Conventional or Atypical: FDI in the Internationalisation Process of Polish Firms

PIOTR TRĄPCZYŃSKI
LECTURER

e-mail: piotr.trapczynski@ue.poznan.pl

SUMMARY

The principal aim of this study is to provide preliminary evidence on whether Polish firms behave according to the conventional theory of firm internationalisation. To fulfil this objective, an overarching research hypothesis that Polish firms follow gradual expansion patterns is formulated based on theoretical concepts and available data on Polish internationalisation. It is subsequently tested on a sample of 98 Polish outward investors. While the study confirms the gradual expansion patterns of Polish firms, in which exports and contract manufacturing mostly precede foreign direct investiment (FDI) projects in a given host country, there is also visible evidence for irregular internationalisation paths, in which FDI is the first entry mode into foreign markets. The vast majority of Polish outward investors still control a limited network of foreign subsidiaries. The paper is one of the few studies explicitly related to establishment chains of Polish firms, thus providing an empirical contribution to the debate on the internationalisation of emerging multinationals. The limited scope of Polish firms' internationalisation indicates an important need for a more widespread implementation of support policies.

Keywords: outward FDI, internationalisation paths, entry modes, Poland
Journal of Economic Literature (JEL) code: F14, F20, F21, F23, M16

INTRODUCTION

Outward foreign direct investment (OFDI) by firms originating from the region of Central and Eastern Europe (CEE), including Poland, has dramatically increased throughout the last decade. This trend raises the need for explanations related to numerous specific issues connected with this new category of multinationals, their international competitiveness, their motives for undertaking foreign expansion and the optimal operating modes, or the role of previous experience for the internationalisation process. While the region is obviously heterogeneous in terms of economic and institutional development, with several countries lagging behind on the path of economic transition, even relatively more advanced new EU members like Poland are still not unanimously regarded as advanced economies (see e.g. FTSE 2013). Indeed, indigenous firms suffer from competitive disadvantages due to the fact of being latecomers to the global economy and international business operations (Svetličič 2003).

This emergence of new corporations in the global economy, as demonstrated by both large greenfield investments and significant cross-border acquisition transactions – often carried out in developed countries by firms based in developing countries – has quite rightly attracted the attention not only of scholars, but also of policy makers and practitioners (Jormanainen & Koveshnikov 2012). It has strongly polarised international business academics in regards to its specific character. Hence, calls to revisit extant theoretical concepts have been formulated, while other scholars claim that the explanation of this phenomenon does not necessitate new dedicated theories. A position inbetween argues that the context of "infant" multinational enterprises (MNEs), which have only recently embarked on their international expansion paths, enables us to test and enrich extant theories (Obłój 2014).

Accordingly, the purpose of this paper is to investigate the role of FDI in the internationalisation of Polish firms in the light of existing theoretical concepts. It is theorised, based on conventional process models, that Polish firms would follow gradual expansion paths. This claim is explored based on primary data from a sample of Polish outward investors. The paper is organised as follows: first, theoretical models of conventional internationalisation paths, which explicitly embrace FDI, are briefly presented and discussed. Second, they are complemented by new theoretical perspectives based on the experience of emerging multinational firms. Third, the Polish context is introduced on the level of geographical and sectoral trends in Polish outward FDI, which is subsequently supplemented by a brief review of studies on the expansion paths of Polish firms. Fourth, the results of the present empirical research are presented and discussed with a focus on their implications.

LITERATURE REVIEW

FDI as a Stage in the Internationalisation Process – Theoretical Perspectives

While there have been a number of internationalisation process models based on the concept that firms start their foreign expansion with entry modes requiring the lowest commitment of resources and gradually increase this commitment (e.g. Cavusgil 1984; Reid 1981), these models have predominantly been focused on export entry modes. Researchers from the so-called Uppsala school considered internationalisation as a gradual, evolutionary and sequential process, which develops in an interaction between the creation of knowledge about international markets and operations on the one hand, and a rising commitment of resources on the other hand (Johanson & Vahlne 1990). The model has its origins in the behavioural theory of the firm, as internationalisation is regarded as a result of managerial decisions (Johanson & Vahlne 1977). The internationalisation mechanism comprises state aspects and change aspects. The former are the resource commitment to foreign markets and knowledge about foreign markets and operations. Change aspects relate to decisions about resource commitments and performance of extant business activities. Market knowledge and market commitment are supposed to affect decisions leading to further commitment and the way in which present operations are executed. On the other hand, commitment decisions and current activities influence the level of market knowledge and resource commitments (Johanson & Vahlne 2009).

