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Marta Götz*
Institute for Western Affairs

Exploring Foreign Direct Investment from Poland Using Grounded Theory Method

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Abstract: *The aim of this study, conducted as part of the project "Polish direct investment in the mature markets of Western Europe", was to propose a new concept, along the lines of a grounded theory, and emerging from the empirical data, seeking to explain the phenomenon of Polish investment abroad. Following methodological guidelines (GTM, or grounded theory method), including the steps of sampling, sorting and coding data, resulted in an analytic scheme that may provide a framework for the study of Polish FDI (foreign direct investment), particularly in the Western Europe. The results indicate that foreign expansion is sometimes regarded as a guarantee of a firm's continued existence in Poland and beyond. A certain syncretism, or dialectic nature, of Polish investment in the markets of Western Europe, which may reflect the specific nature of FDI and may serve as a practical measure of this "diversity," was identified in the course of this work. The results should enrich the existing literature concerning the relatively weakly conceptualized categories of Polish foreign investment and should contribute to the further development of research on this issue.*

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* Contact: mgoetz@iz.poznan.pl, Instytut Zachodni w Poznaniu, ul. J.H. Dąbrowskiego 30c/9, 60-841 Poznań, Poland

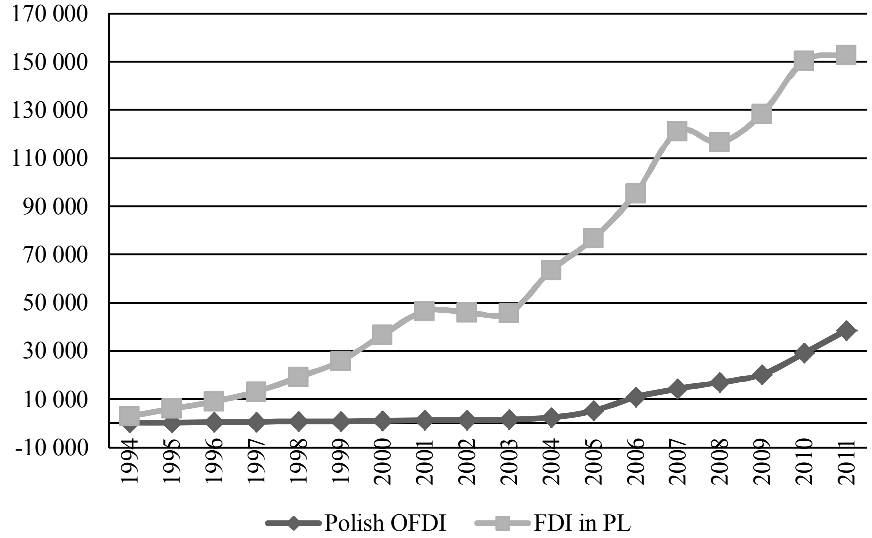
Introduction

The recognition of Polish entrepreneurship within the European Union (EU) is of great cognitive significance in the context of the growth of Polish foreign direct investment (FDI) anticipated in the near future. According to the IDP (Investment Development Path) concept, every country, at a certain stage in its evolution, changes from a recipient of capital to a donor, sending out more investments than it accepts. This stage, along with increasing participation in global relations, is likely to be in store for Poland too. Meanwhile, research on the topic of Polish investment abroad has been scanty,[1] consisting primarily of: the annual publications of NBP (*Narodowy Bank Polski*, or Polish National Bank), the series *World Investment Reports* of UNCTAD (United Nations Conference on Trade and Development), and information from the Polish Departments of Trade and Investment Promotion, as well as the Economic Departments associated with Polish diplomatic missions abroad, newspaper articles, and still relatively rare, but ever more willingly undertaken, scientific analyses (Gorynia, Nowak, Wolniak, 2010; Karaszewski, (ed.), 2008; Karpińska-Mizielińska, Smuga, 2007; Witek-Hajduk, 2010; Śliwiński, 2012; Radło, Sass, 2012; Radło, 2012).

NBP data indicates systematically rising values for Polish FDI and a changing relationship between inflowing and outflowing investments (INFDI/OUTFDI), but it would be difficult to identify a distinct reduction in the gap between these two categories (Figure 1) (Polish multinationals go beyond Europe 2012).

[1] Studies concerning investment coming from Asia dominate research on the so-called emerging economies see, e.g. Gammeltoft et al. (2010, pp. 95–1010, Gammeltoft (2008, pp. 5–21), Andreff (2003, pp. 73–118), Gammeltoft et al. (2012, pp. 175–188). The specific nature of FDI from developing economies also attracts attention: Hennart (2012, pp. 168–187), Narula (2012, pp. 188–204). In these studies, apart from the BRIC group, we find VISTA (Vietnam, Indonesia, South Africa, Turkey and Argentina). See also, re: the necessity of overcoming obstacles associated with foreign origin (so-called legitimization of presence) and the disadvantaged position characterizing companies in developing countries that invest in mature markets (Awate et al. 2012, pp. 205–223; Pant, Ramachandran 2012, pp. 224–243).

