control of management.

The new EU Member States have been attracting FDI for more than two decades. Integration with the EU structures accelerated dynamic development of the region and facilitated the raising of investment resources for economic and social projects, which additionally enhanced their attractiveness. They offer relatively good location, human resources at relatively low operational cost to investors, and, by investing in infrastructure, they have become attractive investment locations. Investors can meet their specific expectations there, benefit from all sorts of allowances and preferences and boost business development. Among major incentives we can list granting full or partial tax allowances, subsidising new jobs, and conducting business in Special Economic Zones or Industrial Parks.

The article aims to assess selected investment incentives as determinants of investment attractiveness of the new EU Member States. This study is structured as follows. First, it explores the existing literature on investment incentives. Then, we discuss investment attractiveness of the new EU Member States in selected international rankings. Further, we examine major investment incentives offered by the new EU Member States. The analysis develops around the case of four countries that have attracted the highest cumulated FDI inflows over the period 2008–2013. The final part examines the correlation between selected variables characteristic of investment incentives and the inflow of foreign investment.

The general assessment of FDI inflow to the new EU Member States is positive. Available rankings of investment attractiveness present these countries as attractive and prospective investment locations for FDI. Our own studies in principle have confirmed these conclusions. They demonstrated that

investment incentives were important for the inflow of foreign direct investment, in particular the EU resources, tax exemptions and other State aid programmes.

Keywords: investment attractiveness, investment incentives, FDI, the new EU Member States

CEE Countries as a Business Process Outsourcing Destination

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Outsourcing can be defined as transferring any task outside the organisation and business process outsourcing (BPO) is about transferring business processes. Once managers identify processes realised in the companies, then indicate those which are not related to core operations and then, based on economic analyses, they decide what can be transferred to the third parties.

Business process outsourcing is a relatively new economic phenomenon. The first BPO projects were realised at the beginning of the 90s of the last century. Back then American companies started collaboration with Indian IT companies. Since then BPO has been growing rapidly with considerable growth rate. In the face of these, business process outsourcing is an important topic and all in-deep analyses are desirable.

The author formulated two aims of the paper. The first goal is to identify global business process outsourcing destinations and compare two of major locations (Central and Eastern Europe and the Middle East and North Africa). The second aim is to indicate key challenges faced by BPO providers in the Central and Eastern Europe.

Four major global BPO destinations have been identified: Asia Pacific, Central and Eastern Europe, Latin America and the Middle East and North Africa. Indicated regions have different expansion areas, besides CEE and the Middle East and North Africa, which are focused on Western Europe. Each of the regions has different core competencies, which allows them to gain different clients and develop different specialisations. However, one significant trend can be observed that countries, becoming more mature, turn to realising more advanced processes and start focusing on knowledge process outsourcing. Additionally, few challenges can be identified such as specialisation, automation, public institution outsourcing and freelance outsourcing.

Keywords: outsourcing, offshoring, Central and Eastern Europe, BPO

Updating the Tool Kit: Proposal for Reforming Methodology in Education to Enhance Employability (Panel Session)

Panel Chair:

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Suppose you want to get to an important meeting and there are several possible roads to take. While some of these roads are slow, others lead quickly to your destination; some promise a safe journey, others likely lead to puncture and change of tire. Suppose that this important meeting is a great job and *quality education is the highway* leading to it. Taking this road benefits all, not only the students, the future employers and clients but also the entire community. Investment in human capital combats unemployment and increases social cohesion; it contributes to *quality workforce* and thus *economic growth* and *competitiveness*. With the crisis, *employability* attracted heightened attention and has remained a crucial concern. The improvement of the education system should be given priority.

When dealing with this topic the *main questions* appear to be: Does the knowledge offered by our universities match the demands of the labour market? Are our methods appropriate? How can we improve legal education and increase the employability of our students? What is the role of the educator? How to respond to the problem that students (especially law students) tend to memorise without deeper understanding and not being able to solve practical problems? Is there a way to teach students how to adapt to relatively quickly changing rules and regulations (especially in the Central European Countries)?

The aim of this panel discussion is to contribute to the *reformation of the methodology* in university education to enhance employability. The key items of our agenda for the panel are *motivation, communication & social skills, decentralised & interactive approach, experiential teaching, learning cycle theory* etc. We would like to share our thoughts on these issues and propose discussion on the principles and techniques of education as well as the innovative methods and strategies. Therefore, an HR generalist is taking part in the panel in order to give input in how university alumni (especially coming from University of Economics and Business) are being regarded to fulfil the current needs of the labour market. Besides, the 4th person is supposed to represent the receiving student part, in order to give feedback on the reformed methods.

Remarks on (Post) Crisis Developments of Inward and Outward Foreign Direct Investment in the EU

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The aim of this paper is twofold: to discern (post) crisis regularities of FDI in the EU Member States (MS) and to evaluate possible FDI policy shifts which might have been linked to the observed changes. Research has been undertaken within the project funded by the National Science Centre allocated on the basis of decision number DEC-2014/13/B/HS4/00165 titled “State role in (post-)crisis European economy – policy towards foreign direct investment”. Firstly, this paper assesses the changes of flows and stocks of inward and outward FDI in all 28 EU MS taking place after 2008 – the year regarded as the start of financial crisis in Europe. It cross-references changes in flows and stocks of IFDI and OFDI in order to discover some pattern among MS. Secondly, to complement these results, additional information from Investment Promotion Agencies (IPAs) has been collected. Presented research may bring some additional value to the (post)crisis EU economic research dominated so far by the concerns of public finance instability, banking system unsustainability or miserable labour market condition. This paper addresses neglected area of cross-country investment flows. Although, publications on (post)crisis FDI developments are affluent they usually cover the magnitude of decline. This paper tries to group countries accordingly and detect some regularities. The exploratory nature of this paper shall be stressed as it is an attempt to classify countries in terms of FDI developments and FDI policies. In general, in the opinion of surveyed representatives of the European IPAs, there has not been any significant change as to the pursued FDI policy. Any modifications result from initiatives launched years ago, which have been implemented consequently as response to global challenges and not particularly because of 2008 crisis.

The Role of Home Country Government in Supporting the OFDI in the Perspective of Economic Crisis 2008. Evidence From Poland*

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In this paper we focus on the role of home country government and its policy, as formal institution, in pursuing the most advanced form of foreign expansion – foreign direct investment (FDI). We aim to investigate the effect of the economic crisis 2008+ on the possible (post) crisis change of perception of outward FDI (OFDI) and respective policy in Poland.

The implications of the latest economic downturn emerged in the global economy during the years 2008–2009 in a scale and scope not seen since the late 30s of the twentieth century. Along with the subsequent declines in output, employment and trade, global FDI flows also began to fall by 16% in 2008. The crisis years in the world economy – 2008–2009 have had an impact on the Polish OFDI flows too. However, in the case of Poland, the drop was not very drastic, as in 2007 the outflows amounted to 3952 million EUR and in 2008 to 3011 million EUR, then in 2009 to 3745 million EUR (NBP, 2010, p. 79). Having in mind the tendencies in FDI outflows in the world during the economic crisis and being aware of Polish investors' relatively successful operations in foreign markets, we formulate the following research questions: what are the measures used by the Polish government to foster OFDI? Has the policy toward Polish indigenous firms investing abroad changed since the eruption of the world economic crisis?

Trying to answer these questions, we first provide the literature overview on the OFDI in general and the role of the government in supporting the OFDI. Second, we indicate the measures used by the Polish government and other public institutions to encourage Polish firms to invest abroad. Third, we present the results of our primary study – in-depth interviews with representatives of national government, regional authorities and business support institutions on the measures used by their organisations with particular regard to the economic crisis 2008.

Our study demonstrates that the expected and sometimes visible more friendly and active approach towards internationalisation of Polish firms seems just to coincide with crisis but it has not been triggered by it, if anything just catalysed by the economic downturn. This recently witnessed acceleration of pro-expansionary actions could be described as path dependant. Internationalisation is not reaction to crisis but rather subsequent step in the comprehensive processes of strengthening the economy by building larger multinational companies capable of weathering global competition.

* This paper draws on the findings of the research project, No. 11430010 Small Grants Program of the International Visegrad Fund "Outward FDI policies in Visegrad Countries"

Methodology of Research on Internationalisation Process of E-Commerce Enterprises

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The objective of this article is to review research methodologies applied to the research related to the internationalisation of e-commerce enterprises with a particular stress on the research resulting in the process description of the internationalisation of e-commerce firms. To understand philosophical perspectives in the research methodology better, philosophical attitudes and methodological paradigms typical for the management sciences and IB were presented. Assumptions of the processual model (and, by contrast, the variance model) serving the process theorisation of the studied phenomena were identified. The paper also includes requirements determining the processual nature of internationalisation, mentioned on the basis of the publication by Welch and Paavilainen-Mäntymäki (2014). As a result of the critical analysis of the literature, qualitative methods were found to prevail in the research of the internationalisation of e-commerce firms along with the lack of the “processual” nature of the description of the internationalisation of such firms. Taking into account the low mobility barriers to e-commerce market that may result in intensive occurrence of de- and re-internationalisation (Grochal-Brejdak, 2014), Welch’s and Paavilainen-Mäntymäki’s (2014) findings regarding consideration of these phenomena into the delineation of the internationalisation process seem to be crucial in case of e-commerce firms. In addition, the previously unencountered aspect of the digital product may be significant for the progress of internationalisation process of ecommerce enterprises, and hence its role should be included and described in the process’ description. The antipositivist ontology postulated by Welch and Paavilainen-Mäntymäki (2014) seems to be the best approach to research on internationalisation process of e-commerce firms and is visible in interpretive perspective in methodology of already conducted research. In turn, the process approach should allow to answer the question *how* the digitisation of a product changes the internationalisation of e-commerce companies, and may allow to find a mechanism stimulating the phases in the future internationalisation model of e-commerce firms.