Accordingly, Johanson and Vahlne propose that the internationalisation process occurs in a causal cycle of development of experiential knowledge, i.e. it can be developed through one's own experience. An important premise of the Uppsala model is namely the fact that the perception of foreign market opportunities and challenges is affected by experiential knowledge, which helps reduce uncertainty and thus constitutes a key driver of internationalisation. They also distinguish between general and market-specific knowledge, the former referring to overall management practices or customer characteristics, regardless of location, while the latter one being more strongly influenced by a country's culture, local business environment and individual customers. Eriksson et al. (1997) differentiate between two types of experiential knowledge: internationalisation knowledge, referring to a firm's capability and resources to engage in international operations, and market knowledge. The latter concept embraces foreign business knowledge and foreign institutional knowledge. The lack of general internationalisation knowledge may afflict foreign business and foreign institutional knowledge while, conversely, deficiencies in the latter two types of knowledge can act as inhibitors of further internationalisation (Eriksson et al. 2001).

Internationalisation patterns can be analysed from the viewpoint of two dimensions. First, the establishment chain refers to operating modes within a given host country. According to the establishment chain, firms pass from a stage of no regular export activities through stages of exports via agents, sales subsidiaries and manufacturing subsidiaries (Johanson & Wiedersheim-Paul 1975). The sequence of a firm's engagement in the foreign market is related to an increasing resource commitment and embeddedness in local market environments. Second, firms expand into foreign markets in accordance with the psychic distance chain, i.e. initially host countries with smaller differences in language, culture, political systems, etc. are selected. These are factors which might disturb the flow of information between the firm and the market. The notion of psychic distance is inherently related to that of the liability of foreignness, or the costs of doing business abroad which cause a competitive disadvantage for the foreign venture of the firm (Zaheer 1995).

The Uppsala model has been an influential approach in international business scholarship. However, it has also faced criticism in different aspects. First, empirical evidence demonstrates that the actually observed paths might often be irregular (e.g. Van de Ven 1992). The falling importance of country boundaries accelerated by information technology progress, as well as overall trade and capital flow liberalisation, increase the pace of international competition (Axinn & Matthyssens 2002; Fletcher 2001). Hence, the deterministic character of the stages model has been challenged by the emergence of such phenomena as leapfrogging of sequential internationalisation modes posited by the Uppsala model, or even the establishment of born global firms (Freeman & Cavusgil 1984). Further, the Uppsala model has been criticised for not considering all essential internationalisation modes (see e.g. Vissak 2010) or the fact that the concept of distance might not apply to all firms in the same manner, since factors such as the amount of the firm's prior experience may play a crucial role in distance perception (Langhoff 1997). In response to the said limitation, Johanson and Vahlne (2009) later admitted that their model holds more for smaller firms with more limited resources, or that experience acquired in other similar contexts may also moderate the propensity to expand abroad (Johanson & Johanson 2006).

Proponents of the Finnish perspective on the internationalisation process, Welch and Luostarinen (1988) do accommodate some of the aforementioned criticisms by acknowledging that foreign expansion does not necessarily have to be linear, since learning from other markets can accelerate the process or, conversely, unfavourable conditions may result in partial contraction decisions. They attempt to incorporate more explanatory variables in the mechanism of internationalisation, both accelerating or curbing the process, inter alia resource availability, knowledge development, communication networks, coping with risk and uncertainty, the desired level control over foreign markets in order to exploit one's own resources and implement firm strategy abroad, or the commitment of management to developing international strategy. Furthermore, internationalisation is considered to be affected by context-based factors, including government policies or activities of intermediaries. The authors also recognise that the rising number of international acquisitions allow firms to shorten the paths of foreign expansion. They also draw attention to the fact that even if a gradual expansion pattern is followed within one country market, this may not be the case in other markets, since internationalisation experience can be transferred between markets.

The aforementioned emergence of multinational firms from emerging markets and the related firm-level evidence has raised several questions as to the applicability of internationalisation models formulated in the context of advanced economies. Mathews (2006) argues for new multinationals from the Asia-Pacific region that they leapfrog the usual stages of foreign expansion in order to catch up in technological terms and reduce the competitiveness gap vis-à-vis international players. In his LLL model, he regards linkages with other players as a source for obtaining new resources necessary to be initially successful in foreign markets. Second, these linkages have to possess the potential to be leveraged by the newcomers in global competition. Finally, the learning dimensions imply that in order to sustain international competitiveness, latercomer firms have to internalise and spread new knowledge within the corporate network in order to improve the effectiveness of operations. In a similar vein, Luo and Tung (2007) argue in their "springboard" perspective that the latecomer advantage of emerging market firms can be overcome by aggressive acquistions of assets from developed MNEs in order to close the competitiveness gap. In other words, internationalisation occurs despite the lack of resources, traditionally seen as a foundation for successfully competing abroad (e.g. Hymer 1976). On the contrary, it is internationalisation which is used to improve the firms' international competitive position. In this pursuit of competitiveness, the said firms frequently also follow accelerated internationalisation paths, as compared to conventional theory predictions (Bonaglia et al. 2007). Child and Rodrigues (2005) also provide evidence for competitive enhancing by emerging multinationals from China who seek technological and brand assets abroad, although they began this process through passive internationalisation by becoming original equipment manufacturers.