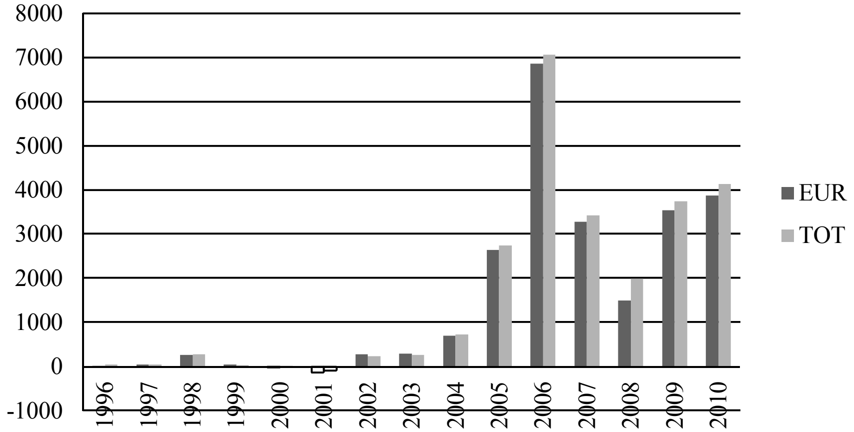
Figure 1. Polish direct investment abroad and foreign direct investment in Poland



Source: Balance of Payments and International Investment Position Statistics, Series of Polish National Bank annual data, 2012

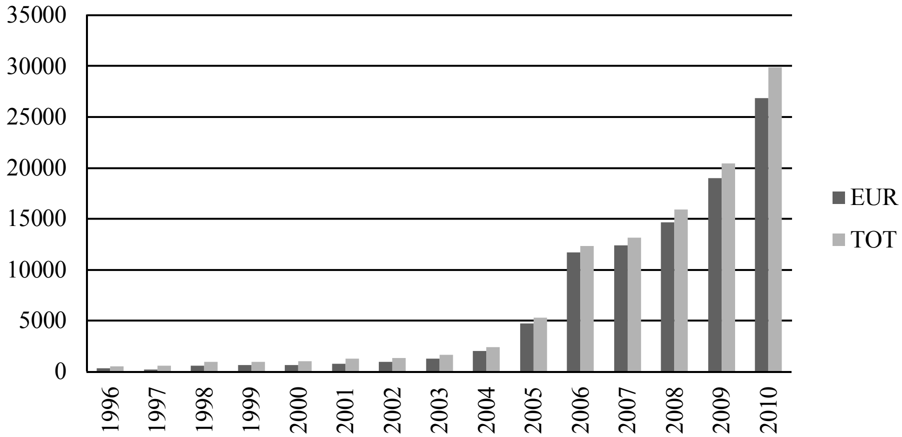
According to central bank data, by the end of 2009 Polish investors had directly invested $27,742 million abroad, or twenty-seven times more than nine years earlier ($1,018 million in 2000) and more than four times more than in 2005 ($6,281 million). However, this value still testifies to the marginal role of Polish enterprises in generating the worldwide FDI stream, and the dominance of Europe in the placement of Polish investments, which is clear in terms of both flows and accumulated values – stock (Figures 2 and 3), which may confirm the role geographical and cultural distances play in choosing new markets for investment.

Figure 2. Outflow of capital attributable to FDI from Poland, total and to Europe



Source: NBP statistical data from the series "Annual data – Polish direct investment abroad" 2011.

Figure 3. Polish FDI ownership (stock), total and in Europe



Source: NBP statistical data from the series "Annual data – Polish direct investment abroad" 2011.

Investments by Polish companies in the EU do not fit the classic scenario in which capital moves from more highly-developed to less highly-developed countries, but neither are they sufficiently exotic to be considered in the context of ethnic economics.[2] Probably the size of the Polish FDI, modest in comparison to global flows, should be associated with the small population of Polish TNC/MNEs (TNC, transnational corporation/MNE, multinational enterprise), as they are considered the vehicles for the distribution of capital. The methodological approach adopted in the project, through the identification of behaviors and strategies of Polish enterprises making direct investments in highly developed economies, chiefly the nations of the "old" EU (15), aimed at establishing guidelines, regarding patterns in this area which could serve as the foundation of grounded theory explaining the less prevalent occurrence of capital flow in the form of FDI from less-developed economies to wealthier countries (so-called reverse flow) (Moon, Roehl 2001).