The project has been founded from the sources of the National Science Centre granted by the decision no. DEC-2013/11/N/HS4/0323

Keywords: internationalisation, nonlinear internationalisation, e-commerce, methodology

Open Access to Scientific Works – Axiology, History and Chosen Aspects of Copyright Solutions

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Problems concerning Open Access to human creative works, especially scientific works are complex. Development of research and growing number of scholarly papers as well as other materials demand systemic solutions – both in national and international perspective. The article outlines legal and practical problems concerning Open Access to scientific works – the basic phenomenon tending to ensure free development of sciences both in the context of local, European and international cooperation and progress. The author describes the history of Open Access movement, starting in the 1980s with the development of free software trend and followed by Creative Commons licensing solutions. The first decade of the new millennium has brought many great strides in popularisation of Open Access. Many initiatives of this kind have appeared launched by various actors. The basic legal problems of Open Access are: obtaining research materials to on-line repositories and – on the other hand – liability of repository providers in the context of potential breaches of copyright.

The conclusions are as follows:

1. An obvious advantage of Open Access in the global perspective is the development of scientific research.
2. There are evident economic constraints in access to research materials especially sold by subscription. Thus, the Open Access seems to be the optimal way to engage in the process of idea exchange
3. Diversity of legal systems in various countries makes international cooperation in introduction of a unified transnational Open Access system roughly possible – although it is not impossible.
4. Thus, the proper way of Open Access implementation are law-makers' interventions in specific countries with constant international support.
5. National copyright law systems give stronger impact on copyright protection than making access to copyrighted content more liberal and open.
6. There is a strong need of change in scholars' and publishers' attitude to Open Access solutions.

Internationalisation at Home – Exploiting the Potential of International Community

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The paper explores the first-time internationalisation strategy and discusses the opportunities of using the international community in home country as a separate market segment and as a starting point for internationalisation. The international community, presented in this paper as a new market segment that needs to be explored and tackled within marketing strategy, is increasingly relevant in terms of the European single market development. Enterprises can save resources and exploit their existing international competitive advantages already at the home market. Such an internationalisation alternative can be a helpful option for expanding companies (especially SMEs) from emerging markets and markets that had gone through a transition to liberal economy process, such as the Eastern European countries. Such an internationalisation strategy could not only reveal an international expansion potential, but would benefit the home market environment in a various ways that this paper explores.

The case study used to explore the potential of internationalisation at home via international community market segment is based on Culture and Creative Industries from Slovenia, a Central Eastern European country. The results present high relevance of international community for both, firm-specific advantages and location specific advantages. The presented strategy of starting internationalisation at home and developing the “*international community marketing*” in a CEE European city leisure industry shows the possibilities for improved business performance and capacity building, as well as a complement to other industries and business environment.

The paper addresses the weaknesses of existing market segmentation in general and segmentation in the European markets in particular and presents the potential of international community as a separate market segment in creative industries in Central and Eastern European market. The presented strategy influence enterprise’s learning curve, the dynamics of internationalisation and performance. Implications of the idea to use international community as a separate cluster are not only relevant for European SMEs that may start internationalisation at home, but also for non- European enterprises finding European community outside Europe or when entering European cities.

Keywords: early internationalisation, international community market segment, internationalisation at home, internationalisation strategy, the European Union, consumer-product relations, cross-national consumer

Mergers and Acquisitions: Their Role in the Process of Diversification of an Enterprise

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This article aims to present the possibilities of using mergers and acquisitions (M&As) in diversification. Its theoretical part contains definitions of diversification and a review of literature on M&As in enterprise's growth. Next, it analyses the M&A market in Poland compared to the market of Central and Southeast Europe. Further, it presents diversification in the light of the main theories of firm's growth. Moreover, it contains a review of the research on the subject of diversification as a growth concept of companies. In the empirical section, in order to illustrate the role of M&A deals in diversification, the case study method was employed. The method was used to perform an in-depth analysis of six biggest Polish firms that pursue diversification, namely, two firms from the dairy industry (*SM Mlekpól* and *SM Mlekovita*) and four firms from the meat industry (*GK Animex*, *GK Sokotów SA*, *PKM Duda SA GK*, and *GK Farmutil HS SA*). The model perspective presents the deals that were closed and the profiles of activity of the firms acquired by the companies from the discussed industries. The research shows that the dairy companies engage into product diversification, while the meat firms implement industrial diversification. The aforementioned companies exemplify the phenomena connected with the use of M&As in diversification.

The results of research on diversification presented here are consistent with the world trends described in the literature. They also confirm the findings of previous studies on diversification. The dominant form of diversification is external development with particular emphasis on acquisition. The novelty of the paper lies in the fact that it describes the market-product character of diversification. The analyses of the dairy firms present possibilities of growth achieved through product diversification, while the studies concerning the meat firms point out the opportunities brought on by industrial diversification. The research conclusions and final remarks may trigger a discussion about the methods of diversification of companies as the deliberations presented in this article confirm the assumption that there is a need for further and more detailed research on the discussed matters.

Human Capital and HRM as a Source of Competitive Advantage and Effectiveness – Evidence From Poland

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Presented article focuses on the interrelations between organisational human capital and human resource management of the company and their influence on competitive advantage and company's effectiveness. Human capital serves as a primary source of value in the knowledge economy. Theodore Schultz, a Nobel Prize winner (1971), concluded that human capital are acquired qualitative characteristics of a population that are of value and can be enriched using adequate investments. Human capital is therefore a set of individual characteristics such as knowledge, skills, health, values that are impossible to separate from the individual. It is also an economic factor that can develop over time through appropriate investments. The use of human capital generates value – both at the level of a single organisation, as well as in macroeconomic scale – for society and the state. From the point of view of generating value through human capital, not only individual features of employees (their potential) are important, but also all the environmental factors (macroeconomic) that determine its correct utilisation.

At the beginning we analyse three concepts related to Human Resource Management: High Performance Work System, Competency-Based HRM, and Diversity Management. We present the main benefits (evidenced by findings of international surveys) enterprises can get from the implementation of such concepts. In the paper, we pay particular attention to the most recent Polish analyses relating to each of the above-mentioned concepts. They show that, taking into account the state of advancement of HR solutions, Polish organisations are quite far behind European and American ones. The existing distance can be reduced by, e.g. popularisation of the use of tools for measuring human resources in Polish enterprises. One of such tools (newly developed) is presented further in this article. The tool has been developed as a part of the project *Human capital as a company value component* implemented by the Polish Agency for Enterprise Development (Project Leader) and the Warsaw School of Economics (Partner), co-financed from the funds of the European Social Fund as a part of the Human Capital Operational Programme. This tool can be instrumental in making Polish employers appreciate the importance of investing into human capital; also, it can increase their knowledge of the effect HRM practices have on the performance of their enterprises and their competitive position. Analyses conducted within the project confirm that entrepreneurs have low awareness of the effect of human capital and Human Resource Management on the performance and effectiveness of companies.

Teaching International Business Through Role Play Activities

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The paper evaluates the use of role play activities in teaching International Business to graduate students. The previous survey completed by 49 students on the first International Business seminar in 2015 showed that there is a gap between the frequencies and usefulness of role play activities. This encouraged us to conduct such research series whose aim was to explore university students' opinions about applying role play activities. The questionnaire survey, which included open-ended sentences, involved 44 graduates and it justified the presence of role play activities at International Business courses. The three most important reasons for using role play activities: transmitting knowledge in a more effective way, such a knowledge can be passed on in this way, which may be more difficult in another way, trying out different roles and preparing for future situations and the entertainment it provides at the lessons, which results in higher activation of students. The survey shed some light on the challenges which can be separated into two groups: class management problems and students' attitude. All in all, role play activities have a justified role at International Business courses although not more than two or three can be applied during a term since they are time-consuming and other methods can be more effective for certain educational purposes.

Keywords: teaching method, role play activities, higher education, International Business

Competitiveness, Entrepreneurship and Economic Growth

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In this paper we explored country's competitiveness and entrepreneurship as factors of economic growth. Our empirical analysis is conducted on a sample of the Central and Eastern European (CEE) EU member states that had similar political past and herewith comparable opportunities of socio-economic development. As a measure of competitiveness we have used World Economic Forum's Global Competitiveness Index, as a measure of economic growth, however, GDP per capita. The research on the impact of early-stage entrepreneurial activity on economic growth is based on the Global Entrepreneurship Monitor (GEM) indicators.

In the first part of the empirical analysis we have compared the average Global Competitiveness Index (GCI) scores of eleven CEE EU member states and average growth of these scores in the period from 2008–2014. The goal of this comparative analysis was to find out the state of competitiveness of these countries after the beginning of financial and economic crisis and the pillars of competitiveness, on which each country has recorded improvement or deterioration in the observed period of time. The comparative analysis has shown that efficiency-driven and certain transition of the CEE EU Member States have made the highest progress at various competitiveness pillars, which is reflected in their economic growth. The opposite has been found for two innovation-driven CEE EU Member States.