Polish Outward FDI – a Macro- and Mesoeconomic Perspective

The scrutiny of macro- and mesoeconomic level data concerning Polish outward FDI allows us to formulate several general conclusions. First, Polish investments abroad have dynamically grown in the period 2002-2012, with a slowdown related to the financial crisis of 2008-2009 (see Table 1). Second, in terms of the geographic structure of outward FDI, Europe has consistently remained the major destination for Polish firms throughout the last decade, including both institutionally and economically more and less developed countries as compared to Poland. However, a peculiar observation can be made that the most important locations in terms of the total value of stocks include Luxembourg, Cyprus, the Netherlands and Switzerland. While the latter two host countries can arguably constitute locations of Polish subsidiaries engaging in business operations, it is rather doubtful that the two former nations host operational FDI on such a large scale, given particularly the size of their home markets. It can be argued whether typical motives described by conventional internationalisation motives explain these capital flows, since the tax profiles of these locations make them likely to become attractive destinations for capital-in-transit, which is directed to third countries (Zimny 2011). Thus, in order to remain coherent with the theoretical reasoning presented above, it is more legitimate to consider such countries as United Kingdom, Germany or Czech Republic as the recipients of actual operational FDI. Among non-European locations, North America occupies a significant place, while the role of Asia and other locations is still limited.

In terms of the sectoral structure of Polish outward FDI, a clear rise in the relevance of service investments can be witnessed (see Table 2). These include, inter alia, wholesale and retail trade and repairs, transportation and storage, accommodation and food services, information and communication, as well as financial and insurance activities. Among industry sectors, manufacturing has clearly prevailed, followed by construction and mining. On the whole, the structure of Polish OFDI increasingly resembles the structure of activity sectors typical of mature economies. However, the dominance of services among foreign affiliates may be to some extent explained by the fact that many of them engage in sales and marketing activities for their Polish parent firms and thus are registered under another type of activity.

Polish Outward FDI – Selected Empirical Studies

Empirical studies on Polish OFDI have been conducted using both macro- and micro-level data. On the whole, a geographic focus on neighbouring economies could be observed (Gorynia et al. 2012; Rosati & Wilinski 2003). Obłój and Wąsowska (2012) examined the connection between host-country resources and Polish outward investment to these locations. They found that market size and economic growth are the most influential variables, with a lesser role of labour costs. This finding remains coherent with other studies (Czaplewski & Wiśniewska 2007; Kępka 2011; Karpińska-Mizielińska & Smuga 2007). Moreover, Obłój and Wąsowska's (2012) findings suggest that although geographic distance was a relevant barrier to FDI, psychic distance was not found to be a statistically significant variable, since the bulk of investments have been focused on culturally proximate CEE countries. The same marginal impact could be stated for political risk specific to the region (Obłój & Wąsowska 2012). Jaworek (2008, 2013) found that market-seeking was a major motive for outward FDI, while other motives were found to be contingent on the level of economic development of the foreign market. A similar interrelationship could be found in the qualitative study of Gorynia et al. (2013). Likewise, while investment barriers in new and old EU member states pertained rather to saturated target markets and a high level of competitiveness, the major impediments in non-EU CEE countries were related to excessive bureaucracy, corruption and regulative instability (Jaworek 2008, 2013). Moreover, a relationship between the motives and modes of FDI was found, in that strategic asset-seeking FDI was carried out in the form of acquisitions, while efficiency-seeking investments rather took the form of greenfield investment (Gorynia et al. 2014).

In terms of internationalisation paths and the character of FDI as opposed to received theory, there have been few attempts at investigating Polish outward FDI from this perspective. Previous studies have suggested a gradual expansion pattern, whereby exports precede FDI in a gradual internationalisation pattern (Gołębiowski & Witek-Hajduk 2007; Śliwiński 2012). However, on the other hand Jarosiński (2013) identifies born global firms in Poland that follow accelerated internationalisation paths. While Polish firms have been argued to possess certain marketing, managerial and organisational skills which can be leveraged in foreign markets (Gorynia et al. 2014), they have also been found to be limited in their financial potential or foreign market knowledge (Karpińska-Mizielińska & Smuga 2007). Thus, it is proposed that Polish firms engaging in FDI will behave according to the prediction of the Uppsala model:

H: Polish outward foreign direct investors follow gradual internationalisation paths.