The poor penetration of research on Polish FDI to date is certainly tied to the modest (at the moment) scale of this phenomenon. At the same time, no one should be surprised by any discrepancies between the results and conclusions of various studies, discrepancies which arise primarily from the scale and relatively short duration of this process. The small and internally heterogenous group of investing entities poses objective difficulties in discovering consistent patterns. This legitimizes the application of the behavioral approach (Hosseini 2005), accentuating the individual character of investment decisions along with research on the various geographical directions of Polish investments (Karaszewskiego 2010). The need for individualized studies and the impossibility of discussing an "average" company emerges even in research carried out on a massive scale, such as the study on competitiveness by the Bruegel Institute of Brussels, under the auspices of the international EFIGE *(European Firms in a Global Economy)* project.[3]

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[2] It would seem that the use of the concept of ethnic economics as a framework for the analysis of Polish FDI within the EU countries is not warranted in view of the scale and nature of Polish emigration. The fundamental factors of ethnic economy – strong family ties, trust in and support for one's compatriots, the frequent hostility of the local economy, the necessity of doing business in areas requiring great labor and little capital and where the preferred form of organization is small business or even microbusiness, and especially the assumption that social networks within the group and ethnic resources are necessary for the functioning of the ethnic economy – and the adoption of the wage-employment-to-self-employment sequence seem not to offer the best framework for the discussion of Polish enterprise within the EU (Floeting et al. 2004; Wahlbeck 2007, p. 543, p. 558).

[3] Verbatim: "*Firms in our (representative) sample are very heterogeneous across and within countries and industries (hence, describing them in terms of the characteristics of the 'average firm' is of little practical use)*." (Altomonte et al. 2012).

Whereas the analysis of public statistics concerning FDI enables us to answer the questions "where and when" investments are undertaken, the response to the question of "why" investments were directed precisely *there* demands a different kind of research. Phenomena, especially "new" ones, can in fact be explored by resorting to less popular qualitative methods, which, however (given the effect of the economic crisis and the failure of many mathematical approaches currently in use), are slowly gaining recognition. These methods enable for the creation of new concepts and categories, as well as the establishment of empirically grounded theoretical theses, which in the future may lend themselves to measurement and thus give rise to the application of quantitative methods (Konecki 2000).

Method. Grounded Theory as an Analytic Framework

Polish FDI in Western Europe can be considered an atypical economic category, consisting of the flow of capital from a less affluent to a more affluent country. However, it is not a brand-new, completely unknown issue, arising only empirically, as would be assumed in a pure grounded theory approach (Glaser, Strauss 1967). This ambivalence associated with the issue of Polish FDI in Western Europe justifies a somewhat selective treatment of GTM (*Grounded Theory Method*) as a framework for study. It allows us, however, to borrow certain elements from pure GTM and to treat some of its tools as an analytic structure, adapting the analysis of qualitative data to the specific area of study (business). It should be kept in mind that traditional quantitative research, considering the size of the group, i.e. a small population of Polish investors operating in Western Europe, is basically impossible. In the light of the difficulty of access such a small group or to obtain any information from its members, and the resulting fact that the acquired information would fail to ensure any representativity, the quantitative method was rejected. Thus, in this case, statistical studies proved inadequate. As a result, qualitative research and adaptation of GTM methodology (that is, reference to it as a framework for analysis) was decided upon.

Grounded theory, and thus the development of theory from empirical data, is possible thanks to the systematic identification, development and provisional verification of emerging theory in an iterative process of data collection and analysis (Strauss, Corbin 1990.). The origins of grounded theory can be found in the work of B. Glaser and A. Strauss, who saw in the gradual iterative collection and analysis of information a way to generate theory strengthened through empiricism (Glaser, Strauss 1967). The main alternative to this approach, called classical by Glaser and Strauss, was proposed by K. Charmaz (Charmaz 2009). K. Eisenhardt, in turn, offers a complex look at the generation of theory based on empirical material, suggesting the so-called road-map for this process (Eisenhardt 1989 in Johnson, Clark (eds.) 2006). The work of R. Yin focuses on the practical dimension of this method, that is, the design of case study research (Yin 1981; Yin 1984), whereas, research by M. Miles and M.A. Huberman concerns the visualization of qualitative data (*specific techniques for analyzing qualitative data)* (Miles, Huberman 1984).

A review of the literature suggests that the method of grounded theory is dominant in the social sciences, chiefly sociology, anthropology, and to some degree psychology, and is applied less frequently in economics, management and entrepreneurship. Most likely, this is a question not as much of the issues that are the focus of interest in these sciences as of the nature of the processes occurring in business (in the widest understanding of that term), which is dominated by cause-and-effect, is more structured and well-planned, in which there is very little room for reflection, emotion, or identification of the researcher with a given problem, and where it is difficult to elicit information and difficult to conduct observations. These objective stumbling blocks have been pointed out by, among others, A. Whiteley, who suggests the use of the term "grounded research" to emphasize those exceptional situations in which the grounded theory method cannot be applied in its pure form (Whiteley 2000). Pure grounded theory is impossible; it is possible only to carry out research in its spirit. One key limitation, among others of the same kind already mentioned, is the selection of the sample, that is, a set of participants. The relatively small group of those "willing to talk" determines *de facto* so-called saturation, which is achieved when there are no additional data and when it is possible to develop properties for categories. Nevertheless, the presence of participants from firms of various sizes, financial backgrounds, and specializations enables the fulfillment of the maximum diversity requirement (Patton 1990). It is also difficult to believe that in this kind of research, in the case of strategic plans, due to the secrecy surrounding business, complete observations can be carried out, with access to all information that would guarantee a thorough grasp of the problem (Allen 2003). Thus it was impossible, for objective reasons, to adhere to every step of GTM procedure.