In the second part of the empirical analysis we have calculated average GDP per capita and average growth of GDP per capita of the CEE EU countries in the period from 2004 to 2013. With the intention to test the Hypothesis 1 of our research (The growth of national economy's GDP per capita and the growth of national economy's competitiveness are positively related) we have ranked the observed countries according to the average GDP per capita, average growth of GDP per capita, average GCI scores and average growth of GCI scores. The relationship between the growth of national economy's GDP per capita and the growth of national economy's competitiveness was tested using the Spearman nonparametric correlation coefficients. While the correlation between average GDP per capita ranks and average GCI ranks is not significant, the important result confirming our Hypothesis 1 is, that growth of GDP per capita ranks and growth of GCI ranks are statistically significantly positively related. When testing the significance of relationship between average growth of quality of the early-stage entrepreneurship indices and average growth of GDP per capita, no significant relationship was found, thus rejecting our Hypothesis 2 (The growth of national economy's GDP per capita and the growth of quality of early-stage entrepreneurial activity are related). This finding

is in accordance with the general thesis that entrepreneurial activity supports economic growth only as part of favourable broader business environment.

Keywords: competitiveness, entrepreneurship, economic growth, Central and Eastern European EU Member States

Elements of Entrepreneurial Orientation in the International New Ventures

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Despite the recent popularity of studies concerning the “Born Global” internationalisation model, few of them have focused on the entrepreneurial orientation (EO) of the companies coming from emerging markets. Our study’s aim was to examine, on the basis of empirical research, the elements of entrepreneurial orientation of the INVs originating in Poland, and to check the relationships between the EO and performance. We conducted a CATI survey of 105 INVs, which conformed to the born global criteria, and 128 gradually internationalised SMEs in Fall of 2014. To examine the EO elements in our sample, we have used the entrepreneurial orientation indicators referring to: proactiveness (three items), risk-taking (two items) and innovativeness (four items). Most of these indicators were adopted from Weerawardena (2003) international entrepreneurship scale, corresponding with Miller/Covin & Slevin (1989) entrepreneurship scale. In addition we examined the level of international experience in the whole sample. As the study showed, the Polish INVs are characterised by higher innovativeness and propensity to risk than gradual exporters. We also found medium-strength correlations between some EO elements and performance. The level of international experience was undifferentiated and high in the whole sample.

Summing up, our study confirms, at least partially, that entrepreneurial orientation is important for quick international expansion, also in the case of companies from CEE markets. According to the multidimensional approach to EO, applied in our study, the set of traits characteristics for companies from emerging markets may include a conciliatory posture to competitors, a high emphasis on innovativeness, together with a risk-taking propensity. These findings however, have to be confirmed in future studies. It is also worth refining the tools for EO measurement in the emerging market setting.

A Typology of International Strategies for Hungarian Professional Sports Clubs

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The objective of our research project was to examine how league's strength explains the observed differences between the international strategies of professional sports clubs in Hungary. It has been confirmed that the competitiveness of professional clubs in the CEE region is increasingly contingent upon commercial factors stemming from the global sports markets (Andras & Kozma, 2015a; Andras, 2011). What, on the other hand, seems to have received less attention, is how professional clubs could take advantage of the arising business opportunities and how they may manage the mounting challenges to their financial sustainability (Kozma & Kazai Onodi, 2014a, 2014b).

We included three clubs from three different sports and three different leagues in our sample having plans to further expand our data collection scope later. In our case studies we collected data from different sources. Our core analysis was based on four in-depth interviews with top managers of the organisations in the sample, supplemented by processing information from corporate documentation and publicly available sports and economic databases. Data were analysed through content analysis, employing axial coding (Babbie, 2012; Strauss & Corbin, 1998).

Through our analysis we identified three types of international strategies followed by professional sports clubs in Hungary. Clubs with a supported investment strategy need to develop intensively to be able to challenge the top clubs from their international competition; the ones with a challenger strategy are close to put pressure on the best performers; finally, clubs following a premium service strategy keep fighting for the titles of their respective international competition. The choosing of one of three strategies primarily depends on the strength of the league the club regularly plays in. All in all, the typology highlights the importance of having a competitive product, which professional clubs may bring to the international marketplace.

Hence, governments and local municipalities are advised to focus their support on sports where there is a team with reasonable chance to win trophies at international level. For club managers our concluding message is that strategic focus on improving service provision and sales is critical even if they receive windfall support from major stakeholders. Improving the environment conditions they compete in may boost clubs' development; however, this needs to be turned into sport achievement and sustainable financial operations in reasonable time.

The typology is meant to provide an analytical framework to be used in future scholarly work for refining the analytical power of league strength as an explanatory variable, as well as identifying moderating variables or additional independent variables for assessing the variations in professional sports clubs' international strategies.

Keywords: Internationalisation Theories and Foreign Market Entry, sport, strategy, case study, content analysis, Central and Eastern Europe

Creating Sustainable Competitive Advantages of Emerging Market Firms Through Talent Management Practices: Evidence From Russian Companies

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This study aims to prove the influence of talent management (TM) practices on competitive advantage (CA) in internationalised Russian firms. As a phenomenon TM is rather new and controversial in the emerging market context and despite the certain amount of research devoted to TM practices, there is little said about how TM influences CA in emerging market firms. We argue that there is a need to examine it in more detailed various managerial practices of companies from emerging markets to understand the types of their competitive advantages nowadays. As TM is considered to be one of the most sophisticated approaches, we state that companies from Russia require a more focused analysis in this field.

This study explores the peculiarities of TM practices in Russian companies and empirically proves a positive relationship between TM practices and CA in the emerging market context. We set the following research questions to guide us in the analysis: What are TM practices implemented in Russian companies that operate abroad and how do these practices help to create CAs in Russian companies?; Are there some influences of TM practices on CAs in internationalised Russian companies?; Are there specific TM practices which have the highest influence on specific CAs and what are they? We argue that there are TM practices that have a special focus in managing talented employees. The findings identify the main focus of TM activities implemented in Russian companies, namely recruitment, education and development, compensation and benefits, high potential development, talent deployment, professional development and retention. Due to opportunities and simultaneously challenges offered by a changing business environment, Russian companies need to compete for talented employees not only with domestic counterparts, but with established MNCs working in Russia and abroad, and as well have strong internal organisation practices to prevent employees from moving to competitors. The study found that such TM practices as career development, leadership development, and succession planning have a greater impact on the following CAs of Russian firms, namely the pool of talented employees, culturally-rooted negotiating skills, institutional influence, and similar language. Based on the empirical results, we also argue that TM practices in Russian companies are mostly not aimed at international strategy implementation, so TM practices are used from domestic perspectives and have limited adaptation in the international context, which may significantly influence Russian firms' internationalisation results. To conclude, following the discussion above, our paper contributes to the existing literature on TM, summarising and analysing the main TM practices and applying such an analysis to the Russian context. The research clearly shows the connection between TM and a company's CAs, which proves the strategic position of TM in general. We also provide a broader understanding about TM activities in internationalised companies, which significantly extends our knowledge about TM practices, especially in emerging markets, and particular in Russia.

Do Government Policies Foster Eco-Innovation? Evidence From Selected CEE Countries and Germany

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Eco-innovation, defined as “... the introduction of any new or significantly improved product (good or service), process, organisational change or marketing solution that reduces the use of natural resources (including materials, energy, water and land) and decreases the release of harmful substances across the life-cycle”, should be identified as one of the main pillars for European countries, including these from Central Eastern European (CEE) region.

For this reason, the aim of this paper is to present a comparative cross-country analysis of the relationship between eco-innovation and its main drivers within firms from selected CEE countries. The paper provides a special insight into the role of public financial support and government regulations in stimulating eco-innovation performance.

The empirical part is based on the micro-data for CIS 2006–2008 for enterprises from NACE section B (mining and quarrying); section C (manufacturing); section D (electricity, gas, steam and air conditioning) and section H (transportation and storage) from Bulgaria (n = 10742), the Czech Republic (n = 3470), Romania (n = 6034) and Germany (n = 3940).

Based on the results of stepwise regression we can argue that public financial support for innovation activities from local authorities did not have statistically significant impact on the introduction of eco-innovation within surveyed countries, whereas public financial support from government authorities is an important factor for the introduction of eco-innovation with the environmental benefits from production in the Czech Republic and Germany. Public financial support from the European Union is important only among Bulgarian enterprises. The limited role of financial support, especially this coming from the EU, may result from the fact, that the innovation process cannot be reduced to linear relationships only, and that the effects may be postponed in time. Other reason, there may be still insufficient level of such an aid directed towards eco-innovation, as well existing blockages in the absorption of the European funds by enterprises.

Government grants, subsidies of other financial incentive designed specially to spur eco-innovation, although have positive and statistically important impact, did not occur to be more influential than public financial support for overall innovation performance, whereas existing environmental regulations are regarded as the most important drivers of eco-innovation by enterprises from CEE region. In Germany, country ranked higher in Eco-Innovation Scoreboard than the above mentioned countries, the spectrum of equally important forces is much more enhanced.

Results show that eco-innovation is affected by multiple policies, what suggests that better coordination and its final objective of sustainability should be a major governance challenges for the single EU

countries, as well as for the European Union as a whole. This gives the opportunity to work out the model of policy intervention with the societal and environmental value added that will lead to the fulfilment of Strategy 2020, what requires a forward-looking process of adaptive policy making.

Relationships Between Innovation Extensiveness, Innovation Cooperation and New Products' Export. Research Outcomes for Polish Manufacturing Firms

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Numerous studies explore the relationships between innovation and exports. Another stream of research covers the relationships between innovation and cooperation and between cooperation and firms' internationalisation. However, the studies that cover concurrent links between innovation, cooperation and export are underdeveloped, and in CEE region this issue is almost unnoticed. Our research addresses this gap. At first we explored the relationships between different types of innovation (product, process, and marketing innovation) and new products' export intensity of manufacturing firms located in Poland. Complementarities among innovation types were tested in the export context. Next, we identified the relationship between innovation cooperation with domestic and foreign partners, and new products' export. Moreover, the moderating influence of innovation cooperation on the relationship between innovation extensiveness (displayed by combined introduction of various innovation types) and new products' export intensity was examined.