Table 1
Polish OFDI stocks in million PLN by geographical location (2002-2012)

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Europe	4 112	6 237	8 498	18 482	39 300	48 809	65 674	78 162	121 045	156 325	165 964
Luxembourg	344	238	372	604	10 341	10 161	14 098	16 755	26 765	40 382	38 723
Cyprus	512	337	289	500	1 020	1 001	2 272	2 354	5 659	11 177	18 194
United Kingdom	157	240	302	925	3 175	2 792	3 410	3 717	16 600	18 649	17 975
Netherlands	1 048	1 128	1 581	1 537	3 667	3 158	6 618	6 572	9 345	10 278	13 182
Switzerland	382	415	1 459	6 386	8 335	12 547	16 322	19 168	9 053	8 500	12 860
Belgium	0	21	149	8	11	109	61	3 369	6 762	9 314	9 334
Czech Republic	167	322	293	2 326	2 758	4 155	4 195	4 333	7 160	8 384	8 079
Germany	109	856	1 174	952	1 219	2 012	2 480	3 044	6 190	7 122	7 993
Lithuania	90	137	140	224	2 203	2 808	3 119	3 517	6 456	8 419	7 671
Norway	-1	0	-12	45	140	1 165	1 602	3 124	3 833	4 859	5 160
Russian Federation	33	204	285	645	817	1 397	2 064	2 227	3 034	3 989	4 382
Africa	146	150	197	294	363	321	480	498	584	690	703
North America	302	270	247	458	557	613	1 247	1 267	6 008	7 519	6 408
Central America	40	45	42	107	102	146	1 290	1 655	289	228	515
South America	0	3	1	5	8	12	14	17	107	186	242
Asia	687	1 009	731	834	1 044	1 386	2 007	2 288	3 592	4 167	3 870
Oceania and Polar Regions			1	2	4	7	37	49	102	108	102
Total World	5 591	8 035	10 031	20 478	41 673	51 569	71 069	84 252	131 735	169 697	177 805

Source: own calculations based on data of the National Bank of Poland (2003-2013).

Table 2
Polish OFDI stocks in million PLN by sector of activity (2002-2012)

Economic activity of the direct investment enterprise	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture, Forestry and Fishing	1	9	4	-1	-5	-5	-6	-2	6	78	129
Mining and Quarrying	43	165	-2	29	136	50	126	359	1 900	3 027	3 242
Manufacturing	301	1 450	1 805	3 511	4 257	5 226	6 938	12 130	50 672	58 780	51 223
Electricity, Gas, Steam and Air Conditioning Supply	12	16	16	16	5	829	1 143	1 891	3 024	4 244	1 918
Water Supply; Sewerage, Waste Management and Remediation Activities									-125	-137	24
Construction	87	137	121	691	912	1 029	1 335	1 204	4 265	7 142	6 240
Total Services	4 446	4 434	5 100	5 902	8 213	8 878	43 549	49 772	65 468	90 550	114 715
Total	5 591	8 035	10 031	20 478	41 673	51 569	71 069	84 252	131 735	169 697	177 805

Source: own calculations based on data of the National Bank of Poland (2003-2013).

MATERIAL AND METHODS

Data Collection

Data were gathered from a sample of firms investing abroad and registered in Poland, regardless of their ultimate ownership. A proprietary database of 910 firms was created based on several data sources, including Amadeus, Kompass Poland, BPR Benchmark Poland and Deal Watch, as well as press articles and company reports. Between May and June 2013, an invitation to participate in the study with a link to a web-based survey was sent to top managers directly responsible for foreign operations or other managers with a request to forward it to the former. The survey contained a broader catalogue of questions, since it is designed for a larger project on Polish OFDI. Therefore, it contained a number of aspects not explicitly explored in this paper.

Due to frequent concerns about technical reliability, response rates or security of electronic surveys (Kim & Gray 2008), a professional IT services agency was entrusted with the preparation of the survey, its execution and repeated reminders. The automated survey management system was supported by a substantial number of personal contacts with the sample firms in order to identify appropriate respondents and persuade them to take part in the study. Moreover, additional interviews and secondary sources including annual reports were used to complete missing survey data. Therefore, a total sample of 98 complete surveys was obtained, which corresponds to a usable response rate of approximately 11%.