The reconstruction of studies carried out using the grounded theory method in the fields of economics and entrepreneurship suggests that a relatively clear discretion and flexibility can be applied to this method (See, for example Åge 2009; Correia, Wilson 1997; O'Reilly, Paper, Marx 2012; Brewer 2001; Shannak, Aldhmour 2009; Ng, Hase 2008; Seidel, Recker 2009). It also calls attention to the simultaneous practice (and thus simultaneous with the conducted study) of referring to those GTM guidelines which assist in navigating, as it were, analytic work. In the study of the foreign expansion of Polish companies, it was decided to make use of the guidelines and tool kit of GTM, but due to the assorted difficulties and restraints involved in the factual theory and empirical data, GTM was treated simply as a sort of analytical structure.

Discussion. Emergence of the Basic Relationships and Proposals of Grounded Theory

Qualitative analysis, which draws on the extensive use of multiple case studies (the *multi-case-study approach*) (Yin 2003) is intended to enable not only the identification of the profile of the Polish investor active in more developed foreign markets, but also the development of the fundamentals of grounded theory in describing the phenomenon of "reverse flow" capital. In field (empirical) studies, in-depth interviews were employed as a core technique. In the light of the specific problems related to non-random sampling, the sampling in this study was deliberately based on a subjective selection of units in the hope of obtaining the broadest and most complete responses. The decisive role was played by practical considerations: the desire and willingness of enterprises to cooperate. However, the sampling method used had certain consequences associated with the ability to interpret the obtained results. The results – that is, the steadily incoming new data – were analyzed in the course of the project so as to allow a clear understanding of each of the cases individually and to make various comparisons between them. This was intended to enable formulation of the most important theses of grounded theory with regard to the Polish FDI, which could then serve as a starting point for more precise research.

Finding participants turned out to be a difficult task. Despite repeated attempts, requests to participate in the project were either ignored or met with refusals. At the same time, it appeared that some investments officially regarded as "Polish FDI" ventures were not such. The first set of questions was mailed at the end of June 2012 to 41 companies registered in databases as entities investing abroad.[4] Then, interviews (partly structured, using a set

[4] Data obtained from the databases of the Ministry of Economy, studies from the Institute for Research on the Market, Consumption and Business Cycles, and the Vale Columbia Center on Sustainable International Investment, as well as the UMK [University of Nicholas Copernicus] in Torun.

of questions featuring various degrees of detail) were conducted with some of these firms. Given the understanding that grounded-theory guidelines assume, optimally, four to ten cases, information was obtained for nine companies (Eisenhardt 1989).

There is no single rule concerning the presentation of study and discussion of the results of the grounded theory method. Some publications describe the procedures for GTM in mechanical (Allen 2003) detail, presenting conclusions of subsequent stages of the work step by step (Åge 2009), while others are very broad, containing only overall conclusions of the study in condensed form (Correia, Wilson 1997). A discussion (further on in this study) of the expansion of Polish companies in Western Europe falls within GTM conventions in three ways: by generating codes which allow for "spontaneous" grounding in empirical data (according to B. Glaser); by systematizing and clustering results, per the mechanistic, rigorous approach of A. Strauss and J. Corbin, and by discussing the modification and verification of previous findings highlighting the procedural character of GTM and iterative investigation leading to a definitive conclusion.

Compilation and comparative analysis of the proposed concepts for each participant in the study, following the process of merging the codes created for them[5], allowed, through a series of steps similar to so-called open, selective and axial coding[6], the development of a set of categories, including isolation of the central category (Table 1). As a result of the reflections on the collected data, it was decided to treat these concepts, too, as properties of distinct categories.

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[5] For practical reasons, and due to space limitations, the detailed presentation of codes generated for each of the cases has been abandoned in favor of focusing on the presentation of the subsequent, "summation" phases of the research.

[6] Coding itself is a complex category. Selective coding is limited to those variables which relate to the central categories of the research. This is preceded by open coding, based on encoding data in all possible ways – "the data in the rows are assigned labels, enabling the departure from purely empirical material and a move to the conceptual level." Theoretical coding is applied, in turn, to conceptualization of the mutual relations between categories, and thus to the forming of a hypothesis. T. Konecki, T. Konecki, Studia z metodologii badań jakościowych. Teoria ugruntowana (Studies in qualitative… 2000).

