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Doctoral dissertation

**Entry strategies of Polish enterprises into the
Vietnamese market under the conditions of
the European Union-Vietnam Free Trade
Agreement (EVFTA)**

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"There is no longer any such thing as a purely national economy. The rest of the world is just too big to ignore, either as a market or as a competitor. If business schools do nothing other than to train their students to think internationally, they would have accomplished an important task".

(John Young, CEO, Hewlett-Packard¹)

INTRODUCTION

The rapidly progressing internationalization of enterprises has been an outstanding feature of the world economy for many decades. Although there have been recently a lot of discussions about de-internationalization and de-globalization in the context of the US-China trade war, the COVID-19 pandemic, the Russian war against Ukraine, and so forth, the internationalization of enterprises remains a very intensive process. This process is reflected in a huge number of research papers, in which scholars try to (1) identify, describe, and explain the changes taking place (the descriptive-explanatory stream of research) and (2) formulate normative recommendations for managers and economic politicians (the normative stream)².

Internationalization has been reflected in the literature through various frameworks and theories that have been changing over time. The early theories of internationalization were introduced in the 1960s and 1970s, beginning with the pioneering works of C. P. Kindleberger and S. Hymer (*monopolistic advantage theory*). Another approach that also played an important role in the development of the literature on internationalization is the *product cycle theory of international trade and investment* presented by R. Vernon in 1966, referring to the *technology gap theory* of M. Posner. Over the following years, many theories have emerged and explained the internationalization of enterprises from different approaches, the most prominent of which are: F. T. Knickerbocker (*oligopolistic reaction theory*), P. J. Buckley and M. Casson (*internalization theory*, referring inward transactions), O. E. Williamson (*transaction cost theory*), and J. H. Dunning (*eclectic theory of international production* with several further modifications). An important role

¹ Cited in: S. Kim, S. H. Kim, *Global Corporate Finance: Text and cases*, 6th edition, Oxford (UK), Blackwell, 2006, p. 25.

² M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, Warsaw, PWE, 2007, p. 7.

in the development of research on internationalization was also played by the *theories of stage internationalization*, including the *Uppsala model of internationalization*, the *innovation-related internationalization models*, and the *Finnish model*. Since the late 1980s, research on the internationalization of enterprises has also been significantly influenced by the *network-based theory* and the *concepts of international entrepreneurship*, including (1) the *concept of international new venture (INV)*, *born global*, or *accelerated/rapid internationalization* and (2) *alternative models of international entrepreneurship*. Along with the intensive expansion of enterprises into emerging markets over the past two decades, several theoretical frameworks have recently emerged and been put forward to explain the behaviors of enterprises in the international markets, in which the two most used approaches are the *resource-based view (RBV)* and *institution-based view (institutional theory)*.

These theories address several weighty areas of research, including, inter alia, the motives for internationalization, location selection for the enterprise's foreign operation, the decision-making process of internationalization, and selection of the forms of internationalization (i.e., exports, foreign direct investments, and other forms of international expansion). Among these issues, the selection of the forms of internationalization (international market entry strategies) is the topic that has attracted the most attention of scholars for decades. Especially, the two contemporary approaches (i.e., the resource-based view and the institutional theory) have been most frequently applied in recent years to explain the choices of international market entry strategies of enterprises in the context of emerging markets.

The internationalization of Polish enterprises into foreign markets, including their selection of international market entry strategies is also the subject of interest of Polish scholars. The growth of interest in internationalization was related to the political and economic transformations in Poland, Poland's accession to the European Union, and in recent years – the intensive expansion of Polish enterprises into international markets. A number of empirical studies were conducted on the internationalization of Polish enterprises, including the importance of international expansion as a strategic goal, reasons behind internationalization, international market entry strategies and their directions of changes, and competitive advantages of Polish enterprises.

In recent years, there was a remarkable event, i.e., the entry into force of the EU-Vietnam Free Trade Agreement (EVFTA) on 1st August 2020. The purpose of the agreement EVFTA is to liberalize and facilitate trade and investment between the EU and

Vietnam. The agreement is expected to lead to stronger economic relations with the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN), after Singapore³. Poland as a member state of the EU is also directly affected by this agreement. Nevertheless, so far there are no empirical studies on the expansion of Polish enterprises into the Vietnamese market, especially under the conditions of the agreement EVFTA. Thus, it seems reasonable to empirically verify the entry strategies of Polish enterprises entering the Vietnamese market and their directions of changes a few years after the entry into force of the agreement EVFTA.

Furthermore, in the extant literature on internationalization, entry strategies have been frequently conceptualized along a continuum from the export/import, through various forms of contractual and equity-based cooperation with local partners in the host country, to wholly-owned subsidiaries. However, along with the increasing interest of enterprises in emerging and developing markets, which are often characterized by instability, uncertainty, and high risk, "traditional" entry strategies may become less efficient. In recent years, a new phenomenon of the so-called "international business incubator" (IBI) – an organization located in an international market that aims to facilitate enterprises' entry into the market by providing a means to bring risk and uncertainty within acceptable boundaries – has emerged and been described in the literature as a new entry strategy. It is found to be essential for firms interested in emerging markets, especially for small and medium-sized enterprises, as it can serve as a catalyst to venturing abroad that may otherwise be seen as being too risky and costly. However, the IBI is notably under-researched. There are only a few publications written on this phenomenon. As a developing and emerging country with the presence of international business incubators, Vietnam provides a pertinent research context to conduct further studies on the IBI.

The main objective of the dissertation is to determine the existing entry strategies used by Polish enterprises when entering the Vietnamese market and the directions of the changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA), as well as to identify and analyze the determinants of the entry strategies of the Polish enterprises and, based on that, to indicate an effective path to enter this market.

³ *Umowa gospodarczo-handlowa UE-Wietnam (EVFTA)*, Ministry of Development and Technology of the Republic of Poland, <https://www.gov.pl/web/rozwoj-technologie/umowa-gospodarczo-handlowa-ue-wietnam-evfta>, access: 10.04.2023

The main objective of the dissertation would be achieved through the implementation of the following specific objectives:

1. Systematization of concepts related to the internationalization of enterprises with an emphasis on contemporary approaches and review of internationalization theories and their classification.
2. Systematization of concepts related to the international market entry strategy as a part of the internationalization strategy of enterprises and classification and characterization of individual strategies, in particular emphasizing the essence and innovation of the International Business Incubation as a new entry strategy.
3. Identification and analysis of the motives for the expansion of Polish enterprises into the Vietnamese market.
4. Identification and analysis of the major determinants of the entry strategies of Polish enterprises into the Vietnamese market, namely the enterprises' resources as well as the main features (both conducive and inhibitory factors) of the Vietnamese business environment that influence its attractiveness and risk of business activities in this market.
5. Determining the impact of the Agreement EVFTA on the change in attractiveness of the Vietnamese market and the risk of operating in this market.
6. Clarification of the key resources that Polish entrepreneurs should have at their disposal to enter and compete effectively in the Vietnamese market.
7. Identification and analysis of the strategies of the Polish companies entering the Vietnamese market and the directions of the changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA).
8. Examining the awareness of Polish entrepreneurs of the International Business Incubation and their needs when using it as a new entry strategy.
9. Providing Polish entrepreneurs with practical recommendations regarding the critical success factors in expanding into the Vietnamese market.

The issues raised in the dissertation outline the space of two new important research problems. First, although there have been many studies on the internationalization of Polish enterprises in the literature, so far there has not been any research on the expansion of Polish enterprises into the Vietnamese market, particularly under the conditions of the agreement EVFTA. Second, both foreign and Polish literature on the internationalization has long focused on the analysis of the "traditional" entry strategies, while very few publications consider the new phenomenon of international business incubation. Thus,

the dissertation would be the first work in both foreign and Polish literature on internationalization to study the impact of the agreement EVFTA on businesses from the European Union (specifically from Poland) expanding into the Vietnamese market. It would also be one of the very few first works in the world to study the phenomenon of IBI as a new form of expansion into foreign markets.

The main and the specific objectives of the dissertation correspond with its structure, which consists of five chapters.

The first chapter clarifies the essence of the internationalization of enterprises by presenting definitions of this term from different approaches and their classification, as well as the motives for internationalization based on the literature studies. The following theories and models of enterprise internationalization are classified and reviewed: (1) *technology gap theory of trade and product life-cycle theory*, (2) *foreign direct investment theories*, including the *monopoly stream of research*, the *efficiency stream of research*, and the *eclectic paradigm (OLI framework)*, (3) *theories of stage internationalization*, including the *Uppsala model*, the *innovation-related internationalization models*, and the *Finnish model*, (4) *network theory of internationalization*, (5) the *concepts of international entrepreneurship*, including the *concepts of early internationalization* and the *alternative models of international entrepreneurship*, (6) the *resource-based view*, and (7) the *institutional theory*.

The second chapter presents the concept of the international market entry strategy as a part of the internationalization strategy. Then a classification and characteristics of individual international market entry strategies are presented, highlighting the main features of the international business incubation as the new entry strategy. A framework for entering the international market adopted in the dissertation, as a result of literature studies, is also presented. The next part of this chapter focuses on the analysis of the factors influencing the international market entry strategies and the process of their selection. This chapter ends with a review of existing empirical studies gathering the expansion of Polish enterprises into international markets.

In the third chapter, after introducing the objectives and subjects of the dissertation, as well as the posed research questions, the research methods used in the dissertation were presented: critical literature review (used in Chapters I and II), desk research – secondary data analysis (utilized in Chapter IV and Sub-chapter 5.2), survey research in the form of a Computer Assisted Web Interview – CAWI (its results were presented in Sub-chapter 5.1), and in-depth interview with the use of a semi-structured questionnaire

(its results were presented in the form of case studies in Sub-chapter 5.2). Characteristics of the surveyed enterprises and the interviewed ones are also presented.

The fourth chapter is a presentation of the characteristics of the Vietnamese market. The first part of this chapter was an overview of Vietnam and its economy, highlighting Vietnam's success story after implementing economic reforms, foreign investment, labor force, monetary policy, its resilience during the COVID-19 pandemic, as well as the impact of the USA-China trade war and the Russia – Ukraine war on Vietnam's economy. The next part of the chapter focuses on presenting Vietnam's free trade agreement network and clarifying the characteristics of the EU-Vietnam Free Trade Agreement (EVFTA). The fourth chapter ends with an analysis of Polish-Vietnamese economic cooperation.

The fifth chapter is devoted to presenting the results of empirical studies gathered from the survey research and in-depth interviews. In this chapter, the motives for the expansion of Polish enterprises into the Vietnamese market, the main features of the Vietnamese business environment that influence its attractiveness and the risk of operating in this market, and the resources as internal determinants of the expansion of Polish enterprises into the Vietnamese market are presented, respectively. The entry strategies of the surveyed Polish enterprises into the Vietnamese market and their directions of changes under the conditions of the EVFTA are then presented and analyzed. The case studies described in the penultimate section of this chapter deepens the aforementioned results. Accordingly, five interviewed Polish enterprises are selected from different sectors with different size and duration of operations in the Vietnamese market, namely: Adamed Pharma S.A., BHH Mikromed Sp. z o.o., CORPO Sp. z o.o. Sp. K., Transfer Multisort Elektronik sp. z o.o., and Polviet Travel Ltd. Conclusions of the quantitative and qualitative research in the form of answers to the posed research questions are presented. Based on that, several managerial and policy recommendations are proposed.

The dissertation ends with a summary of the detailed analysis, presenting the main conclusions, practical and theoretical implications, including prospects for future research.

CHAPTER I. INTERNATIONALIZATION – A REVIEW OF THEORETICAL CONCEPTS

1.1. The essence and motives of internationalization of enterprises

A dominant feature of today's world economy is the deepening process of its internationalization and globalization. Despite signs of slowing down in recent years due to global factors such as the US-China trade war, the COVID-19 pandemic, and the Russian war against Ukraine, internationalization is still an inevitable and irreversible trend driven by continuous technological advance⁴.

Internationalization is not a new term, as it has been the subject of widespread research in recent decades. Nevertheless, a single, homogeneous, and universally accepted definition of this term remains elusive. The multiplicity of definitions of internationalization results from the fact that it is an interdisciplinary phenomenon. It takes place in the economic, political and legal, technological, as well as socio-cultural dimensions⁵.

In economic terms, the internationalization of economy and society refers to the ensemble of flows of exchanges of raw materials, semi-finished and finished products, services, money, ideas, and people between two or more nation-states⁶. This term refers to the increasing importance of international trade, international relations, treaties, alliances, etc.⁷ It is noted that internationalization is associated with an increase in the number and intensity of economic links between States, groups, and firms⁸. The internationalization of the economy and businesses is a function of the willingness and motives of companies to expand abroad and invest in their development outside the home country, including entering the international markets in various forms of cooperation with foreign partners⁹.

⁴ K. E. Meyer, 'International business in an era of anti-globalization,' *Multinational Business Review*, vol. 25, no. 2, 2017, pp. 78-90.

⁵ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw w warunkach akcesji Polski do Unii Europejskiej*, Warsaw, Oficyna Wydawnicza SGH, 2010, p. 15.

⁶ R. Petrella, 'Globalization and Internationalization: The dynamics of the emerging world order' in: R. Boyer, D. Drache, *States Against Markets: The Limits of Globalization*, London, Routledge, 2005, p. 45.

⁷ H. E. Daly, 'Globalization versus internationalization - some implications,' *Ecological economics*, vol. 31, no. 1, 1999, pp. 31–37.

⁸ J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstwa*, Warsaw, PWE, 2004, p. 11; R. Oczkowska, *Przedsiębiorstwo na rynku międzynarodowym. Uwarunkowania strategii internacjonalizacji i globalizacji*, Cracow, Oficyna Wydawnicza AFM, 2007, p. 7 & p. 24.

⁹ R. Oczkowska, *Przedsiębiorstwo na rynku międzynarodowym. Uwarunkowania...*, op. cit., p. 24.

The multiplicity of approaches to internationalization in the economic literature is also a result of the fact that it has been analyzed at various levels, namely¹⁰:

- *Global* (world economy);
- *Macro*, since it relates to the internationalization of the national economy;
- *Meso*, as it refers to the internationalization of individual sectors of the economy;
- *Micro*, when it concerns the internationalization of enterprises;
- *Micro-micro*, when it relates to the internationalization within the enterprise.

In this dissertation, a focus has been made on the analysis of firm-level (micro) internationalization (hereinafter referred to as internationalization). Since internationalization is a complex subject, it is challenging to come up with an unambiguous definition of this term¹¹. The concept of internationalization has been presented in a variety of manners in the literature. The approaches to the definition of internationalization could be distinguished into different categories (see Table 1).

One of the definitions equating internationalization with specific forms of foreign expansion was given by P. Pietrasiński¹², who stated that the process of internationalization can be equated with the export of products and also transfer of production outside the country. Another definition that also belongs to this category is that of J. Lichtarski¹³, who identified the internationalization of an enterprise with its foreign direct investment activities resulting in the creation or acquisition of foreign objects that are owned by the enterprise or dependent on it. It is apparent that this definition of J. Lichtarski ignores export and non-equity forms of internationalization (see sub-chapter 2.2).

¹⁰ W. J. Otta, *Strategia przedsiębiorstwa*, in: *Przedsiębiorstwo na rynku międzynarodowym. Analiza strategiczna*, red. T. Gołębiowski, Warsaw, PWN, 1994, p. 15.

¹¹ B. Buczkowski, A. Kłysik-Uryszek, A. Kuna-Marszałek, J. Świerkocki, *Polskie inwestycje bezpośrednie. Doświadczenie przedsiębiorstw regionu łódzkiego*, Łódź, Wydawnictwo Uniwersytetu Łódzkiego, 2015, p. 17.

¹² P. Pietrasiński, *Międzynarodowe strategie marketingowe*, Warsaw, PWE, 2005, p. 15.

¹³ J. Lichtarski, *Podstawy nauki o przedsiębiorstwie*, Wrocław, Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, 1999, p. 398.

Table 1. The categories of definitions of internationalization by research approaches

Category	Authors
Form-based approach: Definitions that equate internationalization with specific forms	P. Pietrasiński (2005); J. Lichtarski (1999)
Definitions linking internationalization with the geographical expansion of the enterprise's activities into foreign markets	S. B. Tallman and G. S. Yip (2008), J. Wiktor (1998), J. Rymarczyk (2004), G. Batsakis and S. Singh (2019), M. Gorynia (2007), M. Strzyżewska (2005), B. Buczkowski, A. Kłysik-Uryszek, A. Kuna-Marszałek, and J. Świerkocki (2015), N. Piercy (1981), P. W. Turnbull (1985)
Process approach: Definitions treating internationalization as a process	L. S. Welch and W. Luostarinen (1988); L. Melin (1992); P. W. Beamish (1990); J. A. Mathews (2002)
Network-based approach: Definitions that equate internationalization with the entry of companies into business networks	J. Johanson and J. E. Vahlne (1990); U. Lehtinen and H. Penttinen (1999); L. Calof and P. W. Beamish (1995); L. Zhou, W. Wu, and X. Luo (2007)
Definitions identifying internationalization with the involvement of firms' resources abroad	O. Andersen (1997); P. Ahokangas (2006); E. Duliniec (2007)
Definitions equating the internationalization with the internationalization of the value chain	Z. Pierścionek (2007); S. Hollensen (2011)
Definitions equating internationalization with the process of development/growth	P. Buckley and P. N. Ghauri (1999); M. K. Nowakowski (2005)
Eclectic approaches: Definitions referring to two or more of the above-mentioned approaches to internationalization of the enterprise	G. Albaum, J. Strandkov, E. Duerr and L. Dowd, (2005 & 2016); M. K. Witek-Hajduk (2010)
Alternative approaches	B. Elango and J. R. Wieland (2017); J. H. Dunning (1981, 1988)

Source: Own elaboration on the basis of M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich ...*, op. cit., p. 17, and literature review.

The definitions identifying internationalization with the geographical expansion of the enterprise's activities into foreign markets have been presented by many scholars, such as S. B. Tallman and G. S. Yip (2008), J. W. Wiktor (1998), J. Rymarczyk (2004), G. Batsakis and S. Singh (2019), M. Gorynia (2007), M. Strzyżewska (2005), B. Buczkowski, A. Kłysik-Uryszek, A. Kuna-Marszałek and J. Świerkocki (2015), N. Piercy (1981), and P. W. Turnbull (1985). Taking account of the advent of the Internet, S. B. Tallman and G. S. Yip¹⁴ considered internationalization to occur with any cross-border geographic spread of activities, whether physically or electronically. According

¹⁴ S. B. Tallman, G. S. Yip, 'Strategy and the multinational enterprise' in: A. M. Rugman, *The Oxford Handbook of International Business*, 2nd edition, New York, Oxford University Press, 2008, p. 312.

to J. Wiktor¹⁵ and J. Rymarczyk¹⁶, internationalization means any type of business activity that an enterprise undertakes abroad. A similar definition was given by G. Batsakis and S. Singh¹⁷, who posited that internationalization includes crossing the boundaries of the enterprise's home and setting up operations overseas. On the other hand, M. Gorynia¹⁸ believed that the internationalization of an enterprise occurs when at least one of its products (or services) is linked to the foreign market. He emphasized the relationship of the product/service with the foreign market (not the sales) because in his opinion the relationship of the enterprise with the foreign market can take many forms, not only the form of sales (export)¹⁹. Also, M. Strzyżewska²⁰ identified internationalization as the geographical expansion of the scope of the enterprise's activities, as did B. Buczkowski, A. Kłysik-Uryszek, A. Kuna-Marszałek, and J. Świerkocki²¹, who argued that internationalization is connected with the expansion of companies into foreign markets. As far back as the 1980s, N. Piercy²² defined internationalization as the degree and type of commitment of an enterprise and its management to business gained from sources external to the home market, while P. Turnbull²³ considered internationalization as the outward movement in the company's international operations.

In many scholarly publications, researchers have tended to consider internationalization as a process. Specifically, for L. S. Welch and R. Luostarinen²⁴, internationalization means the process of increasing involvement in international operations. Meanwhile, L. Melin²⁵ defined it as a process of evolutionary change that

¹⁵ J. W. Wiktor, 'Internacjonalizacja a marketing międzynarodowy' in: J. W. Wiktor, *Współczesne problemy marketingu międzynarodowego*, Cracow, Akademia Ekonomiczna w Krakowie, 1998, p. 27.

¹⁶ J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstwa*, op. cit., p. 19.

¹⁷ G. Batsakis, S. Singh, 'Added distance, entry mode choice, and the moderating effect of experience: The case of British MNEs in emerging markets,' *Thunderbird International Business Review*, vol. 61, no. 4, 2019, p. 581–594.

¹⁸ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., p. 35.

¹⁹ Ibidem.

²⁰ M. Strzyżewska, 'Marketing na rynkach zagranicznych' in: M. K. Nowakowski, *Biznes międzynarodowy. Od internacjonalizacji do globalizacji*, Warsaw, Oficyna Wydawnicza SGH, 2005, p. 419.

²¹ B. Buczkowski, A. Kłysik-Uryszek, A. Kuna-Marszałek, J. Świerkocki, *Polskie inwestycje bezpośrednie...*, op. cit., p. 17.

²² N. Piercy, 'Company Internationalisation: Active and Reactive Exporting,' *European Journal of Marketing*, vol. 15, no. 3, 1981, pp. 26–40.

²³ P. Turnbull, "Internationalisation of the Firm - A Stages Process or Not?", paper presented at the conference on Export Expansion and Market Entry Modes, Dalhousie University, Halifax, October 15/16, 1985, cited in: L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' *Journal of General Management*, vol. 14, no. 2, 1988, pp. 34–55.

²⁴ L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit.

²⁵ L. Melin, 'Internationalization as a strategy process,' *Strategic Management Journal*, vol. 13, Special Issue: Fundamental Themes in Strategy Process Research, 1992, pp. 99–118.

leads to the organization's international commitment, which is a function of the growth of knowledge about foreign markets. According to P. W. Beamish²⁶, internationalization can be defined as the process by which enterprises both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other partners. At the core of these transactions is the belief that all participants in the transaction benefit from them²⁷. On the other hand, for J. A. Mathews²⁸, the term should be understood as "the process of the firm's becoming integrated in international economic activities". The term "process" in these definitions is deliberately used to convey that internationalization is an ongoing and continuing effort.

Internationalization has also been defined and explained through networks and interfirm relationships. J. Johanson and J. E. Vahlne²⁹ initially defined internationalization as a process in which companies gradually increase their international involvement. Nevertheless, in the later publications, these authors also referred to the network-based approach to internationalization, which is a development of the process approach. They indicated that the internationalization of a company is the process of developing a network of its business relationships in the international markets through (1) *international extension* (i.e., the establishment of relationships in country networks that are new to the company), (2) *penetration* (i.e., the development of relationships in those networks) and (3) *international integration* (i.e., connecting networks in different countries)³⁰.

Other authors who also applied the network-based approach to internationalization are U. Lehtinen and H. Penttinen, J. Calof and P. Beamish, L. Zhou, as well as W. Wu and X. Luo. For them, internationalization should be viewed as the integrated network of business relationships in international markets that are continuously constructed,

²⁶ P. W. Beamish, 'The internationalization process for smaller Ontario firms: a research agenda' in: A. M. Rugman, *Research in global strategic management – international business research for the twenty-first century: Canada's new research agenda*, Greenwich, JAI Press, 1990, pp. 77–92.

²⁷ Ibidem.

²⁸ J. A. Mathews, *Dragon Multinational: A New Model for Global Growth*, Oxford, Oxford University Press, 2002, p. 41.

²⁹ J. Johanson, J. E. Vahlne, 'The internationalization process of the firm: a model of knowledge development and increasing foreign commitments,' *Journal of International Business Studies*, vol. 8, no. 1, 1977, pp. 23–32.

³⁰ J. Johanson, J. E. Vahlne, 'The mechanism of internationalization,' *International Marketing Review*, vol. 7, no. 4, 1990, pp. 11–24.

maintained, and even dissolved. More specifically, U. Lehtinen and H. Penttinen³¹ described internationalization as "the relationships between the firm and its international environment, derives its origin from the development and utilization process of the personnel's cognitive and attitudinal readiness and is concretely manifested in the development and utilization process of different international activities, primarily inward, outward and cooperative operations". Meanwhile, J. L. Calof and P. W. Beamish³² proposed that internationalization is the process of adapting a firm's operations to the international environment. According to these authors, the term internationalization can be applied to various elements in an enterprise: strategy, organizational structure, products, and so forth. Another definition referring to the network-based approach was given by L. Zhou, W. Wu, and X. Luo³³, who maintained that internationalization is a dynamic process through which internationally oriented firms are engaged in a diverse range of cross-border network relations and exchanges. In conclusion, in terms of the network-based approach, internationalization means that the enterprise develops business relationships in networks in other countries, that is, network positions³⁴.

Many scholars have associated the internationalization of an enterprise with the involvement of its resources abroad. O. Andersen³⁵ proposed that internationalization is a process of adapting exchange transaction modality to foreign markets. For this author, internationalization is associated with transfer of products, services or resources across national boundaries and the foreign market selection as well as the entry mode choice. In turn, P. Ahokangas³⁶ pointed out that internationalization is "the process of mobilizing, accumulating and developing resource stocks for international activities". Definitions that

³¹ U. Lehtinen, H. Penttinen, 'Definition of the internationalization of the firm' in: U. Lehtinen, H. Seristoe, *Perspectives on Internationalization*, Helsinki, Helsinki School of Economics and Business Administration, 1999, pp. 3–19, cited in: M. Ruzzier, R. D. Hisrich, B. Antoncic, 'SME internationalization research: past, present, and future,' *Journal of Small Business and Enterprise Development*, vol. 13, no. 4, 2006, pp. 476–497.

³² J. L. Calof, P. W. Beamish, 'Adapting to Foreign Markets: Explaining Internationalization,' *International Business Review*, vol. 4, no. 2, 1995, pp. 115-131.

³³ L. Zhou, W. Wu, X. Luo, 'Internationalization and the Performance of Born-Global SMEs: The Mediating Role of Social Networks,' *Journal of International Business Studies*, vol. 38, no. 4, 2007, pp. 673–690, cited in: N. E. M. Ngasri, S. Freeman, 'Conceptualizing Network Configurations as Dynamic Capabilities for Emerging Market Born Globals,' *International Studies of Management & Organization*, vol. 48, no. 2, 2018, pp. 221 – 237.

³⁴ G. Albaum, E. Duerr, A. Josiassen, *International marketing and export management*, 8th edition, Harlow, Pearson, 2016, p. 97.

³⁵ O. Andersen, 'Internationalization and market entry mode: a review of theories and conceptual frameworks,' *Management International Review*, vol. 37, special issue 2, 1997, pp. 27–42.

³⁶ P. Ahokangas, *Internationalization and resources: an analysis of processes in Nordic SMSs*, doctoral dissertation, Vaasa, Universitas Wasaensis, 1998, cited in: M. Ruzzier, R. D. Hisrich, B. Antoncic, 'SME internationalization research: past, present, and future,' op. cit.

identify internationalization with the involvement of firms' resources abroad can also be found in the Polish language literature. For instance, E. Duliniec³⁷ emphasized the marketing aspect, defining internationalization as the involvement of an enterprise's resources, including capital and human resources, in marketing activities aimed at recipients of products and services in the world.

In the literature, some definitions equate the internationalization of an enterprise with the internationalization of its value chain. One such definition is the concept of Z. Pierścionek³⁸ who defined the internationalization of an enterprise as any form and range of linkages between its activities and foreign markets, emphasizing that these linkages can relate to different parts of the value chain. Another point of view is that of S. Hollensen³⁹, who considered the internationalization of an enterprise as the expansion of its sales into foreign markets. He noted that all internationally oriented enterprises must consider an eventual internationalization of the value chain's functions⁴⁰.

Some scholars have also presented definitions that identify internationalization with firm growth. P. Buckley and P. N. Ghauri⁴¹ defined internationalization as crossing national boundaries in the process of growth. A similar point of view was expressed by M. Nowakowski⁴², who considered the internationalization of an enterprise as its development, emphasizing the part of strategic decisions that concern the international expansion of the enterprise or its connections with foreign markets.

An eclectic definition of internationalization was presented by G. Albaum, E. Duerr, J. Strandskov, and A. Josiassen. These authors defined internationalization as the successive development in an enterprise's international engagement in terms of the geographical spreading in markets, products, and operations forms, as well as the changes in management philosophy and organizational behavior from the beginning of the process to the current situation⁴³. In their opinion, the enterprise "becomes increasingly

³⁷ E. Duliniec, *Marketing międzynarodowy*, Warsaw, PWE, 2007, p. 13.

³⁸ Z. Pierścionek, *Strategie konkurencji i rozwoju przedsiębiorstw*, Warsaw, PWN, 2007, pp. 454–455.

³⁹ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, Harlow, Pearson Education Ltd, 2011, p. 6.

⁴⁰ Ibidem, p. 31.

⁴¹ P. Buckley, P. N. Ghauri, *The Internationalization of the Firm*, London, Thomson Business, 1999, p. 9, cited in: F. Li, D. Ding, 'The dual effects of home country institutions on the internationalization of private firms in emerging markets: Evidence from China,' *Multinational Business Review*, vol. 25, no. 2, 2017, pp. 128–149.

⁴² M. K. Nowakowski, *Biznes międzynarodowy. Od internacjonalizacji do globalizacji*, Warsaw, Oficyna Wydawnicza SGH, 2005, pp. 21-22.

⁴³ G. Albaum, E. Duerr, J. Strandskov, *International Marketing*, 2nd ed., Chapter 1, New York, Addison-Wesley, 1994, cited in: K. Alrawi, 'The internet and international marketing,' *Competitiveness Review*, vol. 17, no. 4, 2007, pp. 222-233.

internationalized as it becomes more involved in and committed to serving markets outside of its home country"⁴⁴. For them, internationalization might be thought of as: (1) a process, (2) an end result, and (3) a way of thinking. More specifically⁴⁵:

- Internationalization as a process is characterized by a phased arrangement of its forms (see sub-chapter 2.4) – *process approach*;
- Internationalization as an end result is based on (1) the use of specific indicators to identify the intensity of involvement of an international enterprise, (2) characterization of internationalization by means of the degree of independence of the enterprise in the implementation of this strategy and (3) the analysis of internationalization as an institutional phenomenon – *static approach*;
- Internationalization as a way of thinking should be considered from the perspective of the behavior of the management of the international company – *behavioral approach*.

Though there are many approaches to the definitions of internationalization, the one that summarizes all the aforementioned aspects of internationalization is the definition of M. K. Witek-Hajduk⁴⁶. This author approached the issue from a wide perspective, identifying internationalization with its various forms, processes, geographical expansion, establishing an interfirm relationship with foreign partners, the company's value chain as well as the participation of its resources in the international markets. She also emphasized an "eclectic composition", i.e., dynamic, static, and behavioral dimensions of internationalization.

It is also worth pausing to consider some alternative approaches to the enterprise's internationalization. For instance, B. Elango and J. R. Wieland⁴⁷ stated that internationalization refers to the degree to which an enterprise's operations take place internationally. It is also worth quoting the idea of the eclectic paradigm of J. H. Dunning⁴⁸, who considered internationalization as a model of investing abroad, where an enterprise uses its own advantages of *ownership, internalization and localization*.

⁴⁴ G. Albaum, E. Duerr, J. Strandskov, *International marketing and export management*, 5th edition, Harlow, Prentice Hall – Pearson, 2005, p. 5; G. Albaum, E. Duerr, A. Josiassen, *International marketing and export management*, 8th edition, op. cit., p. 20.

⁴⁵ J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstwa*, op. cit., pp. 19–31.

⁴⁶ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., pp. 24–25.

⁴⁷ B. Elango, J. R. Wieland, 'Impact of multilevel boundaries on internationalization: an exposition of region of origin effect,' *Multinational Business Review*, vol. 25, no. 3, 2017, pp. 206–221.

⁴⁸ J. H. Dunning, *International Production and the Multinational Enterprise*, London, George Allen and Unwin, 1981, cited in: A. Kłysik-Uryszek, A. Kuna-Marszałek, 'Geographical breakdown of Polish OFDI –explanatory potential of Uppsala model,' *Journal of International Studies*, vol. 8, no 1, 2015, pp. 150–

Some scholars, for instance, L. S. Welch and R. Luostarinen⁴⁹, have posited that internationalization is expected to be associated with, and at the same time dependent upon, many dimensions: foreign operation method (how), sales objects (what), markets (where), organizational structure, personnel, and finance. One can argue that the international success of any company will depend heavily on their ability to master and successfully apply these dimensions to its foreign operation. Accordingly, E. T. Douglas and E. Lorraine⁵⁰ proposed that internationalization is illustrated by three components:

- *Foreign market penetration*, i.e., the dependence of the firm on foreign markets, measured by the foreign sales-total sales ratio;
- *Foreign production presence*, i.e., the degree to which the enterprise is engaged in production-based activities across borders, measured by the foreign assets-total assets ratio and foreign employment-total employment ratio;
- *Country scope*, i.e., the geographic range or breadth of the firm's international presence, measured by both the total number of foreign affiliates and the number of countries where the company has foreign affiliates.

The first two components – *foreign market penetration* and *foreign production presence* – represent the depth of the enterprise's involvement abroad. They allow to answer the question: "*What percent of the enterprise's activities are conducted outside the home country?*". The last component – *country scope* – captures the breadth of internationalization. This component addresses the question: "*How wide is the global reach of the multinational enterprise?*"⁵¹.

Some scholars have also come up with those terms, such as: ***inward - outward internationalization*** and ***active - passive internationalization***. In the literature, it has been argued that internationalization includes both inward and outward internationalization activities⁵². *Inward internationalization* activities include franchising, licensing and establishing joint ventures in a firm's home country with

163; J. H. Dunning, 'The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions,' *Journal of International Business Studies*, vol. 19, no. 1, 1988, pp. 1–33; N. E. Coviello, A. McAuley, 'Internationalisation and the Smaller Firm: A Review of Contemporary Empirical Research,' *Management International Review*, vol. 39, no. 3, 1999, pp. 223–256.

⁴⁹ L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit., pp. 34–55.

⁵⁰ E. T. Douglas, E. Lorraine, 'What is the Shape of the Multinationality-Performance Relationship,' *Multinational Business Review*, vol. 12, no. 1, 2004, pp. 89–110.

⁵¹ E. T. Douglas, E. Lorraine, 'What is the Shape of the Multinationality-Performance Relationship,' op. cit., pp. 89–110.

⁵² F. Li, D. Ding, 'The dual effects of home country institutions on the internationalization of private firms in emerging markets: Evidence from China,' op. cit.

foreign firms⁵³, while *outward internationalization* activities occur outside a firm's home country and include exporting, licensing or foreign direct investments⁵⁴. L. S. Welch and R. K. Luostarinen⁵⁵ posited that the inward process may precede and influence the development of outward activities, in such a way that the effectiveness of the inward activities could determine the success of outward internationalization. The other terms related to internationalization are the *active internationalization* and *passive internationalization* employed by M. Gorynia and M. Rozkwitalska. For these authors, active internationalization is the foreign expansion of an enterprise in various forms. Conversely, passive internationalization means entering into variety of business relationships with foreign partners without going beyond the borders of the home country⁵⁶. Another approach was presented by M. Strzyżewska⁵⁷, who proposed that active internationalization of a firm means its competition in international markets, while passive internationalization occurs when the firm is forced to compete in its home market with foreign rivals.

Internationalization is also considered in the context of *de-internationalization*⁵⁸, which can take a form of *divestment*⁵⁹ or *re-internationalization*⁶⁰. De-internationalization is not a new phenomenon. Since the 70s companies have been making decisions of withdrawing from international activities or changing entry modes⁶¹. It is argued that once an enterprise has embarked on the process of internationalization, there is no guarantee that the enterprise would continue it in the future⁶². It is due to the

⁵³ H. Korhonen, R. Luostarinen, L. S. Welch, 'Internationalization of SMEs: Inward-Outward patterns and government policy,' *Management International Review*, vol. 36, no. 4, 1996, pp. 315–329; F. Li, D. Ding, 'The dual effects of home country institutions on the internationalization of private firms....,' op. cit., pp. 128–149.

⁵⁴ T. Karlsen, P. R. Silseth, G. R. Benito, L. S. Welch, 'Knowledge, internationalization of the firm and inward-outward connections,' *Industrial Marketing Management*, vol. 32, no. 5, 2003, pp. 385–396; F. Li, D. Ding, 'The dual effects of home country institutions on the internationalization of private firms....,' op. cit.

⁵⁵ L. S. Welch, R. K. Luostarinen, *Inward-outward connections in internationalization*, "Journal of International Marketing", 1993, Vol. 1, No. 1, pp. 44–56.

⁵⁶ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., pp. 35–36; M. Rozkwitalska, *Zarządzanie międzynarodowe*, Warsaw, Difin, 2007, p. 122;

⁵⁷ M. Strzyżewska, *Marketing na rynkach zagranicznych*, op. cit., p. 419.

⁵⁸ L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit.

⁵⁹ J. L. Calof, P. W. Beamish, 'Adapting to Foreign Markets: Explaining Internationalization,' op. cit.; C. Turner, 'Deinternationalisation: towards a coevolutionary framework,' *European Business Review*, vol. 24, no. 2, 2012, pp. 92–105.

⁶⁰ J. Chen, C. M. P. Sousa, X. He, 'Export market re-entry: Time-out period and price/quality dynamisms,' *Journal of World Business*, vol. 54, no. 2, 2019, pp. 154–168.

⁶¹ J. Boddewyn, *Foreign divestment. Magnitude and factors*, "Journal of International Business Studies", 1979, 10(1), pp. 21–27.

⁶² L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit.

fact that sometimes in response to variety of factors, the enterprise must drop a product, divest a division, sell a foreign production plant, or lay off personnel involved in their international operations⁶³. L. S. Welch and R. Luostarinen⁶⁴ emphasized that de-internationalization can occur at any stage, but it is particularly likely in the early stages of export development. It is noted that de-internationalization is characterized by: (1) a voluntary or forced reduction in the degree of enterprise's involvement on foreign markets, and (2) the complete withdrawal of the enterprise from a foreign market or partial reduction of its involvement on a given market⁶⁵.

J. Calof and P. Beamish⁶⁶, defining internationalization as a continuous process to adapt the structure, strategies, resources, and other business activities to the conditions prevailing in the international environment, claimed that de-internationalization is a deliberate reduction in the degree of involvement of companies in international markets. Meanwhile, G. Benito and L. S. Welch proposed that this process refers to all actions, both voluntary and forced, which result in a reduction of firm's activities in foreign markets⁶⁷. These authors analyzed de-internationalization from three theoretical perspectives: *economics*, *strategic management* and *internationalization process management*. From the perspective of economics, de-internationalization is treated as a rational response of an enterprise to changes in market and competitive conditions. From the perspective of strategic management, the enterprise decides to conduct de-internationalization based on the analysis of product life cycle and portfolio of activities and resources. Lastly, from the viewpoint of the internationalization process management, G. Benito and L. S. Welch pointed out that the ongoing internationalization process of the company is itself seen as a major barrier for de-internationalization, for instance, due to the increasing involvement of senior management in operations in the foreign markets. The authors focused primarily on the initial stage of the de-internationalization process without taking into account neither the implementation phase of de-internationalization nor the factors determining this process.

⁶³ J. L. Calof, P. W. Beamish, 'Adapting to Foreign Markets: Explaining Internationalization,' op. cit.

⁶⁴ L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit.

⁶⁵ E. Reiljan, *Reasons for de-internationalization: an analysis of Estonian manufacturing companies*, Workshop paper on 30th EIBA Annual Conference: Enlarged European Union: Challenges to International Business and Management, Ljubljana, 2004.

⁶⁶ J. Calof, P. W. Beamish, 'Adapting to Foreign Markets: Explaining Internationalization,' op. cit.

⁶⁷ G. Benito, L. S. Welch, 'De-Internationalization,' *Management International Review*, vol. 37, no. 2, 1997, pp. 7–25.

It should also be emphasized that the internationalization or de-internationalization of enterprises are not always a linear and forward-moving process. Many enterprises withdraw from international markets (*de-internationalization*), stay out of it for a period of time (namely a *time-out period*) and then re-enter the international arena, concluding with successfully renewed international operations⁶⁸. Such de- and re-internationalization activities of enterprises represent their foreign involvement fluctuations and internationalization flexibility, referred to as *nonlinear internationalization*⁶⁹. **Re-internationalization**, defined as "withdrawal from inward and outward international operations by a company before subsequent international re-entry"⁷⁰, can be beneficial to enterprises that are competing for global expansion and growth, since it reduces the uncertainty of a new entry and increases the possibility of achieving internationalization expansion⁷¹. J. Bell, R. McNaughton and S. Young⁷² described a particular type of re-internationalization that occurs after a long "break" in international activity, which they called "*born-again global firm*". Nevertheless, this phenomenon is much less frequently investigated by researchers than de-internationalization⁷³.

Internationalization is frequently confused with *globalization*⁷⁴, and by some researchers these terms are used synonymously⁷⁵. There have been many attempts to define this term and numerous opinions have been brought to debate. Globalization is often attributed to T. Levitt⁷⁶ and his article entitled "*The globalization of markets*"⁷⁷, in

⁶⁸ C. L. Welch, L. S. Welch, 'Re-internationalisation: Exploration and conceptualisation,' *International Business Review*, vol. 18, no. 6, 2009, pp. 567–577.

⁶⁹ T. Vissak, B. Francioni, 'Serial nonlinear internationalization in practice: A case study,' *International Business Review*, vol. 22, no. 6, 2013, pp. 951–962; J. Chen, C. M. P. Sousa, X. He, 'Export market re-entry: Time-out period and price/quality dynamisms,' op. cit.

⁷⁰ C. L. Welch, L. S. Welch, 'Re-internationalisation: Exploration and conceptualisation,' op. cit.

⁷¹ M. Bernini, J. Du, J. H. Love, 'Explaining intermittent exporting: Exit and conditional re-entry in export markets,' *Journal of International Business Studies*, vol. 47, no. 9, 2016, pp. 1058–1076; R. G. Javalgi, S. Deligonul, A. Dixit, S. T. Cavusgil, 'International market reentry: A review and research framework,' *International Business Review*, vol. 20, no. 4, 2011, pp. 377–393; J. Chen, C. M. P. Sousa, X. He, *Export market re-entry: Time-out period and price/quality dynamisms*, op. cit.

⁷² J. Bell, R. McNaughton, S. Young, 'Born-again global' firms. An extension to the 'born global' phenomenon, *Journal of International Management*, vol. 7, no. 3, 2001, pp. 173–189.

⁷³ T. Vissak, B. Francioni, 'Serial nonlinear internationalization in practice: A case study,' op. cit.

⁷⁴ H. E. Daly, 'Globalization versus internationalization - some implications,' op. cit.

⁷⁵ For example, see: C. Wang, L. C. Wood, H. Abdul-Rahman, H. B. Ng, 'Triggering the internationalization of Malaysian quantity surveying firms,' *Service Business*, vol. 11, no. 3, 2017, pp. 631–663. In this article these authors defined globalization as an outward movement of a firm's international operations.

⁷⁶ T. Levitt, 'The globalization of markets,' *Harvard Business Review*, vol. 5, no. 6, 1983, pp. 92–102.