Sample Structure

The distribution of sample firm characteristics is by and large similar to that of the entire population in regards to industry classification and parent nationality (compare GUS 2012). Thus, the collected data allow for a detailed exploration of sectoral, geographic, modal and size structure of Polish OFDI. The studied sample was dominated by manufacturing industries (59% of firms), followed by services (39%). In terms of firm size, companies with over 500 employees constituted 48% of the sample. While in order to qualify for the study, the surveyed firms had to be registered in Poland, their ultimate owners might be located abroad. Therefore, firms with more than 10% of foreign capital constitute 46% of the sample. With regard to FDI forms employed, 57% of the firms had already had experience with wholly-owned greenfield subsidiaries, while 22% had established joint ventures abroad. Notably, 42% of the sample had undertaken foreign acquisitions, while a further 5% can be classified as brownfield investments (Meyer & Estrin, 2001). See Tables 3-6 for a summary of key descriptive statistics.

Table 3
Sectoral distribution of major FDI of each firm in the sample (N=98)

Sector	Total Manufacturing	Total services
Number of FDI	59	39
Percentage	60.0	40.0

Source: survey data.

Table 4
Firm size distribution of FDI in the sample (N=98)

Size (employment)	0-49	50-99	100-249	250-499	500-999	1000-1999	>1999
Number of firms	8	8	13	21	13	15	20
Percentage	8.0	8.0	13.0	21.0	13.0	15.0	21.0

Source: survey data.

Table 5
FDI modes in the sample (N=98)

FDI Mode	Greenfield	Acquisition	Joint venture	Others (incl. brownfield)
Number of firms	57	42	23	9
Percentage	58.0	43.0	23.0	9.0

Source: survey data

Table 6
Ownership structure of surveyed firms (N=98)

Foreign ownership level	0%	1-10%	11-24%	25-49%	50-74%	75-100%
Number of firms	28	24	21	9	16	0
Percentage	29.0	24.0	21.0	9.0	16.0	9.0

Source: survey data

RESULTS

The study reveals that the surveyed firms located their first FDI projects in Germany (18%), the Czech Republic (14%) and Romania (13%) (see Table 7). Accordingly, this reveals a clear concentration on geographically close markets. The same finding applies to the location of major FDI projects to date, whereby in some cases these were identical with the first investment (see Table 8). Firms undertook their largest FDI to date mostly in Germany (16%), Ukraine (15%), the Czech Republic (13%) and Romania (10%). In the context of Polish OFDI described in the preceding section, this also reflects the fact that respondents were requested to refer only to affiliates engaged in manufacturing and distribution, as opposed to special purpose vehicles and other elements of corporate financial structure, thus diminishing the notable role of such locations as Luxembourg, Switzerland or the Netherlands (Zimny 2011).

Table 7
Geographic distribution of the first FDI (N=98)

Country	Germany	Czech Republic	Romania	Ukraine	Russia	Lithuania	Other
Number of FDI	18	14	13	12	8	5	28
Percentage	20.0	15.0	14.0	13.0	9.0	5.0	43.0

Source: survey data.

Table 8
Geographic distribution of biggest FDI of each firm (N=98)

Country	Germany	Ukraine	Czech Republic	Romania	Russia	Slovakia	Other
Number of FDI	16	15	13	10	9	5	30
Percentage	18.0	16.0	14.0	11.0	10.0	5.0	45.0

Source: survey data.

This still limited geographical scope of foreign operations is further reflected by the fact that 70% of the firms have foreign subsidiaries in only up to 3 countries (see Table 9). Thus, sales and marketing activities are predominant (58% of the studies major affiliates of each firm, as opposed to 31% engaging also or instead in services, while 37% were active in production). This coincides with the declared motives of undertaking the biggest FDI project. On a scale from 1 (irrelevant) to 5 (highly relevant), most firms indicated market-seeking motives, such as further expansion abroad (3.77), access to a new market (3.71), or market share increase (3.53).

These were followed by the intention to realise scale effects (3.41) and access to distribution channels (3.23). However, contrary to the aforementioned experience of firms from some other, particularly Asian, emerging markets which sought to enhance their competitiveness by undertaking FDI, asset-seeking motives were on the whole found to be only marginal (1.98 for new human resources, 1.88 for new brands or 1.61 for new technology). This is additional evidence for a rather conventional development of Polish firms' international expansion.

Table 9
Total number of foreign affiliates per outward investor (N=98)

Foreign affiliates per firm	1-3	4-6	7-10	11-15	>15
Number of FDI	69	19	4	2	4
Percentage	70.0	19.0	4.0	2.0	4.0

Source: survey data.