Table 1. A proposal for categories emerging during GTM for internationalization processes of Polish firms on the Western European market (effect of the previous iteration: selection and grouping)

Input concepts/properties of categories	Category
– small company's size limiting, yet simultaneously favoring, the flexibility of internationalization processes – wide range of products as both a condition and a result of internationalization – between homogenization of needs and offering tailored "service-provider/products" – internationalization as an offer of knowledge while simultaneously learning – the contradiction between simultaneously cooperating with and striving to outcompete rivals through strengthening of position – group structure as a factor in the success of foreign investment, but also a reason for expansion – syncretism of status – a strong domestic player paradoxically unready for foreign expansion, or insignificant abroad	**Foreign investment**
– competitors – "Polishness" – ballast / asset – the presence of Polonia (the Poles living abroad) – bureaucratic difficulties – EU business regulations – public procurement/bidding, freedom to provide services, prohibition of discrimination – foreign roots of Polish companies – managerial skills – industry specifics – public budgets, EU regulations – latecomers' disadvantage – failed previous investments as valuable business experience – expectation of state aid	**Modulators of expansion**
– guaranteeing jobs in Poland – economic patriotism – effort to improve margins, increase profitability – exploration and exploitation of opportunities – the need for risk diversification – expansion as a natural step in development – opportunity for modernization – attractive takeover bid (growth potential) – effort to achieve revenue diversification – domestic market restrictions – barriers to the further development of clients and/or projects – concatenation of events	**Reasons for internationalization**

Table 1 continued

Input concepts/properties of categories	Category
– a more secure future for the company – a further step in the natural evolution of the company – diversification – spreading risk, new areas for growth – diversification of portfolio of competences	**Results of foreign investment**
– development of social capital / quasi-missionary campaign—helping Polonia – foreign activity as a certificate of quality and an opportunity to expand into additional markets – participation in public economic diplomacy – taking advantage of learning options – integration into the value chain – unexpected practical benefits from foreign presence – raising the barrier against the competition's entry – improving the prestige and image of the company – gaining valuable experience	**Side effects of presence on foreign markets**

Source: author's research based on collected material.

The collection and grouping of codes for each of the cases enabled the formation of adequate concepts, which in turn, in the course of the further process of comparison and systematization between cases, enabled the identification of categories, isolation of the central category, and the discovery of dependencies between categories. This consequently enabled the creation of an outline describing patterns for these investments by Polish entities in Western Europe (further developed and presented in Diagram 1).

Then, as is often done in GTM, in a somewhat reflexive way, a schematic diagram was proposed for each individual case describing its idiosyncratic interdependencies, that is, ordering key categories for each given investment (Tables 2–10). The central category was considered to be foreign investment, particularly its specific attributes. In the course of research, it turned out that enterprises undertaken abroad by Polish entities were, seemingly, characterized by internal tensions and a certain syncretism.[7]

[7] Compare the pattern of spiral progression, assuming various discrepancies and variations in essentially the same factors at different stages of development, and a dialectical approach to the internationalization process, suggesting the need for broad treatment of paradoxes as a tool of analysis, as a tool for both the conceptualization and the operationalization of the phenomena (literally *balanced - holistic, dynamic, and Dialectical - explanation for all types of MNE*) (Ping Li 2007, pp. 296-318). Compare also the internationalization dilemma of entities from BRICS economies between building and strengthening business advantages and expanding the scope of operations, and thus new markets (Deng 2012).

Table 2. Company "V"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects		
R: profit-generating activities exploration and exploitation of opportunities M: occurences linked with Poland, Polish "style" factual and "mythical" difficulties	The geographical proximity of Poland undermining the wisdom of doing business in Germany, which, however, is favored by the significant presence of the Polish community	R: securing income to maintain existence SE: development of social capital quasi-missionary campaign—helping Polonia "multiplier" function, connecting with other entities in Poland

Source: own compilation.

Table 3. Company "A"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects		
R: maintenance and development of the firm risk reduction revenue diversification M: EU business regulations – public procurement/bidding, freedom to provide services, prohibition of discrimination foreign business roots	Foreign operations demanding adaptation of product line to specific customer expectations, preparation of "service products," simultaneously with the reality of increasing homogenization of needs, unified customer expectations, product standardization	R: the next natural step in the company's development rather than achievement of a specific goal; higher level of company evolution as opposed to a new market SE: guarantee of employment, domestic and abroad participation in public economic diplomacy presence in foreign markets as a certificate of quality and an opportunity to expand into additional markets

Source: own compilation.

Table 4. Company “B”

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects

R: continued operation through increasing the scale of production and modernization thanks to acquired knowledge M: EU business regulations competitors’ activities global trends, esp. trends toward modernization, privatization	Investment abroad as a source of technical knowledge; supplying assimilated knowledge while using foreign operations as a way to acquire foreign know-how	R: sustain further operations, maintain employment levels SE: “espionage” to acquire new models

Source: own compilation.