⁷⁷ J. N. Sheth, C. Uslay, R. S. Sisodia, 'The Globalization of Markets and the Rule of Three' in: P. Kitchen, *Marketing Metaphors and Metamorphosis*, London, Palgrave Macmillan, 2008, pp. 26–41; R. Abdelal, R. S. Tedlow, 'Theodore Levitt's 'the Globalization of Markets': An Evaluation after Two Decades', Harvard NOM Working Paper no. 03–20, 2003.

which this author asserted that technological, socio-cultural, political and economic changes are driving the world toward a homogeneous, unified and global market.

S. Hollensen⁷⁸ defined globalization as the growing interdependence of national economies that involves mainly customers, producers, suppliers and governments in different markets. Meanwhile, J. D. Daniels, L. H. Radebaugh and D. P. Sullivan⁷⁹ believed that globalization refers to the widening set of interdependent relationships among people from different parts of a world that happens to be divided into nations and the elimination of barriers to international movements of goods, services, capital, technology and people that influence the integration of world economies. Another point of view is that of C. W. L. Hill⁸⁰, who implies that globalization refers to the shift toward a more integrated and interdependent world economy. This author emphasized that globalization includes (1) the *globalization of markets* that refers to the merging of historically distinct and separate national markets into one huge global marketplace, and (2) the *globalization of productions* referring to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (e.g., labor, energy, land and capital)⁸¹.

Several researchers believe that globalization is a higher, more (the most⁸²) advanced and complex degree of internationalization. P. Dicken⁸³ summarized a strong view of the difference between these two terms. For this author, internationalization refers simply to the increasing geographical spread of economic activities across national boundaries, while globalization is a more advanced and complex form of internationalization, which implies a degree of functional integration between internationally dispersed economic activities. In turn, H. E. Daly⁸⁴ opined that internationalization refers to international trade, international relations, alliances, treaties, and so forth, emphasizing that "international" means between or among nations. On the other hand, this author, defining globalization as global economic integration of many formerly national economies into

⁷⁸ S. Hollensen, *Global marketing. A decision-oriented approach*, op. cit., p. xvi (preface).

⁷⁹ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, 15th edition, Harlow, Pearson Education Limited, 2015, p. 47.

⁸⁰ C. W. L. Hill, *International business. Competing in the global marketplace*, 9th edition, New York, McGraw-Hill, 2012, p. 6.

⁸¹ C. W. L. Hill, *International business. Competing in the global marketplace*, op. cit., pp. 6–7.

⁸² M. Gorynia, 'Competition and globalisation in economic sciences. Selected aspects,' *Economics and Business Review*, vol. 5 (19), no. 3, 2019, pp. 118-133.

⁸³ P. Dicken, *Global shift. The internationalization of economic activity*, New York – London, Guilford Press, 1992, p. 1.

⁸⁴ H. E. Daly, 'Globalization versus internationalization - some implications,' op. cit.

one global economy, primarily by free trade and free capital mobility, as well as by easy or uncontrolled migration, emphasized that it is the effective erasure of national boundaries for economic purposes⁸⁵. Another opinion is that of A. Zorska⁸⁶, who proposed that globalization is a long-term process of internationalization of economic activities at the level of economies, industries/sectors and firm across national borders through the expansion, deepening and intensification of various types of relations (trade, investment, cooperation, information), which leads to the creation of an interdependent economic system on a global scale, i.e., the global economy. In turn, B. Winiarski⁸⁷ considered globalization of an economy as the most far-reaching form of its internationalization in the spatial dimension. Accordingly, globalization is the process of organizing and conducting production, exchange and capital flows on a global scale and treating the entire globe as a single market⁸⁸.

B. Pera⁸⁹ presented another view, suggesting that internationalization is largely the result of the ongoing process of globalization. According to this author, the changes taking place in the global economy have a major impact not only on the development of countries, but also contribute to the intensification of economic linkages between entities at various levels, which also include enterprises that are increasingly closely linked and involved in international activities. Firms internationalizing their activities promote globalization and, moreover, reflect it⁹⁰.

Another approach to the relationship between internationalization and globalization was represented by A. Koźmiński⁹¹, who asserted that the main difference between these terms is in the *scope*: The scope of internationalization includes several countries, while in the case of globalization – the entire global market.

There is no doubt that the world is changing fast. For the world to change in such a way, strong forces are required. J. D. Daniels, L. H. Radebaugh and D. P. Sullivan⁹² listed seven interrelated factors that fuel globalization:

⁸⁵ Ibidem.

⁸⁶ A. Zorska, *Korporacje transnarodowe. Przemiany, oddziaływanie, wyzwania*, Warsaw, PWE, 2007, p. 17.

⁸⁷ B. Winiarski, *Polityka gospodarcza*, Warsaw, PWN, 2006, pp. 177–178.

⁸⁸ Ibidem, pp. 177–178.

⁸⁹ B. Pera, 'Miary internacjonalizacji przedsiębiorstw – przegląd wybranych koncepcji i badań,' *Studia Ekonomiczne*, vol. 319, 2017, pp. 184–198.

⁹⁰ Ibidem.

⁹¹ A. Koźmiński, *Zarządzanie międzynarodowe*, Warsaw, PWE, 1999, p. 23.

⁹² J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, op. cit., pp. 49 – 54.

- *Increase in and application of technology*: Improvements and advances in communications and transportation technology, including the development of the Internet, have significantly increased the effectiveness and efficiency of international business activities. Nowadays, a much larger portion of the population in the world is involved in the development of new products, than just in the production.
- *Liberalization of cross-border trade and resource movements*, including reduction of restrictions on the movement across borders of goods and services, as well as the capital and human resources.
- *Development of services that support international business*: Services provided by government, banks, transportation firms, and other organizations greatly facilitate the conduct and reduce the risks of doing business internationally (for instance, payment services and financial insurances).
- *Growth of consumer pressures*: Thanks to innovations and advances in communications and transportation technology, today consumers are well-informed about and often able to access foreign products. Therefore, companies have been forced to respond to demand of consumers for increasingly higher quality and more cost-competitive offerings.
- *Increase in global competition*: The pressures of increased foreign competition drive enterprises to expand internationally to gain access to opportunities in the international markets and to enhance their competitiveness.
- *Changes in political situations and government policies*: The transformation of the political and economic policies of some countries has led to increases in trade between those countries and the rest of the world.
- *Expansion of cross-national cooperation*: Governments have increasingly entered into cross-national agreements and treaties to gain advantages for their own enterprises and to deal with areas of concern outside the territory of countries).

The literature indicates both positive and negative impacts of globalization. It is argued that falling barriers to foreign trade and cross-border investment are the twin engines driving the world economy toward greater prosperity, and result in lower prices for goods and services. Furthermore, declining barriers to international trade and investment also stimulates economic growth, creates jobs, and raises income levels⁹³.

⁹³ C. W. L. Hill, *International business. Competing in the global marketplace*, op. cit., p. 25.

However, globalization also has downsides. J. D. Daniels, L. H. Radebaugh and D. P. Sullivan⁹⁴ listed three costs of globalization: (1) *Threats to national sovereignty* – lose freedom to "act locally", (2) *environmental stress*, including damage to the environment, and (3) *growing income inequality and personal stress* – It may accelerate the process of changing the relative economic differences between the two countries involved. These authors also pointed out three possible perspectives on the future of globalization: (1) *further globalization is inevitable*, (2) *international business will grow primarily along regional rather than global lines*, and (3) *forces working against further globalization will slow down both trends*⁹⁵.

Both of internationalization and globalization are associated with the emergence of ***multinational enterprises*** (MNEs). According to J. D. Daniels, L. H. Radebaugh, and D. P. Sullivan⁹⁶, a multinational enterprise is a company that take a global approach to production and markets or has operations in more than one country. Another similar definition of this term was given by C. W. L. Hill⁹⁷, who suggested that the multinational enterprise is any business that has productive activities in two or more countries. In other hand, A. Verbeke, R. E. Roberts, D. Delaney, P. Záborský, P. Enderwick, S. Nagar⁹⁸ defined it as a firm that has facilities and other assets in at least one country other than its home country. It is also worth following Dunning in defining the term as one that "*owns and controls income-generating assets in more than one country*"⁹⁹, or more recently as "*a coordinator of value added in two or more countries*"¹⁰⁰. Such enterprises usually have at their disposal significant capital resources, human resources (i.e., experienced management), information resources, tangible resources, significant intangible resources (e.g., brands, patents, utility models) and are often characterized by a high level of technological advancement¹⁰¹. The distinctive characteristics of multinational enterprises

⁹⁴ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, op. cit., pp. 54–56.

⁹⁵ Ibidem, p. 65.

⁹⁶ Ibidem, pp. 61, 71, 342 and 859.

⁹⁷ C. W. L. Hill, *International business. Competing in the global marketplace*, op. cit., p. 20.

⁹⁸ A. Verbeke, R. E. Roberts, D. Delaney, P. Záborský, P. Enderwick, S. Nagar, *Contemporary International Business in the Asia–Pacific Region*, Cambridge, Cambridge University Press, 2020, p. 8.

⁹⁹ J. H. Dunning, *Economic Analysis and the Multinational Enterprise*, London, George Allen & Unwin, 1974, cited in: L. E. Preston, D. Windsor, *The rules of the game in the global economy: Policy regimes for international business*, Norwell – Massachusetts, Springer Science + Business Media Oordrecht, 1992, p. 47.

¹⁰⁰ J. H. Dunning, 'Explaining Changing Patterns of International Production: In Defence of the Eclectic Theory,' *Oxford Bulletin of Economics and Statistics*, vol. 41, no. 4, 1979, pp. 269–295; J. H. Dunning, 'Governments-Markets-Firms: Towards a New Balance,' *The CTC Reporter*, no. 31, 1991, pp. 2–7, cited in: L. E. Preston, D. Windsor, *The rules of the game in the global economy: ...* op. cit., p. 47.

¹⁰¹ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 24.

also include their need to operate across diverse national cultures and complex governance structures that are strongly influenced by differences among national policies and by international policy developments¹⁰². In the literature, multinational enterprise is also often referred to as: *Multinational corporation*¹⁰³, *multinational company*¹⁰⁴, *transnational company*¹⁰⁵, *transnational corporation*¹⁰⁶ and so forth.

Also, the attention towards internationalization of *small and medium-sized enterprises* (SMEs), which are officially defined by the EU as having fewer than 250 employees¹⁰⁷, has increased. Capital limitations, time constraints, and the entrepreneur's desire to control are among the major characteristics of SMEs¹⁰⁸. Nevertheless, research has shown that despite these limitations, SMEs – with their distinctive characteristics different from larger companies – are actively expanding internationally¹⁰⁹. As a consequence, the growth of SMEs, including their successful development in the international markets, is being seen as crucial for the economic development of each nation.

Many scholars have also focused on the issue of *motives for internationalization*, which can be understood as the incentives for the enterprise to make decisions to internationalize its activities¹¹⁰. Thus, the literature on the subject mentioned many motives for the internationalization and indicated their different classifications.

¹⁰² L. E. Preston, D. Windsor, *The Rules of the Game in the Global Economy...*, op. cit., p. 50.

¹⁰³ See, inter alia: A. Ferraris, G. Santoro, V. Scuotto, 'Dual relational embeddedness and knowledge transfer in European multinational corporations and subsidiaries,' *Journal of Knowledge Management*, vol. 24, no. 3, pp. 519–533; S. Song, J. Y. Lee, 'Relationship with Headquarters and Divestments of Foreign Subsidiaries: The Hysteresis Perspective,' *Management International Review*, vol. 57, no. 4, 2017, pp. 545–570; M. Halme, S. Linderman, P. Linna, 'Innovation for Inclusive Business: Intrapreneurial Bricolage in Multinational Corporations,' *Journal of Management Studies*, vol. 49, no. 4, 2012, pp. 743–784.

¹⁰⁴ See, inter alia: A. K. Hoenen, T. Kostova, 'Utilizing the broader agency perspective for studying headquarters–subsidiary relations in multinational companies,' *Journal of International Business Studies*, vol. 46, no. 1, 2015, pp. 104–113; M. Kotabe, T. Kothari, 'Emerging market multinational companies' evolutionary paths to building a competitive advantage from emerging markets to developed countries,' *Journal of World Business*, vol. 51, no. 5, 2016, pp. 729–743.

¹⁰⁵ See, inter alia: K. Matzler, A. Strobl, E. Krill, 'Managing change in transnational companies: does cultural distance matter?,' *European Journal of International Management*, vol. 14, no. 3, 2020, pp. 494–523.

¹⁰⁶ See, inter alia: J. Mees-Buss, C. Welch, D. E. Westney, 'What happened to the transnational? The emergence of the neo-global corporation,' *Journal of International Business Studies*, vol. 50, no. 9, pp. 1513–1543; M. A. D. Villa, T. Tajwani, T. Lawton, 'Market entry modes in a multipolar world: Untangling the moderating effect of the political environment,' *International Business Review*, vol. 24, no. 3, pp. 419–429.

¹⁰⁷ J. C. Pinho, 'The impact of ownership: location-specific advantages and managerial characteristics on SME foreign entry mode choices,' *International Marketing Review*, vol. 24, no. 6, 2007, pp. 715–734.

¹⁰⁸ L. P. Dana, H. Etemad, R. W. Wright, 'Theoretical foundations of international entrepreneurship' in: Books series: International Entrepreneurship: Globalization of Emerging Business, vol 7, Bingley, Emerald Group Publishing Limited, 1999, pp. 3–22.

¹⁰⁹ Ibidem.

¹¹⁰ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 77.

According to G. Albaum, E. Duerr and A. Josiassen¹¹¹, motives for entering international market can be distinguished into several groups based on different criteria. First, the motives can be specified as either due to stimuli initiated from influences *internal* to the enterprise or due to stimuli originating from the enterprise's *external* environment (home market or foreign markets). Second, the motivational factors can be categorized on the basis of whether the internationalization is due to the *reactive* behavior, i.e., the enterprise responds to international or external pressures (push factors), and acts passively, or is a result of *proactive* and/or aggressive behavior based on the enterprise's interest in exploiting unique competencies or market possibilities (pull factors). Table 2 showed the systematics of motives for internationalization according to these authors.

Table 2. A classification of motives for entering international market

	Internal	External
Proactive	<ul style="list-style-type: none"> • Managerial urge • Marketing advantages • Economies of scale • Unique product/technology competence 	<ul style="list-style-type: none"> • Foreign market opportunities • Change agents
Reactive	<ul style="list-style-type: none"> • Risk diversification • Extend sales of a seasonal product • Excess capacity of resources 	<ul style="list-style-type: none"> • Unsolicited orders • Small home market • Stagnant or declining home market

Source: G. Albaum, E. Duerr, A. Josiassen, *International marketing and export management*, 8th edition, op. cit., p. 85.

Also, these authors described the third distinction, that is, the decision on internationalization can be *innovation oriented* (i.e., there is awareness of the existence of a market opportunity) or *problem oriented*¹¹². The authors asserted that such distinction may help in identifying the nature of the decision: Is the international activity initiated due to the need for exports or is it initiated on a purely voluntary basis – to improve an already secure situation of the enterprise?

¹¹¹ G. Albaum, E. Duerr, A. Josiassen, *International marketing and export management*, 8th edition, op. cit., p. 85–86.

¹¹² Ibidem, p. 86.

For S. T. Cavusgil, G. Knight and J. Riesenberger¹¹³, at the broadest level, enterprises internationalize to enhance their competitive advantage and to seek growth and profit opportunities. These authors also divided the motives for internationalization into two types: *strategic* (or *proactive*) *motives* and *reactive motives*, mentioning nine specific motivations:

- Seek opportunities for growth through market diversification;
- Earn higher margins and profits;
- Gain new ideas about products, services, and business methods;
- Better serve key customers that have relocated abroad;
- Be closer to supply sources, benefit from global sourcing advantages, or gain flexibility in the sourcing of products;
- Gain access to lower-cost or better-value factors of production;
- Develop economies of scale in sourcing, production, marketing, and R&D;
- Confront international competitors more effectively or thwart the growth of competition in the home market;
- Invest in a potentially rewarding relationship with a foreign partner.

A slightly different, but significant division was proposed by N. Daszkiewicz and K. Wach¹¹⁴ who categorized the motivational factors for internationalization into two groups:

- *Active motives*, including *pull factors* (the factors that allow enterprise to gain higher profit on foreign markets) and *entrepreneurial factors* (i.e., the factors indicating the need for continuous development).
- *Reactive motives*, comprising *push factors* (the factors that motivate the enterprise to internationalize their activities due to the lack of opportunities in the domestic market) and *chance factors* related to the utilizing of opportunities.

E. Duliniec¹¹⁵ emphasized that according to the studies on the effectiveness of international marketing, the proactive enterprises achieve better results in their internationalization process than reactive entities, which results, inter alia, from their

¹¹³ S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, Management and the New Realities*, op. cit., p. 18.

¹¹⁴ N. Daszkiewicz, K. Wach, *Małe i średnie przedsiębiorstwa na rynkach międzynarodowych*, Cracow, Wydawnictwo Uniwersytetu Ekonomicznego w Krakowie, 2013, pp. 37–39; N. Daszkiewicz, K. Wach, 'Motives for Going International and Entry Modes of Family Firms in Poland,' *Journal of Intercultural Management*, vol. 6, no. 2, 2014, pp. 5–18;

¹¹⁵ E. Duliniec, *Marketing międzynarodowy*, op. cit., p. 21.

focus on developing long-term marketing strategies on the international markets. Taking into account the benefits expected by the enterprise from internationalization process, she also cited four groups of motives for internationalization, i.e., *market motives*, *costs motives*, *supply motives*, and *political motives*.

The similar classifications were also employed by many other researchers. G. S. Yip¹¹⁶ argued that the motives for internationalization can be grouped in four categories, i.e.: *market*, *cost*, *governmental*, and *competitive*. J. Rymarczyk¹¹⁷ also mentioned four groups of motivations: *market motives*, *costs motives*, *supply motives*, and *political motives*.

A slightly different classification was presented by O. Shenkar and Y. Luo¹¹⁸, who divided the motivational factors into three groups: *market motives*, *economic motives*, and *strategic motives*. These authors pointed out that in case of market motivational factors, the motives for internationalization can be *offensive* or *defensive*. For them, an offensive motive is to seize market opportunities in foreign countries through trade or investment. Conversely, a defensive motive is to protect and hold the enterprise's competitive position or market power in the face of threats from domestic competitors or changes in government policies.

Another systematics of motives for internationalization is that of C. A. Bartlett and P. W. Beamish¹¹⁹, who distinguished traditional motivations and emerging motivations. More specifically, the traditional motivations encompass (1) the need to *secure key supplies*, (2) *Market seeking* and (3) the desire to *access low-cost factors* of production. Meanwhile, (1) the increasing scale economies, (2) ballooning R&D investments, (3) shortening product life cycles, as well as (4) the enterprise's global scanning and learning capability¹²⁰, and (5) competitive positioning – all these forces form a group of emerging motives for internationalization of the enterprise.

¹¹⁶ G. S. Yip, 'Global Strategy ... In a World of Nations?,' *Sloan Management Review*, vol. 31, no. 1, 1989, pp. 29–41.

¹¹⁷ J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstwa*, op. cit., p. 58.

¹¹⁸ O. Shenkar, Y. Luo, *International business*, 2nd edition, California, Sage Publications, 2008, p. 12.

¹¹⁹ C. A. Bartlett, P. W. Beamish, *Transnational Management: Text and Cases in Cross-Border Management*, 8th edition, op. cit., pp. 16–20.

¹²⁰ The motivation "*the enterprise's global scanning and learning capability*" is highlighted by R. Vernon in 'Gone are the cash cows of yesteryear,' *Harvard Business Review*, 1980, pp. 150–155, cited in: C. A. Bartlett, P. W. Beamish, *Transnational Management: Text and Cases in Cross-Border Management*, 8th edition, op. cit., p. 19.

M. K. Witek-Hajduk¹²¹ proposed that motives for internationalization can be divided into (1) *internal* (within the enterprise) factors, including strategic incentives and other internal motives, and (2) *external* (from environment) factors, including political and legal motives, market motives, supply motives, and other external ones.

There are also perspectives that focus on studying the motives for foreign direct investment. A prime example is that of J. H. Dunning¹²², who identified the following motives for an enterprise to internationalize: (1) resource seeking, (2) market seeking, (3) efficiency seeking, and (4) strategic assets or capability seeking.

On the basis of the definitions and the classifications presented above, it was assumed that the motives for internationalization of an enterprise are all factors for the enterprises to make decisions to engage in international business. It should be noted that enterprises are rarely driven by a single motivating factor. In this dissertation, the author proposed the following classification of motives for internationalization:

- *Internal motives* initiated from internal conditions of the enterprise.
- *External motives* originating from the enterprise's external environment.

Internal motives include, inter alia:

- The desire to increase the enterprise's sales of products or services under the condition of falling sales in the domestic market and/or in case of limited opportunities for the development of the enterprise in the home market.
- The desire to increase the sales in foreign markets in case of unused production capacity of the enterprise or its overproduction.
- The desire to create or maintain a competitive advantage of the enterprise as a result of (1) acquiring resources and partners in foreign markets (e.g., investment in a potentially rewarding business relationship with a foreign partner), and/or (2) threats from competitors (e.g., confront foreign competitors more effectively or thwart the growth of competition in the domestic market).
- The desire to reduce or diversify the business risks.
- The desire to increase the degree of control as a result of the internalization of selected operations and functions of the enterprise.

¹²¹ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 81.

¹²² J. H. Dunning, S. M. Lundan, *Multinational Enterprises and the Global Economy*, Edward Elgar, Cheltenham-Northampton, 2008, pp. 67–76.

- Cost motives related to the desire to reduce costs and increase the profit rate, including, inter alia, the desire to achieve economies of scale and scope.
- The possession of unique technology, products, brands, know-how, etc.
- The possession of unique knowledge about the foreign market or foreign partners.
- Personal mindset and motivations of managers.

External motives can be divided into political/legal factors, market factors, and the other external factors.

The first category of external motives is the group of political/legal factors, which includes, inter alia:

- Liberalization of international trade and reduction of tariff and non-tariff barriers.
- Integration trends in the global economy.
- Deregulation and privatization in specific sectors, changes in socio-economic systems.
- Trade, investment and fiscal policy in the home and host countries.
- International harmonization of technical and environmental standards.

The second category of external motives is the market factors that include, inter alia:

- The growing international homogeneity of the needs and preferences of customers.
- Imitation effect, that is, competitors' activities towards internationalization inducing the enterprise to internationalize (e.g., in an oligopolistic market or in industries characterized by high expenditure on research and development activities).
- Internationalization of organization providing marketing services (e.g., advertising agencies, market research agencies, consulting institutions, and so forth).
- Development of international business networks.
- The decrease in demand in the domestic market/ increase in demand in foreign markets.

The other external motives are, inter alia, cultural or geographical proximity of foreign markets, access to lower-cost and/or better-value supply sources or lower-cost and/or better-value factors of production in foreign markets.

In conclusion, there are many definitions of internationalization and other relevant terms. In this dissertation the author proposed that internationalization occurs when at least one of the stages of an enterprise's value chain is linked to foreign countries, which arises in the process of creating linkages with international partners and acquiring and/or engaging the enterprise's resources in the international markets in its expansion and development.

The multitude of interpretations of the concept and the essence of internationalization and the other related terms results from, inter alia, the diversity of theories and models that attempt to explain this process. In the next parts of this chapter, selected theories and models of internationalization were presented.

1.2. Classification of theories and models of internationalization

Today, the international environment is more complex than ever, since enterprises are increasingly active in international markets. As a reflection of this, researchers have given considerable attention to the development of numerous theories and models in order to explain the internationalization process of enterprises and their strategic directions. Nevertheless, there is no solid agreement between the different theoretical concepts to describe and explain the phenomenon in a comprehensive manner, as well as predict behaviors of enterprises during their international expansion process. In this section of the dissertation there was an attempt to offer an analysis of the major theories and models related to the internationalization of enterprises.

In the literature, there is no consensus on the classification of the internationalization theories. Internationalization has been reflected in the literature through various frameworks, theories and basic assumptions that have been changing over time. International business studies relied originally on the economic theories that were backed to the 1930s¹²³. Classical theories of international trade explained the international division of labor and international economic exchange on the basis of differences in production costs between countries. For example, A. Smith pointed to the legitimacy of the country's specialization in the production of products for which it has an absolute cost advantage over exchange partners, while D. Ricardo emphasized the specialization based on the difference in relative costs. On the other hand, neoclassical theories (including G. Haberler's theory of alternative costs, E. Hockscher and B. Ohlin's theory

¹²³ P. J. Buckley, 'The theory of international business pre-Hymer,' *Journal of World Business*, vol. 46, no. 1, 2011, pp. 61–73.

of the relative abundance of production factors, as well as P. Samuelson's theory) took into account market factors as determinants of international exchange¹²⁴.

Nevertheless, over the last half-century, due to (1) increasing expansion in export markets, (2) increasing capital investments across the globe and (3) the decisions made by companies in choosing between the increasing number of entry modes available to them in entering foreign markets¹²⁵, many theories have been put forward to explain the behaviors of companies in the international arena, and research began to focus on the microeconomic perspective. As a result, many theories have focused on research on internationalization of multinational enterprises¹²⁶. The early theories of internationalization were introduced in the 1960s and 1970s, starting with the pioneering works of C. P. Kindleberger¹²⁷ and S. Hymer¹²⁸. Another perspective that also played an important role in the development of the literature is the product cycle theory of international trade and investment, presented by R. Vernon¹²⁹ in 1966, referring to the M. Posner's technology gap theory¹³⁰.

In the literature there are the theories that tend to explain the foreign direct investment (FDI) activities of enterprises. The most cited theories could be categorized into the following streams of research:

- The monopoly stream, including (1) the monopolistic advantage theory worked out by C. P. Kindleberger and modified by S. Hymer, which were mentioned earlier, and (2) the oligopolistic reaction theory formulated by F. T. Knickerbocker.
- The efficiency stream, encompassing (1) the internalization theory (inward transactions), presented by J. Buckley and M. Casson, (2) the transaction cost theory formulated by O. E. Williamson.

¹²⁴ For more details, see: K. Mejri, K. Umemoto, 'Small- and medium-sized enterprise internationalization: Towards the knowledge-based model,' *Journal of International Entrepreneurship*, vol. 8, no. 2, 2010, pp. 156–167; M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 27.

¹²⁵ C. N. Axinn, P. Matthyssens, 'Limits of internationalization theories in an unlimited world,' *International Marketing Review*, 2002, Vol. 19, No. 5, pp. 436–449.

¹²⁶ K. Mejri, K. Umemoto, 'Small- and medium-sized enterprise internationalization...', op. cit.

¹²⁷ C. P. Kindleberger, *American business abroad*, New Haven, Yale University Press, 1969.

¹²⁸ S. Hymer, *The international operations of national firms. A study of direct foreign investment*, Cambridge Massachusetts, MIT Press, 1976.

¹²⁹ R. Vernon, 'International investment and international trade in the product cycle,' *Quarterly Journal of Economics*, vol. 80, no. 2, 1966, pp. 190–207.

¹³⁰ M. V. Posner, 'International Trade and Technical Change,' *Oxford Economic Papers*, vol. 13, no. 3, 1961, pp. 323–341.

- The eclectic stream attempting to combine both of aforementioned streams (i.e., the monopoly stream and the efficiency stream), including the eclectic theory of international production developed by J. H. Dunning with several further modifications.

Since the analysis of the evolution of the internationalization concept was introduced by L. S. Welch and R. Luostarinen¹³¹ in 1988, many studies have been conducted in an effort to synthesize the literature on internationalization. N. E. Coviello and A. McAuley¹³² distinguished three schools of internationalization: (1) a neoclassical school of foreign direct investment, (2) a behavioral school of step models, and (3) a relational school of network approach. Another point of view is that of B. Rundh¹³³ who distinguished three approaches to analyze the internationalization process:

- An incremental approach, based on individual stages of internationalization;
- A networking approach where internationalization is based on collaboration in networks;
- A business and strategic approach, where internationalization is described as international development as a result of the adopted business strategies.

K. Mejri and K. Umamoto¹³⁴ mentioned two wide streams, which include the aforementioned models, i.e. (1) process stream that highlights the increasing involvement of a company in foreign markets, and (2) adaptive stream explaining the adaptation of the company's operations to the international environment.

In turn, M. Ruzzier, R. D. Hisrich and B. Antonic¹³⁵ proposed one of the most extensive typologies of approaches to the internationalization of enterprises, distinguishing the following five perspectives:

- Process models
- Innovative models (as a special subgroup of process models)
- Network approach
- Resource approach
- Theories of international entrepreneurship

¹³¹ L. S. Welch, L. S. R. Luostarinen, *Internationalisation: Evolution of a Concept*, op. cit.

¹³² N. E. Coviello, A. McAuley, *Internationalisation and the Smaller Firm...*, op. cit.

¹³³ B. Rundh, 'International Market Development: New Patterns in SMEs International Market Behaviour?', *Marketing Intelligence & Planning*, vol. 19, no. 5, 2001, pp. 319–329.

¹³⁴ K. Mejri, K. Umamoto, *Small- and Medium-Sized Enterprise Internationalization...*, op. cit.

¹³⁵ M. Ruzzier, R. D. Hisrich, B. Antonic, *SME Internationalization Research...*, op. cit.

In the Polish language literature, many attempts have also been made to categorize the theories of internationalization. M. Gorynia¹³⁶ distinguished four broad groups of internationalization theories: (1) Sequential (conventional) models and their extensions, (2) Unconventional (simultaneous) models, (3) Network approach and (4) the other concepts of internationalization, including "born global". For comparison, K. Fonfara¹³⁷ follows J. Whitelock's systematics¹³⁸, dividing the theories of internationalization into four groups, namely: (1) The Uppsala model, (2) the eclectic paradigm, (3) the network approach and (4) the strategic approach.

On the other hand, apart from the earlier theories of international trade and the theories of foreign direct investment, M. K. Witek-Hajduk¹³⁹ put the contemporary theories of internationalization into four groups:

- Stage theories, including the Uppsala model, innovative models and Finnish models;
- Network theories;
- Early Internationalization Theories (International new ventures - INV);
- Alternative theories of internationalization, including the strategic approach model, the decision-making model and the organizational capability model.

It is easy to notice that the aforementioned classifications of internationalization theories have variety of common features, but they are also divergent in many points. This issue arises from the fact that researchers have drawn on different approaches to their systematics of theories. It is also because theories and frameworks adopted to explain the internationalization have been changing over time. Taking into account the dominant characteristics of individual theories and models, in this dissertation the author proposed the classification of selected internationalization theories and their authors, which was presented in Table 3.

¹³⁶ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., pp. 63–85.

¹³⁷ K. Fonfara, 'Istota i zakres procesu internacjonalizacji firmy' (chapter 1) in: K. Fonfara, *Zachowania przedsiębiorstw w procesie internacjonalizacji. Podejście sieciowe*, Warsaw, PWE, 2009, p. 13.

¹³⁸ J. Whitelock, 'Theories of Internationalization and Their Impact on Market Entry,' *International Marketing Review*, vol. 19, no. 4, 2002, pp. 342–347.

¹³⁹ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 29; M.K. Witek-Hajduk, *Internationalization of enterprises – selected theoretical concepts and research directions*, Warsaw, Warsaw School of Economics, 2014, pp. 16–17.

Table 3. Selected theories of enterprise internationalization

Groups of theories		Theory/model	Authors
Theories of international trade		Neo-technological theories, including technology gap theory of trade and product life-cycle theory	M. Posner (1961); R. Venon (1966, 1971)
Theories of foreign direct investment	Stream of monopoly	Monopolistic advantage theory	S. Hymer (1976)
		Oligopolistic reaction theory	F. T. Knickerbocker (1973)
	Stream of efficiency	Internalization theory	P. Buckley, M. Casson (1976, 1985); P. Buckley (1982, 1988)
		Transaction cost theory	O. E. Williamson (1985)
Eclectic stream	Eclectic paradigm (OLI model/framework)	J. H. Dunning (1980 and further modifications)	
Theories of stage internationalization		Uppsala model of internationalization	J. Johanson, F. Wiedersheim-Paul (1975); J. Johanson, J. E. Vahlne (1977)
		Innovation-related internationalization models	W. J. Bilkey, G. Tesar (1977); S. T. Cavusgil (1980); S. D. Reid (1981); M. R. Czinkota (1982)
		Finnish model	L. S. Welch, R. Luostarinen (1988); R. Loustarinen, H. Hellman (1993);
Network-based theory		Network model of internationalization	J. Johanson, L. G. Mattsson (1988),
The concepts of international entrepreneurship		International new ventures (INV), Born global, accelerated/rapid internationalization	P. P. McDougall and B. M. Oviatt (1994);
		Alternative models of international entrepreneurship	A. Rialp, J. Rialp and G. A. Knight (2005); J. Child et. al. (2017)
Resource-based perspective		Resource-based view	J. R. Brown, C. S. Dev, Z. Zhou (2003); I. Ekeledo, K. Sivakumar (2004)
Institutional perspective		Institutional theory	D. C. North (1990); W. R. Scott (1995)

Source: Own elaboration on the basis of: M. K. Witek-Hajduk, *Internationalization of enterprises – selected theoretical concepts and research directions*, Warsaw, Warsaw School of Economics, 2014, pp. 16–17 and literature review.

The listed theories have addressed, inter alia, the following theoretical issues related to the international operations of enterprises¹⁴⁰:

- The reasons for the movement of goods and services between countries;
- Motives for international expansion of enterprises;
- Characteristics of enterprises internationalizing their operations;
- Location selection for international operations of enterprises;
- The dynamics of the internationalization process;
- Decision-making process of internationalization of the enterprise's operations;

¹⁴⁰ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., p. 88.

- International market entry strategies (entry modes).

Among the above issues, international market entry strategy (entry mode) is the topic that has attracted the most attention of scholars for decades. Especially, the two last theories in Table 3 (i.e., the resource-based view and the institutional theory) are the contemporary approaches emerging in the internationalization literature in recent years, which have been applied mainly to explain the choice of international market entry strategies of enterprises, particularly in the context of emerging and developing markets.

1.3. Review of selected theories of internationalization

1.3.1. Neo-technological theories: technology gap theory of trade and product life-cycle theory

As presented in Table 3, the technology gap theory and the product life-cycle theory belong to the group of neo-technology theories that link the causes and directions of international trade to differences in the technological level of production in different countries at the same time, i.e., to the existence of a "technology gap"¹⁴¹.

The **technology gap theory** is a model formulated by M. V. Posner¹⁴² who framed this model in relation to an absolute advantage of one industry in one country with regard to the same industry in another country¹⁴³. A product or process innovation will give the innovating country both an absolute advantage and a temporary state of monopoly in international trade until the other country has achieved the ability to imitate it. Therefore, international trade is created for the time necessary to imitate the new good or process innovation, i.e. (international) imitation lag. This lag has several components, what Posner classified (from the viewpoint of the importing country) into the following categories¹⁴⁴:

- (1) *Foreign reaction lag* – this is the time which elapses between the successful utilization of the innovation by one firm in the innovating country and the new goods becoming regarded, by some firms in the importing country, as a likely competitor for their products.

¹⁴¹ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 32.

¹⁴² M. V. Posner, *International Trade and Technical Change*, op. cit.

¹⁴³ J. Cotsomitis, C. DeBresson, A. Kwan, 'A Re-examination of the Technology Gap Theory of Trade: Some Evidence from Time Series Data for O.E.C.D. Countries,' *Weltwirtschaftliches Archiv* (renamed to "Review of World Economics" in 2003), vol. 127, no. 4, 1991, pp. 792–799.

¹⁴⁴ M. V. Posner, *International Trade and Technical Change*, op. cit.

(2) *Domestic reaction lag* – this is the time required for the importing country's firms to become aware of the competition from the new goods.

(3) *Learning period* – this is the time required for all firms in the importing country to learn to imitate the new good, and actually produce and begin selling it on the domestic market.

It is argued that Posner presented his model not as a theory of trade but as a complementary approach to explain the increasing significance of international trade between countries with similar factor endowment¹⁴⁵. G. C. Hufbauer¹⁴⁶ extended Posner's model to incorporate factor costs, in particular wage differentials. Later, P. Krugman¹⁴⁷ reframed the model within a comparative advantage framework.

The **product life-cycle theory** (or *product cycle theory of international trade and investment*) was first introduced by R. Vernon¹⁴⁸ in 1966 and was further developed by many scholars, such as S. Hirsch¹⁴⁹, L. T. Wells¹⁵⁰ and S. Magee¹⁵¹. This theory refers to the Posner's technology gap theory, which was presented earlier.

Vernon's model was based on the observation that for most of the 19th century a very large proportion of the world's new products had been developed and sold first in United States of America (USA), e.g., televisions, mass-produced automobiles, personal computers, and so forth. According to this theory, early in a product's life-cycle all the parts and labor linked with that product come from the country where it was invented. After the product becomes adopted and used in the world markets, its production gradually moves away from the country of origin. In some situations, the product becomes an item that is imported by its original country of invention.

In the product life cycle, R. Vernon¹⁵² distinguished the following stages:

¹⁴⁵ J. Cotsomitis, C. DeBresson, A. Kwan, *A Re-examination of the Technology Gap Theory of Trade...* op. cit.

¹⁴⁶ For more details, see: G. C. Hufbauer, *Synthetic Materials and the Theory of International Trade*, Ph.D. Thesis, Cambridge, Cambridge University, 1964; G. C. Hufbauer, *Synthetic Materials and the Theory of International Trade*, London, Duckworth, 1966; G. C. Hufbauer, 'The impact of national characteristics and technology on the commodity composition of trade in manufactured goods' in: R. Vernon, *The technology factor in international trade*, New York, McGraw-Hill, 1970.

¹⁴⁷ P. Krugman, *A 'Technology Gap' Model of International Trade*, Conference of the International Economic Association, Sweden, 1982, pp. 34–49.

¹⁴⁸ R. Vernon, 'International Investment and International Trade in the Product Cycle,' op. cit.

¹⁴⁹ S. Hirsch, *Location of industry and international trade competitiveness*, Oxford, Clarendon Press, 1967; S. Hirsch, 'The product cycle model of international trade – A multi-country cross-section analysis,' *Oxford Bulletin of Economics and Statistics*, vol. 37, no. 4, 1975, pp. 305–317.

¹⁵⁰ L. T. Wells, 'A Product Life Cycle for International Trade?,' *Journal of Marketing*, vol. 32, no. 3, 1968, pp. 1–6.

¹⁵¹ S. Magee, *International trade*, New York, McGraw-Hill, 1980.

¹⁵² R. Vernon, *International Investment and International Trade in the Product Cycle*, op. cit.

(1) *A new product stage* (also *the introduction of the new product*¹⁵³ or *the innovation product stage*¹⁵⁴) - In this stage, the product is produced and consumed in a country with high economic growth, where it was invented. Exports start to other countries with a similar level of development;

(2) *The maturing product stage* - In this stage, the production is reduced in the country of origin, but launched in other developed countries in the form of foreign direct investments. The product starts to be imported to the country of origin;

(3) *The standardized product stage* - In this stage, the production moves to developing countries due to lower costs of production. The product is imported to the country of origin and other markets.

Historically, the product life-cycle theory appears to be an accurate explanation of international trade patterns¹⁵⁵. This model also implicitly offers an explanation of the localization of production in different parts of the world and of the changes in this localization, thus it can also be considered as a precursor of the 'economic geography' models¹⁵⁶.

Nevertheless, the product life-cycle theory has also weaknesses. In the literature, it is argued that although Vernon's argument that most new products are invented and introduced in the USA could be true in the period from 1945 to 1975, when USA dominated the global economy, it seems ethnocentric and increasingly dated¹⁵⁷. It is due to the fact that many new products are first introduced in European countries or Japan. In addition, with the increased internationalization and globalization discussed in the previous part of this dissertation, many products are introduced simultaneously in many countries. Therefore, though the product life-cycle theory might be useful to explain the model of international trade during the period of American global dominance, its relevance in today's world economy seems more limited.

1.3.2. Foreign direct investment theories

As mentioned above, in the literature there is a group of the theories that tend to explain the foreign direct investment (FDI) activities of enterprises. They could be

¹⁵³ G. Gandolfo, *International Trade Theory and Policy*, 2nd edition, Heidelberg, Springer, 2014, p. 167.

¹⁵⁴ M. K. Witek-Hajduk, *Internationalization of enterprises – selected theoretical concepts...*, op. cit., p. 18.

¹⁵⁵ C. W. L. Hill, *International business. Competing in the global marketplace*, op. cit., p. 192.

¹⁵⁶ G. Gandolfo, *International Trade Theory and Policy*, op. cit., p. 168.

¹⁵⁷ *Ibidem*, p. 194.

categorized into the following groups: *monopoly stream*, *effectiveness stream* and *eclectic stream* (*eclectic paradigm*).

1.3.2.1. Monopoly stream

The monopoly stream includes, inter alia, the *monopolistic advantage theory* and the *oligopolistic reaction theory*. Both of them were formulated on the basis of *market imperfections*.

The **monopolistic advantage theory** (ownership advantage) was worked out by C. P. Kindleberger¹⁵⁸ and modified by S. Hymer¹⁵⁹. C. P. Kindleberger argued that advantages enjoyed by multinational enterprises could be useful only in the context of market imperfection. The core of the theory is that a multinational enterprise can exist in the international arena because it owns a unique source of superiority (monopolistic advantage) over foreign companies in their markets and is able to continuously use this advantage¹⁶⁰. Local companies without this unique advantage are unable to compete with the multinational enterprise, although they are in an advantageous situation in terms of legal systems, consumer preference, culture, language and no foreign exchange risk. It also implies that enterprises will internationalize when they can use their established advantages in foreign markets at little or no additional cost¹⁶¹.

In other words, it states that an enterprise makes a decision on foreign investment when production located in the foreign country is more profitable for the enterprise than export, or launching new production abroad is worth than selling a license to foreign companies which would be potential competitors of the enterprise. Lastly, it is done when the foreign investor keeps a monopoly on advantages so that costs of undertaking activities on the foreign market are compensated. The advantages are in the form of superior technology, patents (know-how), managerial expertise, etc.¹⁶².

The **oligopolistic reaction theory** formulated by F. T. Knickerbocker¹⁶³ also relies on the basis of market imperfection. In the literature it has been asserted that there are

¹⁵⁸ C. P. Kindleberger, *American business abroad*, op. cit.

¹⁵⁹ S. Hymer, *The international operations of national firms. A study of direct foreign investment*, op. cit.

¹⁶⁰ N. Hood, S. Young, *The Economics of Multinational Enterprise*, Longman, London 1979, pp. 1–25.

¹⁶¹ J. M. Bloodgood, H. J. Sapienza, J. G. Almeida, 'The Internationalization of New High-Potential U.S. Ventures: Antecedents and Outcomes,' *Entrepreneurship Theory and Practice*, vol. 20, no. 4, 1997, pp. 61–76.

¹⁶² A. Nayak, R. N. Choudhury, 'A selective review of foreign direct investment theories,' *The Asia-Pacific Research and Training Network on Trade*, Working Paper no. 143, 2014, Bangkok, ESCAP–United Nations.