Table 10
Internationalisation modes prior to first FDI (N=98)

Internationalisation mode	Export	Contract Manufacturing	Licensing	Franchising	Other	None
Number of FDI	53	12	1	0	0	37
Percentage	54.0	12.0	1.0	0.0	0.0	38.0

Source: survey data.

Table 11
Internationalisation modes prior to subsequent FDI projects (N=98)

Internationalisation mode	Export	Contract Manufacturing	Licensing	Franchising	Another FDI	Other	None
Number of FDI	42	7	2	1	5	0	17
Percentage	63,0	3,0	3,0	1,0	7,0	0,0	25,0

Source: survey data.

In regards to the establishment chain, Polish firms followed predominantly sequential paths (see Tables 10 & 11). In relation to both the first FDI, as well as to the subsequent ones (if applicable), exports were the most frequent mode of initial foreign market penetration (53% for the first FDI and 42% for subsequent ones), followed by contract manufacturing. Meanwhile, subsequent FDI projects were also followed by other investments in the same host country, revealing a more developed network of foreign affiliates. However, while these results do confirm the hypothesised gradual character of Polish firms' internationalisation, they nevertheless reveal that about 37% of first FDI projects and 17% of all subsequent ones occurred without any prior operations in the target market.

DISCUSSION AND CONCLUSION

The present study aims to make an explorative contribution to the current debate as to the unconventional character of FDI undertaken by firms from emerging markets. Descriptive statistics from a sample of outward investors from Poland indicate that their internationalisation patterns have mostly followed a gradual pattern, as predicted by conventional internationalisation motives. This statement refers to the fact that foreign markets were penetrated by a sequence of gradually rising resource commitments, as well as to the geographical patterns of Polish foreign affiliate locations, whereby geographically proximate locations clearly prevail. In the same vein, the said affiliates predominantly carried out sales and marketing activities and were driven by motives related to increasing global presence or accessing distribution channels.

However, there is also evidence that a not insignificant proportion of FDI projects in a given country were not preceded by any other form of presence. A possible explanation for this phenomenon would be that the penetration of other foreign markets with non-equity entry modes allowed firms to gather sufficient market knowledge on doing business in similar country contexts and thus facilitated the decision to commit substantial resources without any prior presence there. Another argument is related to the existence of the so-called home-country advantage related to the knowledge of operating in an institutionally and economically similar market, which facilitates operation in a foreign market even despite the lack of earlier experience.

This study is obviously burdened with several methodical limitations, one of them being the mere use of descriptive statistics. Further research requires econometric tests of interrelationships between variables affecting the internationalisation paths of Polish firms. Future studies on the expansion of firms from CEE countries should investigate the role of prior experience in countries with a similar institutional and economic development level as compared to the analysed host country, and on the sequence and pace of expansion to that market, an aspect which was indirectly signalled in the present study, but clearly deserves more attention. Another relevant research problem is the impact of resource-based variables which can affect the propensity of firms to follow shorter internationalisation paths.

Finally, the results also bear an implication for economic policy related to firm internationalisation in the form of both exports and FDI. The still limited geographic scope, as well as a careful approach to committing resources abroad, calls for dedicated support measures to increase the propensity of domestic firms to accept risks and leverage opportunities related to foreign operations. This refers not only to support measures directly related to financing or transaction insurance, but also the availability of specific data on foreign markets, opportunities in terms of business projects and potential partners abroad. At the same time, the results have consequences for the management of firm internationalisation. Accordingly, given limited managerial, financial and informational resources, particularly in case of younger firms, a gradual process of foreign expansion may be a more appropriate solution. However, substantial evidence for an immediate entry into a new market via FDI suggests that the transfer of experience from other foreign operations could encourage firms to allocate more significant resources more quickly to exploit new foreign opportunities which can be beneficial to parent firm competitiveness.

Acknowledgement

This project has been financed by the research grant of the Polish Science Centre based on decision No. DEC-2012/07/ N/HS4/00283.
Dr. Piotr Trapczynski is supported by the Foundation for Polish Science (FNP).

REFERENCES

AXINN, C.N. & MATTHYSSENS, P. 2002. Limits of Internationalization Theories in an Unlimited World. International Marketing Review, 19(5), 436-449.

BONAGLIA, F., GOLDSTEIN, A. & MATHEWS, J.A. 2007. Accelerated Internationalization by Emerging Markets Multinationals: The Case of the White Goods Sector. Journal of World Business, 42, 369-383.

CAVUSGIL, ST, 1984, Organizational Characteristics Associated with Export Activity, Journal of Management Studies, 21(1), 3-22.