Table 5. Company “Q”

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects

R: continued operations to ensure company’s existence growth potential of the company to be acquired M: competitors’ activities consolidation depends on industry specifics	Financial potential and size of the company favoring foreign expansion despite impediments through limited flexibility Contrasting positions in domestic market and abroad	R: revenue diversification, neutralization of risk, insuring company security – fundamental questions of the company’s existence SE: diversification of services through vertical integration within the value chain

Source: own compilation.

Table 6. Company "C"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects		
R: limited growth opportunity at home due to small market M: behavior of the competition signs of oligopoly in specific industry	Undertaking foreign expansion requires a wide and attractive range of products, whose production becomes profitable only when serving several markets, i.e. in a situation of existing internationalization	M: providing jobs in Poland maintenance and development of operations SE: product diversification

Source: own compilation.

Table 7. Company "Z"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects		
R: need to follow strategic clients and projects (geographically) limited growth due to size of Polish market M: negative stereotypes about Polish products	Internationalization demands a suitable product range which is *de facto* possible only given many markets and economies of scale International expansion as an offer of incorporated knowledge and simultaneously the road to gaining new knowledge abroad	R: profitable operations guaranteed employment in Poland SE: better quality of products access to know-how which streamlines operations

Source: own compilation.

Table 8. Company "X"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects

R: improve profitability increase margins develop the company M: competitors' activities (industry-specific) public health budgets	Investment abroad as transfer and acquisition of knowledge International expansion oriented toward specific companies; attractiveness of acquisition determined not by markets but by access to them guaranteed through the acquired entity's network of contacts "Coopetition" in internationalization: varied and intense cooperation at the same time as increased competition	R: strengthening of market position achievement of the next stage in the company's natural development SE: hinder competition's activity through raising the entry barrier image improvement

Source: own compilation.

Table 9. Company "D"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects

R: risk diversification comprises both distribution and acquisition of new growth areas M: specifics of industry connected with strict EU regulations latecomers' disadvantage experience from previous failed attempts at expansion state support the role of managerial skills	Strong player on the domestic market but a marginal candidate for direct investment Internationalization requires the development of a specific business model, proven in the domestic market, which might contribute to foreign expansion Investment in Western European markets: on one hand, shared / common regulations; on the other, EU standards; meaning action in specific local markets	R: offsetting losses with the chance of compensation through performance in other areas SE: strengthening position in other markets

Source: own compilation.

Table 10. Company "Y"

MODEL: Reasons/Modulators – Investments (specifics) – Results/Side effects

R: need for a sharp upturn ensuring further development attractive opportunity for acquisition presence of key customers, the implementation of important projects M: a wide gamut of conditions occurring simultaneously, a concatenation of events necessary to make decisions about foreign investment, an attractive firm at a good price on a recognized market at a moment when disposable funds are available	Corporate network as the source of advantages; success justifies foreign investment, but is also the cause of expansion; its development becomes the goal and result of internationalization Internationalization as transfer and acquisition of knowledge Good position on the Polish market contrasts with weak recognition abroad	R: improve profits enrich the company's portfolio of expertise SE: sponsoring foreign public economic diplomacy despite the company's skeptical attitude gathering valuable experience – the organization is learning

Source: own compilation.

Summing up the research process used within the GTM framework for the exploration of direct Polish investments on the Western European market, it can be said that:

– from the process of memoing (writing memos) open coding emerged
– grouping of codes enabled the isolation of concepts,
– these became the starting point for the formulation of working categories with reference to the coding paradigm or axial coding
– comparing cases enabled the generalization of categories and reformulation of the concepts into the properties of these categories
– simple connections between the established categories distinguished the central category (selective coding) enabling the proposition of a substantive theory (theoretical coding).

Thus, as a result of work in empirical data, a certain hypothesis was "grounded" or established, approximating a substantive theory within the GTM framework and at the same time serving as a research proposal for further analysis in the area of expansion of Polish firms in the form of FDI on the Western European market.

It is assumed that:

– the continued existence of Polish companies depends on foreign expansion;

- the internationalization process reveals some internal contradictions/paradoxes
- expansion is subject to modulation by various factors, and
- internationalization is accompanied by certain side effects.

In particular, **economic factors** can be recognized as most important: the process of evolution forcing expansion, increasing profit and improving margins, diversification of risk and revenue, and guaranteeing jobs in Poland; among the chief **modulators** must be included: state aid, industry specifics, and "Polishness"; the most important **results** involve reaching the next stage in the development of the enterprise; whereas the **side effects** include diversification of product/service lines and public diplomacy.