¹⁶³ F. T. Knickerbocker, *Oligopolistic reaction and the multinational enterprise*, Boston, McGraw-Hill, 1973.

two important motives for choosing a particular country as a location for a new facility: (1) firms seek increased access to that host country's market and (2) they want to utilize the relatively abundant factors located in the host country¹⁶⁴. F. T. Knickerbocker suggested the third motivation in location choice, i.e., firms might invest in a country to match a rival's move¹⁶⁵. In oligopolistic market conditions, enterprises are few enough to recognize the impact of their actions on competitors and on the market as a whole¹⁶⁶, thus they tend to follow each other's location decision.

Nevertheless, Knickerbocker's proposal of oligopolistic reaction holds true only if there is uncertainty about costs in the host country. Conversely, in the case of certainty or uncertainty with risk neutrality, the incentive to go abroad decreases with rival's investment¹⁶⁷. Moreover, this theory does not offer an explanation of what motivated the first enterprise to undertake FDI.

1.3.2.2. Efficiency stream

The efficiency stream of research is a group of theories that refer largely to the theory of transaction costs developed by R. H. Coase¹⁶⁸ in explaining internationalization. This stream encompasses, inter alia, (1) the internalization theory built by P. J. Buckley and M. Casson, (2) the transaction cost theory formulated by O. E. Williamson, as well as (3) the transaction cost analysis (TCA) model of E. Anderson and H. Gatignon.

The **internalization theory** (also *inward transactions*) was formulated by P. J. Buckley and M. Casson¹⁶⁹ who provided an explanation of foreign direct investment activities by putting emphasis upon intermediate inputs and technology. It is argued that enterprises with certain types of intermediate products, such as research and development (R&D) knowledge and product-related information, are expected to be more likely to engage in internalization activities than those without these types of knowledge or

¹⁶⁴ K. Head, T. Mayer, J. Ries, 'Revisiting oligopolistic reaction: Are decisions on foreign direct investment strategic complements?', *Journal of Economic and Management Strategy*, vol. 11, no. 3, 2002, pp. 453–472.

¹⁶⁵ *Ibidem*.

¹⁶⁶ R. E. Caves, *American industry: Structure, conduct, performance*, 2nd edition, Englewood Cliffs, Prentice Hall, 1967; R. E. Caves, *Multinational enterprise and economic analysis*, Cambridge, Cambridge University Press, 1982, cited in: C. J. Yu, K. Ito, 'Oligopolistic reaction and foreign direct investment: The case of the U.S. tire and textiles industries,' *Journal of International Business Studies*, vol. 19, no. 3, 1988, pp. 449–460.

¹⁶⁷ K. Head, T. Mayer, J. Ries, *Revisiting oligopolistic reaction...*, op. cit.

¹⁶⁸ R. H. Coase, 'The nature of the firm,' *Economica*, vol. 4, no. 16, 1937, pp. 386–405.

¹⁶⁹ P. J. Buckley, M. Casson, *The Future of the Multinational Enterprise*, London, Macmillan, 1976, pp. 36–48; P. J. Buckley, M. Casson, 'The Future of the Multinational Enterprise in retrospect and in prospect,' *Journal of International Business Studies*, vol. 34, no. 2, 2003, pp. 219–222.

information. As a result, R&D intensity and advertising intensity should encourage enterprises to engage in FDI activities¹⁷⁰. The authors shifted the focus of the international business literature from country-specific towards industry-level and firm-level determinants of foreign investment flows¹⁷¹. They developed their theory on the basis of three postulates¹⁷²:

- Firms maximize profits in a world of imperfect markets;
- When markets in intermediate products are imperfect, there is an incentive to bypass them by creating internal markets. This process is known as the internalization of enterprises' activities. This involves bringing under common ownership and control the activities that are linked by the market;
- Internalization of markets across national boundaries generates multinational enterprises.

In other words, an enterprise that is engaged in research and development of a new technology or inputs, in some cases cannot transfer the technology or inputs to other unrelated firms due to too high transaction costs. The enterprise may choose to internalize by using backward and forward integration, i.e., the output of one subsidiary can be utilized as an input to the production of another. Thus, FDI occurs when internalization involves operations in different countries.

The idea behind the concept of internalization is that the actions of enterprise can replace the market or alternatively can augment it¹⁷³. The advantages of internalization (and thus of control by the enterprise versus the market solution) are given by¹⁷⁴:

- The increased ability to control and plan production and especially to coordinate flows of crucial inputs;
- Efficient exploitation of market power by discriminatory pricing;
- Avoidance of bilateral market power;
- Avoidance of uncertainty in the transfer of knowledge between parties which may exist in the alternative solutions;
- Avoidance of potential government intervention by, for instance, transfer prices.

¹⁷⁰ C. J. Yu, K. Ito, 'Oligopolistic reaction and foreign direct investment...', op. cit.

¹⁷¹ W. J. Henisz, 'The power of the Buckley and Casson thesis: The ability to manage institutional idiosyncrasies,' *Journal of International Business Studies*, vol. 34, no. 2, 2003, pp. 173–184.

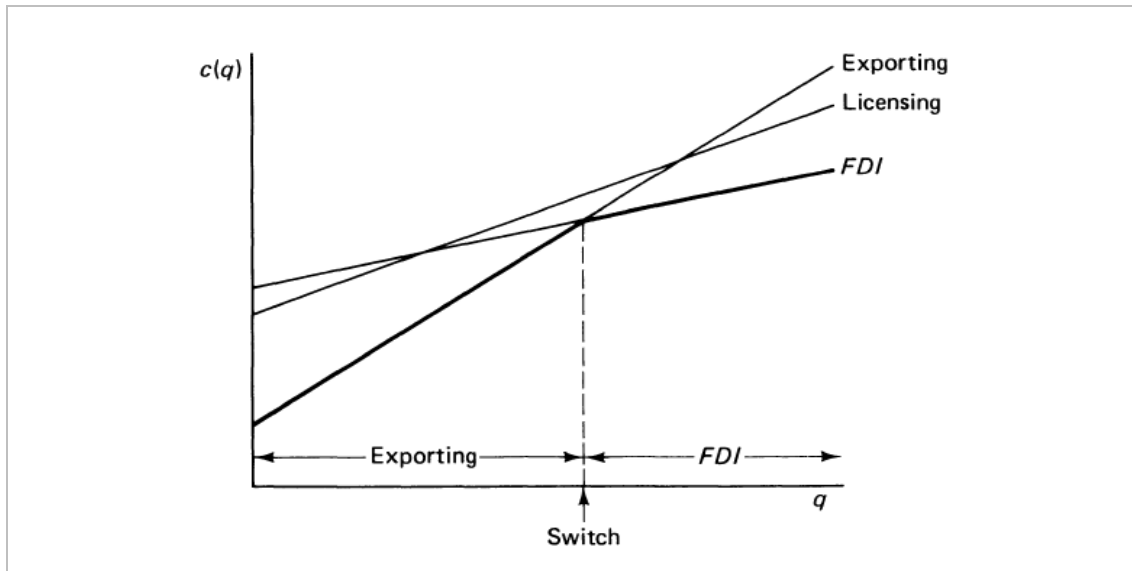
¹⁷² P. J. Buckley, M. Casson, *The Future of the Multinational Enterprise*, op. cit., p. 33.

¹⁷³ P. J. Buckley, M. Casson, *The Economic Theory of the Multinational Enterprise*, London, Macmillan, 1985, p. 9.

¹⁷⁴ *Ibidem*, p. 10.

P. J. Buckley and M. Casson¹⁷⁵ considered three forms of enterprise's international expansion: export, licensing and FDI, taking into account the formation of fixed and variable costs for each of these forms (see Figure 1).

Figure 1. The choice between exporting, licensing and foreign direct investment



Source: P. J. Buckley, M. Casson, *The Economic Theory of the Multinational Enterprise*, op. cit., p. 105.

Accordingly, in a smaller scale of sales, the total costs of exporting are lower than the costs of FDI. However, with the increase in sales, the costs of exporting grow faster than the costs of increasing the scale of own production in the foreign market. This is due to the high variable costs (not only variable production costs, but also international transport costs and tariff payment) of exporting. In case of FDI, fixed costs are higher, while variable costs are lower than in exporting. Licensing is usually not a favorable alternative neither for exporting nor for FDI due to its relatively high fixed costs and the average level of variable costs. P. J. Buckley and M. Casson also emphasized that in a market where two or more different forms are used, FDI will never precede licensing, licensing will never precede exporting, and FDI will never precede exporting¹⁷⁶.

Another theory that also belongs to the efficiency stream of research is the **transaction cost theory** introduced by O. E. Williamson¹⁷⁷. This theory suggests that transaction costs arising in the process of exchange and cooperation between

¹⁷⁵ Ibidem, p. 103.

¹⁷⁶ P. J. Buckley, M. Casson, *The Economic Theory of the Multinational Enterprise*, op. cit., p. 105.

¹⁷⁷ O. E. Williamson, *Markets and hierarchies: analysis and antitrust implications*, New York, The Free Press, 1975; O. E. Williamson, *The economic institutions of capitalism: firms, markets, relational contracting*, New York, The Free Press, 1985.

organizations appear in the conditions of markets with imperfect competition. More specifically, enterprises suffer from bounded rationality, while potential partners may opportunistically act if given the chance¹⁷⁸. Y. Luo¹⁷⁹ suggested that opportunistic behavior is more likely with partners from different cultural backgrounds. While an entrepreneur may find it relatively easy to predict and forecast developments in home markets, this is likely to be more difficult and complex in foreign countries¹⁸⁰.

According to the transaction costs theory, these costs encompass:

- (1) *Ex ante costs* related to making a decision on the exchange and preparing a transaction (acquiring/collecting information about partners and markets), negotiating, and formulating a contract with the partner.
- (2) *Ex post costs*, that is, the costs of controlling (monitoring) contracts and sanctioning the terms of contracts with the partner, including conflicts settlement.

Transaction costs are determined by three characteristics of transactions (i.e., *asset specificity*, *uncertainty*, and *frequency*) and two assumptions about human behavior (namely *bounded rationality* and *opportunism*)¹⁸¹. Transaction cost theory concentrates on the most efficient governance structure for a given type of transaction. "Most efficient" means that the total transaction and production costs of the governance structure are lower than those of any other governance structure¹⁸².

Since one of the main industry-specific antecedents (see subsection 2.5.1) of entry modes analyzed in the literature are *asset specificity*¹⁸³, the transaction cost theory has been widely used to explain the international behavior of the enterprises in terms of determinants of entry mode choice at this level. It has been argued that asset specificity

¹⁷⁸ K. D. Brouthers, J. H. Hennart, 'Boundaries of the Firm: Insights From International...', op. cit.

¹⁷⁹ Y. Luo, 'An integrated anti-opportunism system in international exchange,' *Journal of International Business Studies*, vol. 38, no. 6, 2007, pp. 855–877.

¹⁸⁰ S. Klein, 'A transaction cost explanation of vertical control in international markets,' *Journal of the Academy of Marketing Science*, vol. 17, no. 3, 1989, pp. 253–260; S. H. Seggie, 'Transaction cost economics in international marketing: A review and suggestions for the future,' *Journal of International Marketing*, vol. 20, no. 2, 2012, pp. 49–71; M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic literature review,' *Journal of Strategic Marketing*, vol. 26, no. 7, 2018, pp. 1–27.

¹⁸¹ O. E. Williamson, *The economic institutions of capitalism...*, op. cit., p. 52; I. Geyskens, J. B. E. M. Steenkamp, N. Kumar, 'Make, buy, or ally: A transaction cost theory meta-analysis,' *Academy of Management Journal*, vol. 49, no. 3, 2006, pp. 519–543.

¹⁸² J. Bell, 'International joint ventures versus greenfield investments: A comprehensive approach' in: *Research in Global Strategic Management (Research in Global Strategic Management, Vol. 4)*, Bingley (UK), Emerald Group Publishing Limited, 1994, pp. 199–220.

¹⁸³ L. Wan, G. Orzes, M. Sartor, C. D. Mauro, G. Nassimbeni, 'Entry modes in reshoring strategies: An empirical analysis,' *Journal of Purchasing and Supply Management*, vol. 25, no. 3, 2019, 100522.

significantly influences the entry mode choice¹⁸⁴. O. E. Williamson¹⁸⁵ emphasized that an enterprise internalizes transactions when the cost of transaction between independent organizations is higher than the cost of its implementation within the enterprise (e.g., between affiliated companies). In the international context, due to the lack of foreign market information, enterprises are frequently characterized by bounded rationality and considerable opportunism, while meeting contract obligations requires the specific assets involvement. Accordingly, non-equity entry modes are preferred in low asset specificity sectors, such as clothing, since transaction costs created by potential opportunism are relatively low¹⁸⁶. In the case of unpredictability of the foreign market environment, frequently referred to as "*country risk*" in the literature¹⁸⁷, transaction cost theory implies a higher level of vertical integration¹⁸⁸. This theory suggests that under conditions of strong uncertainty, enterprises should react by keeping the initial investment low while securing an option for further investment in future¹⁸⁹. In such situations, cooperative entry strategies are seen as an attractive choice¹⁹⁰. On the other hand, multinational enterprises will prefer a wholly owned business in cases of *very specific assets, high uncertainty, and recurrent transactions*, since this governance structure provides a better safeguard against opportunistic behaviors¹⁹¹.

A systematic application of transaction cost theory to entry mode choice is an analysis of E. Anderson and H. Gatignon¹⁹². These authors clustered 17 market entry modes according to the level of control of each mode into three categories (high-control modes, medium-control modes and low-control modes), suggesting that the most appropriate (the most efficient) entry mode is a function of the trade-off between control and the cost of resource commitment.

¹⁸⁴ K. D. Brouthers, L. E. Brouthers, 'Why service and manufacturing entry mode choices differ: the influence of transaction cost factors, risk and trust,' *Journal of Management Studies*, vol. 40, no. 5, 2003, pp. 1179–1204.

¹⁸⁵ O. E. Williamson, *The economic institutions of capitalism...*, op. cit., p. 52.

¹⁸⁶ C. Lane, J. Probert, 'Domestic capabilities and global productions networks in the clothing industry: a comparison of German and UK firms' strategies,' *Socio-economic Review*, vol. 4, no. 1, 2006, pp. 35–67; L. Wan, G. Orzes, M. Sartor, C. D. Mauro, G. Nassimbeni, 'Entry modes in reshoring strategies...', op. cit.

¹⁸⁷ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

¹⁸⁸ D. Morschett, H. Schramm-Klein, B. Swoboda, 'Decades of research on market entry modes: What do we really know about external antecedents of entry mode choice?,' *Journal of International Management*, vol. 16, no. 1, 2010, pp. 60–77.

¹⁸⁹ K. D. Brouthers, L. E. Brouthers, S. Werner, 'Real options, international entry mode choice and performance,' *Journal of Management Studies*, vol. 45, no. 5, 2008, pp. 936–960.

¹⁹⁰ D. Morschett, H. Schramm-Klein, B. Swoboda, 'Decades of research on market entry modes...', op. cit.

¹⁹¹ *Ibidem*.

¹⁹² E. Anderson and H. Gatignon, 'Modes of Foreign Entry: A Transaction Cost Analysis...', op. cit.

Nevertheless, it has been argued that in a dynamic and competitive market environment, entry mode choice would not only be based on considerations of efficiency (transaction cost) but also on other aspects, such as strategic motives including internationalization or the enterprise's competitive position in the foreign markets¹⁹³. More specifically, some scholars found that enterprises driven by global strategic motivations (e.g., setting up a strategic outpost for future internationalization, developing a global sourcing site, or attacking actual or potential competitors) prefer equity entry modes¹⁹⁴. Similarly, M. Tsai and Y. Cheng¹⁹⁵ pointed out that market-seeking motivations, such as host sales market expansion, also lead to equity mode choices.

1.3.2.3. Eclectic paradigm (OLI framework)

In the literature, there is also a stream of research that attempts to combine both of the above-mentioned streams (the *monopoly stream* and the *efficiency stream*), namely **the eclectic stream** including the *eclectic theory of international production* developed by J. H. Dunning¹⁹⁶ who many times modified it¹⁹⁷. J. H. Dunning amalgamated the major imperfect market-based theories presented above, i.e., the oligopolistic and internalization theories, and added the third dimension in the form of location theory to explain why an enterprise opens a subsidiary abroad.

¹⁹³ A. W. Harzing, 'Acquisitions versus greenfield investments: International strategy and management of entry modes,' *Strategic Management Journal*, vol. 23, no. 3, 2002, pp. 211–227; E. Sanchez-Peinado, J. Pla-Barber, L. Hébert, 'Strategic Variables that Influence Entry Mode Choice in Service Firms,' *Journal of International Marketing*, vol. 15, no. 1, 2007, pp. 67–91; M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

¹⁹⁴ For example, see: W. C. Kim, P. Hwang, 'Global strategy and multinationals entry mode choice,' *Journal of International Business Studies*, vol. 23, no. 1, 1992, pp. 29–53; K. S. Rajan, N. Pangarkar, 'Mode of entry choice: an empirical study of Singaporean multinationals,' *Asia Pacific Journal of Management*, vol. 17, no. 1, pp. 49–65.

¹⁹⁵ M. Tsai, Y. Cheng, 'The decision criteria for the ownership control entry mode for Taiwanese manufacturing firms in the United States: an application of the logit model and AHP,' *International Journal of Commerce and Management* (renamed to: *Review of International Business and Strategy*), vol. 12, no. 2, 2002, pp. 45–71.

¹⁹⁶ J. H. Dunning, 'Trade, Location of Economic Activity and the MNE: A Search for an Eclectic Approach', in: B. Ohlin, P. O. Hesselborn, P. M. Wijkman, *The International Allocation of Economic Activity: Proceedings of a Nobel Symposium held at Stockholm*, London, Palgrave Macmillan UK, 1977, pp. 395–418.

¹⁹⁷ J. H. Dunning, 'Toward an eclectic theory of international production: some empirical tests,' *Journal of International Business Studies*, vol. 11, no. 1, 1980, pp. 9–31; J. H. Dunning, 'The eclectic paradigm of international production:... op.cit.:', J. H. Dunning, 'Reappraising the eclectic paradigm in the age of alliance capitalism,' *Journal of International Business Studies*, vol. 26, no. 3, 1995, pp. 461–491; J. H. Dunning, 'Location and the multinational enterprise: a neglected factor?', *Journal of International Business Studies*, vol. 29, no. 1, 1998, pp. 45–66; J. H. Dunning, 'The eclectic paradigm as an envelope for economic and business theories of MNE activity,' *International Business Review*, vol. 9, no. 2, 2000, pp. 163–190.

The eclectic theory has been widely used to explain the development of multinational enterprises in various industries and types of activity¹⁹⁸. It provides an insight into the cross-border activities and the behavior of enterprises to analyze the economic rationale for internationalization¹⁹⁹. The eclectic theory, also known as the *eclectic paradigm* or *OLI model* (acronym of *Ownership, Location and Internalization*), is an integrative, multi-theoretical proposal. It explains the causes of the enterprises' international expansion, arguing that an enterprise's tendency to undertake international activities is determined by the interaction between three interdependent variables²⁰⁰:

- 1) The *ownership-specific advantage* (O) relates to the enterprise's competitive advantages, i.e., their strategic control of tangible assets (e.g., technology, machinery, physical structure, stocks) and intangible assets (e.g., brand image, management skills, organization);
- 2) The *location-specific advantage* (L) - This location advantage represents the benefits from exploiting the enterprise's presence in a specific foreign country (e.g., political, economic, social stability, cultural diversity, production costs, salary level and access to the labor force, government benefits for firms or foreign investment, natural resources, infrastructure, tariff barriers and market dynamism).
- 3) The *internalization advantage* (I) – The internalization advantages (I) are the advantages the enterprise can benefit from by exploiting its ownership advantages internally rather than through other firms, based on four decision criteria: risk; control; return; and resources.

In other words, there are three main determinants affecting an enterprise's tendency to internationalize activities: (1) The extent to which the enterprise possesses or can acquire assets that its competitors do not possess, (2) the decision of the enterprise to sell or lease these assets to other entities, or to utilize the assets itself, and (3) the level of profitability that is to exploit these assets along with the indigenous resources from

¹⁹⁸J. Cantwell, R. Narula, 'The eclectic paradigm in the global economy,' *International Journal of the Economics of Business*, vol. 8, no. 2, 2001, pp.155–172; C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: A schematic synthesis,' *International Journal of Business and Globalisation*, vol. 15, no. 4, 2015, pp. 528–554.

¹⁹⁹ C. Wang, L. C. Wood, H. Abdul-Rahman, H. B. Ng, 'Triggering the internationalization ... op. cit.

²⁰⁰ J. H. Dunning, 'The eclectic paradigm as an envelope for economic and business theories of MNE activity,' op. cit.; J. H. Dunning, 'The eclectic (OLI) paradigm of international production: past, present and future,' *International Journal of the Economics of Business*, vol. 8, no. 2, 2001, pp.173–190.

abroad instead of those from the home country²⁰¹. Accordingly, J. H. Dunning²⁰² stated that when an enterprise possesses specific organizational skills or technologies, it also possesses a competitive advantage in the market. The more the ownership-specific advantages possessed by a firm, the greater the inducement to utilize these advantages itself, that is, to internalize them. Dunning also indicated that location-specific factors are essential to succeed in international operations. The more attractive the international market is compared to domestic market, the greater the possibility the enterprise will engage in international activities if given the incentive to do so²⁰³.

The eclectic paradigm is the second most frequently adopted theory used in market entry strategy research²⁰⁴. Using Dunning's framework to investigate the U.S. equipment-leasing companies, S. Agarwal and S. N. Ramaswami²⁰⁵ found that ownership, location, and internalization advantages all influence the mode these firms used. In turn, S. Klein, G. Frazier and V. Roth²⁰⁶ argued that enterprises with ownership advantage such as cutting-edge technology or product innovation capability would prefer to internalize activities hence the preference for high control entry strategies. In addition, G. Nakos and K. D. Brouthers²⁰⁷ have also applied OLI model to small and medium-sized enterprises (SMEs) and their foreign market entry mode choices and found that this framework did a good job of explaining entry mode selection of the SMEs. These authors showed that SMEs tend to prefer equity entry modes when entering countries with higher market potential or if they have significant differentiated products. Their findings contradict studies applying resource-based view (see subsection 1.3.6) that had shown that SMEs prefer adopt non-equity entry strategies due to their limited resources and capabilities.

²⁰¹ C. Wang, L. C. Wood, H. Abdul-Rahman, H. B. Ng, 'Triggering the internationalization ... op. cit.

²⁰² J. H. Dunning, 'Toward an eclectic theory of international production: some empirical tests,' op. cit.

²⁰³ S. S. Xiao, I. Jeong, J. J. Moon, C. C. Chung, J. Chung, 'Internationalization and Performance of Firms in China: Moderating Effects of Governance Structure and the Degree of Centralized Control,' *Journal of International Management*, vol. 19, no. 2, 2013, pp. 118–137; R. G. Javalgi, C. L. Martin, 'Internationalization of Services: Identifying the Building-Blocks for Future Research,' *Journal of Services Marketing*, vol. 21, no. 6, 2007, pp. 391–397; C. Wang, L. C. Wood, H. Abdul-Rahman, H. B. Ng, 'Triggering the internationalization ... op. cit.

²⁰⁴ A. Canabal, G. O. White III, 'Entry mode research: Past and future,' *International Business Review*, vol. 17, no. 3, 2008, pp. 267–284.

²⁰⁵ S. Agarwal, S. N. Ramaswami, 'Choice of foreign market entry mode: impact of ownership, location, and internalization factors,' *Journal of International Business Studies*, vol. 23, no. 1, 1992, pp. 1–27.

²⁰⁶ S. Klein, G. Frazier, V. Roth, 'A transaction cost analysis model of channel integration in international markets,' *Journal of Marketing Research*, vol. 27, no. 2, 1990, pp. 196–208.

²⁰⁷ G. Nakos, K.D. Brouthers, 'Entry mode choice of SMEs in Central and Eastern Europe,' *Entrepreneurship Theory and Practice*, vol. 27, no. 1, 2002, pp. 47–63.

The eclectic paradigm, although widely applied in the literature, has also been criticized by some researchers. First, because it is a paradigm, there are possible methodological dangers that so many factors will be involved²⁰⁸. Second, the distinctions among the three types of advantages are not clearly defined. Specifically, A. Rugman²⁰⁹ and M. Itaki²¹⁰ argued that the "ownership advantage" is redundant, since it must be internalized in order to be effective, and that makes the OLI paradigm resemble the internalization theory.

1.3.3. Theories of stage internationalization

The stage theories describe the internationalization as an incremental (gradual) process in which an enterprise passes through several stages due to their lack of knowledge of international markets, high risk aversion, and high perceived uncertainty²¹¹. O. Andersen²¹² distinguished two major stages theories of internationalization: The Uppsala internationalization model (*U-Model*) and the Innovative-Related internationalization model (*I-Model*). In addition, M. K. Witek-Hajduk²¹³ also mentioned a model introduced by some Finnish researchers (thus also called *Finnish model*, *Helsinki model* or *the target country internationalization process model*²¹⁴) as a stage theory of internationalization.

1.3.3.1. The Uppsala Model

The Uppsala model was developed starting from the research on the internationalization process of four Swedish firms conducted by J. Johanson and F. Wiedersheim-Paul²¹⁵ in 1975 and the research of J. Johanson and J. E. Vahlne²¹⁶ in 1977,

²⁰⁸ M. Itaki, 'A Critical Assessment of the Eclectic Theory of the Multinational Enterprise,' *Journal of International Business Studies*, vol. 22, no. 3, 1991, pp. 445–460.

²⁰⁹ A. Rugman, 'New Theories of the Multinational Enterprise: An Assessment of Internalisation Theory,' *Bulletin of Economic Research*, vol. 38, no. 2, 1986, pp. 101–118.

²¹⁰ M. Itaki, 'A Critical Assessment of the Eclectic Theory of the Multinational Enterprise,' op. cit.

²¹¹ C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories...', op. cit.

²¹² O. Andersen, 'On the internationalization process of firms: a critical analysis,' *Journal of International Business Studies*, vol. 23, no. 1, 1993, pp. 1–27.

²¹³ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw ...* op. cit., p. 52.

²¹⁴ T. Vissak, X. Zhang, 'Becoming a True Born Global without Any Experiential Market Knowledge: three Chinese Cases' in: M. Marinov, S. Marinova, *Internationalization of Emerging Economies and Firms*, Hampshire (UK), Palgrave Macmillan, 2012, p. 144.

²¹⁵ J. Johanson, F. Wiedersheim-Paul, 'The internationalization of the firm: four Swedish cases,' *Journal of Management Studies*, vol. 2, no. 3, 1975, pp.305–322.

²¹⁶ J. Johanson, J. E. Vahlne, 'The internationalization process of the firm: ...,' op. cit.

later revised by J. Johanson and J. E. Vahlne²¹⁷, and J. E. Vahlne and K. A. Nordström²¹⁸. The theoretical base of the Uppsala model can be found in the Penrose's theory of the growth of the firm²¹⁹ and the behavioral theory of the firm formulated by R. D. Cyert and J. G. March²²⁰, as well as by Y. Aharoni²²¹.

In the Uppsala model, internationalization is seen as an incremental process in which enterprises tend to gradually develop their international expansion, beginning with geographically proximate markets, or those perceived to be psychic close in terms of culture, institutions, and location aspects before entering more distant countries. An important theme is "*psychic distance*", which defined by J. Johanson and J. E. Vahlne²²² as the sum of factors preventing the flow of information between the enterprise and the market (e.g., differences in culture, language, education, etc.). The Uppsala model expects enterprises to start their international expansion from countries that are psychically close to them, since in those markets they perceive the best opportunities with a minimal level of uncertainty. Such markets are expected to be more easily understood by the internationalizing enterprises and to offer more familiar business environments²²³. K. Eriksson, J. Johanson, A. Majkgard, and D. D. Sharma²²⁴ noted that enterprises build on the experiential knowledge accumulated in the previous markets for their subsequent international market entries. Thus, a stepwise investment pattern is presumed to offer learning opportunities that enhance the enterprise's knowledge base of foreign countries, which can help to reach less familiar and/or more distant markets²²⁵.

²¹⁷ J. Johanson, J. E. Vahlne, 'The mechanism of internationalization,' op. cit.; J. Johanson, J. E. Vahlne, 'The Uppsala internationalization process model revisited: from liability of foreignness to liability of outsidership,' *Journal of International Business Studies*, vol. 40, no. 9, 2009, pp. 1411–1431.

²¹⁸ J. E. Vahlne, K. A. Nordström, 'The internationalization process: impacts of competition and experience,' *International Trade Journal*, vol. 7, no. 5, 1993, pp.529–549.

²¹⁹ E. T. Penrose, *The theory of the Growth of the Firm*, Oxford, Basil Blackwell, 1959.

²²⁰ R. D. Cyert, J. G. March, *The Behavioral Theory of the Firm*, Englewood Cliffs–New Jersey, Prentice-Hall, 1963.

²²¹ Y. Aharoni, *The foreign Investment Decision Process*, Boston, Massachusetts, Harvard University Press, 1960.

²²² J. Johanson, J. E. Vahlne, 'The mechanism of internationalization,' op. cit.

²²³ S. O'Grady, H. W. Lane, 'The psychic distance paradox,' *Journal of International Business Studies*, vol. 27, no. 2, 1996, pp. 309–333.

²²⁴ K. Eriksson, J. Johanson, A. Majkgard, D. D. Sharma, 'Experiential knowledge and cost in the Internationalization process,' *Journal of International Business Studies*, vol. 28, no. 2, 1997, pp. 337–360.

²²⁵ M. C. Dike, E. L. Rose, 'Cross-border expansion and competitive interactions of indigenous mobile network operators in sub-Saharan Africa,' *Thunderbird International Business Review*, vol. 61, no. 2, 2019, pp. 29–42.

According to Uppsala model, an enterprise's engagement in a specific foreign market proceeds along with the "establishment chain" composed of the following stages²²⁶:

- 1/ no regular export activities;
- 2/ export via independent representatives (agents or distributors);
- 3/ establishment of a foreign sales subsidiary;
- 4/ establishment of foreign production/manufacturing units.

Its major rationale is that evolution of the internationalization process is a consequence of the enterprise's increased knowledge and activities in foreign markets, as well as a result of the increasing resource commitment²²⁷.

The model built by J. Johanson and F. Wiedersheim-Paul was further developed by J. Johanson and J. E. Vahlne²²⁸, who worked out a dynamic model of enterprise's internationalization. Referring to the enterprise assets management concept and the behavioral concept, J. Johanson and J. E. Vahlne distinguished two critical aspects of enterprise's internationalization process²²⁹:

- The *state of internationalization* determined by the level of engaging enterprise's assets abroad and the state of knowledge about an international market as well as activities implemented there;
- The *change* that comes as a consequence of the decision on engaging enterprise's assets abroad and its undertaking of current operations in the foreign market.

Emphasizing the dependencies between these two aspects of internationalization, these authors argued that the state of engaging enterprise's assets abroad and the knowledge about an international market determine the changing enterprise's engagement on the international market and on current operations there. In contrast, the change of enterprise's engagement abroad and decisions on the current operations in the international market also influence the state of engaging assets in the foreign countries and enterprise's knowledge about these markets (see Figure 2).

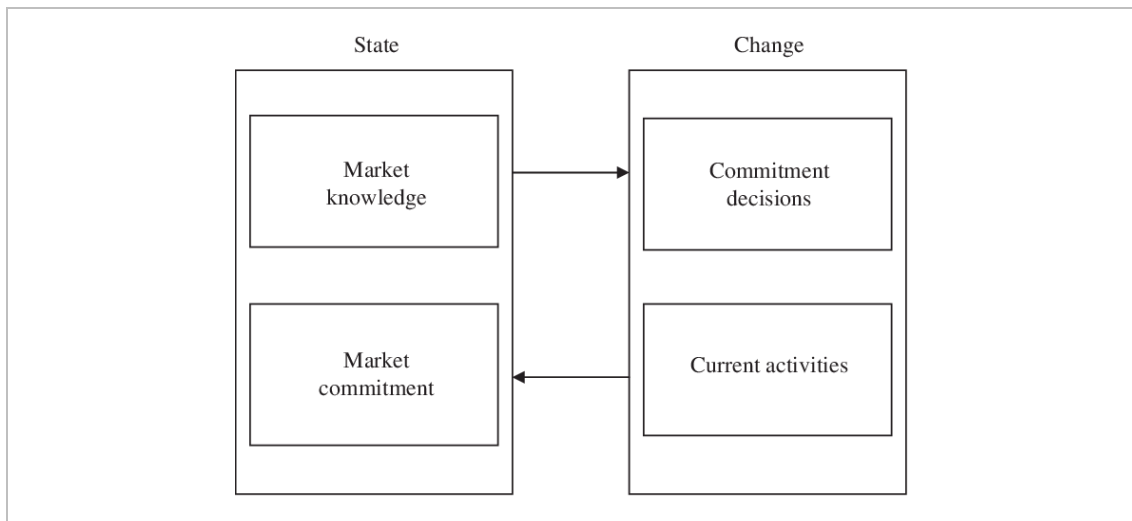
²²⁶ J. Johanson, F. Wiedersheim-Paul, 'The internationalization of the firm: four Swedish cases,' op. cit.

²²⁷ C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories...', op. cit.

²²⁸ J. Johanson, J. E. Vahlne, 'The Internationalization Process of the Firm: ...,' op. cit.

²²⁹ Ibidem.

Figure 2. State and Change aspects of the internationalization process



Source: J. Johanson, J. E. Vahlne, 'The Internationalization Process of the Firm...', op. cit.

The first components of the internationalization model of J. Johanson and J. E. Vahlne are the commitment of enterprise's assets abroad and current activities on the foreign market. The commitment of enterprise's assets abroad is determined by the condition of assets that are the source of enterprise's competitive advantage involved in international operations and the way of their exploitation. The current operations in the international market help the enterprise to accumulate experience to accelerate the decision-making process on engagement in international markets²³⁰.

J. Johanson and J. E. Vahlne also asserted that the knowledge about the foreign market is the key determinants of decision on engaging enterprise's assets abroad. According to these authors, the following groups of knowledge are used in the internationalization process²³¹:

- *Knowledge about possibilities and limitations* of expansion abroad determining the decision on entering a foreign market and *knowledge of foreign markets* determining the entry mode selection,
- *Objective knowledge* that is relatively easy to absorb and *experience* learned from activities in the foreign market, and
- *General knowledge* to be applied in different markets and *specific knowledge* of a certain market.

²³⁰ J. Johanson, J. E. Vahlne, 'The Internationalization Process of the Firm: ...,' op. cit.

²³¹ Ibidem.

This model was further developed by many scholars, such as R. Luostarinen²³², J. Larimo²³³, E. Hornell and J. Vahlne²³⁴, B. Swedenborg²³⁵, B. Gandemo and J. Mattsson²³⁶, M. Juul and P. G. P. Walters²³⁷, K. Yoshihara²³⁸, M. Wilkins²³⁹, M. Brooke²⁴⁰, as well as F. Wiedersheim-Paul, H. C. Olson and L. S. Welch²⁴¹, who asserted that an important premise for starting export is the enterprise's previous experience in conducting activities in the home market, namely "*domestic internationalization*". Accordingly, F. Wiedersheim - Paul, H. C. Olson and L. S. Welch distinguished the following stages of domestic internationalization²⁴²:

- *Domestic firms* – enterprises oriented towards the domestic market, characterized by none to low willingness to start exporting and limited information resources;
- *Passive non-exporting firms* – enterprises oriented towards the foreign market with low to medium willingness to start exporting and little information resources;
- *Active non-exporting firms* – enterprises oriented towards the foreign market with high willingness to start exporting and relatively large amount of information about foreign markets.

The Uppsala model stands out as the most prominent and the most cited theory in the literature²⁴³. Nevertheless, this model has been criticized, mainly because its focus is restricted to risk aversion as a source of incremental and slow steps in the

²³² R. Luostarinen, 'Internationalization of the Firm,' *Acta Academica*, Series A: 30, Helsinki, The Helsinki School of Economics, 1980.

²³³ J. Larimo, 'The foreign direct manufacturing investment behavior of Finnish companies,' paper presented at *the European International Business Association Conference*, Glasgow, 1985, cited in: R. E. Morgan, C. S. Katsikeas, 'Theories of International Trade, Foreign Direct Investment and Firm Internationalization: A critique,' *Management Decision*, vol. 35, no. 1, 1997, pp. 68–78.

²³⁴ E. Hornell, J. Vahlne, 'Changing structure of foreign investment by Swedish MNCs,' paper presented at *the European International Business Association Conference*, Fontainebleau, France, 1982, cited in: R. E. Morgan, C. S. Katsikeas, 'Theories of International Trade, ...,' op. cit.

²³⁵ B. Swedenborg, *The Multinational Operations of Swedish Firms*, Stockholm, Almqvist and Wiksell, 1982.

²³⁶ B. Gandemo, J. Mattsson, 'Internationalization of Firms – Patterns and Strategies,' *Bedriftsnykonomen*, no. 6, 1984, pp. 314–317.

²³⁷ M. Juul, P. G. P. Walters, 'The Internationalization of Norwegian Firms: A Study of the U.K. Experience,' *Management International Review*, vol. 27, no. 1, 1987, pp. 58–66.

²³⁸ K. Yoshihara, 'Determinants of Japanese Investment in South-East Asia,' *International Social Science Journal*, vol. 30, no. 2, 1978, pp. 1–20.

²³⁹ M. Wilkins, *The Maturing of Multinational Enterprise*, Cambridge, Harvard University Press, 1974.

²⁴⁰ M. Z. Brooke, *International Management: A Review of Strategies and Operations*, London, Hutchinson, 1986.

²⁴¹ F. Wiedersheim-Paul, H. C. Olson, L. S. Welch, 'Pre-export Activity: The First Step in Internationalization,' *Journal of International Business Studies*, vol. 9, no. 1, 1978, pp. 47–58.

²⁴² Ibidem.

²⁴³ C. Prange, S. Verdier, 'Dynamic capabilities, internationalisation processes and performance,' *Journal of World Business*, vol. 46, no. 1, 2011, pp. 126–133; C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: ...,' op. cit.

internationalization process²⁴⁴. Moreover, since communication and transportation infrastructures improved and markets became increasingly homogeneous, the "psychic distance" – one of the important themes of Uppsala model – has become much less relevant in today's global economy²⁴⁵.

1.3.3.2. The innovation-related internationalization models

Another group of theories that belong to the stage theories of internationalization are the **innovation-related internationalization models** (also *I-models*). However, while the Uppsala model considers the internationalization process as a lengthy organizational learning process, the innovation-related internationalization models analyze the process as an innovative way of acting and the adoption of new approaches to business²⁴⁶. In other words, in the I-models, the internationalization decision is considered as an innovation for the enterprise.

The I-models have been represented by many scholars. The most well-known frameworks were summarized as follows. Analyzing the process of internationalization of an enterprise, W. J. Bilkey and G. Tesar²⁴⁷ distinguished the following stages:

- Stage 1: The enterprise is not interested in exporting.
- Stage 2: The enterprise would complete export orders from abroad, but makes no effort to explore the export possibilities.
- Stage 3: The enterprise actively explores the export possibility.
- Stage 4: The enterprise launches experimental export activities to some psychologically close countries.
- Stage 5: The enterprise is an experienced exporter and attempts to optimally adjust to determinants of environment in the foreign markets.
- Stage 6: The enterprise explores the export possibilities in more countries that, psychologically, are further away.

²⁴⁴ A. Hadjikhani, 'A Note on the criticisms against the internationalization process model,' *Management International Review*, vol. 37, no. 2, 1997, pp. 43–66; C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: A schematic synthesis,' op. cit.

²⁴⁵ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode ... op. cit.

²⁴⁶ T. Madsen, P. Servais, 'The internationalization of born globals: an evolutionary process?,' *International Business Review*, vol. 6, no. 6, 1997, pp. 561–583.

²⁴⁷ W. J. Bilkey, G. Tesar, 'The Export Behavior of Smaller-Sized Wisconsin Manufacturing Firms,' *Journal of International Business Studies*, vol. 8, no. 1, 1977, pp. 93–98.

The I-models also include the model developed by S. T. Cavusgil²⁴⁸, who listed the following stages in the internationalization process of the enterprise:

- *Domestic marketing* - Preoccupation with the home market;
- *Pre-export* - Deliberate search for information and preliminary evaluation of the possibility of undertaking international marketing activity;
- *Experimental involvement* - Initiation of limited international marketing activity;
- *Active involvement* - Systematic exploration of expanding international marketing activity;
- *Committed involvement* - Resource allocation based on international opportunities.

S. Young supplemented the above scheme with a stage of the so-called "*global involvement stage*", where the enterprise has a broad international spread of activities, and market-servicing methods differ widely in the pursuit of competitive advantage²⁴⁹.

The I-models also include the model developed by M. R. Czinkota²⁵⁰, who distinguished the following stages of the enterprise's internationalization:

- Stage 1: The completely uninterested enterprise
- Stage 2: The partially interested enterprise
- Stage 3: The exploring enterprise
- Stage 4: The experimental enterprise
- Stage 5: The experienced small exporter
- Stage 6: The experienced large exporter

In turn, S. D. Reid²⁵¹ suggested that the export expansion process can be represented schematically as a five-stage hierarchy consisting the following stages:

- Stage 1 – *export awareness*: Problem of opportunity recognition, arousal of need;
- Stage 2 – *export intention*: Motivation, attitude, beliefs, and expectancy about export;
- Stage 3 – *export trial*: Personal experience from limited exporting;

²⁴⁸ S. T. Cavusgil, 'On the internationalization process of firms,' *European Research*, vol. 8, no. 6, 1980, pp. 273–281.

²⁴⁹ S. Young, *International market entry and development – strategies and management*, Hertfordshire, Harvester Wheatsheaf, 1989, p. 33.

²⁵⁰ M. R. Czinkota, *Export development strategies: U.S. promotion policies*, New York, Praeger Publishers, 1982, cited in: O. Andersen, 'On the internationalization process of firms: a critical analysis,' op. cit.

²⁵¹ S. D. Reid, 'The Decision-Maker and Export Entry and Expansion,' *Journal of International Business Studies*, vol. 12, no. 2, 1981, pp. 101–112.

- Stage 4 – *export evaluation*: Results from engaging in exporting
- Stage 5 – *export acceptance*: Adoption of exporting/rejection of exporting

It can be seen that in these models explaining the process of internationalization from an innovation-related perspective, the number of "stages" varies. In these I-models, most scholars have only focused on early phases of internationalization process, in particular on the pre-export stage and on the stage of export development.

1.3.3.3. The Finnish model

The Finnish model (*Helsinki model* or *the target country internationalization process model*) was formulated by some Finnish scholars on the basis of empirical research on the internationalization process of Finnish small and medium-sized, commonly family enterprises.

The Finnish model agrees with the two previously discussed stage theories in the sense that, firstly, enterprises tend to start their international activities from their home country and, after that, penetrate geographically, politically, economically and culturally the closest countries. It also acknowledges the importance of experiential knowledge, but suggests that some knowledge can be also acquired from other sources²⁵².