The analysis was based on firm-level micro data from Community Innovation Survey (CIS), wave 2008–2010, conducted in 2011 for Poland. The sample (N=6885 large and medium-sized firms from manufacturing sector) included 1989 innovative firms, among them 399 firms that introduced only product innovation, 669 firms practicing product and process innovations, 209 firms – product and marketing innovators, and 712 product-process-marketing innovators.

Kruskal-Wallis H test and the procedure of classification tree algorithm AID showed the strongest positive influence on new product exports in firms that introduced product-process innovation and product-process and marketing innovation combined, whereas the weakest influence was observed in firms that applied product-marketing innovation mode. Regarding innovation cooperation, the strongest influence on new product exports was noticed in firms collaborating only with foreign partners. We revealed limited rationale for innovation cooperation with domestic partners which is in line with outcomes of other studies conducted in emerging and transition economies. The moderating effect of innovation cooperation on new product exports was observed in firms cooperating with foreign

partners, and firms working with both domestic and foreign partners. This effect appeared when firms introduced product-process, and product-process-marketing innovation modes.

Our findings suggest a holistic view on innovation and internationalisation, emphasising the role of innovation cooperation within these relationships. We indicate that firms should apply a multifaceted approach to innovation looking for complementarities among innovative activities leading to higher export's performance. We confirm the moderating role of innovation cooperation with international partners on relationships between product innovation and exports. Hence, the study reveals the emerging path to an enhanced performance of Polish firms involved in international networks which may build up competitive advantage. In this context we recommend better coordination of innovation and internationalisation policies, with emphasis on promotion of innovation cooperation at both the national and the EU level.

Reshoring Trend and CEE – an Assessment of Possible Scenarios on the Example of Poland

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The offshoring phenomenon that dominated a large part of the discourse on international production from the eighties of the last century, has been losing on the dynamics in recent years, primarily due to narrowing wage gap between developed and developing countries. The simultaneous emergence of other factors resulted in the emergence of new trends of international business location which concern in particular companies that have earlier relocated their business processes abroad. Reshoring phenomenon that should be basically understood as a partial or total relocation of previously offshored company's activities to the home country or a new destination, is one of major topics of current public debates among scientist and policymakers in several developed countries. However, the results of my analysis indicate that reshoring may also have some effects – positive and negative, in the case of Central and Eastern European countries.

Based on 4 basic groups of factors affecting companies' relocations – labour costs and productivity, labour skills and quality, logistics and the general investment climate, I assessed the level of attractiveness of Poland on the background of selected Western European and low-cost countries, and, leaning on this comparison, I indicated most possible scenarios of relocation activities of Western European companies. Finally, I identified some probable consequences of reshoring for Poland. According to the results of my analysis, at least three possible scenarios/effects of Western European companies' reshoring can be identified from the point of view of Poland. However, it should be born in mind that reshoring has a dynamic character, and the fact that the company relocates (partly or entirely) its activities to home country or to home country's region, doesn't have to mean that it won't reconsider its strategy in a few years due to totally different international conditions. That's why it is difficult to conclude which of the discussed scenarios will certainly happen, and to precisely identify all effects of reshoring trend for Poland. However, on the other hand, Poland and the entire region of Central and Eastern Europe seem to be still very attractive for both capital as well as labour-intensive investments.

The Emergence and Effects of Culturally Congruent Leadership: Current Status and Future Developments

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Cross-cultural leadership research has long recognised the importance of understanding of cultural differences in the leadership process and has stressed strong connection between leadership factors and the societal norms and values. Findings of many empirical investigations reveal that leaders tend to behave in a manner that is consistent with the expectations of their respective societies, and the congruency between leadership behaviours and the societal norms and expectations are the important determinants of the leadership success. Together, the research findings within this area lend credence to the culture specific view of leadership by showing culture as a causal variable affecting the level of leader's behaviour and its role as a moderator of leadership effects. Nonetheless, the major focus of cross-cultural leadership studies has been put on the measurement and description of relationships and research works within this area have generally paid less attention to addressing other important issues such as cultural value effects across levels, interaction between individual and societal values, and the way culture-leadership congruity is produced and its effects are transmitted. Given the current state of literature, there are several opportunities for extending our understanding of the link between cultural values and leadership at both the empirical and conceptual fronts. This paper attempts to provide a critical assessment of the field and suggests a sequence of steps for future research.

Keywords: culture, cultural congruence, cross-cultural, leadership, organisations

Effects of Cross-Border Acquisitions by Polish MNEs

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This study deals with the question of shareholder wealth effects of cross-border acquisitions by Polish MNEs. The study has been conducted on a sample of 113 foreign acquisitions carried out between 2002 and May 2015. Data for these acquisitions has been derived from EMIS DealWatch database and consecutively triangulated with various web sources. All transactions covered by this database and fulfilling selection criteria were included in the study. Due to applied methodology only acquisitions by public companies quoted at WSE were analysed. Only transactions leading to a controlling stake in the target were included.

Event method was used in order to estimate shareholder wealth effects with the estimation window at 120 days and the event window from 3 up to 5 days. The study shows that acquirers' share performance on average improved by over 1% as a result of acquisition announcements. Also contrary to some prior researches on foreign acquisitions by emerging market MNEs, acquisitions into emerging economies resulted on average in much more positive market reactions than acquisitions into developed markets. This is a novel finding which distinguishes acquisitions by Polish MNEs from acquisitions by companies in some other emerging economies. It has been shown also that, contrary to some previous studies, lack of previous experience in foreign acquisitions does not lead to negative shareholder wealth effects. Also differently than in some prior studies of CBAs from emerging markets, state shareholdings of acquirers do not have a significant impact on acquisition performance.

This study indicates that stock markets positively view cross-border acquisitions by Polish companies, especially into other emerging economies. Prior experience in such a transaction is not a must and lack of such an experience need not lead to negative market reactions. This study shows that performance drivers of CBAs from a Central Eastern European economy might differ from the ones determining effects of acquisitions undertaken by Asian MNEs. Future research should go in the direction of expanding the number of studied performance drivers and extending the research to MNEs from other CEE countries.

Home Government Involvement in the Internationalisation of Emerging MNEs: Industry-Level Specifics in Russia

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Influence of government is crucial for international operations of most emerging economies' firms. The role of a government can be seen as both advantage and disadvantage in the internationalisation process of national firms and turns out to be especially important determinant for EMNEs.

In order to provide an empirical support for investigating how the home government influences internationalisation of domestically grown EMNEs we provide evidence of Russian MNEs in different industries that have expanded globally over last decade and have become well-established players in a highly competitive international business arena.

The main objective of our research was to understand how the government could shape the competitive advantages of Russian MNEs. The logic behind our empirical study was to analyse the internationalisation strategies of Russian companies in those industrial sectors that witness an expansion overseas and to draw conclusions on how they are influenced by home government involvement.

We analysed the internationalisation strategies of 35 firms in fifteen industrial sectors. The data analysis allowed us to develop the theoretical framework reflecting an integrative influence of two critical determinants on the formation of the CAs of Russian MNEs – *control* (which can be measured by the stake of the government in the company's ownership and by the status of the state representative in the company's board) and *interest* (primarily characterised by the number and quality of incentives provided to the companies).

The integration of industry level determinants allows for addressing the limitations in the theorising on the internationalisation strategies of EMNEs as they shed light on logic behind the existence of certain patterns in EMNEs' strategies, which, in turn, help to comprehend their diversity and to implement a comparison across various national contexts. Indeed, firms in a particular sector experience similar resource, technology and institutional constraints and incentives, most of which are pre-determined by the high interest of the state in the development of the particular industry (e.g. of the strategic priorities such as energy or defense) or by the lack of such (examples are automotive or construction sectors). Within this set of constraints and incentives, firms follow the strategy based on their own resources and capabilities and attempt to deal with other types of micro-level pressures originating from the government involvement in decision making and operations abroad.

Managing SMEs Along the Life-Cycle: (R)Evolution in the Hungarian ICT Sector

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Objectives of study: The study sets out to investigate the nature and magnitude of changes that occur in organisational characteristics of SMEs as they move through their life-cycle. The objective is to discover what is the difference between slowly changing (evolution) and fast changing (revolution) organisations.

Materials and Methods: A survey incorporating measures of organisational characteristics used for the evaluation of firm's life-cycle, firm's growth and size has been circulated amongst owners and managers of SMEs in the ICT sector in Hungary. Partial Least Squares modelling was used to validate the scales applied. Cluster analysis was employed to group the responding firms. Finally, ANOVA and t-tests were applied to determine the level of differences in their organisational characteristics between companies of different development pace.

Results: Organisations can be classified in terms of the pace and trajectory of their development into four different groups: regression, stagnation, evolution and revolution. It is demonstrated that significant changes happen in organisations that progress into later changes of the life-cycle at a faster pace, compared to the ones that progress slower, or do not progress at all. Although evolution is not manifested in significantly different organisational characteristics, revolution is distinguished by significant changes in survival (power sharing, group decision making, and supporting information systems), success (increased size, concentration of ownership, and sophistication of information systems) and renewal (organisational structure and team work) characteristics.