CHILD, J & RODIGUES, SB 2005, The Internationalization of Chinese Firms: A Case for Theoretical Extension?. Management and Organization Review, 1(3), 381-410.

CZAPLEWSKI, L. & WIŚNIEWSKA, E. 2007. Zamierzenia i motywy podejmowania bezpośrednich inwestycji zagranicznych przez polskie przedsiębiorstwa (Intentions and motives of foreign direct investment by Polish firms). In W. Karaszewski (Ed.), Bezpośrednie inwestycje zagraniczne w budowaniu potencjału konkurencyjności polskich przedsiębiorstw i regionów (Foreign direct investment in building the competitiveness potential of Polish firms and regions) (pp. 229-244). Toruń: Wydawnictwo Uniwersytetu Mikołaja Kopernika.

ERIKSSON, K, JOHANSON, J, MAJKGARD, A & SHARMA, DD 1997, Experiential Knowledge and Cost in the Internationalization Process. Journal of International Business Studies, 28(2), 1-25.

ERIKSSON, K, JOHANSON, J, MAJKGARD, A, & SHARMA, DD 2001, Time and Experience in the Internationalization Process. Zeitschrift für Betriebswirtschaft, 71(1), 21-43.

FLETCHER, R, 2001, A Holistic Approach to Internationalisation. International Business Review, 10 (1), 25-49.

FREEMAN, S & CAVUSGIL, TS 1984, Strategic Management - a Stakeholder Approach. Journal of International Marketing, 15(4), 1-40.

FTSE 2013, Country Classification in FTSE Global Benchmarks, FTSE Group, London, . Retrieved: March 2014: http://www.ftse.com/Indices/Country_Classification/index.jsp.

GOŁĘBIOWSKI, T & WITEK-HAJDUK, MK 2007, Formy internacjonalizacji polskich przedsiębiorstw (Internationalisation forms of Polish firms). Marketing i Rynek, 2/2007, 16-22.

GORYNIA, M, NOWAK, J & WOLNIAK, R 2012, Emerging Profiles of Polish Outward Foreign Direct Investment. Journal of East-West Business, 18(2), 132-156.

GORYNIA, M, NOWAK, J, TRĄPCZYŃSKI, P & WOLNIAK, R 2013, The Determinants of Location Choice in the Internationalization Process of Polish Companies: A Qualitative Study. Journal of Economics and Management, 14/13, 61-76.

GORYNIA, M, NOWAK, J, TRĄPCZYŃSKI, P & WOLNIAK, R 2014, Internationalization of Polish Firms via Foreign Direct Investment: A Multiple-Case Study Approach. In MA Marinov & ST Marinova (Eds.), Successes and Challenges of Emerging Economy Multinationals (184-216). Houndmills, New York: Palgrave Macmillan.

GUS 2013, Polskie inwestycje bepośrednie w 2011 roku (Polish Foreign Direct Investment in 2011), Departament Strategii i Analiz, Warszawa, 5-47.

HYMER, S 1976, The International Operations of National Firms: A Study of Direct Foreign Investment. Cambridge, Massachussets: MIT Press.

JAROSIŃSKI, M 2013, Procesy i modele internacjonalizacji polskich przedsiębiorstw (Processes and models of internationalisation of Polish firms). Warszawa: Oficyna Wydawnicza Szkoła Główna Handlowa w Warszawie.

JAWOREK, M 2008, Stymulanty i destymulanty podejmowania inwestycji bezpośrednich za granicą przez polskie przedsiębiorstwa (Stimulants and barriers of foreign direct investment by Polish firms). In W Karaszewski (Ed.), Bezpośrednie inwestycje zagraniczne polskich przedsiębiorstw (Foreign direct investment of Polish firms) (pp. 61-88). Toruń: Dom Organizatora.

JAWOREK, M 2013, Stymulanty i destymulanty aktywności inwestycyjnej polskich przedsiębiorstw za granicą (Stimulants and barriers of FDI activities by Polish firms). In W Karaszewski (Ed.), Aktywność inwestycyjna polskich przedsiębiorstw za granicą. Czynniki i skutki (Investment activities of Polish firms abroad. Determinants and consequences) (pp. 55-48). Warszawa: Polskie Wydawnictwo Ekonomiczne.

JOHANSON, J & WIEDERSHEIM-PAUL, F 1975, The Internationalization of the Firm – Four Swedish Cases. Journal of Management Studies, 12(3), 305-323.

JOHANSON, J & VAHLNE, JE 1977, The Internationalization Process of the Firm – A Model of Knowledge Development and Increasing Foreign Market Commitments. Journal of International Business Studies, 8(1), 23-32.