R. Loustarinen and H. Hellman²⁵³ distinguished four stages, including the stage of the so-called "inward internationalization" and "outward internationalization" (see sub-chapter 1.1) of internationalization process of an enterprise:

1) *domestic stage*: the enterprise does not undertake operation in the international markets;

2) *stage of "inward internationalization"*: internationalization is limited to imports or licenses purchasing. This stage is not necessary for all companies;

3) *stage of "outward internationalization"*: the enterprise starts exporting, enters into cooperation with foreign partners, or establishes a branch or production line overseas. This stage may occur following the domestic stage or the stage of inward internationalization;

4) *stage of cooperation*: the enterprise forms a business network with foreign partners or become a member of an international network.

²⁵² T. Vissak, X. Zhang, 'Becoming a True Born Global without ...', op. cit. p. 144.

²⁵³ R. Luostarinen, H. Hellman, 'The Internationalization Processes and Strategies of Finnish Family Firms,' CIBR Working Papers, Y-1, Helsinki, Center for International Business Research, 1994.

Also, L. S. Welch and R. Luostarinen²⁵⁴ stated that the internationalization process should be analyzed on the basis of six dimensions: (1) forms of international operations (e.g. agents, subsidiaries, licensing, franchising, management contracts, etc.), (2) sale objects (goods, services, know-how, systems), (3) markets – including political, cultural, physical distance differences between the home and host countries, (4) enterprise's organizational structure (export department, international division, etc.), (5) availability of financial assets indispensable to finance enterprise's expansion abroad, and (6) personnel (international skills, experience, and trainings).

1.3.4. Network theory of internationalization

Network theory of internationalization (or *network model of internationalization*, *network internationalization theory*, and so forth) refers to both the stage models of internationalization and the network approach to cooperation between enterprises.

Scholars have been focused on networks, which can be defined as a structure where a number of nodes are related to each other by specific threads²⁵⁵. As stated by B. Axelsson and G. Easton²⁵⁶ networks can be defined as "sets of two or more connected exchange relationships". According to W. W. Powell²⁵⁷, networks also can be explained by a set of components, including collaboration, heavy reliance on reciprocity, and a reputation and relationship basis for communication. In particular, the majority of research stressed the networks as the relationships that binds a group of independent organizations together²⁵⁸. Similarly, G. Ahmetoglu²⁵⁹ maintained that alliance relationships between enterprises are also referred to as a significant type of network. The

²⁵⁴ L. S. Welch, R. Luostarinen, 'Internationalization: Evolution of a Concept,' op. cit.

²⁵⁵ H. Håkansson, D. Ford, 'How should companies interact in business networks?,' *Journal of Business Research*, vol. 55, no. 2, 2002, pp. 133–139.

²⁵⁶ B. Axelsson, G. Easton, *Industrial networks: A new view of reality*, London, Routledge, 1992, p. 365, cited in: R. Sedzinauskienė, J. Sekliuckienė, A. Zucchella, 'Networks' Impact on the Entrepreneurial Internationalization: A Literature Review and Research Agenda,' *Management International Review*, vol. 59, no. 2, 2019, pp. 779–823.

²⁵⁷ W. W. Powell, 'Neither market nor hierarchy: Network forms of organization' in: B. M. Staw, L. L. Cummings, *Research in organizational behavior*, Greenwich, JAI Press, 1990, pp. 295–336, cited in: R. Sedzinauskienė, J. Sekliuckienė, A. Zucchella, 'Networks' Impact on the Entrepreneurial Internationalization...', op. cit.

²⁵⁸ T. S. Christopher, A. F. Cameron, 'External relationships and the small business: A review of small business alliance and network research,' *Journal of Small Business Management*, vol. 45, no. 2, 2007, pp. 239–266.

²⁵⁹ G. Ahmetoglu, *The Wiley Handbook of Entrepreneurship*, New York, Wiley-Blackwell, 2017, cited in: R. Sedzinauskienė, J. Sekliuckienė, A. Zucchella, 'Networks' Impact on the Entrepreneurial ...,' op. cit.

alliance can be defined as a close inter-firm collaboration that requires substantial sharing of information, skills and resources to achieve mutually defined goals²⁶⁰.

The network approach aims to analyze the industrial systems through the following variables²⁶¹: *Actors* (individuals, groups of individuals, parts of firms, firms, or groups of firms), *activities*, and *resources* (physical resources such as materials, equipment, buildings; financial resources; and intangible resources – knowledge, brand image, etc.). When actors combine, use, develop, exchange or create resources they perform activities²⁶².

J. Johanson, L. G. Mattsson²⁶³ introduced one of the deepest studies on the network theory applied to internationalization. The network theory of internationalization is an expansion of the internationalization process theory (the Uppsala model) and describes the markets of enterprises as firms' networks. The basic assumption of network theory of internationalization rests on the assertion that the actors (enterprises) are dependent on resources controlled by other parties²⁶⁴. According to these authors, as an enterprise internationalizes so the number of actors (competitors, customers, institutions or other entities), with which it has to interact, increases²⁶⁵. Accordingly, internationalization is related to establishment and development of relationships with counterparts in international networks (1) through establishment of positions in relation to counterparts in national networks that are new to the enterprise (i.e., *international extension*), (2) by developing the positions and increasing resource commitments in foreign networks in which the enterprise already has positions (i.e., *penetration*), and (3) by increasing co-ordination between positions in different national networks (i.e., *international integration*)²⁶⁶. The network theory emphasizes the importance of choosing suitable

²⁶⁰ P. J. Buckley, 'Alliances, technology and markets: A cautionary tale' in: P. J. Buckley, *Studies in international business*, London, Macmillan, 1992; S. B. Preece, G. Miles, M. C. Baetz, 'Explaining the international intensity and global diversity of early-stage technology-based firms,' *Journal of Business Venturing*, vol. 14, no. 3, 1998, pp. 259–281; R. Sedzinauskienė, J. Sekliuckienė, A. Zucchella, 'Networks' Impact on the Entrepreneurial Internationalization...', op. cit.

²⁶¹ H. Håkanson, J. Johanson, 'A Model of Industrial Networks' in: B. Axelsson, G. Easton, *Industrial Networks: A View of Reality*, London, Routledge, 1992, pp. 28–34.

²⁶² Ibidem.

²⁶³ J. Johanson, L. G. Mattsson, 'Internationalisation in industrial systems - a network approach' in: N. Hood, J. E. Vahlne, *Strategies in global competition*, New York, Croom-Helm, 1988, pp. 287–314.

²⁶⁴ C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: A schematic synthesis,' op. cit.; S. Hollensen, *Global marketing. A decision-oriented approach*, op. cit., p. 73 & p. 81.

²⁶⁵ F. Garía-Lillo, E. Claver-Cortés, B. Marco-Lajara, M. Úbeda-García, 'Mapping the Intellectual Structure of Research on 'Born Global' Firms and INVs: A Citation/Co-citation Analysis,' *Management International Review*, vol. 57, no. 4, pp. 631–652.

²⁶⁶ J. Johanson, L. G. Mattsson, *Internationalisation in Industrial Systems...* op.cit., p. 296 in: N. Hood, J. E. Vahlne, (eds.) *Strategies in Global Competition: Selected Papers from the Prince Bertil Symposium at the Institute of International Business*, Stockholm School of Economics, Vol. 19, Routledge, Oxford 2013;

partners, since the success of internationalization depends on the benefits of the information provided by each network participant²⁶⁷.

Using the network framework to suggest an internationalization typology, J. Johanson and L. G. Mattsson²⁶⁸ distinguished four categories of enterprises in terms of the degree of enterprise's internationalization and the degree of network's internationalization: (1) *The early starter*, (2) *the late starter*, (3) *the lonely international*, and (4) *the international among others* (see Figure 3).

Figure 3. The internationalization and network model of J. Johanson & L.G. Mattsson

		Degree of internationalization of the network	
		Low	High
Degree of internationalization of the firm	Low	<i>The early starter</i>	<i>The late starter</i>
	High	<i>The lonely international</i>	<i>The international among others</i>

Source: J. Johanson, L. G. Mattsson, "Internationalization in industrial systems – a network approach" in: P.J. Buckley, P.N. Ghauri, *The internationalization of the firm: A reader*, London, Academic Press, 1993, p. 309.

The first category of firm, *the Early Starter* is the enterprise possessing a low degree of internationalization and low degree of its network. Also, its competitors and suppliers are in the same position. Thus, the *early starter* has little knowledge of international markets and also has little opportunity to gain this knowledge from its relationships in the home market. Beginning the international expansion, the enterprise can use agents and distributors to enter foreign markets. By using an agent/distributor in the foreign market, the enterprise can reduce cost and risk, since it benefits from the partner's previous knowledge about that market. The *early starters* are frequently encouraged to internationalize by foreign partners in the foreign market.

J. Johanson, L. G. Mattsson, *Internationalisation in Industrial Systems – A Network Approach*, p. 118, in: M. Forsgren, U. Holm, J. Johanson (eds), *Knowledge, Networks and Power: The Uppsala School of International Business*, Palgrave Macmillan, London 2015.

²⁶⁷ F. Garía-Lillo, E. Claver-Cortés, B. Marco-Lajara, M. Úbeda-García, 'Mapping the Intellectual Structure ...', op. cit.

²⁶⁸ J. Johanson, L. G. Mattsson, 'Internationalization in industrial systems – a network approach', op. cit., p. 309.

The second category, the *Lonely International*, is an enterprise which is highly internationalized. Nevertheless, due to the low level of network's internationalization the enterprise cannot use relationships with partners in the network to help it in the foreign expansion. The *lonely international* may work with domestic suppliers to enhance its competitiveness in the market and frequently plays the role of an export-import agent²⁶⁹.

The third category, *the Late Starter* – an enterprise with a low degree of internationalization, is in an environment that is already internationalized. Due to the high level of network's internationalization, the enterprise has indirect relationships with foreign network through its suppliers, clients, and even competitors which can help it in the foreign expansion. Although J. Johanson and L. G. Mattsson pointed out that the *late starters* usually start their internationalization by entering neighboring countries. S. Chetty and D. B. Holm²⁷⁰ asserted that when entering these markets is difficult (e.g., due to the position of competitors or difficulty of joining the existing network), the *late starters* might start their international expansion by entering more distant markets first.

The fourth category, the *International Among Others*, is an enterprise with a high degree of internationalization that operates in a market environment, which is also highly internationalized. Due to the high level of network's internationalization the enterprise can use the relationships with partners in the network to help it in foreign expansion. The *international among others* is connected to numerous international networks that provide opportunities for acquiring external resources.

The network approach to internationalization has also been applied by Polish scholars, such as K. Fonfara. Considering three criteria: (1) *Characteristics of the internationalization process* (the process of internationalization may be formal or spontaneous), (2) the enterprise's *willingness to cooperate* (the enterprise may be open or close to cooperation), and (3) the enterprise's *attitude to shaping the business network* (the enterprise may represent an active or passive approach to creating a business network), K. Fonfara distinguished four types of international behavior of enterprises²⁷¹:

²⁶⁹ I. F. Wilkinson, L. G. Mattsson, G. Easton, 'International competitiveness and trade promotion policy from a network perspective,' *Journal of World Business*, vol. 35, no. 3, 2000, pp. 275–299.

²⁷⁰ S. Chetty, D. B. Holm, 'Internationalization of small to medium-sized manufacturing firms: a network approach,' *International Business Review*, vol. 9, no. 1, 2000, pp. 77–93.

²⁷¹ K. Fonfara, *Zachowanie przedsiębiorstwa w procesie internacjonalizacji: Podejście sieciowe*, Warsaw, PWE, 2009, pp. 55–58.

- An "*active*" – an enterprise which is open to cooperation and actively creates a network of formal relations with foreign and domestic partners in the process of internationalization, which is formal in nature;
- A "*compliant*" – an enterprise which is open to cooperation, but passively submits to the process of creating a network and the process of internationalization, which is spontaneous;
- An "*independent*" – an enterprise which is closed to cooperation and consciously limits the network and dependence on domestic and foreign entities in the process of internationalization, which is formal in nature;
- A "*distrustful realist*" – an enterprise which is closed to cooperation, although it is aware of the necessity of relationships with other foreign entities and passively submits to the process of creating a network and the process of internationalization, which is spontaneous.

The network theory is frequently used to explain the internationalization of small and medium-sized enterprises²⁷² whose success may ultimately depend on relationships with others entities²⁷³. By entering new countries, enterprises have opportunities to build and develop new relationships giving them access to other markets. The availability of market information and knowledge from the network partners may be a potential source of competitive advantage for enterprises²⁷⁴, through information sharing, support and assistance²⁷⁵. In research on the small and medium-sized enterprises in China, L. Zhou, W. Wu and X. Luo²⁷⁶ found that networks in the form of "*guanxi*", defined as a system of reciprocity, trust, and interdependencies that creates value through the effective use of social capital²⁷⁷, effectively accelerate internationalization of the enterprise and increase

²⁷² P. Ahokangas, *Internationalization and resources: an analysis of processes in Nordic SMSs*, op. cit.; C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: A schematic synthesis,' op. cit.

²⁷³ S. Bridgewater, 'Informal networks as a vehicle of international market entry: Future research Directions,' Warwick Business School Research Paper No. 54, University of Warwick, 1992; R. E. Hoskisson, L. Eden, C. M. Lau, M. Wright, 'Strategy in emerging economies,' *Academy of Management Journal*, vol. 43, no. 3, 2000, pp. 249–267; R. Berger, R. Herstein, A. Silbiger, B. R. Barnes, 'Developing International Business Relationships in a Russian Context,' *Management International Review*, vol. 57, no. 3, 2017, pp. 441–471.

²⁷⁴ K. H. Lin, I. Chaney, 'The influence of domestic interfirm networks on the internationalization process of Taiwanese SMEs,' *Asia Pacific Business Review*, vol. 13, no. 4, 2007, pp. 565–583.

²⁷⁵ L. P. Dana, H. Etemad, R.W. Wright, 'The Global Reach of Symbiotic Networks' in: L. P. Dana, *Global Marketing Co-operation*, Oxford, Routledge, 2011, p. 6.

²⁷⁶ L. Zhou, W. Wu, X. Luo, 'Internationalization and the Performance of Born-Global SMEs...', op. cit.

²⁷⁷ G. Redding, *The Spirit of Chinese Capitalism*, New York, Walter de Gruyter, 1990; M. Boisot, J. Child, 'From fiefs to clans and network capitalism: explaining China's emerging economic order,' *Administrative*

the profitability of those processes. The network theory is also adopted to explain the internationalization of Western enterprises that desire to enter emerging markets²⁷⁸.

1.3.5. The concepts of international entrepreneurship

The concepts of international entrepreneurship have played an important role in the research on the internationalization over the recent years. There are two main streams of research belonging to this group of concepts:

- *Concepts of early (or rapid) internationalization*, including those dealing with issues of the so-called "born-globals", "international new ventures", and "rapid internationalization";
- *Alternative models of international entrepreneurship* – the concepts that focus on the impact of the entrepreneur's characteristics as an antecedent of internationalization.

1.3.5.1. The concepts of early internationalization

The rapid changes in the global economy and business have forced enterprises to accelerate their international market entry strategies, which are not captured by the traditional, incremental models²⁷⁹. The early (or rapid) internationalization of enterprises is one of the most recent phenomena in research on internationalization. This phenomenon is based on the early stages of the internationalization process, reflecting the inadequacy of the traditional theories to describe and explain the new, innovative phenomenon²⁸⁰. Accordingly, the concepts of early internationalization were created as a result of opposition to the stage models of internationalization in connection with the identification and explanation of new types of business, described in the literature as

Science Quarterly, vol. 41, no. 4, 1996, pp. 600–628, cited in: L. Zhou, W. Wu, X. Luo, 'Internationalization and the Performance of Born-Global SMEs...', op. cit.

²⁷⁸ R. E. Hoskisson, L. Eden, C. M. Lau, M. Wright, 'Strategy in emerging economies,' op. cit.

²⁷⁹ C. Prange, S. Verdier, 'Dynamic capabilities, internationalisation processes and performance,' op. cit.; S. Chetty, C. Campbell-Hunt, 'A strategic approach to internationalization: a traditional versus a 'born-global' approach,' *Journal of International Marketing*, vol. 12, no. 1, 2004, pp. 57–81.

²⁸⁰ N. Coviello, M. V. Jones, 'Methodological issues in international entrepreneurship research,' *Journal of Business Venturing*, vol. 19, no. 4, 2004, pp. 485–508; K. Wennberg, C. Holmquist, 'Problemistic search and international entrepreneurship,' *European Management Journal*, vol. 26, no. 6, 2008, pp. 441–454; A. Catanzaro, K. Messeghem, S. Sammut, 'Towards a typology of born again international SMEs,' *World Conference Proceedings*, Washington, International Council for Small Business (ICSB), 2011.

"international new venture" or "global start-ups"²⁸¹, "born globals"²⁸², "high technology start-ups"²⁸³, 'infant multinationals'²⁸⁴, and so forth.

However, the studies developed so far do not appear to have consensus on the definition of the early and rapid internationalization of enterprises. As a result, in the literature there have been many attempts to define this innovative phenomenon (see Table 4).

Table 4. Selected definitions of the early internationalization of enterprises

Used term	Definition	Author(s)
International New Venture (INV)	An enterprise that from its setting up strives to gain a lasting competition advantage thanks to the exploitation of assets at the international scale and the sale of products in foreign markets. Due to the number of foreign markets and the scope of the coordination of activities in the value chain the following types of those INVs can be distinguished: 1) New International Market Makers – enterprises exploring new foreign markets, 2) Geographically Focused Start-ups, and 3) Global Start-ups that gain advantage as a result of various activities in the value chain implemented in many countries.	B. M. Oviatt, P. P. McDougall ²⁸⁵
Born international	An enterprise that from the very beginning properly adjust its strategy to activity in foreign markets, possess small assets and quite poor experience.	J. Ganitsky ²⁸⁶
Born globals	Enterprises operating no longer than 10 years with the total share of exports in sales exceeding 25%.	O. Moen et al. ²⁸⁷
	The enterprises that report the share of sales in foreign markets in total sales no lower than 25% over the first three to six years from their establishing.	G. A. Knight, S. T. Cavusgil ²⁸⁸ , E. S.

²⁸¹ See, inter alia: B. M. Oviatt, P. P. McDougall, 'Toward a theory of international new ventures', *Journal of International Business Studies*, vol. 25, no. 1, 1994, pp. 45–64.

²⁸² See, inter alia: P. Braunerhjelm, T. Halldinad, 'Born globals – presence, performance and prospects,' *International Business Review*, volume 28, no. 1, 2019, pp. 60–73; S. Øyna, I. Alon, 'A Review of Born globals,' *International Studies of Management & Organization*, vol. 48, no. 2, 2018, 157–180.

²⁸³ See, inter alia: J. A. Cunningham, M. Menter, 'Transformative change in higher education: entrepreneurial universities and high-technology entrepreneurship,' *Industry and Innovation*, 2020, pp. 1 – 22; Y. Zheng, J. Liu, G. George, 'The dynamic impact of innovative capability and inter-firm network on firm valuation: A longitudinal study of biotechnology start-ups,' *Journal of Business Venturing*, vol. 25, no. 6, 2010, pp. 593–609.

²⁸⁴ See, inter alia: A. Fleury, M. T. L. Fleury, F. M. Borini, 'Is production the core competence for the internationalization of emerging country firms?,' *International Journal of Production Economics*, vol. 140, no. 1, 2012, pp. 439–449; A. Jaklič, K. Obloj, M. Svetličič, L. Kronegger, Evolution of Central and Eastern Europe related international business research, *Journal of Business Research*, vol. 108, issue C, 2020, pp. 421– 434.

²⁸⁵ B. M. Oviatt, P. P. McDougall, 'Toward a Theory of International New Ventures,' op. cit.

²⁸⁶ J. Ganitsky, 'Strategies for Innate and Adoptive Exporters: Lessons from Israel's Case,' *International Marketing Review*, vol. 6, no. 5, 1989, pp. 50–65.

²⁸⁷ O. Moen, P. Servais, 'Born Global or Gradual Global? Examining the Export Behavior of Small and Medium-Sized Enterprises,' *Journal of International Marketing*, vol. 10, no. 3, 2002, pp. 49–72.

²⁸⁸ G. A. Knight, S. T. Cavusgil, 'The Born Global Firm: A Challenge to Traditional Internationalization Theory,' *Advances in International Marketing*, vol. 8, 1996, pp. 11–26.

		Rasmussen and T. K. Madsen ²⁸⁹
	The enterprises that report the share of sales in foreign markets in total sales no lower than 25% over the first three years from their establishing.	T. K. Madsen, P. Servais ²⁹⁰ ; S. Andersson and I. Wiktor ²⁹¹
	The enterprises that were internationalized over the first three years from their setting up (including also import and not only export as other authors do) with a considerable share of export in sales (at least 10%),	L. Zhou, W. Wu and X. Luo ²⁹²
	The enterprises that started their international activity prior to or simultaneously with starting the activity in the domestic market; their vision and mission are oriented at the global market and international customers and at achieving the position of a global leader. They implement a global-scale planning and their development in the foreign market is very fast since their development strategies are different than those applied by "traditional" companies. They also pursue global marketing strategies.	R. Luostarinen and M. Gabrielsson
	The enterprises that over the first three years from their establishing started exporting and achieved at least the 25% share of exports in sales, and operate no longer than 20 years,	G. A. Knight, T. Madsen, P. Servais ²⁹³
	The enterprises that over three years from their setting up achieved at least the 30% share of sales on foreign markets in total sales.	H. Y. Wong, B. Merrilees ²⁹⁴

Source: Own elaboration based on the literature review.

Moreover, scholars have applied not only different terms and definitions, but also different criteria to describe those types of business:

- *Timing of internationalization from the setting up of business*: up to 2 years (e.g., M. W. Rennie²⁹⁵, G. A. Knight, S. T. Cavusgil²⁹⁶, S. Chetty, C. Campbell-Hunt²⁹⁷), up to 3 years (e.g., L. Zhou, W. Wu and X. Luo²⁹⁸, T. Madsen, P. Servais²⁹⁹), or up to 8 years (e.g., B. M. Oviatt, P. P. McDougall³⁰⁰);

²⁸⁹ E. S. Rasmussen, T. K. Madsen, 'The Born Global Concept,' paper presented at the 28th EIBA Conference, University of Southern Denmark, Athens, pp. 8–10, 2002.

²⁹⁰ T. K. Madsen., P. Servais, 'The Internationalization of Born Globals: an Evolutionary Process?,' op. cit.

²⁹¹ S. Andersson, I. Wiktor, 'Innovative International Strategies in New Firms: Born Globals – the Swedish Case,' *Journal of International Entrepreneurship*, vol. 1, no. 3, 2003, pp. 249–275.

²⁹² L. Zhou, W. Wu, X. Luo, 'Internationalization and the Performance of Born-global SMEs....,' op. cit.

²⁹³ G. A. Knight, T. K. Madsen, P. Servais, 'An Inquiry into Born-global Firms in Europe and the USA,' *International Marketing Review*, vol. 21, no. 6, 2004, pp. 645–665.

²⁹⁴ H. Y. Wong, B. Merrilees, 'Born Globals: How are they Different?' in: K. Scott Swan, S. Zou, *Interdisciplinary Approaches to Product Design, Innovation, & Branding in International Marketing* (Advances in International Marketing, vol. 23), Emerald Group Publishing Limited, pp. 305–329.

²⁹⁵ M. W. Rennie, 'Global Competitiveness: Born Global,' *McKinsey Quarterly*, vol. 4, 1993, pp. 45–52.

²⁹⁶ G. A. Knight, S. T. Cavusgil, 'The Born Global Firm: A Challenge ...,' op. cit.

²⁹⁷ S. Chetty, C. Campbell-Hunt, 'A Strategic Approach to Internationalization...,' op. cit.

²⁹⁸ L. Zhou, W. Wu, X. Luo, 'Internationalization and the Performance of Born-global SMEs....,' op. cit.

²⁹⁹ T. K. Madsen., P. Servais, 'The Internationalization of Born Globals: An Evolutionary Process?,' op. cit.

³⁰⁰ B. M. Oviatt, P. P. McDougall, 'Toward a Theory of International New Ventures,' op. cit.

- *Share of sales from foreign markets in total sales: 25% (e.g., Knight, Cavusgil³⁰¹) or even up to 80% (e.g., S. Chetty, Campbell-Hunt³⁰²);*
- *Number of international markets served by the enterprise: e.g., at least 5 countries from at least two culture areas - S. Kandasaami³⁰³;*
- *Enterprise size: e.g., according to G. A. Knight, S. Cavusgil³⁰⁴ – up to 500 employees;*
- *Maximum number of years since establishment of business: e.g., operating no more than 10 years – O. Moen et al.³⁰⁵ or 20 years – T. Madsen, P. Servais³⁰⁶.*

Although there are differences in the approaches to the phenomenon of early internationalization, it has been argued that the main characteristics of the born-globals (or international new ventures, etc.) are the following³⁰⁷: (1) a global vision from the beginning; (2) earlier international experience of the management team, making them aware of opportunities in the foreign markets; (3) access to international networks; (4) technology-based enterprises, knowledge-intensive industries; and (5) highly-specialized enterprises with very narrow core capabilities. Furthermore, the innovations or technology of this kind of enterprises quickly becomes obsolete, thus they need to exploit their advantages without delay, forcing them to quickly conduct internationalization³⁰⁸.

In the literature, there is also the term "*born again global*"³⁰⁹ or "*born again international*"³¹⁰, i.e., enterprises that for many years were oriented exclusively to the domestic market and soon became highly internationalized, and sometimes even global organizations. The functioning of born-again global enterprises is therefore another important area of research on the process of internationalization of enterprises.

1.3.5.2. Alternative models of international entrepreneurship

In the literature there have been also the attempts to identify the impact of the entrepreneur's characteristics as an antecedent of internationalization and foreign market

³⁰¹ G. A. Knight, S. T. Cavusgil, 'The Born Global Firm: A Challenge ...,' op. cit.

³⁰² S. Chetty, C. Campbell-Hunt, 'A Strategic Approach to Internationalization...,' op. cit.

³⁰³ S. Kandasaami, 'Internationalization of Small- and Medium-Sized Born Global Firms: A Conceptual Model,' Research Paper, Graduate School of Management, University of Western Australia, 1998.

³⁰⁴ G. A. Knight, S.T. Cavusgil, 'The Born Global Firm: A Challenge ...,' op. cit.

³⁰⁵ O. Moen, P. Servais, 'Born Global or Gradual Global?... ,' op. cit.

³⁰⁶ T. K. Madsen., P. Servais, 'The Internationalization of Born Globals...,' op. cit.

³⁰⁷ C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories: A schematic synthesis,' op. cit.

³⁰⁸ Ibidem.

³⁰⁹ J. Bell, R. McNaughton, S. Young, 'Born-again global' firms ... op.cit.

³¹⁰ A. Catanzaro, K. Messeghem, S. Sammut, 'Towards a typology of born again ...,' op. cit.

entry mode choice (see sub-chapter 2.5). It has been considered that the influence of characteristics of entrepreneurs or managers is of special interest for firms, in particular for small and medium-sized enterprises (SMEs), since entrepreneurs have a critical effect, not only on the general strategy of SMEs, but also on their internationalization³¹¹.

However, this issue is much less frequently investigated by researchers than the concepts of early internationalization³¹². There are very few publications written on this issue in the literature. This is considerably surprising, since the small business management and entrepreneurship literatures stresses the critical role of entrepreneurs in decision-making processes of enterprises³¹³.

One notable exception is A. Rialp, J. Rialp and G. A. Knight³¹⁴, who stressed the importance of an enterprise's internationalization capabilities. These authors defined internationalization capability as "an unobservable or 'invisible' strategic asset mostly characterized by scarce home-based path dependencies but high levels of tacitness and causal ambiguity in its accumulation process", and stated that the entrepreneur's human capital drives these capabilities.

J. C. Pinho³¹⁵ showed that the entrepreneur's ability to innovate and the international experience and knowledge of management are positively associated with equity forms of internationalization.

Another exception is that of J. Child, L. Hsieh, S. Elbanna, J. Karmowska, S. Marinova, P. Puthusserry, T. Tsai, R. Narooz and Y. Zhang³¹⁶, who examined three distinct international business models (i.e., *traditional market-adaptive*, *technology-exploiter*, and *ambidextrous explorer*) and showed that the decision-maker's international experience predicts the adopted international business model. For instance, they found

³¹¹ B. A. Gilbert, P. P. McDougall, D. B. Audretsch, 'New Venture Growth: A Review and Extension,' *Journal of Management*, vol. 32, no. 6, 2006, pp. 926–950; J. Bruneel, R. De Cock, 'Entry mode research and SMEs: a review and future agenda,' *Journal of Small Business Management*, vol. 54, no. S1, 2016, pp. 135–167.

³¹² J. Vanderstraeten, E. Loots, A. Hamelin, A. van Witteloostuijn, 'Micro-foundations of small business internationalization: introduction to the Special Section,' *Cross Cultural & Strategic Management*, vol. 27, no. 3, 2020, pp. 265–283.

³¹³ D. A. Shepherd, 'Multi-Level Entrepreneurship Research: Opportunities for Studying Entrepreneurial Decision Making,' *Journal of Management*, vol. 37, no. 2, 2011, pp. 412–420; J. Bruneel, R. De Cock, 'Entry mode research and SMEs: a review and future agenda,' op. cit.

³¹⁴ A. Rialp, J. Rialp, G. A. Knight, 'The phenomenon of early internationalizing firms: what do we know after a decade (1993–2003) of scientific inquiry?,' *International Business Review*, vol. 14, no. 2, 2005, pp. 147–166.

³¹⁵ J. C. Pinho, 'The impact of ownership: location-specific advantages and managerial ...,' op. cit.

³¹⁶ J. Child, L. Hsieh, S. Elbanna, J. Karmowska, S. Marinova, P. Puthusserry, T. Tsai, R. Narooz, Y. Zhang, 'SME international business models: the role of context and experience,' *Journal of World Business*, vol. 52, no. 5, 2017, pp. 664–679.

that entrepreneurs with previous international business experience tend to adopt an ambidextrous explorer business model, which is defined as a business model that "combines exploration and exploitation, though with a much greater investment in exploration than the other models"³¹⁷.

1.3.6. Resource-based view

One of the contemporary internationalization theories is the resource-based view, which has been frequently used in the recent two decades to explain the choice of international market entry strategies of enterprises. This approach argues that an enterprise is a unique bundle of tangible and intangible resources (such as assets, knowledge and capabilities), and resource conversion activities³¹⁸. Accordingly, the resource-based view focusses on unique, costly and difficult-to-copy assets and attributes of the enterprise³¹⁹.

With reference to the firm-specific antecedents, *resource-based view* suggests that enterprises possessing distinctive resources or capabilities, such as tacit know-how, proprietary technologies, or specialized assets, tend to use entry strategies with higher level of control/equity³²⁰. This hypothesis has been verified by some researchers, such as J.R. Brown, C. S. Dev and Z. Zhou³²¹, or I. Ekeledo and K. Sivakumar³²². Nevertheless, small and medium-sized enterprises (SMEs), which are usually characterized by limited resources and capabilities, tend to adopt non-equity entry modes, especially when environmental uncertainty is high³²³. These findings contradict studies applying transaction costs theory that had shown that SMEs tend to adopt equity entry strategies when entering countries with higher market potential or if they have significant differentiated products (see subsection 1.3.2.2).

³¹⁷ Ibidem. p. 670.

³¹⁸ V. M. Sharma, M. K. Erramilli, 'Resource-Based Explanation of Entry Mode Choice,' *Journal of Marketing Theory and Practice*, vol. 12, no. 1, 2004, pp. 1–18.

³¹⁹ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

³²⁰ L. Wan, G. Orzes, M. Sartor, C. D. Mauro, G. Nassimbeni, 'Entry modes in reshoring strategies...', op. cit.

³²¹ J. R. Brown, C. S. Dev, Z. Zhou, 'Broadening the foreign market entry mode decision: separating ownership and control,' *Journal of International Business Studies*, vol. 34, no. 5, 2003, pp. 473–488.

³²² I. Ekeledo, K. Sivakumar, 'International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective,' *International Marketing Review*, vol. 21, no. 1, 2004, pp. 68–101.

³²³ K. D. Brouthers G. Nakos, 'SME Entry Mode Choice and Performance: A Transaction Cost Perspective,' *Entrepreneurship Theory and Practice*, vol. 28, no. 3, 2004, pp. 229–247; L. Li, G. Qian, 'Partnership or self-reliance entry modes: large and small technology-based enterprises' strategies in overseas markets,' *Journal of International Entrepreneurship*, vol. 6, no. 4, 2008, pp. 188–208.

In contrast to other theoretical perspectives, the resource-based view has incorporated the decision-maker/ entrepreneur's role and influence on internationalization decisions³²⁴. In the international context, previous studies have indicated that internal resource advantages can be developed in various ways. One critical factor influencing international involvement is the entrepreneur's international orientation and the resources that he/she is prepared to invest³²⁵. Realizing the importance of intangible, knowledge-based resources in providing a competitive advantage, resource-based models do not only refer to the ownership of resources, but also to the capability of learning needed to develop new resources³²⁶. In the international context, learning can take place over time, since employees, especially the management team, are exposed to new knowledge and experiences, and this resource (i.e., "knowledge base"), which is defined as "organizational memory"³²⁷, may shape decision making³²⁸. As mentioned earlier, in small and medium-sized enterprises, the entrepreneur's characteristics drive internationalization strategy (see subsection 1.3.5), since their international mindset and their personal enthusiasm toward overseas expansion is considered to result in higher international involvement³²⁹. E. Autio, H. Sapienza and J. Almeida³³⁰, as well as P. P. McDougall, S. Shane and B. M. Oviatt³³¹ emphasized that for small firms operating in a dynamic and competitive market, the ability to adapt quickly to new and changing environment conditions is more important than prior gained knowledge. This ability has been identified in the literature as "*learning advantages of newness*", a process of entrepreneurial learning and an entrepreneur's development of intellectual capital³³².

³²⁴ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

³²⁵ D. Crick, M. Spence, 'The internationalisation of 'high performing' UK high-tech SMEs: a study of planned and unplanned strategies,' *International Business Review*, vol. 14, no. 2, 2005, pp. 167–185.

³²⁶ A. Canabal, G. O. White III, 'Entry mode research: Past and future,' op. cit., M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

³²⁷ C. Moorman, A. S. Miner, 'Organizational improvisation and organizational memory,' *Academy of Management Review*, vol. 23, no. 4, 1998, pp. 698–723.

³²⁸ D. Crick, M. Spence, 'The internationalisation of 'high performing' UK high-tech SMEs...', op. cit.

³²⁹ C. S. Katsikeas, 'Ongoing export motivation: differences between regular and sporadic exporters,' *International Marketing Review*, vol. 13, no. 2, 1996, pp. 4-19; D. Crick, M. Spence, 'The internationalisation of 'high performing' UK high-tech SMEs...', op. cit.; M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

³³⁰ E. Autio, H. Sapienza, J. Almeida, 'Effect of age at entry, knowledge intensity, and imitability on international growth,' *Academy of Management Journal*, vol. 43, no. 5, 2000, pp. 909–924.

³³¹ P. P. McDougall, S. Shane, B. M. Oviatt, 'Explaining the formation of international joint ventures: the limits of theories from international business research,' *Journal of Business Venturing*, vol. 9, no. 6, 1994, pp. 469–487.

³³² D. Crick, M. Spence, 'The internationalisation of 'high performing' UK high-tech SMEs...', op. cit.

1.3.7. Institutional theory

Along with the intensive expansion of MNEs into emerging markets in recent years, a theoretical framework that has recently emerged in the literature and been put forward to explain the behaviors of enterprises in the international markets is institutional theory. This framework has been widely adopted to explain the entry mode choice as an extension of transaction cost theory³³³.

Institutional theory investigates how enterprises enter and operate in international markets, in an institutional context determined by specific forces³³⁴. W.R. Scott³³⁵ divided these institutional forces into three specific groups:

- Regulative forces, including laws and rules,
- Normative forces, i.e., conceptions by which meanings are created,
- Cognitive forces (values and norms)

According to institutional theory, environmental uncertainty is an important factor that influences foreign market entry. Institutional context variables determining such uncertainty are included alongside transaction cost variables to explain market entry mode choices. High control modes of entry are more vulnerable to environmental uncertainties and risks because they are less flexible and involve higher irreversible investments³³⁶. As environmental uncertainty increases, enterprises may choose low control and intermediate entry modes instead of high control modes to reduce risk and increase operational flexibility³³⁷. In addition, risk and cost associated with cultural distance between host and target countries may be reduced by reduced ownership, in particular by choosing lower control entry modes³³⁸.

³³³ A. M. D. Ulrich, S. Hollensen, 'The incubator concept as an entry mode option for Danish SME's,' *Transnational Marketing Journal*, vol. 2, no. 1, 2014, pp. 1–19.

³³⁴ P. S. Davis, A. B. Desai, J. D. Francis, 'Mode of international entry: An isomorphism perspective,' *Journal of International Business Studies*, vol. 31, no. 2, pp. 239–258.; K. E. Meyer, H. V. Nguyen, 'Foreign investment strategies and sub-national institutions in emerging markets: Evidence from Vietnam,' *Journal of Management Studies*, vol. 42, no. 1, 2005, pp. 63–93.

³³⁵ W. R. Scott, *Institutions and organizations*, Thousand Oaks, CA: Sage, 1995, p. 35.

³³⁶ W. L. Hill, P. Hwang, W. C. Kim, 'An Eclectic Theory of the Choice of International Entry Mode,' *Strategic Management Journal*, vol. 11, no. 2, 1990, pp. 117–128.

³³⁷ Y. Luo, 'Determinants of Entry in an Emerging Economy: A Multilevel Approach,' *Journal of Management Studies*, vol. 38, no. 3, 2001, pp. 443–472; W.C. Kim, P. Hwang, 'Global strategy and multinationals entry mode choice,' op. cit.

³³⁸ B. B. Nielsen, S. Nielsen, 'The role of top management team international orientation in international strategic decision-making: The choice of foreign entry mode,' *Journal of World Business*, vol. 46, no. 2, 2011, pp. 185–193; A. H. L. Slangen, R. J. M. van Tulder, 'Cultural distance, political risk, or governance quality? Towards a more accurate conceptualization and measurement of external uncertainty in foreign entry mode research,' *International Business Review*, vol. 18, no. 3, 2009, pp. 276–291.

Drawing on institutional theory, K. D. Brouthers³³⁹ emphasized that enterprises entering countries with legal restrictions on entry modes tend to select non-equity entry strategies. Similarly, K. Uhlenbruck, P. Rodriguez, J. Doh and L. Eden³⁴⁰ found that if corruption in the host country is pervasive and arbitrary, the non-equity entry modes also appear to be appropriate choices. Scholars have also focused on the effect of distances between the home and the host country. However, there is no consensus among the studies regarding this issue, since some scholars, such as A. Arora and A. Fosfuri³⁴¹, J. F. Hennart and J. Larimo³⁴², found that firms tend to use non-equity entry modes when distances are high, while the significance of this effect has been not confirmed by the analysis of L. Tihanyi, D. A. Griffith and C. J. Russell³⁴³.

Institutional theory is commonly applied in conjunction with other theoretical perspectives³⁴⁴. D. C. North³⁴⁵ proposed that institutional theory should be combined with transaction cost analysis in investigating entry mode choices, since institutions provide the structure in which transactions occur. It has been argued that enterprises will perform better in international markets if they pursue both transaction cost efficiency and institutional legitimacy simultaneously³⁴⁶, since meeting the institutional mandates results in a better fit with the environmental conditions of the host country and thus improving firm performance³⁴⁷.

³³⁹ K. D. Brouthers, 'Institutional, cultural and transaction cost influences on entry mode choice and performance,' *Journal of International Business Studies*, vol. 33, no. 2, 2002, pp. 203–221.

³⁴⁰ K. Uhlenbruck, P. Rodriguez, J. Doh, L. Eden, 'The impact of corruption on entry strategy: evidence from telecommunication projects in emerging economies,' *Organization Science*, vol. 17, no. 3, 2006, p. 402–414.

³⁴¹ A. Arora, A. Fosfuri, 'Wholly owned subsidiary versus technology licensing in the worldwide chemical industry,' *Journal of International Business Studies*, vol. 31, no. 4, 2000, pp. 555–572.

³⁴² J. F. Hennart, J. Larimo, 'The Impact of Culture on the Strategy of Multinational Enterprises: Does National Origin Affect Ownership Decisions?,' *Journal of International Business Studies*, vol. 29, no. 3, 1998, pp. 515–538.

³⁴³ L. Tihanyi, D. A. Griffith, C. J. Russell, 'The effect of cultural distance on entry mode choice, international diversification, and MNE performance: a meta-analysis,' *Journal of International Business Studies*, vol. 36, no. 3, 2005, pp. 270–283.

³⁴⁴ J. L. Arregle, L. Hébert, P. W. Beamish, 'Mode of International Entry: The Advantages of Multilevel Methods,' *Management International Review*, vol. 46, no. 5, 2006, pp. 597–618; K. D. Brouthers, 'Institutional, cultural and transaction cost influences on entry mode choice and performance,' op. cit.; K. D. Brouthers, 'A retrospective on: Institutional, cultural and transaction cost influences on entry mode choice and performance,' *Journal of International Business Studies*, vol. 44, no. 1, pp. 14–22.

³⁴⁵ D. C. North, *Institutions, institutional change and economic performance*, Cambridge, Cambridge University Press, 1990, p. 27.

³⁴⁶ P. W. Roberts, R. Greenwood, 'Integrating transaction cost and institutional theories: Toward a constrained-efficiency framework for understanding organizational design adoption,' *Academy of Management Review*, vol. 22, no. 2, 1997, pp. 346–373.

³⁴⁷ C. Oliver, 'The influence of institutional and task environment relationships on organizational performance: The Canadian construction industry,' *Journal of Management Studies*, vol. 34, no. 1, 1997, pp. 99–124.

Nevertheless, although institutional theory significantly contributes to the existing market entry mode literature, it ignores the role of the entrepreneurs³⁴⁸, which the resource-based view has done well.

1.3.8. Conclusions

The analysis of the literature showed that scholars have drawn on various theoretical perspectives to study internationalization and entry strategy, which have been changing over time. L. P. Dana, H. Etemad, and R. W. Wright³⁴⁹ concluded that there is no single model that best describes and explains the international market entry process of all enterprises, a complex phenomenon affected by multiple drivers³⁵⁰. Nevertheless, all theories and models when analyzed together can complement each other and facilitate the understanding of this complex phenomenon³⁵¹.

Furthermore, as pointed out by some scholars, most of the internationalization theories and models originated from developed countries, since most studies have focused on the motives and strategic choices of multinational enterprises from developed markets, and therefore they may be inadequate to describe and explain the internationalization process of enterprises from developing and emerging markets³⁵², where the business environments may very differ from developed economies³⁵³. Consequently, the issues related to developing and emerging markets has recently become a new trend of research.

³⁴⁸ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode – a systematic...', op. cit.

³⁴⁹ L. P. Dana, H. Etemad, R. W. Wright, 'Theoretical foundations of international entrepreneurship', op. cit.