Conclusions: Organisations that achieved revolutionary changes in the time frame investigated displayed significantly different tendencies to stagnating or gradually developing organisations. These differences included power concentration and development of information systems supporting the delivery of organisational profit objectives, increased organisational size and complexity, and team work. This result clearly demonstrates the need for a different management style when driving revolutionary changes in organisations for the sake of faster growth. The results also suggest that fast changing organisations are managed under more centralised, tightly managed organisational structures.

Keywords: firm's life-cycle, growth, Hungary, SME, evolution, revolution

E-Learning in Management – Focus on Hungary, Serbia and Slovakia

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According to our interpretation, “e-learning” is defined as follows: (1) in the wider sense: a process of training, transferring knowledge or studying which is aided by digital equipment (storage, retrieval, display, forwarding and feedback of content and study-aides); (2) more specifically: an open form and framework of training, accessible through a private or public network, which enables the efficient organisation of the training process for the user (young or adult), as well as appropriate communication and feedback between tutor and trainee, regardless of time or distance. In this new study we review first of all the basic theoretical foundations of e-learning, and in the second part we will highlight the major conclusions of an empirical study carried out in Hungary, Serbia and Slovakia.

The average period of using e-learning is similar per sector, size and ownership. If we take the developers of e-learning into consideration, the public and private sector prefer internal developers while large-scale companies and foreign enterprises favour external developers, outsiders. In the case of e-learning foreign enterprises have their system operators from abroad.

Taking e-learning content into account, the public or state sector uses e-learning systems for language training to a greater extent than the private sector. Large-scale companies use this modern tool of informatics in several areas more frequently than small and medium-sized enterprises. As far as foreign enterprises are concerned, we can conclude that they prefer to use e-learning systems in several fields more often than domestic organisations do.

The analysis which provides the basis of this paper, however, is somewhat limited from several points of view – which is why we are striving to involve more respondents in our future research. This we plan to conduct in other countries of Eastern Europe.

Development of Modes of Cooperation: an Opportunity for Open Innovation Alliances in Polish Biopharmaceutical Industry

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This article reviews development of modes of cooperation in biopharmaceutical industry, referring to the latest data from the ASAP (the Association of Strategic Alliance Professionals). Potential cooperation between companies, universities and research institutes in the field of biopharmaceutical industry in Poland as well as examples of different modes of cooperation in contemporary economy is presented. Biopharmaceutical companies are looking for new and innovative paths of development. They try to implement new strategies to transfer their research processes to a higher level, often using open innovation model as an additional tool for developing new products. Thanks to the cooperation with universities in the framework of open innovation alliances, through joint work with academic researchers on identifying disease mechanisms and on development of new drugs, they are able to create better medical therapy for patients. Biopharmaceutical companies operating in Poland, involved in cooperation with academic institutions, especially in the model of open innovation alliances, can also significantly reduce the risk and cost of research, use of the resources, competencies, technology and knowledge from partners, and thus easier respond to changes in the environment, and most of all, quickly launch new biotechnology or pharmaceutical products. This model of cooperation can significantly contribute to the development of Polish biopharmaceutical industry as well as to create open innovation alliance network in the future. This issue will be further investigated by the research team in future research, whose findings and results could be a starting point for recommendations, regarding different modes of cooperation, for biopharmaceutical companies in Poland and CEE.

Keywords: Biopharma, biotechnological cluster, science and technology parks, public-private partnerships, strategic alliance, strategic technology alliance (STA), open innovation alliance (OIA)

The Importance of Network Relationships for SMEs' International Development (Panel Session)

Panel Chair:

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The purpose of the panel is to present the importance of network relationships for the small and medium enterprises (SMEs) ' international development, regarding both their initial market entry phase and the further international growth. Above all, the aim of the panel is to answer the question what and how is influencing the actual impact of the relationships on internationalisation and how it may be managed regarding both the specifics of SMEs as well as the CEE region.

Available research confirms that SMEs have a different specificity in terms of internationalisation processes compared with large multinational companies. They must face more hindrances than large companies. The main hindrance to their entry into foreign markets constitutes the unavailability of resources. These problems and hindrances regarding SMEs are especially important for the CEE region. In 2015 SMEs are said to add nearly as much value to CEE economies as they do in Germany and Austria, but it is underlined that they need a better access to financing and structural improvements of the business environment [Erstegroup, 2015]. Thus, for SME's international development perspective as well as for SMEs from the CEE region, it is important to answer a question if and how it is possible to overcome these hindrances.

The panel addresses the role of relationships for companies' internationalisation that is underlined by the network model of internationalisation [Johanson & Mattsson, 1988] and the revised Uppsala model 2009 [Johanson & Vahlne, 2009].

Discussion on the most recent research regarding CEE's SMEs internationalisation and network relationships between both science and business representatives concerns among others: specifics of SMEs relationships, benefits and problems regarding the establishment and utilisation of the relationships in the internationalisation as well as the influence of the relationships on the emergence of such forms as micromultinationals, international new ventures and born globals.

Intensive Training Programmes for International Business Education

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High level of economic internationalisation, increasing competition and quickly changing business environment in the countries of the CEE (Central and Eastern Europe) region raise the need for highly educated people who would be able to adapt rapidly to the changing conditions and to think globally. Under these circumstances the importance of international business education is increasing. The paper examines the use of the intensive training programmes as one of the tools for international business education, analysing the experience of the University of Latvia in the co-organisation of the intensive training programmes for students from different European universities.

The analysis of experience of the University of Latvia in the co-organisation of the intensive training programmes (ITP) for students from different European universities allowed to identify the main aspects that are important for the organisation of the intensive training programmes: the relevance to the international market allowing to identify national peculiarities, a possibility to upgrade the existing university curricula as well as the interdisciplinarity of the topic. Thus, the intensive training programmes enable upgrading the existing university curricula, bringing additional international aspects.

On the other hand, important organisational aspect of the ITP is the choice of the learning tools. The form of the training programmes with an intensive work during 10 days, as well as relatively small number of students envisages the use of different learning tools that are rarely used as a combination in traditional academic education. Besides, the experience of the ITP shows that the unique advantage of these programmes was the possibility for students to work in the multinational teams that allowed students to develop interpersonal communication skills, to learn more about other countries and people as well as to gain multi-cultural experience. The official language of the Erasmus intensive programme was English that allowed the students to improve their knowledge of the foreign language that is extremely important for students from non-English speaking countries. Moreover, the programme allowed to bring together the academic faculty staff of the participating universities and the industry experts from different countries, including investment fund professionals, financial authorities etc. Besides, according to our experience, the ITP can be seen as an effective tool to intensify cooperation between the universities and potential employers, to stimulate international cooperation and communication, encouraging students to work in multinational teams as well as to make research on topical business issues. Thus, the international intensive training programmes can be seen as effective tool supporting university international business education.

Emerging CEE Multinationals in the Electronics Industry

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In spite of the quite recent start of outward foreign direct investment (FDI) from the Central and Eastern European region, certain countries have become homes to multinational companies in various industries, among other in the electronics industry, in spite of the relative backwardness of the region in this activity. The paper makes the first attempt to identify and describe certain characteristics of these CEE electronics multinationals. Its methodology is composed of a macro approach, when identifying the CEE countries with substantial electronics OFDI and of a micro approach in terms of having a look at certain information about the companies identified based on the data available from the Emerging Markets Global Players project of the Columbia Centre on Sustainable Investment. Firstly, the paper identifies the CEE countries with substantial electronics outward FDI: Poland, Hungary and Slovenia. Secondly, given the limits of the available comparable information, the paper concentrates on a few characteristics of the successful foreign investing of Polish, Hungarian and Slovenian locally owned electronics companies, namely their motivations of directly investing abroad, the level of internationalisation of the companies (through analysing the composite transnationality index), the geographic spread of their internationalisation through listing the host countries of their foreign investments, and the number of foreign subsidiaries and compares them first with each other, and second, with non-developed country electronics multinationals involved in the EMGP project. Preliminary findings include the proof for the sheer existence of CEE electronics multinationals (besides showing the dominance of indirect OFDI in the industry realised by the CEE affiliates of well-known foreign multinational companies, such as the Korean Samsung or Foxconn from Taiwan, and besides the dominance of the market-seeking motive, the presence of the efficiency-seeking motive and in certain cases the likely presence of the innovation-seeking motive.

Keywords: electronics, multinationals, Central and Eastern Europe

Latecomers May Be Admitted: Foreign Direct Investment Between the CEE Countries

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Experience with foreign direct investment (FDI) in different regions of the world shows a tendency towards intra-regional concentration. The same pattern is expected among those Central and Eastern European post-socialist countries, which have recently become members of the European Union. However, in spite of the growth of outward FDI from these countries since around the mid-nineties and the appearance of some truly or partly regional multinational companies, intra-CEE FDI has been still well below the level of what can be expected on the basis of the inherited economic and/or historical ties, level of economic development and geographic closeness. The paper analyses recent developments in intra-CEE FDI. It takes into account and lists the limitations of available statistical data and the fact that these data contain both direct and indirect FDI, i.e. those foreign investment projects which are realised by CEE affiliates of foreign multinational companies. The paper is mainly of a descriptive nature: it analyses what has been going on in the area in recent years. Furthermore, it tries to relate this phenomenon to the theory of the investment-development path in order to provide a projection on possible further developments. The limited though slowly growing size of intra-CEE FDI is shown, with certain country pairs in the region having exceedingly strong FDI ties among each other, based on common economic or cultural heritage or due simply to a few large, in many cases privatisation-related transactions. Symmetric (important in both FDI and OFDI) country pairs or groups are the Czech Republic and Slovakia; Slovenia and Croatia or the three Baltic countries. Asymmetric (either FDI or OFDI is only significant) country pairs are Hungary-Croatia, Hungary-Bulgaria, Czech Republic-Bulgaria or Poland-Lithuania. On the other hand, it is shown that certain neighbouring or geographically close countries invest very little in each other (as for example Bulgaria and Croatia). Furthermore, the high concentration of intra-CEE FDI is also presented in terms of home and host countries. Hungary, Poland and the Czech Republic are the most important home countries, and Slovakia, the Czech Republic and Croatia are the most important host countries. The validity of the Investment Development Path model indicates that further growth of intra-regional FDI may be expected. However, attention is called to data problems on one hand inhibiting a deeper analysis at the macro level and the lack of country, sector and especially company case studies on the other hand, which would supplement and deepen the research of the topic.