Moreover, it can be assumed that Polish FDIs in Western Europe:

- are not ends in themselves but a natural consequence of a company's development,
- although obviously, like any business decisions, they must be supported by complete information, requiring the gathering of information, evidence, rationale, and impact estimates.
- blur the line between pure exports and FDIs through the offering of certain tailor-made "service products."
- take place under different conditions than earlier waves of FDIs, unable to rely on the interests of the host countries (granting incentives), often suffering from the disadvantage of being a late participant in the globalization process (latecomers' status); additionally, the "post-crisis" era and times of rising protectionism and economic patriotism require promotion from the state, if not actual support.
- by virtue of success in foreign markets, can "get revenge" in the form of public economic diplomacy.[8]

Conclusions

The newest research in the field of internationalization of companies seems to present a state of compromise, leading to the eclectic use of different theories, depending on the wider context of the internationalization process (Gorynia, Jankowska 2007). Foreign investments, the supreme form of this

[8] This would consist of activities conducive to the interests of the country—mainly its good image—carried out through the private sector; companies become the nation's ambassadors. An alternative interpretation of public economic diplomacy assumes that the country's political administration, for the sake of national economic interests, takes an active part in the internationalization of the economy (e.g. assistance from the commercial department of an embassy).

process, are so specific and variable depending on the country of origin, the investor's business environment, and the state of the investor's industry or technology, that it is futile to search for a universal, all-embracing theory that can be applied in every case. Literally: "Outward FDI is so strongly teleological, firm-, country-, sector-, and environment-specific that one can hardly expect to develop an all- embracing general explanation applicable in all cases." (Svetlicic, in: Svetlicic, Rojec 2003). Thus, although the undertaken task was, through the use of grounded theory methodology (GTM), the "discovery" of a new theoretical conception (emerging from empiricism), in the course of the work it turned out that, due to the small scale of Polish investments and their diversity, the result of the work might be rather a simplified model for defining the patterns for expansion for Polish companies in Western Europe, a framework for the analysis of this phenomenon (Mäkelä, Turcan 2007, pp. 122–143).[9]

The heterogeneity of the group and its small size forbid its generalization. The forms of expansion, which vary depending on the company, and, within individual entities, lack of a single approach, such that the investments are tailored to specific foreign markets, means that Polish FDIs in Western Europe can be described as "boutique-style," i.e., non-standard, suggesting the validity of the so-called granular or firm-focused approach.[10]

The study enabled us to clarify the concept of Polish FDIs, at least in terms of investments in the markets of Western Europe. It turned out that these are either operations having the character of servicing export, sales companies improving and enhancing exported products or services or providing services within the framework of freedom of doing business in the EU. Thus, they fall into a wider and more elusive category, similar to the concept of NEM (non-equity modes), classified by World Investment Report in 2009, that is, non-equity methods of international production. This study was originally focused on pure FDI. In the course of the research it turned out that such a delimitation is less and less justified, since hybrid forms, combining export business and investment, are involved in the process of internationalization. Moreover, the activities of Polish companies abroad, presented in official statistics as direct capital investments, do not differ very much from activities carried on under the auspices of

[9] On the possible results of work within the GTM framework, e.g. "formulating suggestions" or "proposing typology," (see Mäkelä, Turcan 2007, p. 126); recommendations for the use of GTM in the area of foreign expansion of a company (see Mäkelä, Turcan 2007, p. 132).

[10] In the area of international economic relations, this approach suggests the use of a single company as the object of research—that is, rather than positing "countries" or "regions" as the chief vehicles of trade or investment (See also Hutson et al. (eds.)).

economic freedom in the EU, particularly popular in Germany, following the opening of the labor market in 2004 and taking the form of small businesses. They failed to conform to the assumptions of a "two-phase" model, which assumes first expansion into the “easier”, less-developed markets of the East before attempting such expansion in the West and the more demanding mature EU markets.

Interviews and supplementary studies pointed to the importance of managerial skills required for the process of internationalization, the ultimate success of which depends largely on the personal competence of those responsible for the expansion. The roots of the Polish FDI may be found in certain specific facts, e.g., that its origins go back either to foreign companies, or refer to the experience, knowledge and capital acquired by the company’s founder abroad.

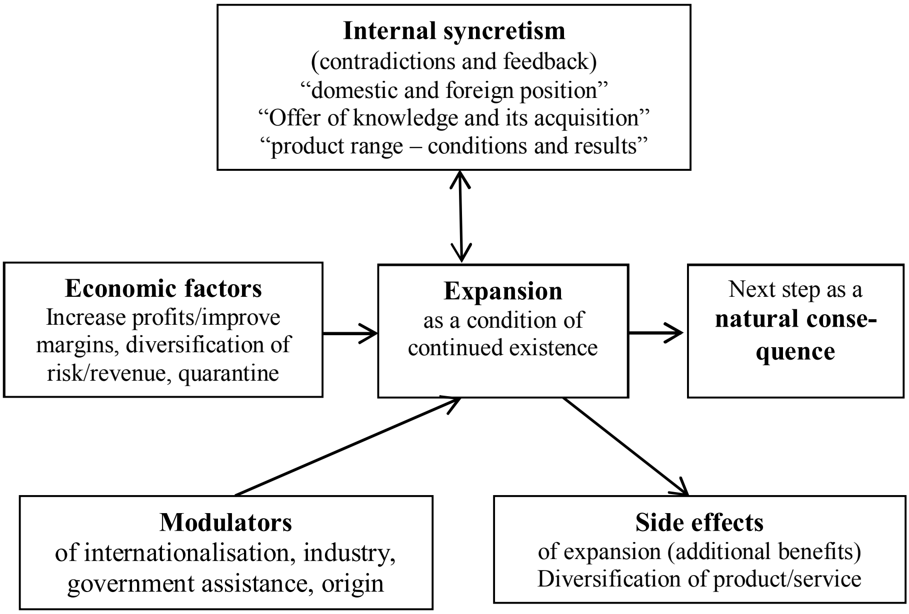
The findings of this research suggest that among Polish companies, in the place of the old narrative organized around rivals, industries, traditional benefits and obstacles, a new one, characterized by “born globalists,” revolving around networking, joint ventures and syncretic rent-seeking is slowly and gradually emerging. In addition, even though the presence of our companies abroad still qualifies rather as international entrepreneurship, than an example of truly multinational corporations, increasing sales and profits earned abroad, as well as the share of total corporate profits suggest certain changes in this area.