³⁵⁰ K. Brydon, L. P. Dana, H. Etemad, 'Firm and ownership structures and internationalization: two case studies of firms in the New Zealand seafood industry' in: H. Etemad, *The Process of Internationalization in Emerging SMEs and Emerging Economies*, The McGill International Entrepreneurship series, Massachusetts, Edward Elgar, 2013, pp. 260–280.

³⁵¹ C. P. Ribau, A. C. Moreira, M. Raposo, 'Internationalisation of the firm theories...', op. cit.; J. Whitelock, 'Theories of internationalisation and their impact on market entry,' op.cit.

³⁵² C. N. Axinn, P. Matthyssens, 'Limits of internationalization theories in an unlimited world,' op. cit.; Y. C. Chen, J. Vang, 'MNCs, global innovation networks and developing countries: insights from Motorola in China,' *International Journal of Business and Management Science*, vol. 1, no. 1, 2008, pp. 11–30; I. Ervits, 'Geography of corporate innovation: Internationalization of innovative activities by MNEs from developed and emerging markets,' *Multinational Business Review*, vol. 26, no. 1, 2018, pp. 25–49.

³⁵³ A. Cuervo-Cazurra, L. Ciravegna, M. Melgarejo, L. Lopez, 'Home country uncertainty and the internationalization-performance relationship: Building an uncertainty management capability,' *Journal of World Business*, vol. 53, no. 2, 2018, pp. 209–221.

CHAPTER II. INTERNATIONAL MARKET ENTRY STRATEGIES

2.1. International market entry strategy as a part of the internationalization strategy

2.1.1. The concept of enterprise's internationalization strategy

Strategy is a multidimensional concept that embraces all the crucial operations of an enterprise³⁵⁴, determining its long-term goals and objectives, and adopting courses of action as well as allocating resources necessary to achieve those goals³⁵⁵. In the literature, there are numerous definitions of enterprise strategy³⁵⁶. Combining all these approaches to strategy, A.C. Hax and N.S. Majluf³⁵⁷ proposed an integrative and comprehensive definition of the term, in which strategy:

- determines and reveals the organizational purpose of an enterprise in terms of long-term goals, action programs, and resource allocation priorities;
- selects the businesses the enterprise is in, or is to be in;
- attempts to achieve a long-term, sustainable advantage by responding appropriately to the opportunities and threats in the environment, and the strengths and weaknesses of the enterprise;
- identifies the distinct managerial tasks at the corporate, business, and functional levels;
- is a coherent, unifying, and integrative pattern of decisions;
- defines the nature of the economic and non-economic contributions it intends to make to stakeholders;
- is an expression of the strategic intent of the enterprise;
- is aimed at developing and nurturing the core competencies of the enterprise;
- is a means for investing selectively in resources necessary to develop the capabilities that assure a sustainable competitive advantage.

³⁵⁴ A. C. Hax, N. S. Majluf, *The strategic concept and process: A Pragmatic Approach*, 2nd edition, Upper Saddle River, New Jersey, Prentice Hall, 1996, p. 2.

³⁵⁵ A. D. Chandler Jr., *Strategy and Structure: Chapter in the History of the Industrial Enterprise*, Cambridge–Massachusetts, The M.I.T Press (Massachusetts Institute of Technology), 1962, p. 13.

³⁵⁶ See, inter alia: A. D. Chandler Jr., *Strategy and Structure: Chapter in the History of the Industrial Enterprise*, op. cit., p. 13; G. A. Steiner, J. B. Miner, E. R. Gray, *Management policy and strategy*, New York, McMillan, 1986, p. 11; M. E. Porter, 'What Is Strategy,' *Harvard Business Review*, 1996, vol 74, no. 6, pp. 61–78; A. A. Thompson, A. J. Strickland, *Strategic management*, 10th edition, Boston, Irwin–McGraw-Hill, 1998, p. 2; T. Gołębiowski, *Zarządzanie strategiczne, planowanie i kontrola*, Warsaw, Difin, 2001, p. 11–17; B. de Wit, R. Meyer, *Strategy Synthesis: Resolving Strategy Paradoxes to Create Competitive Advantage*, 3rd edition, Hampshire (UK), Cengage Learning EMEA, 2010.

³⁵⁷ A. C. Hax, N. S. Majluf, *The strategic concept and process: A Pragmatic Approach*, op. cit., p. 14.

In the literature, it is widely accepted that strategy can be distinguished into three levels³⁵⁸:

- *Corporate strategy*: At the corporate level, strategy is formulated for the enterprise as a whole. Corporate strategy defines the general directions of the enterprise's development, the geographical scope of operations, as well as the allocation of resources, dealing with decisions related to the business areas or strategic business units in which the enterprise operates.
- *Competitive strategy (or business strategy)*: At the business level, strategy defines how the enterprise will compete in a particular market or industry, in which the enterprise intends to gain a sustainable competitive advantage.
- *Functional strategy (or departmental strategy)*: Strategies at the functional level are the concepts of the enterprise's activities for individual functional areas of the enterprise, including production strategy, research and development strategy, marketing strategy, personnel management strategy, and so forth.

Some scholars³⁵⁹ also posit a fourth (the highest) level of strategy, i.e., *network-level strategies*, which are implemented within the relations between cooperating organizations.

B. de Wit and R. Meyer stated that the enterprise's strategy should be considered in three strategic contexts³⁶⁰, namely: the industry context, the organizational context and the international context. These authors emphasized that as an enterprise moves out of its home market on to the international stage, it must be faced with various differing business arenas. Thus, for strategists operating in more than one country, it is crucial to understand the essence of the international context of strategy³⁶¹, i.e., internationalization strategy.

³⁵⁸ The three levels of strategy have been recognized by many scholars in the field of strategic management, primarily, inter alia: A. C. Hax, N. S. Majluf, 'The corporate strategic planning process,' *Strategic Management*, vol. 14, no. 1, 1984, pp. 47–60; M. Planellas, A. Muni, *Strategic Decisions: The 30 Most Useful Models*. Cambridge, Cambridge University Press, 2019, p. 5; R. W. Griffin, *Fundamentals of Management*, 8th edition, Boston Cengage Learning, 2016, pp. 65–97; G. Johnson, K. Scholes, R. Whittington, *Exploring Corporate Strategy: Text & Cases*, 8th edition, Harlow (UK), Prentice Hall, 2008, pp. 7–9; M. Glowik, *Market Entry Strategies: Internationalization Theories, Network Concepts and Cases of Asian firms: LG Electronics, Panasonic, Samsung, Sharp, Sony and TCL China*, München, De Gruyter Oldenbourg, 2009, pp. 71–72.

³⁵⁹ See, inter alia: C. W. Chang, D. M. Chiang, F. Y. Pai, 'Cooperative strategy in supply chain networks,' *Industrial Marketing Management*, vol. 41, no. 7, 2012, pp. 1114–1124; F. Okumus, L. Altinay, P. Chathoth, *Strategic Management for Hospitality and Tourism*, Oxford, Butterworth-Heinemann (Elsevier), 2010, pp. 127–145; M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw op. cit.*, p. 74; B. de Wit, R. Meyer, *Strategy Synthesis: Resolving Strategy Paradoxes ...*, op. cit., pp. 8–11.

³⁶⁰ B. de Wit, R. Meyer, *Strategy Synthesis: Resolving Strategy Paradoxes ...*, op. cit., p. 11–12.

³⁶¹ *Ibidem*, pp. 223–224.

In the literature, there is no consensus on the definition of the internationalization strategy, since the approaches employed by researchers to its essence and definitions are diversified. In the English language literature, there are, inter alia, the following terms: *international strategy*³⁶², *strategy for international business*³⁶³, *international business strategy*³⁶⁴, *firm internationalization strategy*³⁶⁵, *strategy for multinational enterprises*³⁶⁶, *global strategy*³⁶⁷, *transnational strategy*³⁶⁸ and so forth.

D. O. Faulkner and A. Campbell³⁶⁹ used the term "*international strategy*", considering it as a subset of corporate strategy, on the one hand, and competitive strategy, on the other. For them, as a part of corporate strategy, international strategy is related to diversifying into foreign markets in order to create additional value. The foreign activities are additional units in a portfolio and can be analyzed with the same framework as corporate-level strategies. On the other hand, international strategy, as a part of competitive strategy, concerns the situations where the international sources of advantage make it impossible for locally focused enterprises to survive.

G. Johnson, K. Scholes and R. Whittington³⁷⁰ also used the term "*international strategy*", emphasizing that the international strategy of an enterprise depends on both

³⁶² See, inter alia: J. E. Ricart, M. J. Enright, P. Ghemawat, S. L. Hart, T. Khanna, 'New frontiers in international strategy,' *Journal of International Business Studies*, vol. 35, no. 3, 2004, pp. 175–200; M. A. Hitt, V. Franklin, H. Zhu, 'Culture, institutions and international strategy,' *Journal of International Management*, vol. 12, no. 2, 2006, pp. 222–234.

³⁶³ See, inter alia: W. R. Fannin, C. B. Gilmore, 'Developing a strategy for international business,' *Long Range Planning*, vol. 19, no. 3, 1986, pp. 81–85; J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, op. cit. p. 475.

³⁶⁴ M. W. Peng, T. A. Khoury, 'Unbundling the institution-based view of international business strategy' in: A. M. Rugman, *The Oxford Handbook of International Business*, op. cit., pp. 256–268; P. Ghemawat, 'Semiglobalization and international business strategy' in: P. J. Buckley, P. N. Ghauri, *International Business Strategy*, London and New York, Routledge, 2015, pp. 149–169.

³⁶⁵ See, inter alia: E. Yarbrough Jr, M. Abebe, H. Dadanlar, 'Board political experience and firm internationalization strategy: A resource dependence perspective,' *Journal of Strategy and Management*, vol. 10, no. 4, pp. 401–416; X. Luo, Q. Zheng, 'How firm internationalization is recognized by outsiders: The response of financial analysts,' *Journal of Business Research*, vol. 90, 2018, pp. 87–106.

³⁶⁶ See, inter alia: O. Adeola, N. Boso, J. Adeniji, 'Bridging Institutional Distance: An Emerging Market Entry Strategy for Multinational Enterprises' in: J. Agarwal, T. Wu, *Emerging Issues in Global Marketing*, Springer, Cham– Switzerland, 2018, pp. 205–230; Y. H. Lee, Y. H. Lee, 'Integrated assessment of competitive-strategy selection with an analytical network process,' *Journal of Business Economics and Managements*, vol. 13, no. 5, 2012, pp. 801–831.

³⁶⁷ See, inter alia: T. Hout, M. E. Porter, E. Rudden, 'How Global Companies Win Out,' *Harvard Business Review*, 1982, Vol. 60, No. 5, pp. 98–108; G. Hamel, C. K. Prahalad, 'Do You Really Have a Global Strategy?,' *Harvard Business Review*, 1985, pp. 139–148.

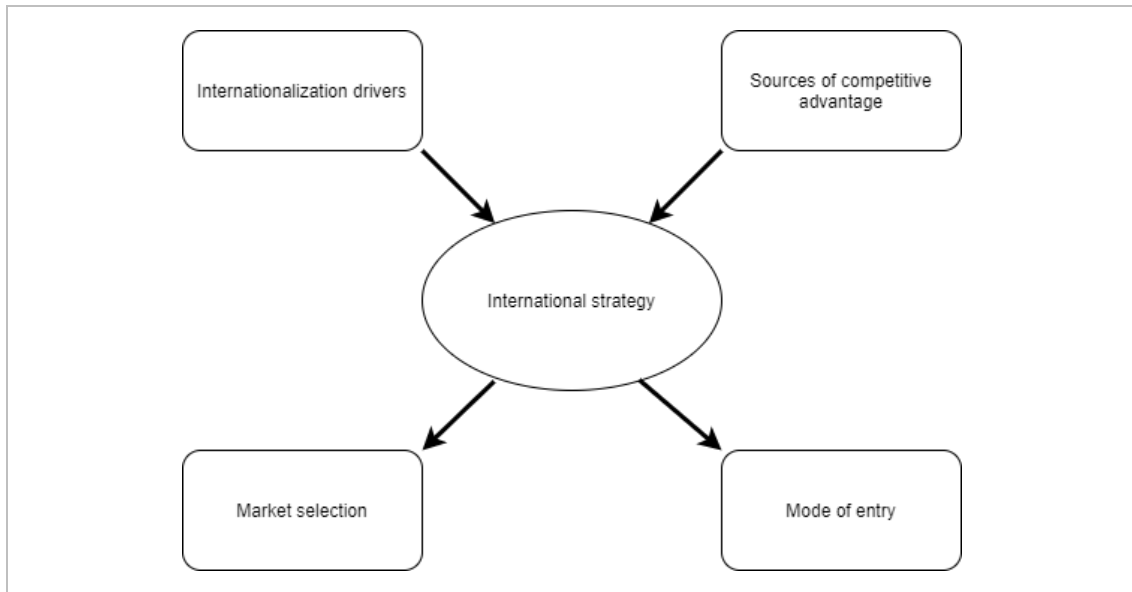
³⁶⁸ See: inter alia: C. A. Bartlett, P. W. Beamish, *Transnational Management: Text and Cases in Cross-Border Management*, 8th edition, Cambridge, Cambridge University Press, 2018, p. 151.

³⁶⁹ D. O. Faulkner, A. Campbell, *The Oxford handbook of strategy. A strategy overview and competitive strategy*, Oxford and New York, Oxford University Press, 2003, p. 17–18.

³⁷⁰ G. Johnson, K. Scholes, R. Whittington, *Exploring Corporate Strategy: Text & Cases*, op. cit, pp. 294–295.

the external environment (internationalization drivers) and organizational capabilities (i.e., international and national sources of advantage). For them, the choice of international strategy tends to shape the market selection and the modes of market entry (see Figure 4).

Figure 4. International strategy framework of G. Johnson, K. Scholes and R. Whittington



Source: G. Johnson, K. Scholes, R. Whittington, *Exploring Corporate Strategy: Text & Cases*, op. cit., pp. 294.

S. T. Cavusgil, G. Knight, and J. Riesenberger³⁷¹ did not use either "*internationalization strategy*" or the other relevant terms mentioned above, but considered the strategy *in the international context*, defining it as a plan for the enterprise to position itself positively from its rivals and configure its value-adding activities on a global scale. These authors implied that it guides the enterprise toward chosen markets, customers, products, and services in the global marketplace, not necessarily in a particular foreign market.

In the Polish language literature, many attempts have also been made to define the internationalization strategy. M. Gorynia³⁷² used the term "*foreign expansion strategy of enterprise*" (in Polish: *strategia ekspansji zagranicznej przedsiębiorstwa*) and "*strategy*

³⁷¹ S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, Management and the New Realities*, New Jersey, Pearson, 2008, p. 315.

³⁷² M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., pp. 30–35.

of *internationalization*" (in Polish: *strategia internacjonalizacji*) interchangeably, asserting that it is a part of the enterprise's strategy, which regards foreign expansion.

On the other hand, J. Rymarczyk³⁷³ utilized the term "*enterprise's strategy of internationalization and globalization*" (in Polish: *strategia internacjonalizacji i globalizacji przedsiębiorstwa*), defining it as the ways in which an enterprise acts in the international environment while formulating and adapting its relations to this environment and shaping its internal structure and processes.

Another term entitled "*international strategy*" (in Polish: *strategia międzynarodowa*) was employed by M. Rozkwitalska³⁷⁴, who defined it as a general plan for the development of an enterprise operating in foreign markets.

In turn, Z. Pierścionek³⁷⁵ believed that the growth of an enterprise's internationalization requires the formulation of a strategy called by him as the strategy of the growth of the enterprise's internationalization.

M. K. Witek-Hajduk³⁷⁶ approached the issue from a wide perspective. She used the term "*enterprise's strategy of internationalization*" (in Polish: *strategia internacjonalizacji przedsiębiorstwa*)³⁷⁶, emphasizing that it is a way of achieving long-term goals through creating direct or indirect linkages with foreign markets (foreign partners) in different forms and at different scopes, regarding various elements of the enterprise's value chain and related to acquiring or engaging the enterprise's resources in the international market.

In conclusion, there are many approaches to the definition of internationalization strategy of enterprises. In this dissertation, it was assumed that internationalization strategy is understood as a way for an enterprise to achieve its long-term objectives through the international activities of the enterprise.

2.1.2. The concepts of the international market entry strategies

The literature stresses that internationalization involves two key decisions of enterprises: *market selection* and *market entry mode choice*³⁷⁷. More specifically, O.

³⁷³ J. Rymarczyk, *Internacjonalizacja i globalizacja przedsiębiorstwa*, op. cit., p. 74.

³⁷⁴ M. Rozkwitalska, *Zarządzanie międzynarodowe*, op. cit., p. 330.

³⁷⁵ Z. Pierścionek, *Strategie konkurencji i rozwoju przedsiębiorstwa*, op. cit., pp. 467–468.

³⁷⁶ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 76.

³⁷⁷ S. Albers, C. Heuermann, B. Koch, *International Market Entry Strategies of EU and Asia-Pacific Low Fare Airlines*, Working Paper 106 of the Dept. of General Management, Business Policy and Logistics, University of Cologne, Cologne, 2009. An abridged version of this paper was published under the title: 'Internationalization strategies of EU and Asia-Pacific low fare airlines,' *Journal of Air Transport Management*, 2010, Vol. 16, pp. 244–250.

Andersen³⁷⁸ emphasized that internationalization includes both international market selection and entry mode strategy. Meanwhile, in the opinion of J. Christofor³⁷⁹, the two main attributes of internationalization strategies are (1) the market entry decision, i.e., the evaluation and selection of a foreign market, and (2) the market entry strategies, that is, answering the question of how the market is entered.

B. de Wit and R. Meyer³⁸⁰ also cited two elements of the strategies in the international context:

- A composition of international activities that require a decision on the international scope of operations, the selection of foreign markets, and the international schedule of the activities, that is, determining what operations of creating additional values are implemented in individual markets;
- A way of managing the enterprise's international operations, i.e., choosing the form of internationalization to achieve inward integration through three mechanisms used in international management: standardization, coordination, and centralization.

In turn, S. B. Tallman and G. S. Yip³⁸¹ pointed out that the internationalization strategies involve (1) increasing geographical spread, (2) building cross-national economic integration, adapting to local conditions and (4) pursuing market, resources, and strategic assets through strategic options such as international strategic alliances or multinational mergers and acquisitions.

J. Rymarczyk³⁸² indicated that the internationalization strategy of an enterprise includes:

- Strategic orientation of the enterprise in the international market (i.e., the choice between globalization and adaptation to local conditions);
- Strategy for the development of the international position of the enterprise (i.e., the choice between the strategies of growth, consolidation, creating a market position, and withdrawing);

³⁷⁸ O. Anderson, 'Internationalization and Market Entry Mode: ...,' op. cit.

³⁷⁹ J. Christofor, *Antecedents of Venture Firms' Internationalization. A Conjoint Analysis of International Entrepreneurship in the Net Economy*, Wiesbaden, Gabler – Springer Science & Business Media, 2008, p. 23.

³⁸⁰ B. de Wit, R. Meyer, *Strategy: Process, Content, Context – An International Perspective*, 4th edition, Hampshire (UK), Cengage Learning EMEA, 2010, p. 545.

³⁸¹ S. B. Tallman, G. S. Yip, 'Strategy and the multinational enterprise', op. cit., p. 309–310.

³⁸² J. Rymarczyk., *Internacjonalizacja i globalizacja przedsiębiorstwa*, ... op. cit., pp. 74–75.

- strategy of entering the foreign market (i.e., choosing the form of starting and developing foreign business);
- ownership strategy (i.e., the choice between cooperation with a foreign partner and running a business independently);
- competition strategy based on the possessed competitive advantage;
- functional strategies of the enterprise in the international market, i.e., adapting functional spheres (marketing, research and development, production, finance, etc.) to the conditions of international business;
- strategy for managing the political environment to reduce political risks;
- international coordination strategy.

For M. Gorynia³⁸³, it is reasonable to consider the internationalization strategy with reference to the three levels of the strategy discussed earlier (see sub-chapter 2.1). Accordingly, the internationalization strategy includes:

(1) At the corporate level:

- Defining the *strategic orientation* of the enterprise in the international market,
- Defining the *enterprise's development strategy*;

(2) At the business level:

- Choosing the *method* of entering into the foreign market,
- Determination of whether the international operations will be conducted by the enterprise *on its own*, or whether some forms of *cooperation* with another entity will be used,
- Defining the *competition strategy*, i.e., how to obtain and maintain a competitive advantage;

(3) At the functional level – *functional strategies* in the international market.

Despite the differences in the aforementioned classifications, it can be seen that scholars all agree that a common element of the internationalization strategies is the *international market entry strategies*. In the literature, researchers also employ many other terms, such as *entry modes into international markets*³⁸⁴, *foreign market entry*

³⁸³ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., pp. 37–45; M. Gorynia, 'Podstawy strategii przedsiębiorstw w biznesie międzynarodowym' in: K. Fonfara, M. Gorynia, E. Najlepszy, J. Schroeder, *Strategie przedsiębiorstw w biznesie międzynarodowym*, Poznań, Wydawnictwo Akademii Ekonomicznej w Poznaniu, 2000, pp. 16–25.

³⁸⁴ See, inter alia: V. Kumar, V. Subramaniam, 'A contingency framework for the mode of entry decision,' *Journal of World Business*, vol. 32, no. 1, 1997, pp. 53–72; O. Martorell, C. Mulet, L. Otero, 'Choice of market entry mode by Balearic hotel chains in the Caribbean and Gulf of Mexico,' *International Journal of Hospitality Management*, vol. 32, 2013, pp. 217–227.

*modes*³⁸⁵, *foreign operation modes*³⁸⁶, *international market entry mode strategies*³⁸⁷, *market entry strategies* (shortly *entry strategy*) or *entry model(s) of entering international markets*³⁸⁸, *modes of operations in international business*³⁸⁹, *foreign market-servicing strategies*³⁹⁰ or *foreign market servicing methods*³⁹¹, *forms of internationalization*³⁹², *methods of foreign market entry*³⁹³, and so forth. In this dissertation, these terms were viewed synonymously and used interchangeably.

When enterprises decide to internationalize their operations, they need to choose appropriate entry strategies into foreign countries. International market entry strategies represent the third most studied field in international management, behind foreign direct investment and internationalization³⁹⁴. Thus, there have also been many attempts to define this term. V. Kumar and V. Subramaniam³⁹⁵ defined a mode of entry as an institutional arrangement chosen by an enterprise to operate in the international market. Another point of view, which has been cited by many scholars³⁹⁶, was given by F. R. Root³⁹⁷, who considered the entry mode as an institutional arrangement that makes

³⁸⁵ See, inter alia: A. Blomstermo, D. D. Sharma, J. Sallis, 'Choice of foreign market entry mode in service firms,' *International Marketing Review*, vol. 23, no. 2, pp. 211–229; M. Musteen, D. K. Datta, P. Herrmann, 'Ownership structure and CEO compensation: Implications for the choice of foreign market entry modes,' *Journal of International Business Studies*, vol. 40, no. 2, 2009, pp. 321–338.

³⁸⁶ See, inter alia: G. R. G. Benito, B. Petersen, L. S. Welch, 'Towards more realistic conceptualisations of foreign operation modes,' *Journal of International Business Studies*, vol. 40, no. 9, 2009, pp. 1455–1470; T. Petersen, B. Petersen, G. R. G. Benito, 'Change of foreign operation method: impetus and switching costs,' *International Business Review*, vol. 11, no. 3, 2002, pp. 325–345;

³⁸⁷ See, inter alia: I. Surdu, K. Mellahi, K. Glaister, 'Emerging market multinationals' international equity-based entry mode strategies: Review of theoretical foundations and future directions,' *International Marketing Review*, vol. 35, no. 2, 2018, pp. 342–359; I. Ekeledo, K. Sivakumar, 'International market entry mode strategies of manufacturing firms ...,' op. cit.

³⁸⁸ See, inter alia: D. Vrontis, A. Thrassou, 'A critical evaluation of strategic market entry theories and practices: the case of Hewlett-Packard,' *Journal for International Business and Entrepreneurship Development*, vol. 3, no. 1-2, 2006, pp. 152–170.

³⁸⁹ See, inter alia: J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, op. cit., p. 60;

³⁹⁰ S. Young, *International market entry and development – strategies and management*, op. cit., p. 3 and p. 283.

³⁹¹ G. R. G. Benito, L. S. Welch, 'Foreign Market Servicing: Beyond Choice of Entry Mode,' *Journal of International Marketing*, vol. 2, no. 2, 1994, pp. 7–27.

³⁹² See, inter alia: J. I. Galán, J. Conzález-Benito, 'Determinant factors of foreign direct investment: some empirical evidence,' *European Business Review*, vol. 13, no. 5, 2001, pp. 269–278.

³⁹³ S. F. Witt, M. Z. Brooke, P. J. Buckley, *The Management of International Tourism*, Oxford and New York, Routledge, 2013, p. 62.

³⁹⁴ S. Werner, 'Recent developments in international management research: A review of 20 top management journals,' *Journal of Management*, vol. 28, no. 03, 2002, pp. 277–305.

³⁹⁵ V. Kumar, V. Subramaniam, 'A contingency framework for the mode of entry decision,' op. cit.

³⁹⁶ See, inter alia: I. Ekeledo, K. Sivakumar, 'International market entry mode strategies of ...,' op. cit.; V. M. Sharma, M. K. Erramilli, 'Resource-Based Explanation of Entry Mode Choice,' op. cit.; O. Anderson, 'Internationalization and Market Entry Mode ...,' op. cit.

³⁹⁷ F. R. Root, *Entry Strategies for International Markets*, Lexington–Massachusetts, Lexington Books, 1994, p. 24.

possible the entry of enterprise's products, technology, management, human skills, or other resources into a foreign market. O. Anderson³⁹⁸, supporting the view of F. R. Root, highlighted that the entry mode is an institutional arrangement for managing international business, including contractual transfers, joint ventures, and wholly-owned operations. In turn, V. M. Sharma and M. K. Erramilli³⁹⁹ defined an entry mode as a structural agreement that allows an enterprise to implement its product market strategy in a host country either by carrying out only the marketing operations (i.e., via export modes), or both production and marketing operations there by itself or in partnership with others (contractual modes, joint ventures, or wholly owned operations).

International market entry strategies are central to the international expansion of enterprises⁴⁰⁰ because they are considered a reflection of multinational enterprises' abilities to access international markets, enhance their knowledge and skills to develop effective marketing strategies, demonstrate local responsiveness, and even launch their own global brands in international markets⁴⁰¹. V. Terpstra and R. Sarathy⁴⁰² stressed that the selection of an international market entry strategy encompasses long-term corporate objectives related to the marketing program and those challenges come with the process of how to reach the market. E. Anderson and H. Gatignon⁴⁰³ considered the entry modes as the most important choice for an enterprise when expanding overseas. Since the choice of market entry strategy has a major impact on the success of an enterprise's international operations, it has been labeled as one of the most critical decisions the enterprise must face in its internationalization process⁴⁰⁴.

³⁹⁸ O. Anderson, 'Internationalization and Market Entry Mode...', op. cit.

³⁹⁹ V. M. Sharma, M. K. Erramilli, 'Resource-Based Explanation of Entry Mode Choice,' op. cit.

⁴⁰⁰ I. Surdu, K. Mellahi, K. Glaister, 'Emerging market multinationals' international equity-based ...,' op. cit.

⁴⁰¹ Y. C. Chiao, F. Y. Lo, C. M. Yu, 'Choosing between wholly-owned subsidiaries and joint ventures of MNCs from an emerging market,' *International Marketing Review*, vol. 27, no. 3, 2010, pp. 338–365; I. Surdu, K. Mellahi, K. Glaister, 'Emerging market multinationals' international equity-based ...,' op. cit.

⁴⁰² V. Terpstra, R. Sarathy, *International Marketing*, 6th edition, USA, The Dryden Press, 1994, cited in: D. Vrontis, A. Thrassou, 'A critical evaluation of strategic market entry theories and practices ...,' op. cit.

⁴⁰³ E. Anderson, H. Gatignon, 'Modes of Foreign Entry: A Transaction Cost Analysis and Propositions,' *Journal of International Business Studies*, vol. 17, no. 3, 1986, pp. 1–26.

⁴⁰⁴ W. L. Hill, P. Hwang, W. C. Kim, 'An Eclectic Theory of the Choice of International Entry Mode,' op.cit.; A. Goerzen, W. Beamish, 'Geographic scope and multinational enterprise performance,' *Strategic Management Journal*, vol. 24, no. 13, 2003, pp. 1289-1306; E. Moalla, U. Mayrhofer, 'How does distance affect market entry mode choice? Evidence from French companies,' *European Management Journal*, vol. 38, no. 1, 2020, pp. 135–145; B. Elango, J. R. Wieland, 'Impact of multilevel boundaries on internationalization...,' op. cit.

Following the definition of S. Hollensen⁴⁰⁵, in this dissertation the author described an international market entry strategy as an institutional arrangement that is necessary for the entry of an enterprise's products and services into a foreign market. The international market entry strategies have been frequently conceptualized along a continuum from the export of goods or services, forms of contractual and equity-based cooperation with partners in the host country, to wholly-owned businesses. Additionally, a recent phenomenon that has emerged and proliferated in the entry mode literature is the so-called "International Business Incubator". This is an innovative phenomenon that aims to ease enterprises' entry into foreign markets. The next sections of the dissertation presented more details about the classifications and characteristics of international market entry strategies, as well as entry mode selection.

2.2. Classifications and characteristics of the traditional international market entry strategies

2.2.1. Classifications of the traditional international market entry strategies

The extant literature on the choice of entry strategies into the international market has shown that the mode of entry is a single stage rational analytic decision by the manager⁴⁰⁶. Each decision strategy has its own advantages and disadvantages. This section of the dissertation was devoted to the presentation of classifications and characteristics of international market entry strategies.

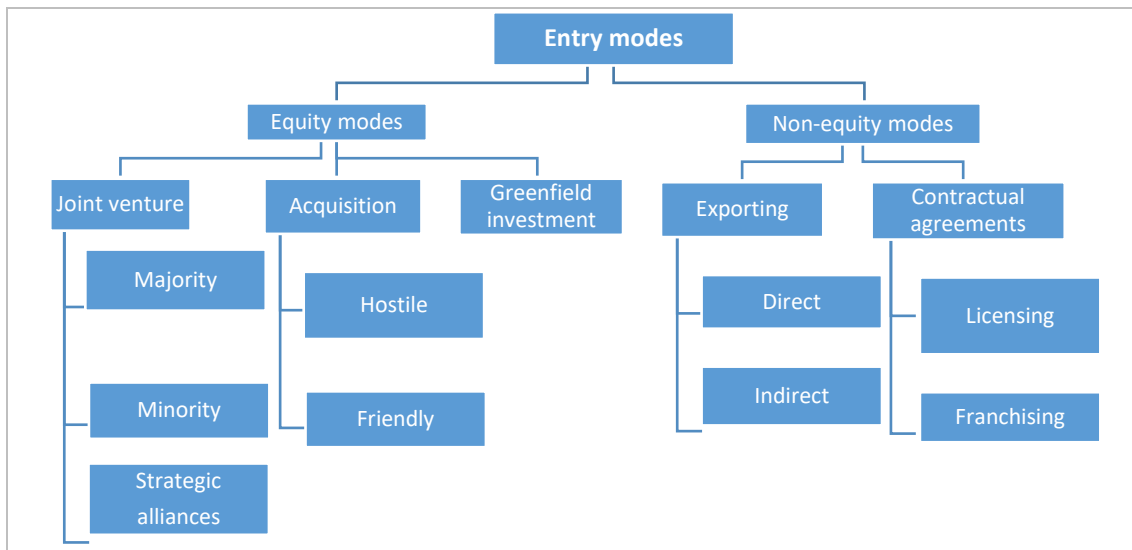
In the literature, there is no homogeneous classification of the international market entry strategies. V. Kumar and V. Subramaniam⁴⁰⁷ maintained that the modes of foreign market entry can be classified as *equity* and *non-equity modes* on the basis of the *amount of resource commitment* that is necessary to establish operations in the foreign market (see Figure 5). Accordingly, the equity modes of market entry, including joint ventures, acquisitions and greenfield investments, are those that require a major resource commitment from the enterprise. In turn, exporting and contractual agreements can be classified as non-equity modes of market entry, since they require considerably lesser resource commitment from the enterprise. V. Kumar and V. Subramaniam emphasized that these two groups of entry modes also differ considerably on the control, risk and return characteristics.

⁴⁰⁵ S. Hollensen, *Essentials of Global Marketing*, Harlow (UK), Prentice Hall–Pearson Education Limited, 2008, p. 200 and p. 203.

⁴⁰⁶ V. Kumar, V. Subramaniam, 'A contingency framework for the mode of entry decision,' op. cit.

⁴⁰⁷ Ibidem.

Figure 5. Choice of entry modes according to V. Kumar and V. Subramaniam



Source: V. Kumar, V. Subramaniam, 'A contingency framework for the mode of entry decision,' op. cit.

It is also worth citing the classification of V.M. Sharma and M.K. Erramilli⁴⁰⁸, who asserted that the entry strategies entail two key strategic decisions: (1) the *location* of production and/or marketing activities (within or outside the host country) and (2) their *ownership* (full ownership, partial, or none) (see Figure 6).

Figure 6. Entry modes: Classification by location and ownership characteristics

Ownership by entrant	Full	Direct Export via Company Owned Channel (Sales Subsidiary, Direct-to-Customers)	Wholly Owned Subsidiary (Greenfield or Acquisition)
	Partial	Indirect Exporting, Direct Exporting via Host Country Intermediaries	Joint Ventures in Production or Marketing (majority, 50–50, or minority)
	None		Contractual modes (Licensing, Franchising)
		Marketing only	Production and Marketing
		Location of Entrant's Operation in Host Country	

Source: V. M. Sharma, M. K. Erramilli, 'Resource-Based Explanation of Entry Mode Choice,' op. cit.

⁴⁰⁸ V. M. Sharma, M. K. Erramilli, Resource-Based Explanation of Entry Mode Choice, op. cit.

Meanwhile, S. Young, J. Hamill and C. Wheeler⁴⁰⁹ have observed that some modes, such as licensing, franchising and joint ventures, are subject to (contractually-defined) time limitations, while others such as exporting or wholly owned subsidiaries are not (see Figure 7).

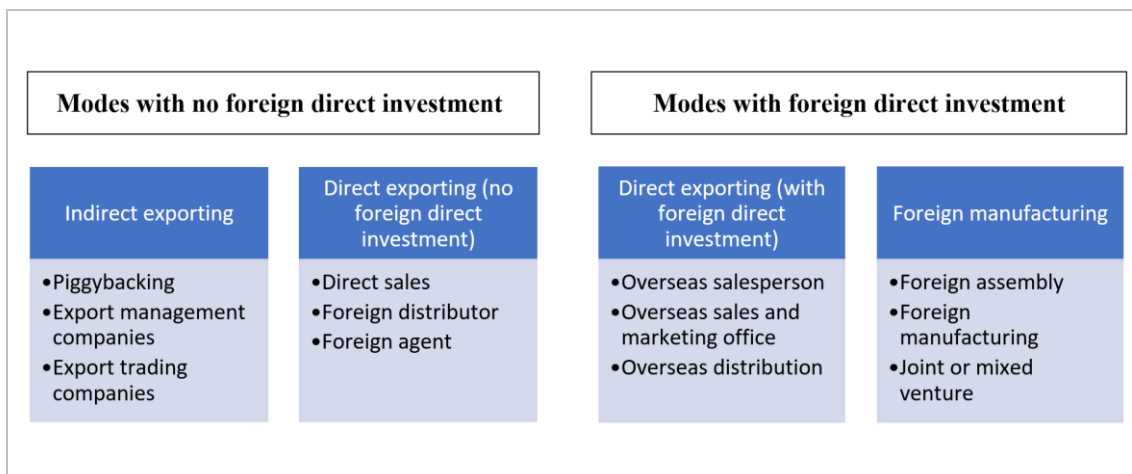
Figure 7. International market entry strategies classified by time limitations

Time Limitations	No time limitations
<ul style="list-style-type: none"> • Licensing • Franchising • Joint Ventures 	<ul style="list-style-type: none"> • Indirect export/ Direct export • Sale subsidiaries • Wholly-owned subsidiaries

Source: S. Young, J. Hamill, C. Wheeler, J. Davies, *International Market Entry and Development: Strategies and Management*, Hemel Hempstead, Harvester Wheatsheaf, 1989, cited in: G. D. Blackburne, *Business incubation as a method of foreign market entry*, PhD dissertation, Leeds, Leeds University Business School, The University of Leeds, 2014, p. 29.

On the other hand, V. Terpstra, J. Foley, and R. Sarathy⁴¹⁰, using the term "*entry mode strategies*", distinguished those entry modes that keep production in the home market versus those that use some form of foreign production, and likewise, those that involve foreign direct investment as opposed to those that do not. Their classification was presented in Figure 8.

Figure 8. Entry mode strategies according to V. Terpstra, J. Foley, and R. Sarathy



Source: V. Terpstra, J. Foley, R. Sarathy, *International Marketing*, 10th edition, Naperville (USA), Naperville Publishing Group, Naperville (USA) 2011, p. 8-2.

⁴⁰⁹ S. Young, J. Hamill, C. Wheeler, J. Davies, *International Market Entry and ...*, op. cit. pp. 28–29.

⁴¹⁰ V. Terpstra, J. Foley, R. Sarathy, *International Marketing*, 10th edition, op. cit., p. 8-2.

For S. Hollensen⁴¹¹, an enterprise can enter a foreign market via the following three groups of entry modes, according to the *level of control*:

- (1) *Export modes (low control modes)* includes indirect, direct and cooperative export strategies, which are characterized by low control, low risk and high flexibility;
- (2) *Contractual modes (intermediate modes)* are somewhere between export modes (external partners, low control modes) and hierarchical modes (internal modes, high control modes). Contractual modes include contract manufacturing, licensing, franchising, joint ventures/strategic alliances, and management contracting, which are characterized by shared control and risk, and split ownership.
- (3) *Hierarchical modes (investment modes, high control modes)*, including foreign direct investment in form of wholly owned subsidiaries or branches, where the enterprise completely owns and controls the foreign entry mode. They are characterized by high control, high risk, and low flexibility.

Using the term "*foreign market entry modes*", D. K. Datta, P. Herrmann and A. A. Rasheed⁴¹² cited the following groups of international market entry strategies: exporting, contractual entry (e.g., licensing, franchising), foreign direct investment (including greenfield investments and acquisitions), and collaborative strategies (including joint ventures).

Polish scholars have also attempted to come up with different classifications of the international market entry strategies. For instance, J. W. Wiktor⁴¹³ suggested that the entry of the enterprise into international markets can be in the form of: export, sale on licenses, franchising, joint ventures, and foreign direct investment.

M. Gorynia⁴¹⁴ distinguished between the forms of active internationalization (i.e., foreign expansion of the enterprise in various possible forms) and forms of passive internationalization (i.e., entering into various economic relationships with foreign partners without going beyond the borders of the country where the given enterprise is

⁴¹¹ S. Hollensen, *Global marketing. A decision-oriented approach*, op. cit., pp. 327–398; S. Hollensen, *Global Marketing*, 6th edition, Harlow (UK), Pearson Education Limited, 2014, pp. 339–412.

⁴¹² D. K. Datta, P. Herrmann, A. A. Rasheed, *Choice of foreign market entry modes: Critical review and future directions*, p. 86, in: M. A. Hitt, J. L. C. Cheng, *Managing Transnational Firms: Resources, Market Entry and Strategic Alliances*, vol. 14, from the book series: *Advances in International Management*, Elsevier Science, 2002.

⁴¹³ J. W. Wiktor, *Zarządzanie przedsiębiorstwem międzynarodowym*, Warsaw, Wydawnictwo C.H.Beck, 2017, p. 170.

⁴¹⁴ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., pp. 35–36.

located). According to him, there are three groups of international market entry strategies⁴¹⁵:

- (1) export and/ or import of products or services;
- (2) cooperative linkages with a foreign partner, including:
 - forms of non-equity cooperation: licenses, franchises, management contracts, turnkey contracts, and contract manufacturing;
 - forms of equity cooperation (joint ventures);
 - international strategic alliances;
- (3) independent business activity abroad in the form of a *branch* or a *subsidiary*.

A slightly different proposal is that of E. Duliniec⁴¹⁶ who argued that the strategies of entry into foreign markets differ from each other mainly in (1) the size and scope of the involvement of the enterprise's resources, (2) the location of production, (3) the degree of risk, (4) the scope of control over marketing activities in the international market, and (5) the time horizon of involvement and flexibility. Based on these criteria, she classified the international market entry strategies into three groups:

- (1) export strategies (direct and indirect exports);
- (2) contractual strategies, including contract production, sale of licenses, creating a franchising network, and management contracts;
- (3) equity strategies, including creating an own sales organization in a foreign market, joint ventures, as well as establishing own production companies abroad through acquisitions or construction of new facilities.

Another classification was proposed by W. Grzegorzczak⁴¹⁷, who divided forms of internationalization into four groups: (1) foreign trade, including indirect exports and direct exports, as well as countertrade; (2) non-equity cooperative forms, including the sale of licenses, franchise, management contract, and turnkey investments; (3) equity cooperative forms, that is, joint ventures; and (4) direct investments – own branches abroad.

As far back as the 1990s, W. J. Otta⁴¹⁸ listed three categories of market entry strategies:

⁴¹⁵ Ibidem, pp. 109–110.

⁴¹⁶ E. Duliniec, *Marketing międzynarodowy*, op. cit., pp. 99–100.

⁴¹⁷ W. Grzegorzczak, *Strategie marketingowe przedsiębiorstw na rynkach zagranicznych*, Warsaw, Biblioteka Menedżera i Bankowca, 2002, pp. 38–52.

⁴¹⁸ W. J. Otta, 'Strategia wejścia przedsiębiorstwa na rynki zagraniczne' in: T. Gołębiowski, *Przedsiębiorstwo na rynku międzynarodowym. Analiza strategiczna*, Warsaw, PWN, 1994, pp. 52–54.

- (1) export and import, including indirect export, indirect import, direct export, and direct import;
- (2) cooperative relationships with a foreign partner, which includes:
 - forms of non-equity cooperation: license contracts, franchising agreements, management contracts, turnkey contracts, contract manufacturing, and consortiums;
 - forms of equity cooperation (joint ventures);
 - strategic alliances;
- (3) independent business activity abroad, including the establishment of subsidiaries in the foreign market.