Keywords: regional FDI, Investment Development Path Theory, Central and Eastern Europe

The Role of International Experience in Explaining the Indirect Effect of Psychic Distance on Export Performance Through Export Marketing Strategy: a Moderated Mediation Study

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Recent studies call to ground the export marketing strategy-performance relationship research on the conception of strategic fit. Turning to the context and investigating the standardisation/adaptation-performance relationship from the strategic fit perspective allow the explanation of conflicting findings and is recognised as the way out from the resulting situation that inhibits the scientific acknowledgement of the phenomenon. Nevertheless, researchers still assert that the perspective of strategic fit is only fragmentary invoked. The literature review revealed that psychic distance as the contextual factor has received limited attention. In particular, the effect of export marketing strategy standardisation/adaptation on performance interconnecting it with the concept of psychic distance was scarcely addressed and only partially resolved. The researchers invoke the perceptual perspective of the psychic distance concept exceptionally while attempting to conceptualise the psychic distance-export marketing strategy-performance relationships. The subjective nature of psychic distance encourages to put into question the soundness of the explanation of perceived psychic distance indirect effect on export's performance through the generative mechanism of export marketing strategy from the point of view of the strategic fit. Hence, we assert that psychic distance conceptualisation, highlighting the perceptual aspect, is hardly compatible with the concept of strategic fit, considered as the prerequisite for the performance maximisation to be achieved. When looking from the perspective of mediation, conventionally the assumption is made that a bigger perceived psychic distance determines a higher degree of adaptation of export marketing strategy that in turn determines an enhanced performance. We contend that the latter assumption is correct only when firms have accumulated greater international experience. The perceived psychic distance, the degree of the export marketing strategy adaptation/standardisation and performance can be meaningfully and causally related only after the level of the international experience is considered. We assume that international experience approximates the perceived psychic distance to the distance expressing the existing and relevant differences between countries. In summary, we conclude that inclusion of international experience into the existing conceptual models could impose more consistency in the substantiation of the perceived psychic distance-export marketing strategy-performance relationship from the point of view of the strategic fit. Therefore, the aim of this study is to assess the indirect influence of psychic distance on export performance through export marketing strategy under the boundary conditions

of international experience. The study aimed to test whether the international experience might function as the moderator of the indirect effect of psychic distance on export performance through the intervening variable of adaptation of export marketing strategy. The hypothesis was tested by applying regression based moderated mediation analysis. The hypothesised conditional indirect effect did not receive empirical support; however, research findings revealed that international experience significantly moderates some paths of mediator and dependent variable.

Keywords: multiple regression analysis, resource-based view, Internationalisation Theories, international experience, internationalisation, export marketing, standardisation/adaptation, performance, psychic distance

Explaining Success Perceptions of Polish International New Ventures: Four Perspectives

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The main objective of this paper is to analyse the simultaneous impact of four groups of factors: competitive strategy considered through international orientation of top management and marketing-mix tools, competitive strategy analysed from M.E. Porter perspective, sector-specific determinants (i.e. industry type) and main export markets, on success perception of Polish international new ventures. Two measures of success perception are taken into account (in financial terms and compared to competitors), small and medium-sized companies are analysed separately. For hypotheses testing a model-building approach has been adopted with the use of linear regression (instead of testing one-by-one the relationships between independent and dependent variables). Statistical analysis (SPSS) has been applied to the original data set obtained from 256 Polish SMEs (international new ventures) through a questionnaire and CATI technique. The second objective of this paper was to analyse the stability of the success factors across two categories of firms and two measures of the success perception. Outcomes have been evaluated against five hypotheses.

The first hypothesis is partially and weakly confirmed in one out of four cases, because there were weak positive correlations between items expressing international orientation and success perceptions solely for small companies and second measure of success.

The second hypothesis is confirmed except for one case: small non-innovative companies evaluated their success in slightly (but significantly) more favourable terms than the non-innovative ones. However other measures related to innovation and product development were positively correlated with both measures of success perception. Competing with goods of high quality is the best predictor of success perceptions, because this factor is the most often present in the composite models (in three out of four cases), for both small and medium-sized companies.

The third hypothesis is not confirmed within Porter framework. Only “strong” strategies, primarily strong differentiation, appear in the models, and the stuck-in-the-middle situations do not arise as the most disadvantageous ones.

The fourth and fifth hypotheses are confirmed: taking into account industrial branches and two main export markets led to obtaining linear regression models with significant coefficients. Moreover, these two factors made it possible to integrate most of outliers, removed in other models considered here.

Summing up, and referring to the second objective of this paper, i.e. stability analysis, the factors which appear as the most positively linked to the perception of success across two groups of firms and two measures of the success perceptions are: high quality products, good product development strategy (superior to competitors) and capability to create unique, not easily substitutable products, i.e. differentiation capacity. Although a “window of success” linked to no-innovation strategy and low prices appeared in the case of small enterprises, it should be stressed that good quality and new product introduction were even more strongly correlated with the success perceptions.

Close to zero correlations between declarations concerning direct measures of differentiation and price leadership (instead of strong negative correlations) may suggest that the typology of management strategies is more complex than the one proposed by M.E. Porter and the research on “hybrid” strategies and “disruptions” (U-turns) in strategies should enrich his classification.

Keywords: born global, international new ventures, success factors, marketing-mix, competitive strategy

Impact of Augmented Reality Technology on the Firms' Competitiveness

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The purpose of this research is to determine if employing augmented reality technology (AR) can increase firm's competitiveness and if yes – in what way. AR is a novel technology which allows to augment the view of a real environment with virtual input such as video and graphics in real time. While general impact of innovation and technology on firm's competitive advantage is deeply studied, as well as technological aspects of AR, there is scarce previous research that focuses on business aspects of this particular emerging technology.

We applied qualitative multiple-case study method and conducted four semi-structured interviews with top managers of leading enterprises creating AR software applications. However, in this paper we concentrate on their clients – companies which use this technology directly in their business undertakings. We investigate what the benefits of AR to them are and how they use it. Our findings answer affirmatively to research question and explain the reason behind it. We dwell into specific advantages of AR applications, especially in the field of sales and marketing.

Our study shows that mainly large enterprises use AR and their most frequent aim is either to promote or present certain product, service or to improve company's image. Main advantages of this technology over standard solutions are: intensification of user's experience, ease of use, impressiveness, engaging character and transparency of presented information. This was directly linked with increased attention towards promoted product or company, as measured by our respondent and reported increased sales. Moreover, implementing AR into the core of new business model allows to create unique value innovation. The role of firms' organisational skills in benefiting from AR is underlined. We also present various success stories of companies applying AR and consequently improving their competitiveness.

Due to its various benefits, technological progress, increasing awareness and decreasing costs we predict further popularisation of this technology. Our novel findings are useful for both academics focused on management or technology and innovative firms willing to improve their competitive advantage with the help of emerging technologies.

Local Heroes in Hungary

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There is a significant debate in the literature over the analysis of successful companies. In this article I took the Local Heroes definition of Schuh and used it in the Hungarian context. I used the Hungarian Corporate Tax Database, analysing the whole population of Hungarian companies in the years 2009, 2010, 2011, 2012 and 2013. The database consists 385.723 companies in 2009 and 425.739 companies in 2013. From all of them Local Heroes were selected (152 to 209 companies met the criteria) and analysed according to their business performance with emphasis on export and value added.

Hungarian Local Heroes are a very well defined group of companies consisting around 200 companies. Although the number of companies are just slightly increasing, their revenue and added value are increasing in extreme measures (with 35% CAGR and 25% CAGR respectively from 2009 to 2013).

Hungarian Local Heroes are locally owned, medium sized or large, very successful, but very under leveraged, mostly manufacturing companies with around 40% Export Intensity. Hungarian Local Heroes business performance is mostly based on their own company characteristics (resources and capabilities) and not mainly on industry factors and those companies which employ more employees are creating even more added value per employee. Hungarian LHs are very profitable companies with around 20% return on equity on average.

Keywords: Hungarian Local Heroes, business performance, export intensity

CEE Internationalisation of Austrian SMEs: Following the Uppsala Model After Gaining Visegrad Experience

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Market entry mode choice has been one of the key topics in international business literature and the Uppsala model has long served as a backbone for academic discussions. Austria has been historically a country on the crossroads between the European East and West, more recently a location for regional headquarters of several multinational companies. Austrian companies have been among the first to tap the markets of Central and Eastern Europe, which opened up in 1990s. With the exception of Poland, the remaining three Visegrad countries (Hungary, Slovakia, and the Czech Republic) share their borders with Austria. Many Western companies in general, and perhaps the Austrian ones in particular, entered first the neighbouring Visegrad region. It is a question, which this study is trying to address, whether Visegrad experience could have assisted comfortable further expansion of Austrian business into other Eastern European markets.