JOHANSON, J & VAHLNE, J.E 1990, The Mechanism of Internationalisation. International Marketing Review, 7(4), 11-24.

JOHANSON, J & VAHLNE, J.E 2009, The Uppsala Internationalization Process Model Revisited: From Liability of Foreignness to Liability of Outsidership. Journal of International Business Studies, 40, 1411-1431.

JOHANSON, M & VAHLNE, J.E 2006, Turbulence, discovery and foreign market entry: A longitudinal study of an entry into the Russian market. Management International Review, 46(2), 179-205.

JORMANAINEN, I, KOVESHNIKOV, A 2012, International Activities of Emerging Market Firms. A Critical Assessment of Research in Top International Management Journals. Management International Review, 52(5), 691-725.

KARPIŃSKA-MIZIELIŃSKA, W & SMUGA, T 2007, Determinanty bezpośrednich inwestycji polskich przedsiębiorstw na rynkach zagranicznych (Determinants of Polish outward FDI). Gospodarka Narodowa, 9, 31-53.

KĘPKA, H 2011, Struktura geograficzna polskich bezpośrednich inwestycji (Geographic structure of Polish outward FDI). In L. Pałys (Ed.) Polskie inwestycje za granicą (Polish outward FDI), Studia i Materiały Nr 92, Warszawa, 18-43.

KIM, Y & GRAY, S.J 2008, The Impact of Entry Mode Choice on Foreign Affiliate Performance: The Case of Foreign MNEs in South Korea. Management International Review, 48(2), 165-188.

LANGHOFF, T 1997, The Influence of Cultural Differences on Internationalisation Processes of Firms. An Introduction to a Semiotic and Intercultural Perspective. In I Björkman & M Forsgren (Eds.), The Nature of the International Firm (pp. 135-164). Handelshøjskolens Forlag.

LUO, Y, Tung, R 2007, International Expansion of Emerging Market Enterprises: A Springboard Perspective. Journal of International Business Studies, 38, 481-498.

MATHEWS, JA 2006, Dragon Multinationals: New Players in 21st Century Globalization. Asia Pacific Journal of Management, 23, 5-27.

MEYER, KE & Estrin, S 2001, Brownfield Entry into Emerging Markets. Journal of International Business Studies, 32(2), 575-584.

OBŁÓJ, K 2014, Firma międzynarodowa jako przedmiot badań (Multinational enterprise as a research subject). In K Obłój & A Wąsowska (Eds.) Zarządzanie międzynarodowe. Teoria i praktyka (International Management. Theory and Practice) (pp. 28-46). Warszawa: Polskie Wydawnictwo Ekonomiczne.

Obłój, K & Wąsowska, A 2012, Strategiczne wybory polskich firm – motywy i kierunki budowania powiązań zewnętrznych drogą kapitałowego umiędzynarodowienia działalności (Strategic choices of Polish firms - motives and directions of external linkage creation by FDI). In W Morawski (Ed.) Powiązania zewnętrzne. Modernizacja Polski (External linkages. Poland's modernisation) (pp. 102-120). Warszawa: Wolters Kluwer.

REID, SD 1981, Decision Maker and Export Entry and Expansion. Journal of International Business Studies, 12(2), 101-113.

ROSATI, DK & WILINSKI, W 2003, Outward Foreign Direct Investments from Poland. In M Svetličič & M Rojec (Eds.), Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition (pp. 175-204). Aldershot: Ashgate.

SVETLIČIČ, M 2003, Theoretical Context of Outward Foreign Direct Investment from Transition Economies. In M Svetličič & M Rojec (Eds.) Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition (pp. 3-16). Aldershot: Ashgate.

ŚLIWIŃSKI, R 2012, Zróżnicowanie przestrzenne i strategie internacjonalizacji polskich przedsiębiorstw (Geographic patterns and internationalisation strategies of Polish firms). Przegląd Organizacji, 4/2012, 15-19.

VAN de VEN, A 1992, Suggestions for Studying Strategy Process. A Research Note. Strategic Management Journal, 13(S1), 169-188.

VISSAK, T 2010, Nonlinear Internationalization: A Neglected Topic in International Business Research, The Past, Present and Future of International Business & Management, Advances in International Management, 23, 539-580.

WELCH, LS & LUOSTARINEN, R 1988, Internationalization: Evolution of a Concept. Journal of General Management, 14(2), 34-55.

ZAHEER, S 1995, Overcoming the Liability of Foreignness, Academy of Management Journal, 38(2), 341-363.

ZIMNY, Z 2011, Outward FDI from Poland and Its Policy Context, Columbia FDI Profiles, Vale Columbia Center on Sustainable International Investment.