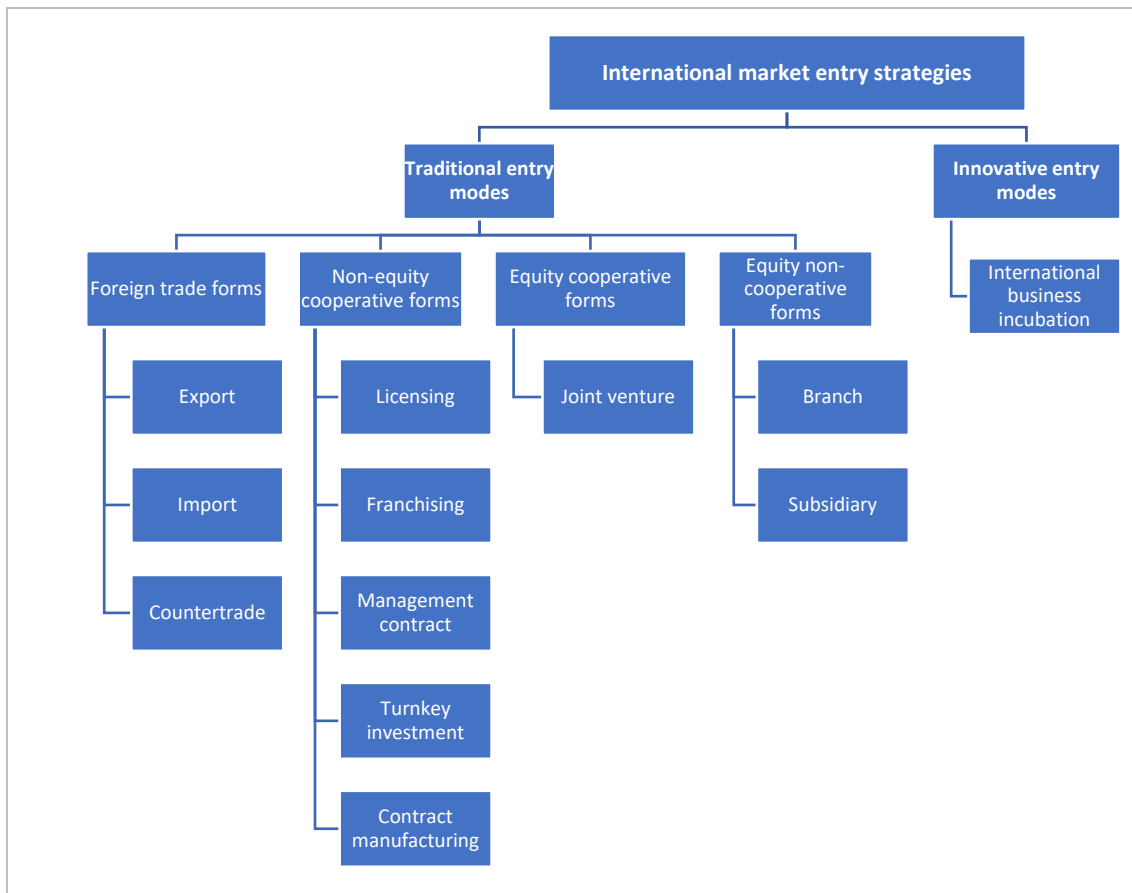
Combining all aforementioned approaches to the international market entry strategies, M. K. Witek-Hajduk⁴¹⁹ proposed an integrative classification of the term, in which the entry strategies are categorized based on the following criteria: (1) forms of passive internationalization and forms of active internationalization, (2) non-equity and equity forms of internationalization, and (3) non-cooperative and cooperative forms of internationalization.

Despite the differences in the classifications mentioned above, it can be seen that in the traditional perspectives, the entry of enterprises into international markets can be in the form of: *export or import, license, franchise, management contract, contract manufacturing, turnkey investment, equity cooperative forms of internationalization* (i.e., *joint ventures*), and *equity noncooperative forms of internationalization* (including *subsidiaries* and *branches*). In addition, a recent phenomenon that has emerged and proliferated in the literature as a new form of internationalization is so-called *international business incubator*. This is an innovative phenomenon which aims to ease an enterprise's entry into a foreign market⁴²⁰. In line with the literature, in this dissertation, the author proposed that international market entry strategies can be divided into two groups: the *traditional entry modes* and the *innovative (emerging) entry modes*. The first group includes foreign trade forms, non-equity cooperative forms, equity cooperative forms, and wholly-owned businesses. The latter is the new innovative modes of entry, i.e., the international business incubation. The detailed classification of the international market entry strategies was presented in Figure 9.

⁴¹⁹ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 132.

⁴²⁰ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market entry mode,' *Long Range Planning*, vol. 52, no. 1, 2019, pp. 32 – 50.

Figure 9. Classification of international market entry strategies



Source: own elaboration.

The individual forms of international market entry were characterized in the subsequent parts of this sub-chapter.

2.2.2. Characteristics of the traditional international market entry strategies

2.2.2.1. Trade forms of internationalization

Export is considered one of many international entry strategies⁴²¹ and the most prevalent mode of entering foreign markets⁴²² as it requires minimal resources, involves lower risks, and provides greater structural and strategic flexibility⁴²³. It is the simplest

⁴²¹ F. U. Ahmed, L. Brennan, 'An institution-based view of firms' early internationalization: Effectiveness of national export promotion policies,' *International Marketing Review*, vol. 36, no. 6, 2019, pp. 911–954.

⁴²² L. C. Leonidou, 'Empirical Research on Export Barriers: Review, Assessment, and Synthesis,' *Journal of International Marketing*, vol. 3, no. 1, 1995, pp. 29–43; L. C. Leonidou, C. S. Katsikeas, D. Paliawadana, S. Spyropoulou, 'An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers,' *International Marketing Review*, vol. 24, no. 6, 2007, pp. 735–770.

⁴²³ M. R. Czinkota, G. A. Knight, P. W. Liesch, J. Steen, 'Positioning terrorism in management and marketing: Research propositions,' *Journal of International Management*, vol. 11, no. 4, 2005, pp. 581–604; L.C. Leonidou, D. Paliawadana, M. Theodosiou, 'National Export-Promotion Programs as Drivers of Organizational Resources and Capabilities: Effects on Strategy, Competitive Advantage, and Performance,' *Journal of International Marketing*, vol. 19, no. 2, 2011, pp. 1–29.

and frequently the first form of enterprise to enter a foreign market. Export is also the market entry strategy most favored by small and medium-sized enterprises (SMEs)⁴²⁴. It can be understood as the strategy of producing products or services in one country (often the producer's home country) and selling and distributing them to customers in other countries⁴²⁵.

There are two main options:

- *Indirect export*: When a manufacturing firm exports indirectly, it does not take direct care of exporting activities, utilizing the services of another independent domestic organization (*intermediary*⁴²⁶), such as an export house or trading firm. Thus, the responsibility for carrying out the foreign selling job is transferred to another organization. It is also possible for the manufacturer to use international experiences, contacts, and sales channels of another, domestic producer. This type of indirect export is referred to as *piggybacking*, where a smaller firm (i.e., the "rider") rides on the back of a larger firm (the "carrier") into foreign markets in which the latter is already present⁴²⁷.
- *Direct export*: In direct export, the responsibility for performing international sales activities is in the hands of the producer. These activities are carried out and managed by dependent organizations that are administratively part of the producer's organization.

Through exporting the enterprise can achieve economies of scale, market diversification, different growth rates in different markets and stability advantages⁴²⁸. The specific advantages of export, as well as its disadvantages were presented in Table 5.

⁴²⁴ S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, Management...*, op. cit., p. 387.

⁴²⁵ Ibidem, p. 382.

⁴²⁶ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and...*, op. cit., p. 576.

⁴²⁷ V. Terpstra, J. Foley, R. Sarathy, *International Marketing*, 10th edition, op. cit., p. 8-7; S. M. Rosenbaum, T. K. Madsen, 'Managing the challenges of piggybacking into international markets,' *International Marketing Review*, vol. 36, no. 1, 2019, pp. 56–73.

⁴²⁸ M. R. Czinkota, 'A National Export Assistance Policy for New and Growing Businesses,' *Journal of International Marketing*, vol. 2, no. 1, 1994, pp. 91–101.

Table 5. Advantages and disadvantages of export

	Export	
	Indirect	Direct
Advantages	<ul style="list-style-type: none"> • It does not require capital involvement in the foreign market • Low risk • The possibility of reaping the benefits of location in the vicinity of export markets • The experience, which gained from operating in the home market, can be used in the foreign markets • It helps to create and maintain a competitive advantage of the exporting enterprise • Considerable flexibility of operation - relatively easy changes, including withdrawal from the foreign market • Limited involvement of staff abroad • Achieving economies of scale or using the effect of experience 	
	<ul style="list-style-type: none"> • Enterprises without experience in foreign trade are able to reach various foreign markets • Lower risk than in the case of direct export 	<ul style="list-style-type: none"> • Experience gained directly from the foreign market • Greater control over marketing activities in the foreign market than in case of indirect export
Disadvantages	<ul style="list-style-type: none"> • High variable costs of export transactions due to, for example, high costs of transport, insurance costs, customs duties, etc. • Export restrictions resulting from the trade policy of the host country • Dependence on commercial intermediaries in the foreign market, especially when they have significant bargaining power, which may lead to isolation from end-users, limiting the inflow of information about the conditions on the export market, which result in a lack of control over marketing activities on this market • Sometimes the execution of export transactions is possible only if the product and other elements of the marketing mix are adjusted to the conditions on the export market • Problems with financing and settling an export transaction 	
	<ul style="list-style-type: none"> • The lack of control over its marketing activities on the foreign market • Limited inflow of information about the foreign market, which also makes it difficult to adjust the product to the expectations of end buyers • Higher costs of indirect export than direct export due to the costs of intermediaries' margin, which results in lower profitability of sales 	<ul style="list-style-type: none"> • Compared to indirect export, it usually requires expenditure on creating a marketing infrastructure and marketing activities on the foreign market • Requires knowledge about the conditions of the foreign market • Requires personnel experienced in foreign trade • Problems in cooperation with foreign partners resulting from, for example, cultural differences or a conflict of interest between contracting partners

Source: Own elaboration on the basis of: M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., pp. 128 – 150; S. Hollensen, *Global marketing...*, 5th edition, op. cit., pp. 315-399; S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, Management and the New Realities*, op. cit., pp. 380–467.

The counterpart of export is **import**, which is the purchase of products or services by a buyer (the importer) in one country from a seller (the exporter) in another⁴²⁹. Import is also referred to as *global purchasing, global procurement, or global sourcing*⁴³⁰.

⁴²⁹ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and...*, op. cit., p. 578.

⁴³⁰ S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, Management...*, op. cit., p. 394.

There are two forms of import: *direct import* and *indirect import*. Direct import means the purchase by the domestic entity of products or services directly from the foreign partner, i.e., the contract is concluded between this enterprise and the foreign partner. In the case of indirect import, the enterprise buys products or services from foreign sources through another domestic company.

The advantages and disadvantages of import were presented in Table 6.

Table 6. Advantages and disadvantages of import

	Import	
	Indirect	Direct
Advantages	<ul style="list-style-type: none"> • Acquiring cheaper or unique, technologically advanced products or services, which may help in creating/maintaining a competitive advantage of the enterprise • Achieving economies of scale or using the effect of experience • does not require capital commitment in the foreign market • Low risk • Considerable flexibility of operations - relatively easy to make changes including withdrawal from the foreign purchasing market • Limited involvement of staff abroad 	
	<ul style="list-style-type: none"> • Entities without experiences in foreign trade may purchase in foreign markets • Lower risk than in the case of direct import 	<ul style="list-style-type: none"> • Gaining experience in the foreign market • Ensuring greater control over purchases in foreign markets than in the case of indirect import
Disadvantages	<ul style="list-style-type: none"> • High variable costs of import transactions due to, for example, high costs of transport, insurance costs, customs duties, etc. • Import restrictions resulting from the commercial policy of the home country • Problems with financing and settling import transactions 	
	<ul style="list-style-type: none"> • Limited inflow of information about the foreign purchasing market • Higher costs of indirect import than direct import due to the costs of brokerage fees 	<ul style="list-style-type: none"> • Requires knowledge about the conditions of the foreign purchasing market • Requires personnel experienced in foreign trade • Problems in cooperation with foreign partners resulting, for example, from cultural differences

Source: As in Table 5.

Countertrade is a form of international business in which an import transaction is linked to an export transaction in a reciprocal fashion⁴³¹. This term is used to describe a number of types of transactions⁴³²:

- *Barter* is the direct exchange of goods and services between two parties without using money; It usually involves the swap of one product for another;
- *Clearing arrangements* involve a large number of barter exchanges;

⁴³¹ R. Fletcher, 'Network Theory and Countertrade Transactions,' *International Business Review*, vol 5, no. 2, 1996, pp 167–189.

⁴³² J. F. Hennart, 'Some Empirical Dimensions of Countertrade,' *Journal of International Business Studies*, vol. 21, no. 2, 1990, pp. 243–270.

- *Switch trading* consists in buying a country's position in exchange for hard currency and selling it to another customer.
- *Buy-back* occurs when the exporter transfers technology (embodied in plant and equipment, or disembodied), and agrees to purchase in return a certain percentage of the plant's output over a given number of years.
- *Counterpurchase* involves, like buy-back, two parallel hard currency contracts, but differs from buy-back insofar as the goods that are taken back by the seller of goods or equipment are not produced with the equipment sold.
- *Offsets* is used to describe the imposition on exporters of a complex basket of reciprocal concessions. When governments make large purchases from foreign exporters, they increasingly insist that the purchase price be offset in some way by the seller. The exporter has to agree to source some of the production locally in order to increase its imports from the country or to transfer technology.

It can be seen that the first group of transactions (including barter, clearing arrangements, and switch trading) is undertaken to avoid using money, while the major feature of the second group (including buy-back, counterpurchase, and offset) is the imposition of reciprocal commitments⁴³³.

The characteristics of countertrade that distinguish it from other forms of international business are⁴³⁴:

- *A long time period in negotiation and execution* due to the large values of transactions and the number of parties involved,
- *Greater complexity* because of the larger number of interconnected relationships entailed in transactions,
- *Involvement of governments.*

The advantages and disadvantages of countertrade from the point of view of exporters were presented in Table 7.

⁴³³ Ibidem.

⁴³⁴ R. Fletcher, 'Network Theory and Countertrade Transactions,' op. cit.

Table 7. Advantages and disadvantages of countertrade

	Countertrade
Advantages	<ul style="list-style-type: none">• Increases export sales.• Gains access to the developing markets. Sometimes that is the only way to enter the challenging markets.• Reduces the impact of protectionist regulations imposed by foreign governments.• Facilitates transactions with governments and expand business contacts.• Reduces problems of fluctuating currency values;• Lessens risk by trade in products rather than unstable currencies;• Avoids exchange controls;• Allows purchases by countries with nonconvertible currencies;• Guarantees payment from cash-strapped eastern bloc and developing markets.
Disadvantages	<ul style="list-style-type: none">• Complex negotiations• Potential higher costs and logistic issues• Uncertainty of the value proposition, especially in cases where the products being exchanged have significant price volatility

Source: Own elaboration based on: S. M. Huszagh, H. C. Barksdale, 'International Barter and Countertrade: An Exploratory Study,' *Academy of Marketing Science*, vol. 14, no. 1, 1986, pp. 21–28; A. Reisman, D. C. Fuh, G. Li, 'Achieving an advantage with countertrade,' *Industrial Marketing Management*, vol. 17, no. 1, 1988, pp. 55–63.

2.2.2.2. Non-equity cooperative forms of internationalization

The **licensing** agreement as a method of foreign market entry is an arrangement whereby an entity in one country (namely *licensor*) grants the rights to intangible property (including inventions, patents, copyright, designs, trademark, and so forth) to another one in another country (the *licensee*) for a specified period, and in turn, the licensor receives a royalty fee from the licensee⁴³⁵. The rights may be for an *exclusive* license (i.e., the licensor cannot give the rights to any other entity for the specified geographic area for a specified period of time) or a *nonexclusive* one⁴³⁶.

Licensing can be viewed as an initial trial of a foreign market before an enterprise fully commits to it through other investment modes with greater resource commitments⁴³⁷. It brings the enterprise not only economic return but also international

⁴³⁵ For more details of licenses, see: F. J. Contractor, 'The Role of Licensing in International Strategy,' *Columbia Journal of World Business*, vol. 16, no. 4, 1981, pp. 73–79; F. J. Contractor, 'Choosing between Direct Investment and Licensing: Theoretical Considerations and Empirical Tests,' *Journal of International Business Studies*, vol. 15, no. 3, 1984, pp. 167–188; G. Albaum, E. Duerr, A. Josiassen, *International marketing and ...*, op. cit., p. 381.

⁴³⁶ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments...*, op. cit., p. 629.

⁴³⁷ M. S. Jiang, P. S. Aulakh, Y. Pan, 'Licensing duration in foreign markets: A real options perspective,' *Journal of International Business Studies*, vol. 40, no. 4, 2004, pp. 559–577.

market knowledge (i.e., the information about the international market and operations in the market⁴³⁸). The length of trial has critical importance. If it is too short, the enterprise

Table 8. The benefits and drawbacks of licensing

	Licensing
Benefits	<ul style="list-style-type: none"> • Limited involvement of resources abroad and limited risk of expansion into foreign markets • Possibility of expansion into new markets protected against exports or with high investment risk (especially important in the case of expansion to countries with an uncertainty of political and social situations, especially those countries where there is a risk of nationalization or expropriation) • Introducing the products to many new foreign markets in a relatively short time with relatively small resources of the licensor • Possibility of extending the life cycle of, for instance, a patent, invention, trademark and achieving economies of scale • Creating the image of the licensor's firm/brands in the foreign markets • Increase in the licensor's revenues from protected intellectual property, and thus an increase in the profitability of research and development • The sale of a license to use a patent/ invention enables faster diffusion of technology • Granting a license to use a trademark enables the licensor's brand to be introduced into new foreign markets without incurring additional expenses. • It often provides greater control over the directions of technology development in the industry on an international scale, and sometimes leads to the "imposition" of a standard in this industry • The possibility of obtaining additional revenues from accompanying supplies related to licensing (supplies of machines, devices, semi-finished products necessary to use the license) • The export of goods or know-how to the licensee, sometimes accompanying the sale of licenses, which is also a source of additional revenues for the licensor • Possibility of using the licensee's market knowledge and technical competence • Acceptance by host country authorities, especially for technology transfer
Drawbacks	<ul style="list-style-type: none"> • Difficulty in acquiring and selecting a foreign partner - a licensee who would meet the licensor's requirements • Problems with negotiating the terms of the license agreement and cooperation in its implementation due to cultural differences and asymmetry of partners' interests • Limited control, and even the possibility of losing control over the subject of the license, including the technology and products manufactured under the license (especially their quality) and marketing activities of the licensee • Even if the licensee reaches the minimum turnover set in the contract, the licensee may not use the potential of the foreign market, which may help to strengthen competitors on the market • The amount of the license fees set in the contract may turn out to be too low in relation to the profitability of sales of products manufactured by the licensee • Deterioration of the licensor's image, its products or brands in the event of a technical or marketing malfunction of the licensee • Possibility of licensees turning into competitors when, after the termination of the contract, the licensee resumes production imitating the products manufactured under the license and using the know-how obtained • The risk of infringement of the licensor's rights in the case of a weak intellectual property protection system on a given foreign market

Source: As in Table 5.

⁴³⁸ J. Johanson, J. E. Vahlne, 'The internationalization process of the firm ...,' op. cit.; K. Saggi, 'Trade, Foreign Direct Investment, and International Technology Transfer: A Survey,' *World Bank Research Observer*, vol. 17, no. 2, 2002, pp. 191–235.

may not acquire the necessary knowledge and experience of the foreign market, but if it is too long, the enterprise will miss optimal expansion timing⁴³⁹.

The benefits and drawbacks of the licensing agreement as an international market entry strategy were presented in Table 8.

Franchising is another cooperative method in which enterprises can establish local production in foreign countries without capital investment. It can be defined as a business arrangement wherein a foreign company (namely the *franchisor*) collect upfront and ongoing fees in exchange for allowing another entity (i.e., *franchisee*) in the host country to offer products and services under its brand name and using its processes⁴⁴⁰. The franchisee is obliged to pay certain fees and royalties to the franchisor in exchange for these rights. The franchisor also has the obligation to provide rights and support to the franchisee⁴⁴¹.

A similar definition is that franchising is a business format wherein the franchisee enters a long-term contractual agreement with the franchisor to market products or services under brand names and business practices idiosyncratic to the franchisor in exchange for a share of revenue, royalties, and/or fees⁴⁴². By applying a complete and proven business format, the franchisee can minimize the risks associated with starting a business⁴⁴³.

Thus, franchising is similar to licensing, though franchising commonly involves longer-term commitments. It is also considered as a specialized form of licensing wherein the franchisor not only sells intangible property to the franchisee, but also requires the franchisee to agree to abide by strict rules as to how it does business⁴⁴⁴. Whereas licensing is mostly pursued by manufacturing firms, franchising is used primarily by service

⁴³⁹ M. S. Jiang, P. S. Aulakh, Y. Pan, *Licensing duration in foreign markets: A real options perspective*, op. cit.

⁴⁴⁰ J. G. Combs, D. J. Ketchen Jr., C. L. Shook, J. C. Short, 'Antecedents and consequences of franchising: Past accomplishments and future challenges,' *Journal of Management*, vol. 37, no. 1, 2011, pp. 99–126; S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 361.

⁴⁴¹ A. N. A. Kastner, M. A. Mahmoud, S.C.K. Buame, A.Y.B. Gabrah, 'Franchising in African markets: Motivations and challenges from a Sub-Saharan African country perspective,' *Thunderbird International Business Review*, vol. 61, no. 5, 2019, pp. 169–181.

⁴⁴² V. Badrinarayanan, T. Suh, K. Kim, 'Brand resonance in franchising relationships: A franchisee-based perspective,' *Journal of Business Research*, vol. 69, no. 10, 2016, pp. 3943–3950; J. G. Combs, S. C. Michael, G. J. Castrogiovanni, 'Franchising: A review and avenues to greater theoretical diversity,' *Journal of Management*, vol. 30, no. 6, 2004, pp. 907–931.

⁴⁴³ E. Y. Roh, J.H. Yoon, 'Franchisor's ongoing support and franchisee's satisfaction: a case of ice cream franchising in Korea,' *International Journal of Contemporary Hospitality Management*, vol. 21, no. 1, 2009, pp. 85–99.

⁴⁴⁴ C. W. L. Hill, *International business. Competing in the global marketplace*, 9th edition, op. cit., p. 495.

firms⁴⁴⁵, since it is particularly well suited to service and people-intensive economic activities, especially where these require a large number of geographically dispersed outlets serving local markets⁴⁴⁶.

The benefits and drawbacks of the franchising as an international market entry strategy were presented in Table 9.

Table 9. The benefits and drawbacks of franchising

	Franchising
Benefits	<ul style="list-style-type: none"> • The franchisor does not engage any capital abroad • Limited involvement of staff abroad • The financial outlays for the creation of a venture that becomes part of a franchise network are borne by the franchisee, who also co-finances marketing activities on a given foreign market • It enables rapid expansion into new foreign markets • Significant control of the franchisor over franchisees in foreign markets, greater than in the case of a license agreement • Lower risk of expansion into foreign markets than in the case of foreign direct investment • Achieve economies of scale from international operations and higher return on investment in acquiring competences • Access to knowledge about the foreign market and experience of franchisees • Considerable flexibility resulting from the possibility of quick geographical reconfiguration of the network and changes in the rules of cooperation with partners
Drawbacks	<ul style="list-style-type: none"> • Marketing activities in foreign markets are carried out by legally and economically independent enterprises forming a franchise network, which poses a significant threat to the image of the franchisor's company/ brand • Costs of protecting trademark (s) and reputation in the foreign market • Difficulty in selecting foreign partners and communication problems resulting, inter alia, from the differences in national cultures of the countries from which the partners come and from the differences in organizational cultures • High costs of selecting foreign partners as well as control and coordination of activities undertaken by franchisees • The risk of deteriorating the quality of products offered under the franchisor's brand as a result of the franchisee's malfunction, which may result in the deterioration of the franchisor's brand/ company image • Limited possibilities of controlling and coordinating the activities of many foreign partners by the franchisor in the case of extensive international franchise networks • The risk of violating the franchisor's rights to intellectual property rights in the case of a weak system of protection of these rights in a given foreign market • The legal regulations of the country of the franchisee's seat may also sometimes limit the autonomy of the parties in determining the terms of the franchise agreement, including the transfer of franchise fees. • The threat of strengthening the franchisee as a potential competitor who may withdraw from the network and take up an independent competitive activity, using the experience gained • Limiting relations with end users, which is not conducive to acquiring knowledge about the market

Source: As in Table 5.

⁴⁴⁵ J. H. Dunning, M. McQueen, 'The Eclectic Theory of International Production: A Case Study of the International Hotel Industry,' *Managerial and Decision Economics*, vol. 2, no. 4, 1981, pp. 197-210.

⁴⁴⁶ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 361.

In an **international management contract**, a company (i.e., *service provider*) is paid a fee to transfer management personnel and administrative know-how abroad to support another company in the host country (the *lessee/customer*)⁴⁴⁷. It diminishes ownership control by the foreign enterprise while allowing the local entity in the host countries to gain foreign expertise. In turn, the service provider receives income without capital investment in the foreign market. This model is important in hotel operations⁴⁴⁸ since hotel chains have been shying away from property ownership in foreign countries due to risk and some host-country property owners know more about real estate than about managing a hotel⁴⁴⁹.

The benefits and drawbacks of the international management contract as an international market entry strategy were presented in Table 10.

Table 10. The benefits and drawbacks of the management contracts

	International management contract
Benefits	<ul style="list-style-type: none"> • Low risk • Possibility of gaining experience in the foreign market by the staff delegated to management, which may be useful in case of a change in the form of foreign expansion into this market • Possibility of gaining specific knowledge of the foreign market, which reduces the risk in case of, for example, exports, establishing a joint venture, or own business in this market • When accompanying licensing agreements, contracts for the construction of complete facilities abroad, or joint ventures, international management contracts may serve to enhance the comprehensive nature of the offer
Drawbacks	<ul style="list-style-type: none"> • Communication problems resulting from differences in national and organizational cultures may be a source of conflicts between the owners and employees of the managed company and the authorities of the host country • A foreign partner enriched with the experience gained as a result of the contract may become a competitor of the enterprise in a given foreign market • The enterprise implementing the management contract has only limited possibilities to control the development of the managed company and its market failures may negatively affect the reputation of the managing enterprise

Source: As in Table 5.

International turnkey contract is an arrangement wherein a company – a service provider (usually an industrial-equipment manufacturer or a construction company, etc.) contracts with a company in a foreign country to build complete, ready-to-operate facilities. It is a very complex international operation, involving many market players⁴⁵⁰

⁴⁴⁷ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, 15th edition, op. cit., p. 631–632.

⁴⁴⁸ M. Ivanova, S. Ivanov, V. P. Magnini, *The Routledge Handbook of Hotel Chain Management*, Oxford, Routledge, 2016, p. 158.

⁴⁴⁹ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, 15th edition, op. cit., p. 631–632.

⁴⁵⁰ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 419.

and large values of transaction⁴⁵¹. Thus, the customers for a turnkey operation are often governmental agencies⁴⁵².

The preconditions for turnkey contracts are a technology gap between the exporting and importing countries and that the exporter possesses the specific products and technologies that are being demanded in the importing country⁴⁵³. Accordingly, large projects have been recently in those developing countries that are moving rapidly toward infrastructure development and industrialization⁴⁵⁴.

The benefits and drawbacks of the international turnkey contract as an international market entry strategy were presented in Table 11.

Table 11. The benefits and drawbacks of the international turnkey contract

International turnkey contract	
Benefits	<ul style="list-style-type: none"> • The possibility of using or increasing competences in the field of research and development, design, investment implementation, and sometimes also in the field of project management, which favors creating or maintaining a competitive advantage • The delivery of goods is often associated with the performance of the contract, which strengthens the relationship with the foreign client • It enables the creation of cooperative relations with foreign partners, which favors the conclusion of further contracts on this or other foreign markets
Drawbacks	<ul style="list-style-type: none"> • Difficulties in contract performance, e.g., as a result of changes in exchange rates, underestimation of investment costs, changes in the economic situation on the industry market or insolvency of a foreign partner • Problems with the coordination of work when the contract is performed in cooperation with other companies • Conflicts with principals or regulatory groups in the host country, often due to cultural differences and sometimes also conflicts within a turnkey consortium

Source: As in Table 5.

Contract manufacturing is considered as a supply chain arrangement wherein an enterprise outsources some of its manufacturing processes to an outside supplier through a contractual agreement⁴⁵⁵. In the case of *international contract manufacturing* (or *international subcontracting*⁴⁵⁶), the manufacturing is outsourced to a foreign partner (the manufacturer), specialized in production and production technology⁴⁵⁷ of specific

⁴⁵¹ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, 15th edition, op. cit., p. 632.

⁴⁵² Ibidem.

⁴⁵³ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 419.

⁴⁵⁴ J. D. Daniels, L. H. Radebaugh, D. P. Sullivan, *International business. Environments and Operations*, 15th edition, op. cit., p. 632.

⁴⁵⁵ C. Han, T. Porterfield, X. Li, 'Impact of industry competition on contract manufacturing: An empirical study of U.S. manufacturers,' *International Journal of Production Economics*, vol. 138, no. 1, 2012, pp. 159–169.

⁴⁵⁶ M. Gorynia, *Strategie zagranicznej ekspansji przedsiębiorstw*, op. cit., p.124.

⁴⁵⁷ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 356.

products. These products can be sold either on the market of the internationalizing enterprise, on the market of the manufacturer, or other foreign markets. This entry mode is prevalent in industries such as automobile manufacturing, computer electronics, medical equipment, defense, and so forth⁴⁵⁸.

The benefits and drawbacks of the international turnkey contracts as an international market entry strategy were presented in Table 12.

Table 12. The benefits and drawbacks of the international contract manufacturing

International contract manufacturing	
Benefits	<ul style="list-style-type: none"> • Low costs (no direct investment in production abroad) • The Ordering Party retains the responsibility and control of marketing activities related to the manufactured goods • It enables the contractor to obtain lower production costs or higher quality products • Lower risk than direct investment in production abroad • Possibility of bypassing trade barriers to access to the foreign sales market, as the custom-made product obtains the status of a domestic product from the point of view of the customs law of the country of manufacture • Flexibility meaning that it is relatively easy to withdraw from an agreement with a foreign partner • An alternative to exports or locating production abroad that are considered too risky, often related to conducting activities on the foreign market in other forms
Drawbacks	<ul style="list-style-type: none"> • The problem with the selection of an efficient contractor having not only the appropriate production capacity, but also the appropriate production know-how • Problems in communicating with the contractor due to differences in national cultures and organizational cultures • The necessity to bear the costs of training the contractor's employees and the costs of quality control • Sometimes it is associated with the transfer of technology and know-how to the contractor, which favors the creation of its competitive advantage and may contribute to the contractor's strategic independence • The threat of the contractor - the existing cooperator taking actions competitive to the ordering party using the experience gained as a result of contract production

Source: As in Table 5.

2.2.2.3. Equity cooperative forms of internationalization – International Joint Ventures

Global economic development and integration have increased the motivation for enterprises to leverage interfirm partnerships in pursuing opportunities abroad⁴⁵⁹.

⁴⁵⁸ C. Han, T. Porterfield, X. Li, 'Impact of industry competition on contract manufacturing...', op. cit.

⁴⁵⁹ D. Triki, U. Mayrhofer, 'Do initial characteristics influence IJV longevity? Evidence from the Mediterranean region,' *International Business Review*, vol. 25, no. 4, 2016, pp. 795–805; A. P. Tower, K. Hewett, A. P. Fenik, 'The Role of Cultural Distance Across Quantiles of International Joint Venture Longevity,' *Journal of International Marketing*, 2019, vol. 27, no. 4, 2019, pp. 3–21.

Consequently, agreements such as international joint ventures have flourished, since they can help enterprises diffuse the risks of operating abroad⁴⁶⁰.

International joint ventures can be defined as organizational arrangements in which two or more independent partners from two countries establish and maintain a separate legal organizational entity⁴⁶¹ to achieve common or complementary objectives⁴⁶². Using the term "*international co-operative arrangement*", F. R. Root⁴⁶³ stated that international joint ventures are any form of long-term co-operation between two or more independent companies headquartered in two or more countries that undertakes or supports a business activity for mutual economic gain.

In the international joint venture, the foreign enterprise contributes capital, technology, managerial expertise, training, or some type of product. On the other hand, the local partner contributes to the use of its factory and other facilities, knowledge of the local market conditions, or access to lower-cost production factors in the host country, such as labor or materials⁴⁶⁴.

Several reasons have been given for the establishment of international joint ventures⁴⁶⁵:

- Complementary technology or managerial skills provided by the partners can lead to new opportunities in existing sectors;
- Many enterprises find that local partners can increase the speed of market entry;
- Some governments try to restrict foreign ownership;
- Global activities in R&D and production are costly but are necessary to gain competitive advantages.

The specific advantages and disadvantages of the international joint ventures as an entry strategy were presented in Table 13.

⁴⁶⁰ R. Katila, J. D. Rosenberger, K. M. Eisenhardt, 'Swimming with Sharks: Technology Ventures, Defense Mechanisms and Corporate Relationships,' *Administrative Science Quarterly*, vol. 53, no. 2, 2008, pp. 295–332.

⁴⁶¹ M. Nippa, J. J. Reuer, 'On the future of international joint venture research,' *Journal of International Business Studies*, vol. 50, no. 4, 2019, pp. 555–597.

⁴⁶² C. C. Cui, 'International Joint Ventures' in: C. L. Cooper, *Wiley Encyclopedia of Management, Vol. 9. Marketing*, John Wiley & Sons 2015, pp. 1-2, DOI: 10.1002/9781118785317.

⁴⁶³ F. R. Root, 'Some Taxonomies of International Cooperative Arrangements' in: F. J. Contractor, P. Lorange, *Cooperative Strategies in International Business*, Lexington–Massachusetts, Lexington Books, 1988, p. 69, cited in: Y. Aharoni, *Coalitions and Competition (Routledge Revivals): The Globalization of Professional Business Services*, Oxford, Routledge, 2013, p. 161.

⁴⁶⁴ S. T. Cavusgil, G. Knight, J. Riesenberger, *International Business: Strategy, ...*, op. cit., pp. 432–433.

⁴⁶⁵ S. Hollensen, *Global marketing. A decision-oriented approach*, 5th edition, op. cit., p. 366.

Table 13. The advantages and disadvantages of international joint ventures

International joint ventures	
Advantages	<ul style="list-style-type: none"> - Enables the entry into the countries with different economic, political, legal or socio-cultural backgrounds - The enterprise usually chooses this form when it does not have adequate resources, experience or knowledge of the local market to create its own business - Lower capital involvement than in the case of creating an own business - Reduction of risk compared to the situation where the enterprise would decide to set up its own business abroad - Greater control over activities on a given foreign market compared to non-equity forms of cooperation; however, the degree of control depends on the bargaining power of the enterprise in relation to the foreign partner - Access to complementary resources of the foreign partner, its knowledge and experience and business contacts in the host country - the seat of the joint venture - The possibility of achieving economies of scale and scope as well as synergy effects in production, sales, procurement, finance and management - Benefits of the international configuration of activities in the value chain - The joint venture can be better perceived by local stakeholders
Disadvantages	<ul style="list-style-type: none"> - Difficulties in finding and selecting foreign partners, as well as negotiating the terms of the contract with the partner/ partners in the joint venture - Joint venture management problems resulting from differences in national cultures and organizational cultures between joint venture partners, from conflicts of interest or asymmetry in the position of partners, including the possibility of changing goals pursued by foreign partners in the long term as a result of these contradictions - Failure of foreign partners to meet their obligations - Limited possibilities of coordinating activities - The risk that goods produced by the joint venture and exported to markets where one of the partners operates independently may compete with the partner's products - The problem of intellectual property protection concerning the enterprise contributing to the joint venture, e.g., technology, know-how, trademarks, copyrights, especially in conditions of weakness of the intellectual property protection system in the host country - The risk of losing control of the resources or skills provided by the enterprise

Source: As in Table 5.

2.2.2.4. Equity non-cooperative forms of internationalization – wholly-owned business

In the case of wholly-owned business, the enterprise owns one hundred percent of the stock. This is the most advanced entry strategy with the highest level of risk and resources commitment abroad.

Establishing a wholly-owned business in the foreign market can be done in two ways: (1) setting up a completely new operation in the foreign market, commonly referred to as a *greenfield investment*, or (2) acquiring the entire foreign entity⁴⁶⁶. It can take the form of a *subsidiary* or *branch*⁴⁶⁷. The main difference between these two forms of wholly-owned business is that the branch with no legal personality is an extension and a part of the parent enterprise. Conversely, the subsidiary has a legal personality and is a separate entity operating under the laws of the host country.

⁴⁶⁶ C. W. L. Hill, *International business. Competing in the global marketplace*, 9th edition, op. cit. p. 498.

⁴⁶⁷ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 148.

The advantages and disadvantages of the wholly owned business abroad as an international market entry strategy were presented in Table 14.

Table 14. The advantages and disadvantages of the wholly-owned business abroad

Wholly-owned business abroad	
Advantages	<ul style="list-style-type: none"> - Implementation of an autonomous strategy on the foreign market, including the allocation of the generated profits - High degree of control of activities, including marketing activities in the foreign market - It promotes gaining economies of scale and scope - It facilitates the optimal configuration of activities in the supply chain - Avoiding problems with other forms of internationalization - Better protection of the investor's intellectual property - Sometimes it stimulates the development of exports from the parent company (e.g., parts and components for production) - Establishing own business abroad in the form of greenfield investments, when it is not possible to acquire an enterprise that meets the expectations of a foreign investor in a given foreign market - It increases the possibility of implementing the selected business model of the enterprise in the foreign market - If the creation of own business abroad is the result of an acquisition of a local company, an acquisition often takes over not only land, buildings, and equipment, but also the existing distribution network and rights to trademarks/ trademarks and other, sometimes unique, intangible assets owned by the acquired company - the advantage of establishing own business abroad as a result of a merger or acquisition is thus gaining access to the resources and competences of the acquired entity, the scope of which depends on the structure of resources and the degree of vertical integration of the acquired organization - In the case of the acquisition of a local enterprise, there is faster access to the market (customer base) than in the case of greenfield investments - The combination of resources and competencies of the investor and the acquired company is conducive to achieving synergistic effects - Acquisition of a local company can help to reduce political risk.
Disadvantages	<ul style="list-style-type: none"> - Involvement of capital abroad and high initial investment outlays (especially in the case of greenfield investments in a production) - Greater risk than other forms of internationalization - Greater involvement of staff in foreign markets - Possible conflicts between the parent company and foreign subsidiaries - A foreign investor may not be accepted by stakeholders in the foreign market - Problems related to business management in an intercultural environment - Difficulties with the integration of companies and in the management of the acquired foreign company, which may be caused by the differences in national cultures, organizational cultures, organizational structures, and the quality of resources compared to the foreign enterprise - investor - In the case of greenfield investments - high costs of entering a foreign market, usually the highest of all forms of internationalization - Relatively long time to implement greenfield investments, especially the period of investment implementation, but also the time necessary to create relationships with local partners.

Source: As in Table 5.

2.3. "International business incubation" as a new international market entry strategy

In the previous parts of this dissertation, the traditional forms of foreign market entry were presented. The range of choices is wide enough that almost any enterprise in any area can find an appropriate way to reach international markets. Nevertheless, the challenges related to entering international markets, widely known and researched in the international business literature as "*liabilities of foreignness*"⁴⁶⁸, remain remarkable for newcomers. An innovative phenomenon, i.e., "*international business incubation*", which aims at facilitating the enterprise's entry into a foreign market, has recently emerged as a new entry mode. This section focused on analyzing the phenomenon of international business incubation, and on establishing a framework for entering the international market.

The business incubation phenomenon has been associated with business start-ups⁴⁶⁹, wherein business incubator can be seen as an innovative organization that creates a favorable environment for enterprise development⁴⁷⁰. Start-ups usually suffer from a lack of resources and management experience, which may cause their failure⁴⁷¹. Business incubators provide the entrepreneurs with necessary facilities, expertise, information, and access to external networks, enabling them to turn their creative business ideas into practice⁴⁷². Thus, they are considered to be one of the instruments to promote innovation,

⁴⁶⁸ "*Liabilities of foreignness*" are defined in the literature as the additional tacit and social costs that foreign enterprises must face when entering a particular host market – costs that are not incurred by well-embedded indigenous firms. For more details, see, inter alia: S. Zaheer, 'Overcoming the Liability of Foreignness,' *Academy of Management Journal*, vol. 38, no. 2, 1995, pp. 341–363; Y. Luo, J. M. Mezas, 'Liabilities of foreignness: Concepts, constructs, and consequences,' *Journal of International Management*, vol. 8, no. 3, 2002, pp. 217–221; D. Sethi, W. Judge, 'Reappraising liabilities of foreignness within an integrated perspective of the costs and benefits of doing business abroad,' *International Business Review*, vol. 18, no. 4, 2009, pp. 404–416; N. Denk, L. Kaufmann, J. F. Roesch, 'Liabilities of Foreignness Revisited: A Review of Contemporary Studies and Recommendations for Future Research,' *Journal of International Management*, vol. 18, no. 4, 2012, pp. 322–334.

⁴⁶⁹ A. Bøllingtoft, 'The bottom-up incubator: a collaborative approach to (entrepreneurial) organizing?' Århus, Denmark: Ph.D. Thesis, Århus School of Business, 2005, cited in: M. Rask, A. Bøllingtoft, *The Export Incubator: Leveraging Export Assistance through Networking?*, 3rd Aalborg University Conference on Internationalisation of Companies and Inter-cultural Management, Rebild, Denmark, 2008.

⁴⁷⁰ L. Peters, M. Rice, M. Sundararajan, 'The Role of Incubators in the Entrepreneurial Process,' *Journal of Technology Transfer*, vol. 29, no. 1, 2004, pp. 83–91.

⁴⁷¹ A. Bøllingtoft, J. P. Ulhøi, (2005), 'The networked business incubator-leveraging entrepreneurial agency?,' *Journal of Business Venturing*, vol. 20, no. 2, 2005, pp. 265-290; N. Kuryan, M. S. Khan, V. Gustafsson, 'Born globals and business incubators: a case analysis,' *International Journal of Organizational Analysis*, vol. 26, no. 3, 2018, pp. 490-517.

⁴⁷² N. Kuryan, M. S. Khan, V. Gustafsson, 'Born globals and business incubators: a case analysis,' op. cit.; R. Lalkaka, 'Technology business incubators to help build an innovation-based economy,' *Journal of Change Management*, vol. 3, no. 2, 2002, pp. 167–176.

technology transfer, and commercialization, as well as to increase start-up success rates⁴⁷³.

Although the business incubator is an innovative entity, with origins in the United States⁴⁷⁴, several scholars such as R. Lalkaka⁴⁷⁵, J. Chen, Y. Jinrong, and Z. Miao⁴⁷⁶ asserted that the "*international business incubator*" originated in China. The international business incubator is defined by G. D. Blackburn and P. J. Buckley⁴⁷⁷ as a shared office-space facility located in a foreign country that provides temporary accommodation and assistance to newly arriving companies until they feel able to "graduate" or leave to set up a permanent presence of their own. Accordingly, international business incubators provide the infrastructure and service environment at the international level⁴⁷⁸ to ease the companies' entry into a foreign market⁴⁷⁹.

