

## *Internationalisation of the CEE Region: An Introduction to the Thematic Issue*

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The aim of the present issue of the *Managing Global Transitions* journal is to provide a contribution to exploring one of the key aspects related to the journal's positioning, expressed in its very title: transition. In fact, the entire region of Central and Eastern Europe (CEE), its economies and firms have undergone significant changes since the 1990s. Internationalisation has been both one of the key drivers of this process, and a symptom thereof. A wave of privatisation opportunities, as well as large consumer markets with comparative cost advantages have attracted multinational enterprises to the region. At the same time, however, the region itself has been a source of a new breed of multinationals. While the transition process *per se* has gradually been losing on interest amongst CEE-related international business studies, there is still significant economic diversity of (post-) transition economies and firms. This allows exploring both the specificity of the region's emerging multinational firms and their motives and strategies, as well as the importance of the region from the perspective of MNEs defining their regional value chains.

The present issue is a collection of contributions submitted to the international conference focused around international business in the CEE region entitled 'Competitiveness of the CEE Region in the Global Economy', organised by the CEE Chapter of the Academy of International Business (AIB-CEE) in Budapest on 9–11 October 2014. The papers belong to two overall categories. The first one revolves around determinants of outward and inward FDI from and into the CEE region, whereby the studies link FDI to firm competitiveness. This latter concept is also a leading motive of the second part of this issue, whereby different aspects of the international competitiveness of modern MNEs are discussed, with a specific focus on inter-firm cooperation and the concept of structural power.

The first contribution to the issue entitled 'Establishment Mode Choices of Emerging Multinationals: Evidence from Poland' is authored by Marian Gorynia, Jan Nowak, Piotr Trąpczyński and Radosław Wolniak. Their quantitative study identifies and investigates the determinants of FDI modes in the context of outward foreign direct investment (OFDI) undertaken by firms from Poland. The analysis covers the interfaces between selected host-country variables and firm resources with FDI modes. A conceptual framework for FDI mode determinants is presented as a basis for the ensuing empirical analysis. The research hypotheses based on previous research are subjected to statistical verification using survey data of 60 Polish foreign investors collected throughout 2013. The main findings show that an increase of previous host-country exposure, as well as host-country market attractiveness, favour the choice of green-field mode, while the lack of such exposure and the related knowledge favours acquisitions. Moreover the said green-field operations tend to be located in politically stable markets. The possession of intangible resources turns out to be irrelevant for FDI mode choice.

The subsequent paper by Małgorzata Szalucka, 'Does Location Really Matter? The Influence of the FDI Location On Enterprise Competitiveness: The Evidence from Polish Enterprises' is yet another contribution to the internationalisation of an emerging country, based on the context of Polish outward investors. The study builds on the premise that a company's competitiveness depends on the linkages between its resources and capabilities and location-specific factors where the company runs its activities. Companies combine the advantages of particular geographic locations with their resources and capabilities to enhance existing and develop new competitive advantages. The aim of this paper is to evaluate the impact of international operations in the form of foreign direct investments on the competitiveness of the investing companies as well as to identify areas of greatest benefits derived from international involvement based on the location of their foreign affiliates. The paper presents results of a field survey carried out in 2012 through direct interviews among Polish companies – direct investors. The research results revealed that the foreign activities of Polish enterprises have a positive influence on their competitiveness, however the FDI impact is not so clear as it was expected. The empirical findings also proved that the location of their foreign affiliates did not influence significantly the scale and nature of benefits from international activities in terms of the Chi-square analysis applied. However, we observe some tendencies, based on the impact

index, indicating some dependencies between the location of foreign affiliates and the fields of the FDI impact identified in the competitive potential of investing companies.

The third paper devoted to FDI turns to the inward perspective, i.e. FDI inflows into the CEE regions and their determinants. Agnieszka Dorożyńska and Tomasz Dorożyński in their article entitled 'Human Capital and FDI in Central and Eastern Europe' set out to assess the role of human capital in attracting FDI in the light of selected empirical studies conducted in Poland and globally. The literature on factors determining FDI location, including those relating to the importance of human capital, is dominated with studies at national or supranational level. Attracting foreign investment has become a key component of national strategies for the CEE countries. The paper makes an attempt to assess the relevance of human capital for FDI inflow at regional and local levels in Poland. At the same time, results of analyses were contrasted with quantitative surveys conducted in Central and Eastern Europe. Investing in education and human capital is important for creating good climate for investment. Evidence shows that achieving a certain minimum level of education is the precondition for a country to attract and maintain foreign direct investment and maximise indirect effects connected with human capital and resulting from the presence of businesses with foreign capital and maximise indirect effects connected with human capital and resulting from the presence of businesses with foreign capital. It should be taken into account that such a minimum is different for different sectors of the economy. Results of the study conducted in the Lodz Region demonstrated that human capital is an important factor, which attracts FDI to the region.

The fourth contribution draws the attention of the reader to the potential behind inter-firm cooperation as a key determinant of firm competitiveness. Łukasz Puślecki and Michał Staszków, authors of the paper called 'New Cooperation Modes: An Opportunity for Polish Biotechnological Clusters,' provide a review of new cooperation forms between companies, 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 biotechnology in Poland based on a model of open innovation alliances are 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. To achieve this, biopharmaceutical

companies often use open innovation model as an additional tool for developing new products. Thanks to the cooperation with universities in the framework of open innovation alliances, they can significantly reduce the risk, the cost of research, and most of all, through joint work with academic researchers on identifying disease mechanisms and on development of new drugs, they are able to create improved and appropriate medical therapy for patients.

Finally, Magdalena Śliwinska in her paper ‘The Structural Power of Enterprises: Beyond the Notion of Market Power’ aims to conceptualise of the notion of enterprises’ structural power. It allows to draw the attention to the process of diversification of enterprises and building of complex and multidimensional ownership structures as possible sources of the increase in the companies’ power and the possibility of its use and abuse in order to limit the competition and perform better on the market. The concept of structural power is a part of the scientific discussion on the sources and possibilities of using enterprises’ market power, and fits into the current research on one of the fundamental problems of economic theory: how to protect competition internationally and, therefore, determine the limit when the natural and desirable behaviour of enterprises aimed at increasing their international competitiveness begins to distort competition and adversely affect economic development. The analysis shows that the potential influence on other market participants may arise not only from the firm’s position on the relevant market and other factors related to its specificity, but also from the various types of linkages between firms.



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