The paper builds on findings from the 2013 barometer study among 244 Austrian SMEs. The analysis reveals that the early experience gained from Visegrad countries affects entry modes, to which Austrian companies gravitate when entering other Central and Eastern European markets. With gradual early Visegrad experience, the companies are more likely to deploy serious resources in the region of CEE and set up their own subsidiaries. The evolutionary approach to market entry strategies represented by the Uppsala model may still be valid even when examined on the regional (CEE) level.

Keywords: internationalisation, foreign market entry, Uppsala model, barometer study, Austria, Central and Eastern Europe

De-Internationalisation: Conceptualisation and Research Implications

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While the debate regarding the “big question” driving international business research is ongoing, the internationalisation of firms, its motives, patterns and processes have been widely recognised as one of the leading themes in international business research. Theoretical concepts of international business have been dominated by the explanation of the existence and growth of the multinational enterprise (MNE), as well as the occurrence of foreign direct investment (FDI). However, although divestment choices were analysed in separate studies on internationalisation, the acknowledgement of both the possible occurrence and the practical relevance of negative international development has de facto been absent from the mainstream research. This is reflected by the limited number of studies devoted to different forms of de-internationalisation, whose the purpose of the paper is to propose a conceptual framework to analysing de-internationalisation of the firm and to apply it to diagnose the current state of related research.

The contribution of the present review is twofold. It extends the widespread conceptualisation of de-internationalisation-related studies beyond mere operating modes and international market withdrawals to consider strategic business unit decisions, the allocation of value-adding activities, as well as changes in the integration of sub-units of the MNEs. Contrary to many reviews of international business literature, this paper adopts a deductive analytical approach by applying theory-driven dimensions of de-internationalisation to extant research. By applying the content and process approaches known from strategic management research, it presents a comprehensive review of existing studies, summarising the current stock of knowledge and indicating the gaps therein.

The review reveals that attention among existing studies has been consistently devoted to divestments, reductions of operating modes and foreign market withdrawals, while neglecting other dimensions. Moreover, the competitiveness implications of de-internationalisation have widely been neglected. Also, decision-making processes behind de-internationalisation decisions and their external and internal antecedents still require a deeper exploration.

Further research should consider de-internationalisation phenomena from the viewpoint of several interrelated aspects, as well as shift attention from studying failure to studying optimisation. More attention should be devoted to changes in the organisation of multinational enterprises. Likewise, changes in the integration between different sub-units of MNEs, which can be expressed in changing knowledge flows or coordination mechanisms within the corporate networks, should be researched in the context of changing roles within the international framework. It is important to note that “reduction” is not necessarily a “bad” thing, especially if it makes part of broader reorganisation actions. The review provides a comprehensive synthesis of extant knowledge on the antecedents, forms and

outcomes of de-internationalisation, which is of particular interest for decision-makers responsible for international expansion.

This study has been financed by the research grant of the National Science Centre, awarded based on the decision) DEC-2012/07/N/HS4/00283.

PhD.Piotr Trąpczyński is supported by the Foundation for Polish Science (FNP).

Keywords: de-internationalisation, international divestment, withdrawal, foreign market exit, strategic change, multinational enterprises

Outward FDI From Poland: Its Context and Review of Extant Research

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An ongoing debate in recent international business research has revolved around the distinct character of these firms' internationalisation patterns and their outcomes for home and host economies. These firms' internationalisation patterns have raised the question as to the ability of extant international business theory to explain the investment motives, resource endowments, location choices, entry modes. Nonetheless, while there has been a dynamically growing stream of research based on Asian economies and firms, studies devoted to the expansion of businesses originating from the region of Central and Eastern Europe (CEE) have remained comparably scarce.

The analysis of FDI determinants, strategies and performance of firms originating from a post-communist, middle-income country is of concrete scientific interest for several reasons. While comparative studies of FDI from several CEE countries have pointed to a generally positive influence of FDI on the investors' competitive position, the degree of fulfilment of the related expectations varied significantly between firms from different home countries, due to barriers and difficulties related to foreign investment. Accordingly, the understanding of the conditions, under which FDI can result in superior performance, requires further enhancement. More specifically, the impact of host-country characteristics on the success of foreign expansion deserves particular attention in the context of the CEE region, as its historical heritage has significantly shaped the institutional environments.

Nonetheless, in line with the scale of the phenomenon itself, also the related research has remained scarce. The objective of the present paper is to provide a review of the current state of empirical research on outward foreign direct investment (FDI) carried out in Poland. The review of empirical studies devoted to Polish outward FDI reveals that first exploratory efforts have already been undertaken to unbundle the motivations, geographic patterns, modes and resource advantages. The specificity of outward FDI from Poland as an advanced emerging country as compared to traditional theoretical concepts, formulated in the context of advanced economies has to be interpreted carefully. In several aspects related to internationalisation via FDI, Polish firms behave in line with theoretical predictions. Firm-specific resources are an important determinant of internationalisation and its performance outcomes. Major FDI projects of Polish firms are located in neighbouring countries, which expresses the still limited scope of emerging MNEs' international operations. In terms of FDI motives and the role of foreign affiliates for parent firm strategy, while the previous findings in the context of Central and Eastern Europe on the prevalence of market-seeking motives in outward FDI were not directly supported at the level of firms' declarations about their investment objectives, market attractiveness turns out to be a significant determinant of affiliate performance. Conversely, the specificity of Polish FDI as compared particularly to the expansion of Asian multinationals, pertains to a lesser role of strategic asset-seeking FDI.

This study has been financed by the research grant of the National Science Centre, awarded based on the decision) DEC-2012/07/N/HS4/00283.

PhD. Piotr Trąpczyński is supported by the Foundation for Polish Science (FNP).

Keywords: foreign direct investment, literature review, emerging multinationals, Central and Eastern Europe

Courts and Firm Investments in Real Property

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The legal environment and rule of law are known to be important for business, but prior studies often treat rule of law holistically. This study examines the role of courts, specifically the speed of court decisions, the enforcement of edicts, and the impartiality of decision-making as perceived by firms of various sizes, and the impact this has on firm investments in real property. The intended contribution of the paper is to span the literature of the resource-based view (RBV) of the firm and institutional economics to unravel how dimensions of court effectiveness affect firms' perceptions and consequently their decision-making with regard to investment.

Firm resources may interact with court effectiveness in several ways. Larger firms may take a passive approach to weak courts, hoping to weather them as best they can by virtue of their superior endowments. In this state, larger firms may not recognise the deficiencies of the court system. Alternatively, larger firms may bribe courts to bend them to their will, but such an activity may lead them to negative perceptions of court effectiveness. Other resources such as political connections or high-quality employees may allow firms to influence or sidestep courts, thus creating generally positive impressions of court effectiveness. Positive views of court fairness, strength, and speed are expected to correlate positively with firm investments in real property.

A panel of 6,300 firms from 27 countries in Central and Eastern Europe for the period 2002–2009 comprises the data. The empirical analysis unfolds in two steps. First, there is random-effects panel logistic regression of firm perceptions of court effectiveness, and next is a random-effects generalised least squares (GLS) regression of the components of court effectiveness (fairness, etc.) on firm investments in real property. Marginal effects of certain variables of interest are calculated to gauge the economic impact.

Firm's size affects perceptions positively, while paying bribes affects perceptions negatively. Connections with the government have no apparent impact. More importantly, while all three components have a positive correlation with the amount firms invest in land and machinery, the speed of courts has the greatest significance and the highest marginal effect. Firms perceiving courts to be quick invest nearly four times as much as the average real property investment. This finding suggests that policymakers should focus upon reducing backlogs in the court system, perhaps by encouraging more arbitration or staffing more clerks.

Keywords: courts, rule of law, Europe, resource-based view, perception v. reality, policy

International Expansion, Structural Configurations and Performance of Russian Multinationals: An Empirical Study of Interrelations

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Last decades have witnessed significant rise of multinationals from emerging economies. Internationalisation of Russian companies started at the beginning of 2000s, and nowadays they are confidently consolidating their position. Russian MNCs are facing a range of complex strategic decisions, such as how to build successful global company, which strategic orientations to use, how to choose effective configuration of global value chain, how to distribute responsibilities and liabilities among HQ and subsidiaries situated in different geographical locations. The decisions mentioned above directly influence the internal organisation of companies, their structural configurations. Designing organisational structures, MNCs face contradictory requirements – they have to differentiate the organisation so that to reach high level of specialisation (to get competitive advantage and reach high competitiveness on local markets) and simultaneously they feel strong need for integration. For Russian companies, which are actively integrating into global business environment, becoming significant and competent participants of international deals, building business networks with foreign partners, joining alliances and other organisation forms, all these issues become of extremely high relevance. Their comparably young age, historical background, and little experience in doing business abroad within one company create extra pressure on members involved in decision-making.

This study focuses on the relationships between international activities of Russian companies, characteristics of their structural configurations and their performance. In particular, the paper aims to investigate how strategic orientation, the scope and scale of international activities of Russian MNCs, external environment, and major characteristics of structural configurations influence their performance. Conceptual model is tested on the sample of 213 Russian industrial MNCs. The results show that geographic scope of Russian MNCs' activities is negatively associated with company's performance. There is statistically significant positive relationship between differentiation strategy and performance. One more interesting finding deals with the positive relationships between environmental uncertainty and company's performance. Two structural characteristics were found to be crucial for the success of Russian multinationals, i.e. low level of decentralisation and high level of horizontal integration. Moreover, our analysis confirmed the crucial mediating role of structural configuration of Russian multinationals in achievement of high performance.