The international business incubation is notably under-researched in the extant literature, as the use of business incubators to support international entrepreneurship is a recent phenomenon⁴⁸⁰. J. Li⁴⁸¹ identified two types of incubators in support of international entrepreneurship at the country level: (1) Incubators for inward international business development (IIBD) wherein the goal of stakeholders such as local government is job creation, technology transfer, and foreign direct investment, and (2) incubators for outward international business development (OIBD) wherein the incubators are established abroad to encourage direct investment into a foreign country.

Furthermore, there are very few publications written on the international business incubation as an entry strategy into foreign markets. The few articles available in the existing literature offer only sketchy and explorative explanations of this phenomenon.

⁴⁷³ N. Kuryan, M. S. Khan, V. Gustafsson, 'Born globals and business incubators: a case analysis,' op. cit.; K. Aerts, P. Matthyssens, K. Vandenbempt, 'Critical role and screening practices of European business incubators,' *Technovation*, vol. 27, no. 5, 2007, pp. 254-267.

⁴⁷⁴ A. Chandra, C. A. Chao, 'Growth and evolution of high-technology business incubation in China,' *Human Systems Management*, vol. 30, no. 1, 2011, pp. 55-69.

⁴⁷⁵ R. Lalkaka, 'Business incubators in developing countries: characteristics and performance,' *International Journal of Entrepreneurship and Innovation Management*, vol. 3, no. 1-2, 2003, 31-55.

⁴⁷⁶ J. Chen, Y. Jinrong, Z. Miao, 'Business incubators in China,' *International Journal of Entrepreneurship and Innovation Management*, vol. 3, no. 1-2, 2003, pp. 67-77.

⁴⁷⁷ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market entry mode,' op. cit.

⁴⁷⁸ J. Chen, Y. Jinrong, Z. Miao, 'Business incubators in China,' op. cit.

⁴⁷⁹ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market entry mode,' op. cit.

⁴⁸⁰ J. Li, 'Overseas technology incubators for international entrepreneurship: A Chinese experiment,' *International Journal of Entrepreneurship and Innovation*, vol. 10, no. 3, 2009, pp. 181-190.

⁴⁸¹ *Ibidem*.

For instance, M. Rask and A. Bøllingtoft⁴⁸², as well as A. M. D. Ulrich and S. Hollensen⁴⁸³, focusing only on export, described the export incubator as a market entry platform, which promises a faster and more network-based profound foreign market entry with high control, limited risk, and less resource commitment.

To the extent of the knowledge of the dissertation's author, the first article recently published, which has a thorough analysis of the international business incubator is that of G. D. Blackburn and P. J. Buckley, who asserted that business incubation as a mode of foreign market entry can be interpreted as providing a means to bring risk and uncertainty within acceptable boundaries (by limiting the cost of potential failure), while at the same time providing a low risk platform for further investigation, network building and information gathering⁴⁸⁴. The authors argued that the availability of the international business incubator as a method of foreign market entry may be a critical factor to proceed, serving as a catalyst to venturing abroad that may otherwise be seen as being too risky and costly. Once the internationalizing enterprise becomes more experienced, it may choose the options with greater control (and greater risk), such as joint venture or wholly owned business, or switch back to a lower risk mode (e.g., export), or even withdraw from the market with minimum cost⁴⁸⁵. They adapted the Root's model⁴⁸⁶ to explain and position business incubation as an international entry mode providing a high control and low risk to the newcomers (see Figure 10).

⁴⁸² M. Rask, A. Bøllingtoft, *The Export Incubator: Leveraging Export Assistance through Networking?...* op. cit.

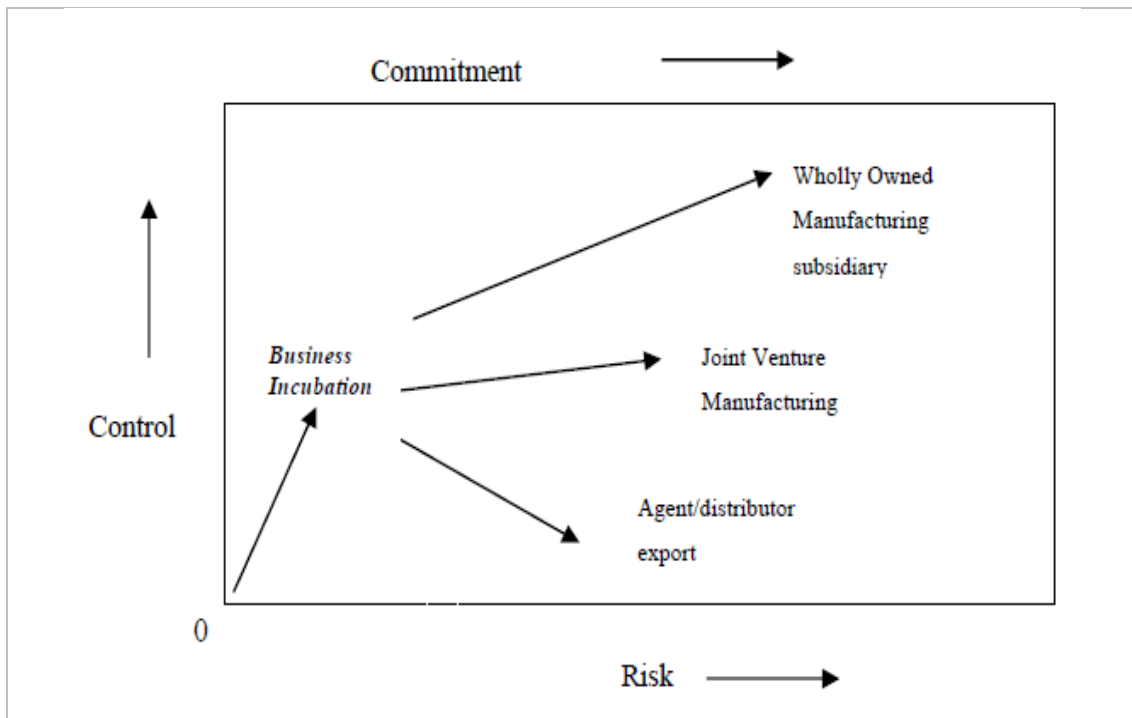
⁴⁸³ A. M. D. Ulrich, S. Hollensen, 'The incubator concept as an entry mode option for Danish SME's,' op.cit.

⁴⁸⁴ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market entry mode,' op. cit.

⁴⁸⁵ Ibidem.

⁴⁸⁶ F. R. Root, *Entry Strategies for International Markets*, San Francisco, Jossey-Bass, 1998, cited in: G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market entry mode,' op. cit.

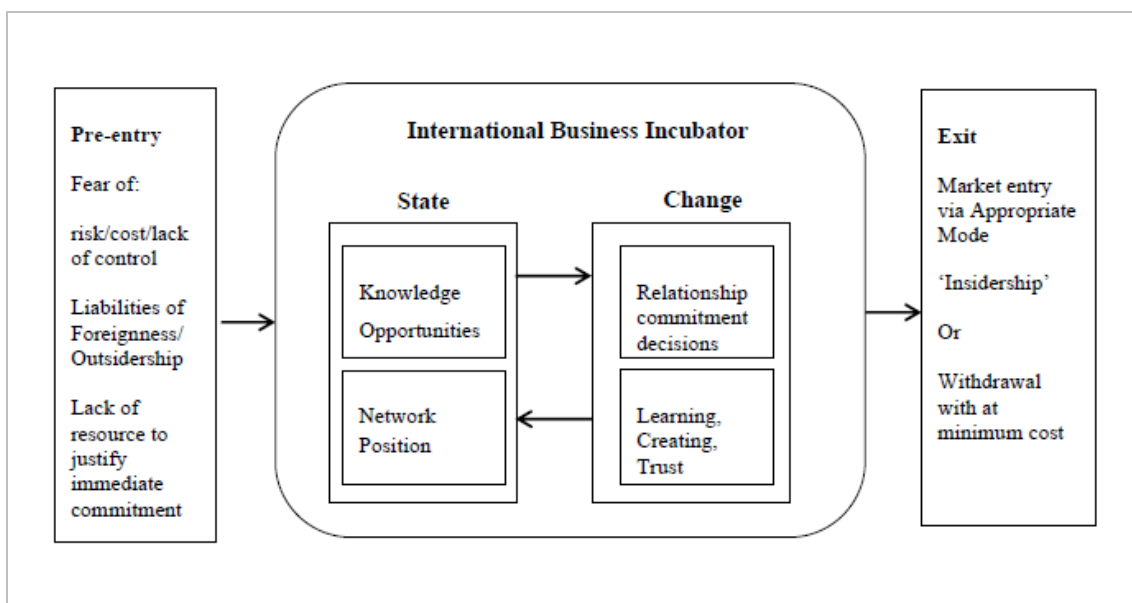
Figure 10. Foreign market entry modes via business incubation



Source: G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign market...', op. cit.

Based on the above analysis, G. D. Blackburn and P. J. Buckley also explained the business incubation process experienced by the internationalizing enterprise (see Figure 11).

Figure 11. The international business incubation process



Source: G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign ...,' op. cit.

According to these authors, the process begins with the enterprise discovering that the fear of risks, costs, lack of control, and liabilities of foreignness are creating market entry barriers which result in discontinuity of the enterprise's internationalization. Its entry is stimulated by the availability of a low-risk and high-control business incubation arrangement. Since accommodation within the business incubator environment of knowledge accumulation and network building can help the enterprise to reduce its exposure to liabilities of foreignness and to build its confidence to the point where managers can make a rational decision on an appropriate commitment to continue its presence in the market or withdraw in the next step⁴⁸⁷.

Thus, the international business incubation as an innovative entry mode has a significant importance for the development of international business. It is found to be necessary for some firms, especially for small and medium-sized enterprises⁴⁸⁸ interested in emerging markets⁴⁸⁹.

As mentioned before, while the international business incubation has become more prevalent in recent years, its benefits (as well as drawbacks) are still under-researched in the extant literature. The limitations in the extant literature on this phenomenon as an innovative mode of foreign market entry have opened up new research directions in the future.

2.4. Framework for entering the international market adopted in the dissertation

Enterprises have a number of choices on how to enter a foreign market. Some market entry modes (entry strategies) require little or no direct contact with foreign markets (e.g., indirect export), while others require more sustentative interaction with overseas counterparts. On the other hand, the entry strategies may or may not involve foreign manufacturing, as well as capital engagement abroad. Based on above analysis of the specific entry modes, in this dissertation, the author proposed a framework for international market entry with the presence of the new entry mode, i.e., international business incubation. The framework was presented in Figure 12. The concept of this framework is that an enterprise can enter a foreign market in two ways: (1) directly via one or more traditional entry strategies, or (2) the enterprise may choose to join an

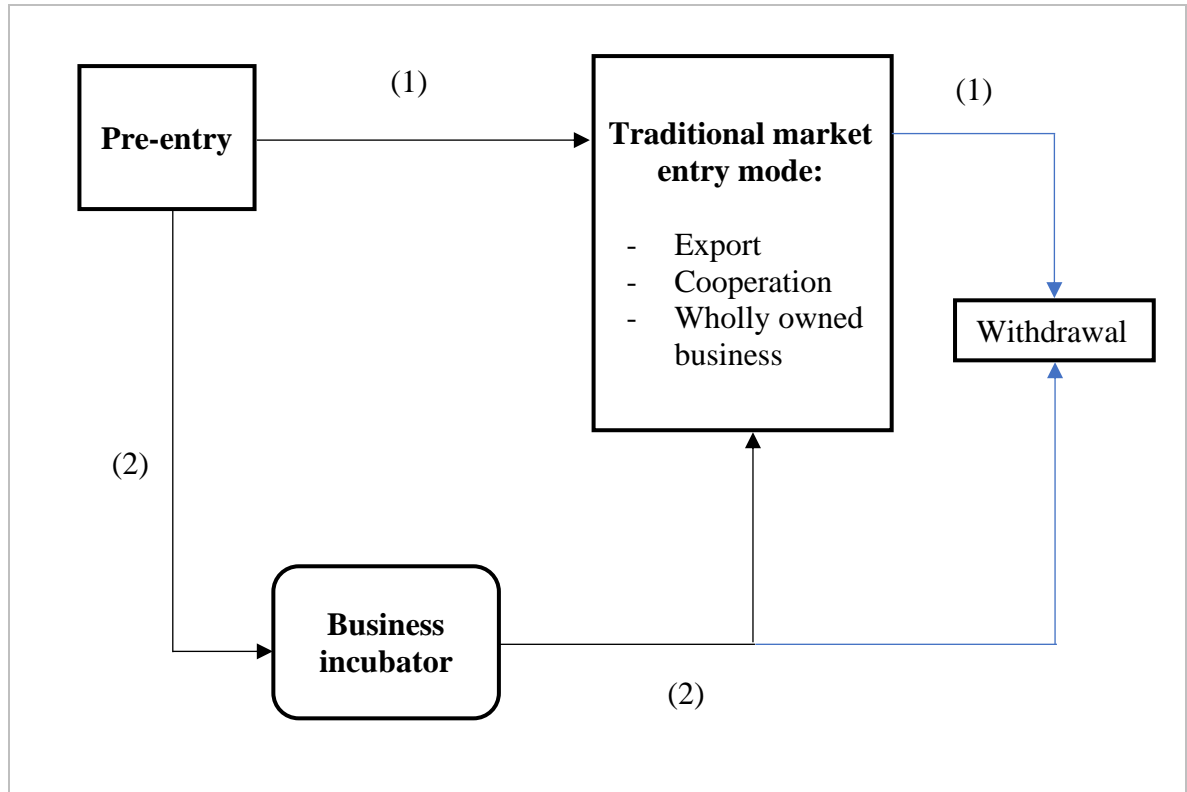
⁴⁸⁷ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign ...,' op. cit.

⁴⁸⁸ A. M. D. Ulrich, S. Hollensen, 'The incubator concept as an entry mode option for Danish SME's,' op. cit.

⁴⁸⁹ G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign ...,' op. cit.

international business incubator in the foreign market before entering this market on its own (indirect path).

Figure 12. The framework for entering the international market



Source: Own elaboration.

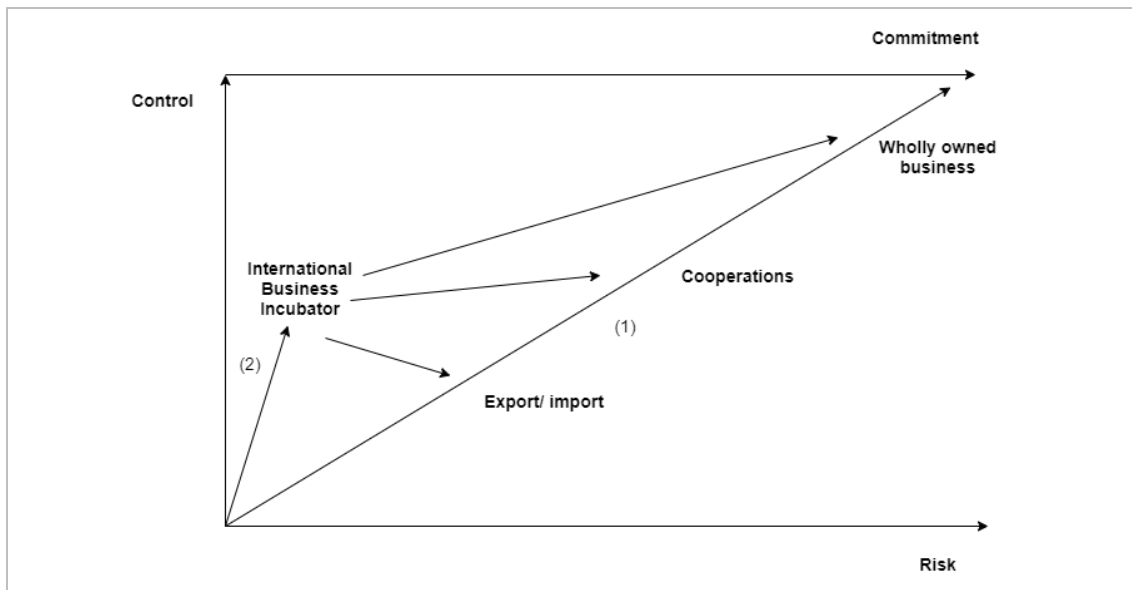
The literature on entry strategy frequently focuses on control, which is defined as the level of authority an enterprise may exercise over systems, methods, and decisions of the foreign affiliate⁴⁹⁰, because it is the most important determinant of risk and return⁴⁹¹. E. Anderson and H. Gatignon⁴⁹² argued that high control modes may increase return, but also risk, while low control modes can reduce resource commitment abroad, but at the expense of return. The emergence of the business incubator as an innovative entry mode may change that. Figure 13 showed the evolution of the enterprise's decision on entry mode choice, considering the level of control over its international activity.

⁴⁹⁰ I. Ekeledo, K. Sivakumar, 'International market entry mode strategies of manufacturing firms...', op. cit.

⁴⁹¹ E. Anderson and H. Gatignon, 'Modes of Foreign Entry: A Transaction Cost Analysis ...,' op. cit.

⁴⁹² Ibidem.

Figure 13. Evolution of enterprise's decision on entry mode choice



Source: Own elaboration on the basis of: F. R. Root, *Entry Strategies for International Markets*, op. cit., 1994, p. 39; G. D. Blackburne, P. J. Buckley, 'The international business incubator as a foreign ...,' op. cit.

In the traditional (direct) path, as enterprises become more experienced, they will choose the entry modes providing greater control over foreign market operations. Greater control implies a greater resource commitment and thus more risk, but over time this trade-off can be accommodated by enterprises as their confidence grows. As shown in Figure 13, at the outset of its internationalization, an enterprise may choose low-control/low-risk export modes. Later, the enterprise may be confident enough to enter a foreign market via equity modes with a higher level of control and risk.

In the case of joining an international business incubator, the choice of traditional market entry modes occurs after a period of temporary accommodation in the business incubator and performing exploratory activities (experimental stage) before doing business in the foreign market on its own, which may be seen as being too risky and costly, especially at the early stage of internationalization, when the enterprise may lack international experience and knowledge. Later, the enterprise may be confident enough to enter a foreign market by itself via an appropriate traditional entry mode or withdraw from the market without incurring huge costs. In this case, the international business incubation as an entry mode may be interpreted as providing a platform with relatively high control, low risk, and less resource commitment. Also, the availability of an international business incubator in a foreign market and its attributes can make

enterprises more likely to enter the market and thus can play a role as a motivating force of the internationalization of enterprises.

2.5. Selection of international market entry strategies

The question of how enterprises enter and operate in international markets has been a mainstream topic of research for decades⁴⁹³. In addition to the conceptualizing the different entry modes and their main characteristics, which were presented in previous sections, several scholars have also contributed to this debate by shedding light on the antecedents/determinants of entry modes choice. This section of the dissertation thus focused on analysis of the factors determining the international market entry strategies and the selecting entry modes.

2.5.1. Factors influencing the international market entry strategies

As mentioned, the choice of foreign market entry strategies is one of the most critical decisions⁴⁹⁴ that has been extensively analyzed in the literature⁴⁹⁵. It determines whether an enterprise has full control over the foreign unit or has to share the control with a partner⁴⁹⁶. Furthermore, once established, the mode of entry is difficult to change or correct, since it has long-term consequences for the enterprise⁴⁹⁷. Thus, the decision concerning what specific international market entry modes to use is not simple for internationalizing enterprises.

In the literature, it has been argued that the selection of entry strategies can be based on different approaches: through *experience* or *analysis*⁴⁹⁸. Accordingly, an enterprise,

⁴⁹³ A. Canabal, G. O. White III, 'Entry mode research: Past and future ... op. cit.; J. F. Hennart, A. H. L. Slangen, 'Yes, we really do need more entry mode studies! A commentary on Shaver,' *Journal of International Business Studies*, vol. 46, no. 1, 2015, pp. 114–122; L. Wan, G. Orzes, M. Sartor, C. D. Mauro, G. Nassimbeni, 'Entry modes in reshoring strategies...', op. cit.

⁴⁹⁴ C. Giachetti, G. Manzi, C. Colapinto, 'Entry Mode Degree of Control, Firm Performance and Host Country Institutional Development: A Meta-Analysis,' *Management International Review*, vol. 59, no. 1, 2019, pp. 3–39; B. Swoboda, S. Elsner, E. Olejnik, 'How do past mode choices influence subsequent entry? A study on the boundary conditions of preferred entry modes of retail firms,' *International Business Review*, vol. 24, no. 3, 2015, pp. 506–517;

⁴⁹⁵ For example, see, inter alia: K. D. Brouthers, J. F. Hennart, 'Boundaries of the firm: Insights from international entry mode research,' *Journal of Management*, vol. 33, no. 3, 2007, pp. 395–425; D. Morschett, H. Schramm-Klein, B. Swoboda, 'Decades of research on market entry modes...', op. cit.

⁴⁹⁶ J. L. Arregle, L. Hébert, P. W. Beamish, 'Mode of International Entry: The Advantages of Multilevel Methods,' op.cit.; D. Morschett, H. Schramm-Klein, B. Swoboda, 'Decades of research on market entry modes...', op. cit.

⁴⁹⁷ B. Swoboda, S. Elsner, E. Olejnik, 'How do past mode choices influence subsequent entry...', op. cit.; T. Petersen, B. Petersen, G. R. G. Benito, 'Change of foreign operation method...', op. cit.

⁴⁹⁸ G. Albaum, E. Duerr, A. Josiassen, *International marketing and export management*, 8th edition, op. cit. p. 285.

through its own experience or that of other companies (competitive or otherwise), may decide that a particular entry mode is desirable for its product. On the other hand, the modes of entry may also be arrived at after performing an analysis.

An example for the first approach is the argument of E. Anderson and H. Gatignon⁴⁹⁹, who stated that some firms may rely on their past decisions. Similarly, G. R. G. Benito, B. Petersen, and L. S. Welch⁵⁰⁰ argued that past entry decisions may determine subsequent choices of entry modes in new foreign markets. Some research has also been conducted to explore the effects of preferred entry modes (i.e., modes that have been predominantly used in the past) on later mode choices⁵⁰¹.

However, the choice of international market entry strategies is most often given after a very careful, thorough, and detailed analysis of factors that may affect the entry of the enterprise. Much has been written about factors underlying the choices of entry strategy. S. Agarwal and S. N. Ramaswami⁵⁰² demonstrated that entry mode choice is influenced by both micro-level (including firm size, contractual risk, asset value, and so forth) and macro-level (e.g., country risks and market potentials) factors.

Focusing on the analysis of the influence of the external antecedents on the most often analyzed entry mode decision – the choice between wholly owned subsidiary and cooperative modes, D. Morschett, H. Schramm-Klein, and B. Swoboda⁵⁰³ found that the following factors exert a significant impact: (1) *market attractiveness* (including market size and market growth), (2) *uncertainty in the host country* (i.e., country risk), (3) *the legal environment of the host country* (namely, legal restrictions) and (4) *the culture of the home country* assessed by power distance⁵⁰⁴ acceptance.

Another point of view is that of A. J. Koch⁵⁰⁵, who posited that the process of choosing a market entry mode is influenced by a large number of factors, which are classified into three categories: *internal*, *external*, and *mixed*.

⁴⁹⁹ E. Anderson and H. Gatignon, 'Modes of Foreign Entry: A Transaction Cost Analysis...', op. cit.

⁵⁰⁰ G. R. G. Benito, B. Petersen, L. S. Welch, 'Towards more realistic conceptualisations of ...', op. cit.

⁵⁰¹ For example, see, inter alia: B. Swoboda, S. Elsner, E. Olejnik, 'How do past mode choices influence subsequent entry...', op. cit.

⁵⁰² S. Agarwal, S. N. Ramaswami, 'Choice of foreign market entry mode: impact of ownership, ... op. cit.

⁵⁰³ D. Morschett, H. Schramm-Klein, B. Swoboda, 'Decades of research on market entry modes...', op. cit.

⁵⁰⁴ "Power distance" is defined in the literature as the degree to which power and authority are expected to be distributed and expressed equitably or inequitably within society. For more details about this term, see, inter alia: K. B. Lewellyn, S. R. Bao, 'The role of national culture and corruption on managing earnings around the world,' *Journal of World Business*, vol. 52, no. 6, 2017, pp. 798–808; G. H. Hofstede, G. Hofstede, *Cultures Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, 2nd edition, London, Sage Publications, 2001, pp. 79 – 144.

⁵⁰⁵ A. J. Koch, 'Factors influencing market and entry mode selection: developing the MEMS model,' *Marketing Intelligence & Planning*, vol. 19, no. 5, 2001, pp. 351–361.

- *Internal factors* include (1) company size/resources, (2) management locus of control, (3) experience in using market entry modes, (4) management risk attitudes, (5) market share targets, (6) calculation methods applied, and (7) profit targets;
- *External/internal (mixed) category* comprises (1) competencies, capabilities and skills required/available for each market entry mode, and (2) sufficiency and reliability of information inputs;
- *External factors* encompass (1) characteristics of the overseas country business environment, (2) market barriers, (3) industry feasibility/viability of market entry mode, (4) popularity of individual market entry modes in the overseas market, (5) market growth rate, (6) image support requirement, as well as (7) global management efficiency requirements.

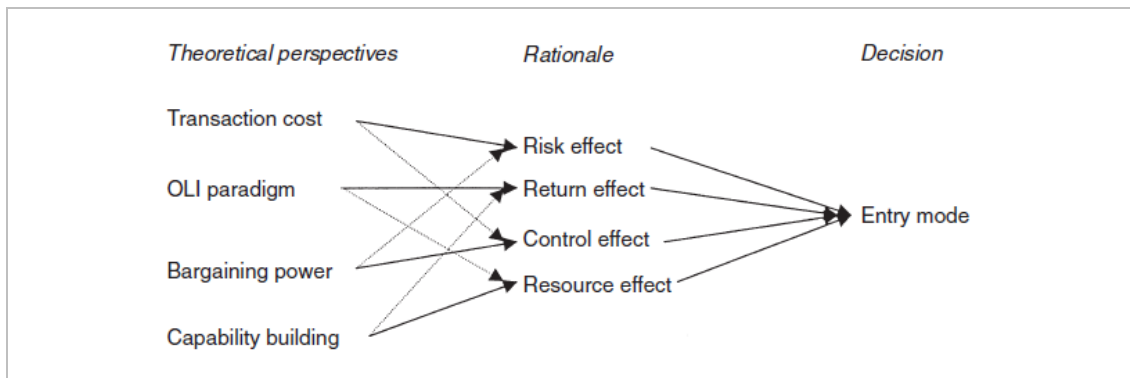
A comprehensive analysis was made by Y. Luo⁵⁰⁶, who asserted that the entry mode selection is contingent upon complicated sets of exogenous factors, originating in either an invisible hand (at the country and industry levels) or a visible one (at the firm and project levels). More specifically, all decisions on the mode choices are influenced by four groups:

- *Country-specific* factors (e.g., governmental intervention, environmental uncertainty, cultural distance, political risk)
- *Industry-specific* factors (e.g., sales growth, asset intensity, growth in the number of firms, market potential),
- *Firm-specific* factors (e.g., knowledge protection, global integration, host country experience, firm size), and
- *Project-specific* factors (e.g., project orientation, project size, project location).

Y. Luo implied that in optimizing entry mode selection, managers must assess *risk*, *return*, *control*, and *resource effects* arising from the selected entry mode (see Figure 14).

⁵⁰⁶ Y. Luo, 'Determinants of Entry in an Emerging Economy: A Multilevel Approach,' op. cit.

Figure 14. A synthesis of theoretical approaches on entry mode



Source: Y. Luo, 'Determinants of Entry in an Emerging Economy: A Multilevel Approach,' op. cit.

This author also pinpointed the need to integrate relevant internationalization theories, since international market entry is a highly complex and dynamic process regarding a large array of contingencies at different levels. In his opinion, these multiple effects are influenced by multilevel determinants and necessitate an integration of relevant internationalization theories to be fully understood⁵⁰⁷.

A recent classification of determinants of entry mode choice is that of P. Kotler, L. A. Manrai, D. N. Lascu, and A. K. Manrai⁵⁰⁸, who identified two determinants influencing international business decisions, namely, *country characteristics* (including opportunities, risks, and various distances between the home country and the host country) and *company characteristics* (i.e., international business experience, assets/resources, and expansion/growth strategies). The distances include geographic, socio-economic, cultural, historic⁵⁰⁹, institutional⁵¹⁰, and political dimensions⁵¹¹.

Building on the extant literature, in this dissertation the author proposed that the choice of entry strategies is determined by both *internal factors*, such as enterprise strategic goals and its resources, and *external factors*, i.e., the attractiveness of the foreign market and risk of business activities in this market (see Table 15).

⁵⁰⁷ Y. Luo, 'Determinants of Entry in an Emerging Economy: A Multilevel Approach,' op. cit.

⁵⁰⁸ P. Kotler, L. A. Manrai, D. N. Lascu, A. K. Manrai, 'Influence of country and company characteristics on international business decisions: A review, conceptual model, and propositions,' *International Business Review*, vol. 28, no. 3, 2019, pp. 482–498.

⁵⁰⁹ R. Drogendijk, O. M. Martín, 'Relevant dimensions and contextual weights of distance in International business decisions: Evidence from Spanish and Chinese outward FDI,' *International Business Review*, vol. 24, no. 1, 2019, pp. 133–147.

⁵¹⁰ M. C. H. Chao, V. Kumar, 'The impact of institutional distance on the international diversity–performance relationship,' *Journal of World Business*, vol. 45, no. 1, 2010, pp. 93–103.

⁵¹¹ R. M. Salomon, Z. Wu, 'Institutional distance and local isomorphism strategy,' *Journal of International Business Studies*, vol. 43, no. 2, 2012, pp. 343–367; K. E. Meyer, 'Institutions, transaction costs and entry mode choice in eastern Europe,' *Journal of International Business Studies*, vol. 32, no. 2, 2001, pp. 357–367.

Table 15. The key determinants of the entry strategies

Internal factors	External factors
<ol style="list-style-type: none"> 1. Enterprise strategic goals 2. Enterprise resources <ol style="list-style-type: none"> a. <i>Tangible resources</i>: e.g., the size and location of the enterprise's production facilities, materials, etc. b. <i>Intangible resources</i>: <ul style="list-style-type: none"> • Relational resources: <ul style="list-style-type: none"> ➤ Relationships: relations with local suppliers, consumers, etc.; ➤ Reputation. • Competencies: <ul style="list-style-type: none"> ➤ Knowledge: e.g., knowledge of the foreign market, international experience of the enterprise; ➤ Capabilities: e.g., market research, marketing and production skills. ➤ Attitude: e.g., internationally oriented, quality-driven, competitively aggressive or innovation-minded. 	<ol style="list-style-type: none"> 1. Attractiveness of the foreign market <ol style="list-style-type: none"> a. Microenvironment factors b. Macroenvironment factors 2. Risk of business activities in the foreign market <ol style="list-style-type: none"> a. Microenvironment factors b. Macroenvironment factors

Source: own elaboration on the basis of literature review.

In the literature, particular attention has been paid to enterprise resources. One of the first authors who drew attention to resources as one of the determinants of enterprise development was E. T. Penrose⁵¹². Since the 1980s, several theories have been developed, such as resource-based theory, competency theory, and knowledge-based theory, which emphasize the importance of resources and competencies for the efficient functioning of the organization. According to J. Barney, firm resources "*include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness*"⁵¹³, while those that are the source of competitive advantages must be: (1) valuable (in the sense that they exploit opportunities and/or neutralizes threats in the environment), (2) rare among the current and potential competition of the enterprise, (3) imperfectly imitable, and (4) there cannot be strategically equivalent substitutes.

Several scholars have attempted to classify these resources into different categories. For example, S. D. Hunt and R. M. Morgan⁵¹⁴ have broadly classified these resources into seven categories: financial (e.g., cash reserves, access to financial markets), physical

⁵¹² E. T. Penrose, *The theory of the growth...*, op. cit.

⁵¹³ J. Barney, 'Firm resources and sustained competitive advantage,' *Journal of Management*, vol. 17, no. 1, 1991, s. 99–120.

⁵¹⁴ S. D. Hunt, R. M. Morgan, 'The comparative advantage theory of competition,' *Journal of Marketing*, vol. 59, no. 2, 1995, pp. 1–15.

(e.g., plant, equipment), legal (e.g., trademarks, licenses), human (e.g., the skills and knowledge of individual employees), organizational (e.g., competencies, controls, policies, culture), informational (e.g., knowledge resulting from consumer and competitor intelligence), and relational (e.g., relationships with suppliers and customers). Similarly, R. K. Srivastava, T. A. Shervani, and L. Fahey⁵¹⁵ have classified market-based assets into two categories: relational assets such as the firm's relationship with end customers, distributors, suppliers, and other relevant stakeholders and intellectual assets such as knowledge about market conditions and appropriate interest groups and stakeholders. Following B. de Wit⁵¹⁶, in this dissertation, the author proposed the following classification of enterprise resources:

- (1) *Tangible resources* include all means available to the enterprise that can physically be observed (touched), such as buildings, machines, materials, etc. Generally, they need to be purchased by the enterprise and are often easier to transfer and price.
- (2) *Intangible resources*, on the other hand, cannot be touched and are largely carried within the people in the organization. They can be purchased (as in the case of big data) but in most cases are internally developed. Intangibles include:
 - *Relational resources* – all the means available to the enterprise derived from the enterprise's interaction with its environment. The enterprise can cultivate specific *relationships* with individuals and organizations such as suppliers, customers, competitors, and government agencies, which can be instrumental in achieving the goals of the enterprise. Besides direct relationships, an enterprise's *reputation* among other parties in the environment can also be an important resource.
 - *Competencies* referring to the enterprise's fitness to perform in a particular field. They are determined by:
 - *Knowledge*, i.e., the whole of rules and insights that can be extracted from information, such as market insight, competitive intelligence, technological expertise, and understanding of political and economic developments;

⁵¹⁵ R. K. Srivastava, T. A. Shervani, L. Fahey, 'Market-based assets and shareholder value: A framework for Analysis,' *Journal of Marketing*, vol. 62, no. 1, 1998, pp. 2–18.

⁵¹⁶ B. de Wit, *Strategy, an international perspective*, 7th edition, Cengage Learning, EMEA, Hampshire, UK 2020, pp. 193–195.

- Capability, i.e., the enterprise's potential for carrying out a specific activity or set of activities (e.g., market research, advertising, and production skills);
- *Attitude*, referring to the mindset prevalent within an enterprise. It indicates how the enterprise views and relates to the environment. An enterprise's attitude can be characterized as internationally oriented, quality-driven, competitively aggressive, or innovation-minded.

It is also emphasized that the international market entry strategies are also determined by the attractiveness of a foreign market and the risk of business activities in this market, which are influenced by the microenvironment factors and macroenvironment factors⁵¹⁷. Microenvironment factors include suppliers, employees, customers, competitors, media, administrative authorities, etc. in the foreign market. Meanwhile, the macroenvironment factors are economic environment, political and legal environment, social-cultural environment, technological environment, geographical environment, and demographical environment in the foreign market.

2.5.2. Selecting the international market entry strategies

In the literature, there have been efforts to answer the question: "How should an enterprise choose international market entry strategies?". One of the most cited works is that of F. R. Root⁵¹⁸, according to whom there are three different decision rules for foreign market entry mode selection:

- (1) The *naive rule* (use the same entry mode for all foreign markets) – This rule ignores the heterogeneity of the individual foreign markets and entry conditions. The inflexibility of this rule prevents the enterprise from fully exploiting international market opportunities, since a promising market that cannot be penetrated with the "only entry mode" will be given up, or a market will be entered with an inappropriate mode.
- (2) The *pragmatic rule* (uses a workable entry mode for each foreign market) – In the early stages of entering foreign markets the enterprise ordinarily starts doing business with a low-risk entry mode. Only if the particular initial mode is not

⁵¹⁷ P. Kotler, *Marketing: Analiza, planowanie, wdrażanie i kontrola*, Warsaw, Gebethner i S-ka, 1994, p. 382.

⁵¹⁸ F. R. Root, *Entry Strategies for International Markets*, op. cit., 1994, p. 191.

feasible or profitable will the enterprise look for another workable entry mode. However, in this case not all potential alternatives are investigated, and the workable entry may not be the best or right entry mode.

- (3) The *strategy rule* (use the right entry mode for each target market) – This approach requires that all entry modes must be systematically evaluated and compared before any choice is made. As mentioned earlier in this chapter, an enterprise's choice of international market entry strategies is the result of evaluating many factors from different perspectives, which may conflict with each other. Comparing alternative approaches to entry is complicated due to the multiple objectives that the enterprise may have in each market, and sometimes these objectives may be inconsistent. Also, different entry modes are influenced by different market and political risks. An application of this rule would be to choose the entry strategies that maximizes the profit contribution over the strategic planning period subject to (1) *the availability of company resources*, (2) *risk*, and (3) *non-profit objectives*.

2.6. Entry strategies of Polish enterprises into international markets – a review of existing empirical studies

Poland, as a Central and Eastern European (CEE) economy, has had the best long-term growth performance in the region over the past twenty-five years. This country almost tripled its real GDP level between 1991-2016, making it the second-fastest-growing economy in the EU (after Ireland). This rapid growth was due to the expanding business sector. Specifically, almost 40% of the newly created companies in the CEE-11 region⁵¹⁹ in recent years are in Poland. Additionally, around 10% of the companies created in the EU-28 have been in Poland, and new business creation per population in this country is significantly higher than in the greater EU or any of its large member countries (i.e., Germany, France, Italy, Spain, and the UK)⁵²⁰. Along with that, there are more and more firms from Poland entering the path of internationalization or intensifying their current expansion into foreign markets⁵²¹. This rising trend has created a pressing

⁵¹⁹ CEE-11 region includes Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

⁵²⁰ P. Gajewski, A. M. Kutan, 'Determinants and Economic Effects of New Firm Creation: Evidence from Polish Regions,' *Eastern European Economics*, vol. 56, no. 3, 2018, pp. 201-222.

⁵²¹ M. Gorynia, J. Nowak, P. Trapezyński, R. Wolniak, 'Determinants of FDI establishment mode choice of Polish firms. The OLI paradigm perspective,' *Argumenta Oeconomica*, vol. 37, no. 2, 2016, pp. 67-92.

need to better understand and explain the foreign expansion strategies followed by these newcomers in the last two decades⁵²².

The Polish achievements include many contributions in which a number of empirical studies have been carried out on various aspects of the foreign expansion process of Polish enterprises, including the motives for entering international markets and entry strategies, especially in the conditions of Poland's accession to the European Union. These studies can be divided into three categories corresponding to three periods of time: (1) *research before Poland's accession to the European Union (before 2004)*, (2) *research in the period from Poland's accession to the European Union to the Great Recession (from 2004 to 2009)*, and (3) *research after the Great Recession (from 2010)*.

2.6.1. Research before Poland's accession to the European Union (before 2004)

Research on the international expansion of Polish enterprises before Poland's accession to the European Union demonstrated the low degree of their internationalization, as at the end of the 1990s, not many (even those large) Polish enterprises declared entering the international markets as their strategic goal. In a study conducted in 1998 on a group of 76 large enterprises from Poland, only 15,8% of respondents declared an increase in exports and 1,05% - permanent entry on foreign markets, while these goals were only 8th and 46th on the list of declared strategic goals⁵²³. In turn, the research conducted by B. Mikołajczyk in 2003 on a sample of 600 Polish enterprises confirmed that most of those enterprises declared strategic goals related to the development on the domestic market, meanwhile only 28% of the respondents operated in the international markets⁵²⁴. Also, a study conducted by T. Taranko in 2004 on a group of 112 Polish enterprises representing 9 industries confirmed that the most frequently indicated goal in 2002-2003 was an increase in sales on the domestic market. Meanwhile, an increase in the importance of expansion into foreign markets was found as the strategic goal of those enterprises for the years 2004-2005 (i.e., after Poland's accession to the EU)⁵²⁵.

⁵²² Ibidem.

⁵²³ M. J. Stankiewicz, *Konkurencyjność przedsiębiorstwa. Budowanie konkurencyjności przedsiębiorstwa w warunkach globalizacji*, Toruń, TNOiK, Dom Organizatora, Toruń, 2005, p. 84.

⁵²⁴ B. Mikołajczyk, *Cele i strategie działania polskich przedsiębiorstw w perspektywie roku 2008 – wyniki badań*, in: *Biznes międzynarodowy a internacjonalizacja gospodarki narodowej*, red. E. Najlepszy, Poznań, Wydawnictwo AE w Poznaniu, 2005, pp. 325–327.

⁵²⁵ T. Taranko, *Zmiany uwarunkowań rynkowych a strategie produktowo-rynkowe polskich przedsiębiorstw*, in: *Euromarketing. Strategie przedsiębiorstw na rynku europejskim*, red. J. W. Wiktor, Kraków, Wydawnictwo AE w Krakowie, Wydział Zarządzania, 2005, pp. 229–235.

A study conducted by M. Gorynia on a sample of 93 (mainly medium and large) enterprises operating in industry, construction, and transportation services in the period before Poland's accession to the European Union confirmed that the main form of Polish enterprises entering foreign markets was export, and its share in total sales of those enterprises in the years 1998-1999 was over 30%⁵²⁶. They also planned to increase the share of exports in total sales to 40% in 2005. This research also indicated that the Polish enterprises declared little interest in more advanced forms of internationalization. Most of the respondents stated that they did not consider entering foreign markets in a form other than export, and only a few of them carried out "loose considerations" on concluding a strategic alliance with a foreign partner from the EU (24 respondents) or establishing a joint venture in EU countries (14 respondents). Only 6 of the enterprises established a strategic alliance, and one established a joint venture in the EU⁵²⁷.

In the pre-accession period, one notable series of research on the internationalization of Polish small and medium-sized enterprises (SMEs) was conducted by N. Daszkiewicz, concerning the SMEs from the Gdańsk region in the food, textile, clothing, and wood industries. The studies were carried out successively: in 1992 on a sample of 186 firms, in 1999 on a sample of 94 firms and in 2004 on a sample of 41 firms. The studies confirmed the low degree of internationalization of Polish enterprises in that period. Accordingly, most of the surveyed SMEs operated on the domestic market at that time, only 17% of them declared export. Export was the only entry strategies of those enterprises into the foreign markets, and the share of export in total sales of the enterprises did not exceed 20%⁵²⁸.

2.6.2. Research in the period from Poland's accession to the European Union to the Great Recession (from 2004 to 2009)

Shortly after Poland's accession to the EU, KPMG conducted a study on the foreign expansion of a group of 65 large enterprises from industrial and service sectors and found that for as many as 93% of the surveyed enterprises, foreign expansion was an important element of the strategy. Almost 70% of those enterprises expressed their intention to intensify international expansion, meanwhile, none of them intended to limit foreign

⁵²⁶ M. Gorynia, *Luka konkurencyjna na poziomie przedsiębiorstwa a przystąpienie Polski do Unii Europejskiej*, Poznań, Wydawnictwo AE w Poznaniu, 2002, pp. 107–114.

⁵²⁷ Ibidem, s. 135.