Based on this study, it should be concluded that foreign investment in the long run is supposed to insure the safety and continued existence of many of the studied companies. The results also refute the myth of Poland as a large market. Larger entities are indeed in a dominant position, but expansion through FDI is their means to an end, not an end in itself. It is a method to assure existential security. Due to the niche nature of many of the companies investing abroad, guaranteed demand from Polish buyers is not enough. For this reason, searching for clients in new areas is becoming a necessity. It should be emphasized that the size of a market as a spur toward expansion should be seen in relative terms, i.e., the scale on which a particular company feels it. The findings suggest that as long as Poland is seen by its inhabitants as a stable market with prospects for growth, there will be no incentive toward internationalization.

From the research, there also emerges a certain polarization of opinion regarding the state help in the process of internationalization. Within the study group, despite its small size, it is possible to distinguish various clear postures regarding support from the Polish government, including positions of indifference and neutrality, but also negative attitudes regarding such assistance as “too little, too inappropriate”, and in fact unnecessary. Expectations of support from the state, as reported particularly by the largest of the companies, seem to contradict the assumption of the existence of Polish champions, that is, strong entities conducting expansion abroad with ease. Previously, for companies from Western Europe or the U.S., in the global boom conditions, FDIs took place on different terms. Host countries, including Poland, welcomed them as a source of knowledge, capital or a chance to modernize the economy and provide jobs. On the threshold of the second decade of the twenty-first century, the Polish companies have come to operate under completely different circumstances. Polish investments in Western Europe need to function according to the new reality. Nobody especially seeks them out; nobody has ever offered them special concessions, exemptions or incentives. Calls for more active support for the expansion of Polish companies, then, should not surprise anyone. Theoretically, Polish companies can operate in the open, *de facto* unlimited, regulated European Union, which gives them non-discriminative access to other markets, but in practice, the conditions imposed upon them suggest the need for support from the home administration. Thus, to take advantage of the opportunities offered by the EU single market, it is necessary to obtain appropriate support from the Polish authorities. Further study of the form and extent of potential state aid in the process of internationalization of Polish companies would seem to be very desirable (Banno et al. 2012).

It should be emphasized that the presented conclusions are a theoretical interpretation of Polish direct investment in the mature markets of Western Europe, based on obtained empirical data. The proposed model (Diagram 1) does not and cannot constitute a general conclusion about the phenomenon of FDI by Polish companies in more developed countries. It can only serve as a research proposal and inspiration for further study in this area.

Diagram 1. Model of the search for patterns for the internationalization of Polish companies in the form of FDI in Western Europe



Source: own compilation.

A certain perceived paradox regarding Polish investments in mature EU markets is that they are made by companies for which such expansion becomes a condition of continued existence in Poland and of guaranteed future operations. One surmises that just as investments to the "east" to "low-cost" countries stem mainly from a desire to improve efficiency, so the investments in question stem from necessity. It can be assumed that the presence of Polish companies in the form of FDI in Western Europe results from efforts to maintain domestic operations. This necessitates crossing borders, but by no means implies relocation, not at the expense of operations in the home market. In the case of such internationalization one can therefore speak of a secondary role for operations in Poland. Most likely, this is due to the industry specifics, as Polish investments in Western Europe are conducted by entities which tend to represent knowledge-intensive, science-inclined niches. The syncretism of Polish investment in the markets of Western Europe identified in the course of this study may reflect the specificity of "reverse" FDIs and constitute a practical aspect of their unique character. (Lado et al. 2006)[11] This question (along with that of the certain necessity to guarantee one's existence) would seem to be an interesting thread to take up in further research on the expansion of Polish entities into highly-developed markets.

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[11] As an alternative to accepting the paradox, contradictions discovered in the course of the study on clarification of certain phenomena and potential generation of theory may require clarification or repeated redefinition of levels of analysis, transient separation of conflicting levels of analysis or the introduction of new conditions in order to resolve contradictions (See Poole 1989, pp. 562–578).

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