Internationalisation of an Estonian Jewelry Designer: Nonlinearity in Terms of Countries and Sales Channels

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This paper aims to contribute to the internationalisation literature by showing that a born global can experience nonlinear internationalisation both in terms of entered markets and sales channels. It is based on a single case of a jewelry designer who has used five different sales channels – her shop in Tallinn, her online shop, sales through foreign retailers, sales through export agencies and travelling sales – and who has been active in more than 20 markets. The paper concludes that internationalisation should not only be studied in terms of a firm's activities by each market but also by its activities by each sales channel in each market. Even if total sales continue to increase in a specific market, this does not mean that the firm has not experienced nonlinear internationalisation. It also shows that despite of exits, the entrepreneur has been quite satisfied with her firm's foreign activities. Moreover, such an internationalisation should not be automatically regarded as a sign of failure as the firm's nonlinear internationalisation was partially caused by external factors.

Keywords: born globals, sales channels, internationalisation, de- and re-internationalisation, nonlinear internationalisation, case study

What Determines the International Entrepreneurial Orientation of Polish Firms?

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This article focuses on entrepreneurial orientation (EO) during the internationalisation process of the firm, which is one of the main research streams within international entrepreneurship that applies entrepreneurship theory within international business studies. While internationalisation generally refers to any type of cross-border activities of firms (Wach, 2014a; Autio, Sapienza & Almeida, 2000) and entrepreneurship is about “identification and exploitation of entrepreneurial opportunities” focusing on innovation, novelty and value creation (Volkman *et al.*, 2010, p. 4), thus international entrepreneurship has been conceptualised as “the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create future goods and services” (Oviatt & McDougall, 2005). Determinants and factors contributing to fostering and blooming of international entrepreneurship are varied and multifaceted. International entrepreneurial culture or international entrepreneurial orientation (IEO) are a part of the multidimensional structure supporting and influencing international entrepreneurship from the cross-country and cross-culture perspective (Obloj, Weinstein & Zhang, 2013; Claar *et al.*, 2012; Wach, 2015). As one of the first researchers, Knight (1997) tried to explore EO of firms operating across different cultures. While defining IE, McDougall and Oviatt (2000) focused on three elements, namely (i) innovative, (ii) proactive and (iii) risk taking behaviours, which applied the concept of EO and IEO.

The main goal of the article is to discuss and elaborate on the basics of international entrepreneurial orientation, its fundamentals and principle as well as to explore what are the basic determinants of the international entrepreneurial orientation of internationalised firms from Poland.

In order to gather the empirical material, a quantitative research method was applied. The main research method for non-experimental quantitative research, which was applied in the research project, was the research survey using a questionnaire for data collection. The survey was conducted between January and March 2015. Computer-assisted phone interviewing (CAPI) was applied as the main survey method. The final research sample was 355 internationalised firms from Poland of different sizes.

The research results confirm that the international entrepreneurial orientation depends on (i) the size of the firm, (ii) the time of internationalisation, (iii) the familiness as well as (iv) being hidden champions. The larger the firm is, the higher the IEO values it notes. The firms that internationalised earlier faster (born globals) note higher IEO values than firms that internationalised traditionally. Family firms note higher values of IEO than non-family firms. Last but not least, firms considered hidden champions note also higher values of IEO indicator than other firms.

Internationalisation of Family Firms: the Role of Ownership Structure and Composition of Management Team

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This paper investigates the determinants of family firm internationalisation, focusing on the roles of ownership (i.e. concentration of ownership, foreign ownership) and management (i.e. involvement of nonfamily managers, owner-CEO). Based on a quantitative study of 6957 family firms from seven European countries (Austria, France, Germany, Hungary, Italy, Spain, the United Kingdom), we conclude that the inclusion of outsiders (both in terms of ownership and management) enhances family firms' internationalisation. This conclusion is consistent with the most recent publications addressing the heterogeneity of family firms (Calabro et al. 2012; Sciascia et al. 2012).

Our findings have a number of theoretical implications. While we find support for the notion that the inclusion of outsiders (both in terms of ownership and management) enhances internationalisation, we shed more light on the specific effects of this mechanism on different dimensions of internationalisation. Firstly, we find that concentration of ownership within the family hinders the propensity to export, but it has no effect on export's intensity and export's scope. Therefore, we may conclude that concentrated ownership constitutes at first an important barrier to internationalisation, preventing family firms to enter foreign markets. However, concentrated ownership does not affect export's performance of family firms that are already active abroad.

Secondly, we find support from the notion that foreign ownership contributes to firm's performance. Interestingly, the impact of minority foreign ownership is more pronounced than the controlling foreign ownership. While the former affects all the dimensions of internationalisation, the latter has no effect on export's scope and global export's propensity. We may explain this result with the subsidiary mandate framework, offered in IB literature (e.g. Birkinshaw, 1996). We may conclude that, while local subsidiaries of MNEs actively engage in export they do not expand to distant locations, as it would probably not be coherent with the MNE overall strategy.

Thirdly, while we find full support for the notion that the involvement of nonfamily managers enhances internationalisation, we find that owner-CEO does not necessarily hinder the internationalisation efforts, as the significance of this variable is observed only in relation to the global exporting. We may explain this result by the unwillingness of owner-CEO to enter psychically distant markets. Miller, Le Breton-Miller and Scholnick (2008) found that family firms differed from non-family businesses in terms of the type of connections they developed with both employees and customers. In family businesses these relationships are very close, which may be particularly demanding in an international context, especially psychically distant markets (Kontinen, Ojala, 2010).

Key words: family firms, internationalisation, ownership structure, management team, owner-CEO

Visegrad Countries and BRICs FDI Through Investment Development Path Theory Lenses

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We observe increasing levels of investment flows in the direction opposite to well-explored internationalisation of established firms from developed to emerging economies. This paper contributes to calls to further explore Foreign Direct Investments (FDIs) that are “the other way round”. Studies of FDI in Central European economies during the transition of the region in past two decades shown that observed phenomenon deviated from the Investment Development Path. What remains unclear is if the observed deviation in FDI stocks will also hold true if we analyse it for a group of countries that will differ in their institutional setting from both Western European and Central European countries? This research question guided the selection of the BRICs group of countries that are increasingly active in global FDI. The paper presents an inquiry on patterns of investments among these countries and a group of Visegrad countries in Central Europe. The main idea of IDP theory is that net outward investment position of a country changes as it moves in the economic development curve. In present study bilateral and regional NOI positions was calculated based on longitudinal FDI stocks data from OECD in years 2001–2012. All countries that were subject of the analysis presented in this paper have increased their levels of GDP per capita in the period from 1991 to 2013. Overall NOI position of the Visegrad countries against BRIC group of countries have moved in the observed period from 2001 to 2012 from negative into positive values. This effect was driven by mostly by FDI imbalances with Russia that seem to fluctuate more often, and with greater amplitude than remaining BRIC countries. The observed differences among dyadic relationships, as well as major difference in NOI position of the Visegrad countries as compared to BRICs versus other developed countries supports the need to decompose IDP analyses from country level analysis to more detailed, or aggregate observations. The widening NOI position gap among recently developed Visegrad countries and different pattern of this group versus BRIC countries indicates that the convergence is not the only pattern we should expect.

Keywords: FDI, internationalisation, Investment Development Path, Visegrad countries, BRICs

Inward FDI-Related Challenges to Poland's Further Economic Progress

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Poland's uninterrupted economic growth for the past 20 years, fuelled by increasing labour productivity, has considerably diminished the income gap between Poland and better-off countries of Western Europe, though not yet closed it. Yet future progress should not be taken for granted as the country might face the middle-income trap, if it fails to reduce further the productivity gap. FDI has gradually become a significant part of the Polish economy, contributing to its advancement through raising the productivity of most industries, in which foreign firms invested, and that of the entire economy. Inward FDI is, however, also among challenges, which have to be addressed, if Poland wishes to avoid the middle-income trap.

The first challenge is to ensure steady and possibly larger inflows of FDI than during the crisis, to supplement low domestic savings and investment. Increased FDI should not be taken for granted as countries compete for FDI. To win competition a country needs to stand out among competitors on key host country FDI determinants. Poland, although the largest host country among its peers and main competitors – the new EU members from CEE – in absolute terms, performs poorly, when FDI is related to the size of the economy: Poland receives less FDI than most of its peers in relation to GDP or GDP per capita. It is not winning competition for current FDI, because it does not stand out on key components of its investment climate except for its size. Other FDI determinants are either similar to those of Poland's competitors or, at best, average, and several are among the worst in the region. Poland has potential for attracting more FDI but the greatest potential is in export-platform investment, for which competition is particularly intense. To increase its chances in competition, Poland has to improve its investment climate.

The second challenge is that, although foreign firms in Poland are more productive than local firms, they lag in productivity not only behind foreign firms in the Western part of Europe, but in manufacturing also behind foreign firms operating in leading peer countries of Central and Eastern Europe. The third challenge concerns future erosion of Poland's locational and comparative advantages, based on cheap, though increasingly educated, human resources. When this happens, highly valuable export-oriented FDI might relocate to other countries. Thus, overcoming the middle-income trap requires not only increasing the productivity of local enterprises but also bringing foreign affiliates up to higher levels of productivity. This requires upgrading local capabilities and resources – technological, human, local enterprises and infrastructure – to meet future needs of MNEs so that they undertake investments at higher levels of sophistication and productivity than at present. The starting position is not easy as Poland fares poorly on key indicators of technological and innovative readiness. To deal with FDI-related challenges, Poland needs to formulate consistent FDI policy, which has been lacking.