⁵²⁸ N. Daszkiewicz, *Internacjonalizacja małych i średnich przedsiębiorstw we współczesnej gospodarce*, Gdańsk Scientific Publ. Group, 2004, p. 119 onwards.

expansion. Although more than half (52%) of the respondents believed that Poland's accession to the EU had a positive impact on the foreign expansion of enterprises, as many as 48% of the respondents stated that the accession had no impact on their foreign expansion activities. The main directions of international expansion of the Polish enterprises were the EU countries (86%), the countries of Central and Eastern Europe, including Russia, Ukraine, Belarus (25%), and highly developed non-EU European countries, including Norway and Switzerland (28%). The research also confirmed that the basic entry strategy used by the Polish enterprises was export: in the case of 54% of the surveyed enterprises, export was the main form of foreign expansion, and the remaining 46% of the enterprises declared that they also employ other entry strategies, including licenses, joint ventures, mergers and acquisitions, branches/subsidiaries as well as alliances with foreign partners⁵²⁹.

The foreign expansion of Polish large enterprises was also the subject of the study carried out by M. K. Nowakowski, M. Stawicka, and M. K. Witek-Hajduk in 2005 on a sample of 31 enterprises among the largest exporters in terms of export value in 2004 (according to the ranking of the "Polityka"). It was found that the majority of the surveyed enterprises (97%) were active in EU markets during the period of the survey. A significant part (72%) of the surveyed enterprises also operated on the markets of the former USSR countries which did not belong to the EU, 66% - on the market of the Russian Federation, and 44% - on other markets. Many of the surveyed enterprises intended to continue their foreign expansion: 28% of the companies intended to enter new EU markets, 45% of them planned to enter new markets of the former USSR countries which did not belong to the EU, and 59% planned to enter the markets of other countries within the next 2 years. The dominant entry strategy used by the firms was direct export (90% of the surveyed enterprises) and indirect export (59% of the surveyed enterprises). Noteworthy is the insignificance of more advanced entry strategies, despite the fact that the study concerned large Polish enterprises with long experience in the international arena: only 38% of the surveyed enterprises established a sales branch/subsidiary, and only 14% had their own production plants in foreign markets⁵³⁰.

⁵²⁹ *Ekspansja międzynarodowa polskich przedsiębiorstw*, KPMG, Warsaw, 2005, www.kpmg.pl, cited in: M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 167.

⁵³⁰ M. K. Nowakowski, M. Stawicka, M. K. Witek-Hajduk, *Analiza otoczenia zewnętrznego dokonywana w polskich przedsiębiorstwach działających na rynku międzynarodowym*, Warsaw, KNoP, SGH, 2005; M. K. Witek-Hajduk, *Zakres analizy otoczenia dokonywanej w polskich przedsiębiorstwach działających na rynku międzynarodowym*, in: *Ekspansja czy regres marketingu*, red. E. Duliniec, L. Garbarski, J. Mazur,

Selected aspects of international market entry strategies of Polish enterprises after Poland's accession to the EU were also the subject of research carried out in 2006 by T. Gołębiowski, T. M. Dudzik, M. Lewandowska and M. Witek-Hajduk. The research was conducted by using a direct interview technique with the use of a questionnaire on a sample of 133 companies and using an in-depth interview on a sample of 10 companies from the food industry, light industry, machine industry, shipping, transport, and logistics services. The study showed that the main direction of foreign expansion of the Polish enterprises was the EU markets. The dominant entry strategy employed by those firms, regardless of the industry, size of the enterprise, or expansion direction, was export⁵³¹.

The international market entry strategies of Polish enterprises were also the subject of the research carried out by T. Dudzik, T. Gołębiowski, M. Lewandowska, and M. K. Witek-Hajduk in 2008 on a sample of 156 firms. A high degree of involvement of the surveyed enterprises in the EU markets was found. It was also shown that export remains the major entry strategy (89% of responses), but import also played an important role (48%). Other entry strategies were declared by a smaller percentage of the respondents: only 12% of those companies had their own trading branches on EU markets, and 10% of enterprises had their own production branches⁵³².

Selected aspects of the international market entry strategies of Polish enterprises were also devoted to research conducted in 2008 on a sample of 61 medium and large enterprises from the light industry. The research results showed that the European Union markets were an important direction of foreign expansion of Polish light industry firms, while the EU-15 markets had a greater share in the sales of the surveyed companies than the markets of the countries that joined the EU in 2004 and later. The basic entry strategy into the international markets was export. The remaining forms of expansion, including in particular capital forms, were also utilized by a smaller number of surveyed enterprises⁵³³.

M. Strzyżewska, W. Wrzosek, Warsaw, PWE, 2006, cited in: M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw...*, op. cit., p. 168.

⁵³¹ T. Gołębiowski, T. Dudzik, M. Lewandowska, M. K. Witek-Hajduk, *Modele biznesu polskich przedsiębiorstw*, Warsaw, Oficyna Wydawnicza SGH, 2008.

⁵³² T. Dudzik, T. Gołębiowski, M. Lewandowska, M. K. Witek-Hajduk, *Modele biznesu polskich przedsiębiorstw na rynku Unii Europejskiej. Przykład przedsiębiorstw przemysłu elektromaszynowego*, in: *Gospodarka Polski w Unii Europejskiej. Wybrane zagadnienia rynku wewnętrznego*, red. H. Bąk, G. Wojtkowska-Łodej, Warsaw, Oficyna Wydawnicza SGH, 2009, pp. 327–409.

⁵³³ A. Sznajder, M. K. Witek-Hajduk, 'Strategie marketingowe polskich przedsiębiorstw przemysłu lekkiego na rynku Unii Europejskiej – standaryzacja i adaptacja,' *Gospodarka Narodowa*, no. 4, 2009, pp. 25–54.

The foreign expansion of Polish enterprises was also the subject of a study conducted by M. K. Witek-Hajduk in 2008. The work consisted of quantitative and qualitative research. The quantitative research with the use of the computer-assisted telephone interview technique (CATI) was carried out on a sample of 257 randomly selected enterprises. Meanwhile, the qualitative research was conducted by using the method of in-depth interview with the management of 6 Polish medium- and large-sized companies. The study results showed that the most significant motives for entering foreign markets of the surveyed enterprises were the availability of cheaper and better (more effective) sources of supply and the international experience of the managerial staff. Besides that, Poland's accession into the EU was declared as an important (but not the most important) motive for their entering international markets. The most attractive markets for the Polish enterprises were the EU markets. The study also revealed that the first entry strategy of the surveyed enterprises was export and import, and the first destination for international expansion was the EU country markets, i.e., the countries with a relatively low cultural distance⁵³⁴.

2.6.3. Research after the Great Recession (from 2010)

One remarkable work in this period was a mixed-methods study on the foreign expansion of Polish enterprises conducted by J. Ďaďo, J. W. Wiktor and A. Źbikowska: Quantitative research carried out between 2010-2011 involved 141 companies, and qualitative research was conducted among 13 companies that had significant successes in their international activities. An analysis of the respondents leads to the conclusion that market factors were the most significant reasons for the internationalization of Polish enterprises, and the size of the target destination was the most frequently indicated factor. On the other hand, political and legal factors were the least important internationalization drivers considered by the surveyed enterprises. The results of the study also showed that export, including direct and indirect forms, was the most commonly utilized entry strategy of the Polish enterprises. Other modes of foreign market entry were used by less than 1 out of 5 surveyed enterprises. Consequently, it can be seen that export remained the major entry strategy, with other modes of entry playing a far less significant role. Furthermore, in the process of entering foreign markets, the Polish enterprises relied on

⁵³⁴ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich...* op. cit.

foreign direct investment by establishing sales representative offices and subsidiaries which engage in the distribution of products⁵³⁵.

Another study on the international market entry strategies of Polish enterprises is that of M. Ratajczak-Mrozek, A. Dymitrowski, and Ł. Małys⁵³⁶, who made an effort to analyze the most common entry strategies of Polish enterprises in the context of their performance. The research was carried out between September and October 2010 among 124 enterprises located in Poland. The results indicated that the dominant entry strategy among the studied enterprises was export (62% of studied companies). Nevertheless, export activity was usually accompanied by other entry strategies, since over half of the enterprises utilized more than one form of international market entry at the same time. Of the entire sample, only 30 enterprises declared exclusive use of export. The other entry strategies used by the studied companies were import (37%), subcontracting (35%), own direct investment (10%), non-capital cooperation, including licensing and franchising (5%), joint venture (1%), and other forms (7%)⁵³⁷.

The entry strategies were also the subject of a comparative study carried out by M. K. Witek-Hajduk as a part of the research of the Collegium of World Economy at the Warsaw School of Economics (SGH) in 2010 and 2011. The study was conducted on a sample of 244 randomly selected medium and large Polish enterprises (including 124 branches/subsidiaries of international enterprises and 120 companies that are not branches/subsidiaries of foreign entities) of the electromechanical industry acquiring resources in foreign markets by using the computer-assisted telephone interviewing (CATI) technique. The study showed that import was a major form of internationalization in the purchasing markets, which was used by almost surveyed companies (91,8%). It is also noted that import was utilized by as much as 96,7% of enterprises that were not branches/subsidiaries of foreign enterprises and 87,1% of branches/subsidiaries of international entities. In addition, the study also revealed that there were significant differences between the two analyzed groups of entities in terms of using capital entry strategies in the supply markets, which were used by a much larger percentage of the branches/subsidiaries of international enterprises than the companies that are not

⁵³⁵ J. Ďaďo, J. W. Wiktor, A. Żbikowska, 'Foreign markets entry motives and strategies of polish exporters,' *Ekonomie a Management*, vol. 18, no. 2, 2015, pp. 135-150.

⁵³⁶ M. Ratajczak-Mrozek, A. Dymitrowski, Ł. Małys, *Forms of internationalisation and company performance (research results)*, in: "Modern world economy. Micro- and Macroeconomic Issues", ed. T. Rynarzewski, Poznan, Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, 2012, pp. 212-222.

⁵³⁷ Ibidem.

branches/subsidiaries of foreign entities. More specifically, 28,2% of the branches/subsidiaries of foreign enterprises declared a joint venture, and 21% - their own commercial branches/subsidiaries in international markets, while in the case of companies that are not branches/subsidiaries of foreign entities, the percentage of the declarations was only 15% and 5,8% respectively⁵³⁸.

Another empirical research on the foreign expansion of Polish enterprises was conducted by N. Daszkiewicz and K. Wach between October 2013 and February 2014. These authors focused on the issue of the internationalization of family businesses. The study involved 216 firms, including 88 family firms. The findings led to the following conclusions: first, family firms are mostly market seekers (84%); meanwhile non-family firms apart from being market seekers (57%), they are very often strategic assets and/or capabilities seekers (41%). Second, the most popular entry strategy among either family or non-family firms is direct export (in particular through a foreign distributor or own foreign representative office) as well as subcontracting⁵³⁹.

The models of internationalization were a subject of research carried out by J. Baran in March 2018. The method of interviewing the management of food industry enterprises was utilized to collect the data. The study showed that the most frequently used form of internationalization was export. The main factor driving the internationalization of enterprises in this sector was Poland's accession to the EU. This finding is in contrast to previous studies that suggested that political and legal factors had a negligible impact on the foreign expansion of Polish enterprises. The other motives for the foreign expansion of the enterprises were the experience of management in internationalization and the geographical proximity of the foreign market.

In addition to the above studies that take into account different international market entry strategies, there is also a large number of studies on individual modes of entry, especially different forms of *foreign direct investment FDI* (e.g., Y. Gibb, M. Szalucka 2012⁵⁴⁰, M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak, 2013⁵⁴¹; O. Kowalewski

⁵³⁸ M. K. Witek-Hajduk, 'Formy umiędzynarodowienia polskich przedsiębiorstw na rynkach zaopatrzenia,' *Gospodarka Narodowa*, vol. 244, no. 4, 2012, pp. 61-83.

⁵³⁹ N. Daszkiewicz, K. Wach, 'Motives for Going International and ...,' op. cit.

⁵⁴⁰ Y. Gibb, M. Szalucka, 'The FDI behaviour of Polish companies: equity-based entry modes and their impact on performance,' *European Research Studies Journal*, vol. 15, no. 3, 2012, pp. 49-80.

⁵⁴¹ M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak, 'The determinants of location choice in the internationalization process of Polish companies: A qualitative study,' *Journal of Economics & Management*, vol. 14, 2013, pp. 61-75.

and M. J. Radło, 2014⁵⁴²; M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak 2016⁵⁴³) or *outward foreign direct investment OFDI* (e.g., M. J. Radło 2012⁵⁴⁴, M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak, 2015⁵⁴⁵; A. Kłysik-Uryszek and A. Kuna-Marszałek, 2015⁵⁴⁶; T. Dorożyński, A. Kuna-Marszałek and J. Świerkocki, 2017⁵⁴⁷). These studies have focused mainly on the determinants of choice of individual entry strategies. It is interesting that the majority of these studies have been conducted after 2010. It is due to the fact that there has been a significant increase in Polish outward FDI stock in the last decade⁵⁴⁸, which was very limited in the pre-accession period and the early years after Poland's accession into the EU.

2.6.4. Conclusions

To sum up, it can be concluded that in the Polish literature on internationalization, much attention has been paid to the subject of the motives for foreign expansion, the forms of international market entry, and the changes in the entry strategies of Polish enterprises in the conditions of Poland's accession to the EU, as well as the Great Recession caused by the global economic crisis in the years 2007-2009. Consequently, the empirical studies on the international market entry strategies of Polish enterprises were categorized into three groups with distinct characteristics:

- (1) Research before Poland's accession to the European Union (before 2004) – studies in this period indicated a low degree of internationalization with mainly export-oriented activities of Polish enterprises;
- (2) Research in the period from Poland's accession to the European Union to the Great Recession (from 2004 to 2009) – studies in this period showed a higher

⁵⁴² O. Kowalewski, M.J. Radło, 'Determinants of foreign direct investment and entry modes of Polish multinational enterprises: A new perspective on internationalization,' *Communist and Post-Communist Studies*, vol. 47, no. 3-4, 2014, pp. 365-374.

⁵⁴³ M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak, Determinants of FDI establishment mode... op. cit.

⁵⁴⁴ M. J. Radło, 'Emerging Multinationals and Outward FDI Development. The Case of Poland,' *Eastern European Economics*, vol. 50, no. 2, 2012, pp. 59-84.

⁵⁴⁵ M. Gorynia, J. Nowak, P. Trąpczyński, R. Wolniak, 'Outward FDI of Polish firms: The role of motives, entry modes and location factors,' *Journal of East European Management Studies*, vol. 20, no. 3, 2015, pp. 328-359.

⁵⁴⁶ A. Kłysik-Uryszek, A. Kuna-Marszałek, 'Geographical breakdown of Polish OFDI ...,' op. cit.

⁵⁴⁷ T. Dorożyński, A. Kuna-Marszałek, J. Świerkocki, 'Motives of Poland's Outward Direct Investments from the Lodz Region: Results of a Direct Study,' *Entrepreneurial Business and Economics Review*, vol. 5, no. 2, 2017, pp. 101-122.

⁵⁴⁸ A. Kłysik-Uryszek, A. Kuna-Marszałek, 'Geographical breakdown of Polish OFDI ...,' op. cit.; O. Kowalewski, M. J. Radło, 'Determinants of foreign direct investment and entry modes of Polish multinational enterprises...,' op. cit.

degree of internationalization with mainly export-oriented activities of Polish enterprises;

- (3) Research after the Great Recession (after 2010) – studies in this period revealed a profound degree of internationalization with various entry strategies employed. In contrast to the research in the two previous periods, many studies of advanced entry strategies, such as equity modes, have been discussed in this period.

The studies indicated that the key motives of entering international markets for Polish enterprises were market factors (e.g., market-seeking motives⁵⁴⁹). Interestingly, many of above-mentioned studies showed that Poland's accession to the European Union was not the main driver of the internationalization of Polish enterprises. In contrast, it was pointed out that due to the existence of a competitive gap in many industries between Polish enterprises and those from other EU countries, there would be smaller opportunities for Polish enterprises to enter other markets of the EU, and the expansion of the internal EU market would be associated with an increase in the intensity of competition in the Polish market⁵⁵⁰. The Great Recession, on the other hand, had no significant impact on the foreign expansion of Polish enterprises. The proof is that, as mentioned above, the outward FDI stock from Poland increased almost thirty times in that period (from EUR 1,3 billion in 2001 to EUR 38,7 billion in 2011)⁵⁵¹, and it has continued to grow despite difficulties caused by the global economic crisis⁵⁵². The results of the studies also provide evidence that Polish enterprises prefer a conservative model of internationalization, which is consistent with the Uppsala model. Consequently, the major entry strategy used by Polish enterprises was export. In the last decade, Polish enterprises have tended to utilize more advanced entry strategies (equity modes), but exports still play an important role in their internationalization process.

⁵⁴⁹ T. Dorożyński, A. Kuna-Marszałek, J. Świerkocki, 'Motives of Poland's Outward Direct ...,' op. cit.

⁵⁵⁰ M. K. Witek-Hajduk, *Strategie internacjonalizacji polskich przedsiębiorstw ...*, op. cit., p. 171.

⁵⁵¹ O. Kowalewski, M.J. Radło, 'Determinants of foreign direct investment and entry modes ...' op. cit.

⁵⁵² A. Kłysik-Uryszek, A. Kuna-Marszałek, 'Geographical breakdown of Polish OFDI...', op. cit.

CHAPTER III. RESEARCH METHODOLOGY

3.1. Objectives and subjects of the dissertation

The main objective of the dissertation was to determine the existing entry strategies of Polish enterprises into the Vietnamese market and the directions of the changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA), as well as to identify and analyze of the determinants of the entry strategies of the Polish enterprises and, on this basis, to indicate an effective path to enter the Vietnamese market.

The main objective of the dissertation would be achieved through the implementation of the following specific objectives:

Theoretical-cognitive objectives:

- O-1.** Systematization of concepts related to the internationalization of enterprises with an emphasis on contemporary approaches and review of internationalization theories and their classification.
- O-2.** Systematization of concepts related to the international market entry strategy as a part of the internationalization strategy of enterprises and classification and characterization of individual strategies, in particular emphasizing the essence and innovation of the International Business Incubation as a new entry strategy.

Empirical objectives:

- O-3.** Identification and analysis of the motives for the expansion of Polish enterprises into the Vietnamese market.
- O-4.** Identification and analysis of the major determinants of the entry strategies of Polish enterprises into the Vietnamese market, namely the enterprises' resources as well as the main features (both conducive and inhibitory factors) of the Vietnamese business environment that influence its attractiveness and risk in business activities in this market.
- O-5.** Determining the impact of the Agreement EVFTA on the change in attractiveness of the Vietnamese market and the risk of operating in this market.

- O-6** Clarification of the key resources that Polish entrepreneurs should have at their disposal to enter and compete effectively in the Vietnamese market.
- O-7.** Identification and analysis of the strategies of the Polish companies entering the Vietnamese market and the directions of the changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA).
- O-8.** Examining the awareness of Polish entrepreneurs of the International Business Incubation and their needs when using it as a new entry strategy.
- O-9.** Providing Polish entrepreneurs with practical recommendations regarding the critical success factors in expanding into the Vietnamese market.

The subjects of the dissertation were thus the entry strategies of Polish enterprises into the Vietnamese market and related issues, namely the motives of Polish enterprises for entering the Vietnamese market and the factors influencing their expansion into this market.

The aim of the empirical studies was to find answers for the following research questions:

1. What are the main motives for the expansion of Polish enterprises into the Vietnamese market?
2. What are the main features of the Vietnamese business environment that influence on its attractiveness and the risk of operating in this market in the opinion of Polish entrepreneurs?
3. What key resources should Polish enterprises have at their disposal to effectively enter and compete in the Vietnamese market?
4. What are the most popular entry strategies chosen by Polish enterprises when entering the Vietnamese market before 2020?
5. How have the entry strategies of Polish enterprises into the Vietnamese market changed after the entry into force of the Agreement EVFTA on 1st August 2020?
6. What is the awareness of Polish entrepreneurs of the International Business Incubation solution and their needs when using it as a new entry strategy?
7. What should be the optimal model for entering the Vietnamese market for Polish enterprises?

3.2. Research methods

In accordance with the objectives of the dissertation as well as due to the complexity of the research subjects, several research methods were used: critical literature review, desk research, survey research, and in-depth interview. Among them, the critical literature review allowed to achieve O-1 and O-2, while the survey research and in-depth interview enabled to gain the remaining objectives (from O-3 to O-9). Desk research was utilized as an auxiliary method. The characteristics of each method were described in detail in the further sections.

3.2.1. Critical literature review

Exploring and evaluating findings from previous studies is an important aspect of all research projects that allow the work to be set in the context of what is known and what is not known⁵⁵³. The thorough understanding of previous studies is usually achieved by means of critically reviewing the existing literature⁵⁵⁴. A literature review can be understood as a more or less systematic way of collecting and synthesizing prior research⁵⁵⁵. An effective and well-conducted review of literature as a research method provides a solid framework for advancing knowledge and facilitating theory development⁵⁵⁶.

Furthermore, internationalization and entry strategy are broad topics that have interested academic researchers for decades⁵⁵⁷. As mentioned before, many theories have been put forward to explain the international activities of enterprises. Along with that, some literature review works have been conducted to synthesize the previous research. However, to the extent of the knowledge of the author's dissertation, the most recent work related to the systematization of theoretical concepts of internationalization and entry strategies was carried out in 2010 by M. K. Hajduk⁵⁵⁸. Since then, along with the intensive expansion of enterprises into emerging markets, as well as of those from

⁵⁵³ M. N. K. Saunders, C. Rojon, 'On the attributes of a critical literature review,' *Coaching: An International Journal of Theory, Research and Practice*, vol. 4, no. 2, 2011, pp. 156-162.

⁵⁵⁴ *Ibidem*.

⁵⁵⁵ R. F. Baumeister, M. R. Leary, 'Writing narrative literature reviews,' *Review of General Psychology*, vol. 1, no. 3, 1997, pp. 311-320; D. Tranfield, D. Denyer, P. Smart, 'Towards a methodology for developing evidence-informed management knowledge by means of systematic review,' *British Journal of Management*, vol. 14, 2003, pp. 207-222.

⁵⁵⁶ J. Webster, R. T. Watson, 'Analyzing the past to prepare for the future: Writing a literature review,' *Management Information Systems Quarterly*, vol. 26, no. 2, 2002, pp. 13-23.

⁵⁵⁷ M. Schellenberg, M. J. Harker, A. Jafari, 'International market entry mode ...,' *op. cit.*

⁵⁵⁸ M. K. Witek-Hajduk, 'Strategie internacjonalizacji polskich przedsiębiorstw...,' *op. cit.*

developing and emerging markets into developed markets or other emerging markets, the old theories and models from the last century seem to be inadequate to describe and explain the international activities of these enterprises, leading to the emergence of newer theoretical approaches in the last decade to fill that knowledge gap. It hence necessitates a comprehensive review of the literature on the internationalization and entry strategy.

Thus, the first research method used in this dissertation is the critical literature review. It should be noted that there are different review methods, including systematic literature review, semi-systematic literature review, and integrative (critical) literature review⁵⁵⁹. As the aim of the review is to synthesize and evaluate a large field of research, a systematic or semi-systematic approach may not be appropriate or even possible⁵⁶⁰. The critical literature review was therefore selected, as this type of review does not aim to cover all works ever published on the topic but rather to combine different perspectives and insights from the field of research⁵⁶¹.

The review was based on the collection of information from monographs and academic journals. The author focused exclusively on scholarly publications that are of high quality. Specifically, the first source of information was monographs written by renowned authors in the field of internationalization and entry strategies, for instance J. H. Dunning, J. Johanson, J. E. Vahlne, O. E. Williamson, C. P. Kindleberger, S. Hymer and so forth. Monographs written by well-known Polish authors, such as M. Gorynia, J. W. Wiktor, K. Fonfara, and M. K. Witek-Hajduk, were also cited. The second source of information were scientific papers. An online search was performed, involving web-based search engines, such as ScienceDirect, Scopus, EBSCOhost, Emerald Insight, among others. To ensure high quality, the author excluded journals that are not in the list of scored journals of the Polish Ministry of Science and Higher Education.

In this review, a total of 411 publications, collected from academic databases, have been analyzed, including 264 scholarly articles, 135 books and monographs, 13 conference papers, 04 doctoral dissertations, and 01 economic reports. The dominant language of the publications is English, as there are up to 263 scholarly articles, 98 books and monographs, as well as all of conference papers and doctoral dissertations written in

⁵⁵⁹ H. Snyder, 'Literature review as a research methodology: an overview and guidelines,' *Journal of Business Research*, vol. 104, 2019, pp. 333-339.

⁵⁶⁰ Ibidem.

⁵⁶¹ Ibidem.

this language. Publications written in Polish were also cited in this dissertation, including 01 scholarly article, 37 books and monographs, and 01 economic report.

The critical literature review on internationalization and entry strategy was presented in Chapter I and Chapter II.

3.2.2. Desk research – secondary data analysis

The second research method used in this dissertation is "*desk research*". As the name suggests, desk research is a research method that can be done from a "desk" (office or library) through reading reports, articles and/or seeking information on the Internet. The main feature of the desk research is that it is the study of secondary sources of data, i.e., information that already exist⁵⁶². It includes collecting data published in the Internet, government databases, public libraries, economic reports etc.

Desk research is the most frequently practiced at the beginning of the research to gain insight into the subject and gather information necessary for further actions⁵⁶³. Desk research is much more cost-effective than primary research, since it makes use of already available data. Also, it is a less time-consuming process because the data is already available.

In this dissertation, the desk research was used mainly in Chapter IV to collect information concerning the characteristics of the Vietnamese market and the EU-Vietnam Free Trade Agreement (EVFTA). The primary sources of information were the Vietnamese and Polish government agencies (e.g., the Central Statistical Office (CSO) of Vietnam, the General Department of Customs of Vietnam, Vietnam Chamber of Commerce and Industry VCCI, Ministry of Economic Development and Technology of Poland), the World Bank Database, The European Chamber of Commerce in Vietnam EuroCham and so forth (see Chapter IV), which are considered legitimate and reputable sources. This research method was also used in Sub-chapter 5.2 to collect and analyze the data from company internal materials related to the entry strategies of Polish enterprises into the Vietnamese market.

⁵⁶² P. Hague, J. Cupman, M. Harrison, O. Truman, *Market Research in Practice. An Introduction to Gaining Greater Market Insight*, 3rd edition, London, Kogan Page Limited, 2016, p. 52.

⁵⁶³ K. Woźniak, 'Influence of OSH management system on the quality and safety of work,' *Acta Innovations*, vol. 33, no. 4., 2019, pp. 38-51.

3.2.3. Survey research

The primary data were collected using a survey method in the form of a Computer Assisted Web Interview (CAWI) technique. The CAWI is a research method which is the result of the evolution of the previously utilized popular survey methods: Paper and Pencil Interviews (PAPI), Computer Assisted Telephone Interviews (CATI), and Computer Assisted Personal Interviews (CAPI)⁵⁶⁴. These methods had the advantage in terms of popularity at the end of the 20th century⁵⁶⁵. Nevertheless, the use of the CAWI has increased significantly over the last two decades⁵⁶⁶, partly driven by technology advancement and increasing popularization of Internet, and partly by falling response rates in the traditional methods of polling⁵⁶⁷. In Poland, although the use of the CAWI as a method of data collection took place with a delay of several years in comparison with highly developed countries (mainly due to the low level of Internet usage at that time), a quarter of the research is currently conducted via the Internet, of which 99% is the use of the CAWI, while the rest (approx. 1%) is simply sending the questionnaire via e-mail⁵⁶⁸.

The CAWI is a survey method in which questionnaire is filled in by respondents in the online mode with the use of the communication medium in form of the Internet network⁵⁶⁹. Questions and answers in the questionnaire are standardized and predefined⁵⁷⁰.

The CAWI is currently one of the most quickly developing survey methods, as it offers numerous advantages over traditional methods. First, the advantages of the CAWI, including rapid data collection (i.e., the ability to gather responses in a short amount of time), the possibility to include in the questionnaire information in graphic, textual, or

⁵⁶⁴ P. Sowa, B. Pędziński, M. Krzyżak, D. Maślach, S. Wójcik, A. Szpak, 'The Computer-Assisted Web Interview Method as Used in the National Study of ICT Use in Primary Healthcare in Poland – Reflections on a Case Study,' *Studies in Logic, Grammar and Rhetoric*, vol. 43, no. 1, 2015, pp. 137-146.

⁵⁶⁵ Ibidem.

⁵⁶⁶ R. Stanisławski, 'Triangulacja technik badawczych w naukach o zarządzaniu,' *Organizacja i kierowanie*, vol. 4, 2017, pp. 103-120.

⁵⁶⁷ K. M. Hansen, R. T. Pedersen, 'Efficiency of Different Recruitment Strategies for Web Panels,' *International Journal of Public Opinion Research*, vol. 24, no. 2, 2012, pp. 239-249.

⁵⁶⁸ R. Mącik, 'Ankiety internetowe w percepcji osób korzystających i niekorzystających z nich w pracy zawodowej,' *Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach*, no. 195, 2014, pp. 125-139.

⁵⁶⁹ T. Wójcicki, 'Application of the CAWI method for the holistic support of innovation transfer to business practice,' *Problemy Eksploatacji*, no. 4, 2012, pp. 175-186; D. Mider, 'Dylematy metodologiczne badań kultury politycznej w Internecie,' *Przegląd Politologiczny*, no. 2, 2013, pp. 23-24; P. Sowa, B. Pędziński, M. Krzyżak, D. Maślach, S. Wójcik, A. Szpak, 'The Computer-Assisted Web Interview Method ...,' op. cit.

⁵⁷⁰ F. J. Fowler, T. W. Magnione, *Standardized Survey Interviewing: Minimizing Interviewer-Related Error*, Newbury Park, CA: Sage, 1990; P. Sowa, B. Pędziński, M. Krzyżak, D. Maślach, S. Wójcik, A. Szpak, 'The Computer-Assisted Web Interview Method ...,' op. cit.

multimedia form, and the ability to make corrections in the questionnaire, need to be considered. Second, the costs of investigations using CAWI are much lower than other forms⁵⁷¹ (e.g., no need to employ interviewers). Next, additional comments and explanations to individual questions, which are frequently just a single line of text written immediately before or after a key question, may be very useful, as they fill in any gaps in the respondent's knowledge and clear up possible ambiguity arising in the answering process. The absence of the interviewer may also be considered an important advantage of CAWI, particularly in case of sensitive questions that may upset the respondent. Furthermore, this form of research gives the respondent the impression of greater anonymity⁵⁷². Another thing that is of great interest to researchers is the response rate, as some studies using the CAWI method showed that response rates of even 70% can be observed⁵⁷³.

The problem of "nonresponse", possible bias, and limitation to those who are Internet users (i.e., only respondents with the access to the Internet are able to be surveyed) are the main disadvantages of the CAWI method⁵⁷⁴. To avoid these drawbacks, the research process should be planned thoroughly and divided into separate phases. In addition, a reminder procedure, information campaign, and involvement of a variety of organizations are crucial to the effectiveness of this type of study. Thus, in this dissertation the research on the entry strategies of Polish enterprises into the Vietnamese market was planned and divided into three distinct steps.

The first step was to complete the database, i.e., a list of Polish enterprises entering the Vietnamese market. The database was created using the list of these Polish enterprises provided by the Vietnamese government agencies in early 2022. The initial list comprised 362 Polish enterprises with their names. These enterprises were then searched online via Google Search to find their basic information such as websites and contacts, Taxpayer

⁵⁷¹ N. Kwak, R. Radler, 'A comparison between mail and web surveys: response pattern, respondent profile, and data quality,' *Journal of Official Statistics*, vol. 18, no. 2, 2002, pp. 257–273.

⁵⁷² T. Wójcicki, 'Application of the CAWI method for the holistic ...,' op. cit.; S.T. Cole, 'Comparing mail and web-based survey distribution methods: Results of surveys to leisure travel retailers,' *Journal of Travel Research*, vol. 43, no. 4, pp. 422–430; T. Downes-Le Guin, R. Baker, J. Mechling, E. Ruylea, E. Ruylea, 'Myths and realities of respondent engagement in online surveys,' *Journal of Market Research*, vol. 54, no. 5, 2012, pp. 613–633.

⁵⁷³ P. Leece, M. Bhandari, S. Sprague, M. F. Swiontkowski, E. H. Schemitsch, P. Tornetta, P. J. Devereaux, G. H. Guyatt, 'Internet versus mailed questionnaires: a controlled comparison,' *Journal of Medical Internet Research*, vol. 6, no. 4, 2004, e39.

⁵⁷⁴ M. Bosnjak, T. L. Tuten, 'Classifying Response Behaviors in Web-based Surveys,' *Journal of Computer-mediated Communication*, vol. 6, no. 3, p. 0; S.J. Sills, C. Song, 'Innovations in Survey Research: An Application of Web-Based Surveys,' *Social Science Computer Review*, vol. 20, no. 1, 2002, pp. 22-30.

Identification Number (in Polish: Numer Identyfikacji Podatkowej – NIP), or National Official Business Register (in Polish: Rejestr Gospodarki Narodowej – REGON). The data of these enterprises were identified by searching via the databases of the Central Registration and Information on Business⁵⁷⁵, The REGON internet database of the Polish Central Statistical Office⁵⁷⁶, and the National Court Register⁵⁷⁷. After investigating and eliminating some units that could not be identified or contacted, 280 enterprises remained in the database.

The second step was to create a questionnaire that properly covers major issues concerning the entry strategies of Polish enterprises into the Vietnamese market. It includes 25 closed questions with multichotomous answers conducted in Polish language and checked by two Polish native speakers. The questionnaire for online interviews was designed with the web service Webankieta.pl. Each unit in the database received an email with an invitation to participate in the research and hyperlink to the web-survey. After completion of the survey, answers were sent directly to the database of Webankieta.pl.

The third step was to set a time schedule to conduct the study (including the first mailing and week-after reminder mailing). The questionnaire was sent to all Polish enterprises in the database. Two weeks after the first mailing, reminder emails were sent to those enterprises that did not respond to the first email. The entire process of data collection using this method lasted from 22nd March 2023 to 07th May 2023.

Preparation for the research also included an information campaign supported by the Vietnamese and Polish government agencies. It consisted of, inter alia, announcements during branch meetings, placing announcement in a "news" bookmark on their websites. Such support was given by some governmental and non-governmental organizations, among other: the Embassy of the Socialist Republic of Vietnam in Poland, the Foreign Trade Office of the Polish Investment and Trade Agency in Vietnam, the association of Polish people in Vietnam "Polonia Saigońska".

The general and detailed results of the survey were presented in Sub-chapters 3.3. and 5.1.

⁵⁷⁵ Link to the database: <https://aplikacja.ceidg.gov.pl/CEIDG/CEIDG.Public.UI/Search.aspx>, date of access: 10.08.2022.

⁵⁷⁶ Link to the database: <https://wyszukiwarkaregon.stat.gov.pl/appBIR/index.aspx>, date of access: 10.08.2022.

⁵⁷⁷ Link to the database: <https://ekrs.ms.gov.pl/web/wyszukiwarka-kras/strona-glowna/index.html>, date of access: 10.08.2022.

3.2.4. In-depth interview

Another research method used in the dissertation to collect data was in-depth interview. This method enabled insights to be gained into the respondent's own interpretations of their entry strategies, and enhanced the author's ability to understand underlying or latent issues⁵⁷⁸. The use of survey questionnaires in quantitative research could not have adequately substituted for the inputs which the in-depth interviews generated using a semi-structured questionnaire. This is because a direct interview situation created opportunities for respondents to offer further verbal insights into their organizational process⁵⁷⁹.

Research using the in-depth interview method was conducted by the author with the owners of five selected Polish enterprises (see Table 16).

Table 16. Information about the conducted interviews

	Name of the firm	Respondent's position	Interview duration	Communication channel	Interview date
1	Adamed Pharma S.A.	Head of Public Affairs and CSR in Vietnam	01 hour	Face-to-face meeting	16 May 2023
2	BHH Mikromed Sp. z o.o.	Commercial Director	1.5 hours	Interview via Microsoft Teams	24 May 2023
3	CORPO Sp. z o.o. Sp.k.	Head of the purchase department	01 hour	Interview via telephone	27 May 2023
4	Transfer Multisort Elektronik Sp. z o.o.	Sales specialist in the Vietnamese market	01 hour	Face-to-face meeting	28 May 2023
5	Polviet Travel Ltd.	Managing director	01 hour	Face-to-face meeting	10 April 2023

Source: Own elaboration.

The enterprises, selected from different sectors with different sizes and duration of operation in the Vietnamese market, are expected to provide multidimensional insights

⁵⁷⁸ A. Diamantopoulos, J. W. Cadogan, 'Internationalizing the market orientation construct: an in-depth interview approach,' *Journal of Strategic Marketing*, vol. 4, no. 1, 1996, pp. 23-52.

⁵⁷⁹ L. T. Wright, 'Exploring the in-depth interview as a qualitative research technique with American and Japanese firms,' *Marketing Intelligence & Planning*, vol. 14, no. 6, 1996, pp. 59-64.

into conducting business in this market. The interviews using the semi-structured questionnaire (see Appendix 3) were conducted in Polish (four cases) and Vietnamese (one case). Each interview lasted around one hour and focused on the following key issues:

- The motives for the expansion of the interviewed enterprises into the Vietnamese market;
- The main features of the Vietnamese business environment that influence its attractiveness and the risk of operating in this market.
- The changes in the attractiveness of the Vietnamese market and the risk of conducting business in this market under the conditions of the agreement EVFTA;
- The key resources that the interviewed enterprises possess to successfully enter the Vietnamese market;
- The entry strategies selected by the interviewed enterprises into the Vietnamese markets and their directions of changes under the conditions of the agreement EVFTA;
- The International Business Incubation as a new entry strategy.

On the basis of the in-depth interviews, five case studies concerning the entry strategies of selected Polish enterprises into the Vietnamese market under the conditions of the EVFTA Agreement were prepared and presented in sub-chapter 5.2.

3.3. Characteristics of the surveyed enterprises

As mentioned, the Computer Assisted Web Interview (CAWI) was applied as the main survey method. The request to fill in the online questionnaire was sent to 280 Polish enterprises via email. 56 questionnaires were submitted, which means that the response rate was 20%. The response rate is high enough to provide fairly reliable estimates⁵⁸⁰. Respondents were directors (37) or deputy directors (1), commercial directors (3), directors of development (1), company owners (6), heads of commercial department (3), purchasing managers (2), heads of the export/import department (2), and technologists - sales representatives (1).

⁵⁸⁰ M. J. Wu, K. Zhao, F. F. Aime, 'Response rates of online surveys in published research: A meta-analysis,' *Computers in Human Behavior Reports*, vol. 7, 2022, 100206; K. Fosnacht, S. Sarraf, E. Howe, L. K. Peck, 'How Important are High Response Rates for College Surveys?,' *The Review of Higher Education*, vol. 40, no. 2, 2017, pp. 245-265.

A large part of the surveyed group is comprised of enterprises operating in the Vietnamese market for 6-10 years (42.86% of the respondents) and 1-5 years (39.29%). Meanwhile, the percentages of enterprises operating in the Vietnamese market for less than 1 year or over 10 years are significantly lower (see Table 17).

Table 17. The structure of the surveyed group of Polish enterprises by the time of operation in the Vietnamese market

Time of operation in the Vietnamese market	Number of indications	%
Less than 1 year	5	8.93%
1 – 5 years	22	39.28%
6 – 10 years	24	42.86%
11 – 15 years	3	5.36%
Over 15 years	2	3.57%
<i>Total</i>	<i>56</i>	<i>100%</i>

Source: Own elaboration based on the results of own empirical research.

As can be seen from Table 17, a significant percentage (nearly 40%) of the Polish enterprises have been operating for 1-5 years in Vietnam. This demonstrates the growing interest of Polish businesses in the Vietnamese market in recent years.

Nearly two-thirds of surveyed enterprises were established from 2000 onwards, which means they are relatively young compared to other firms. Among the remaining one-third, almost firms were formed in the 90s, while only two were founded in 1978 and 1953, respectively (see Table 18).

Table 18. The structure of the surveyed group by date of establishment

Date of establishment (before 2000)	Number of indications	%	Date of establishment (from 2000 onwards)	Number of indications	%
1953	1	1.79%	2000	7	12.50%
1978	1	1.79%	2001	7	12.50%
1990	4	7.14%	2002	3	5.36%
1992	1	1.79%	2005	2	3.57%
1993	3	5.35%	2009	5	8.93%
1996	4	7.14%	2010	6	10.71%
1997	2	3.57%	2011	1	1.79%
1998	1	1.79%	2012	2	3.57%
1999	2	3.57%	2016	2	3.57%
			2022	2	3.57%
<i>Total</i>	<i>19</i>	<i>33.93%</i>		<i>37</i>	<i>66.07%</i>

Source: As in Table 17.

As many as 73.21% of surveyed enterprises have the legal form of a limited liability company, followed by a sole proprietorship form with 12.50% of the respondents. Other legal forms are less common (see Table 19).

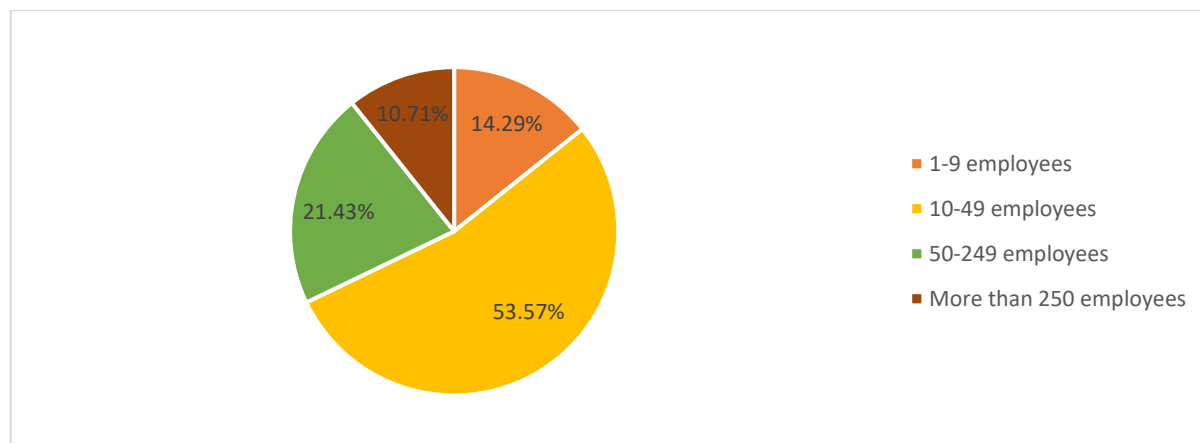
Table 19. Legal forms of the surveyed enterprises

Legal form	Number of indications	%
Sole proprietorship	7	12.50%
General partnership	3	5.36%
Limited partnership	3	5.36%
Limited liability company	41	73.21%
Joint-stock company	2	3.57%
Total	56	100%

Source: As in Table 17.

More than half of the surveyed enterprises (53.57%) are small businesses with 10 to 49 employees (30 respondents), followed by medium-sized enterprises (from 50 to 249 employees) with 21.43% (12 respondents). Besides, 14.29% of respondents (8 firms) declared that they are micro-enterprises, while only 10.71% - large enterprises (6 respondents) (see Figure 15).

Figure 15. The structure of the surveyed group by the number of employees

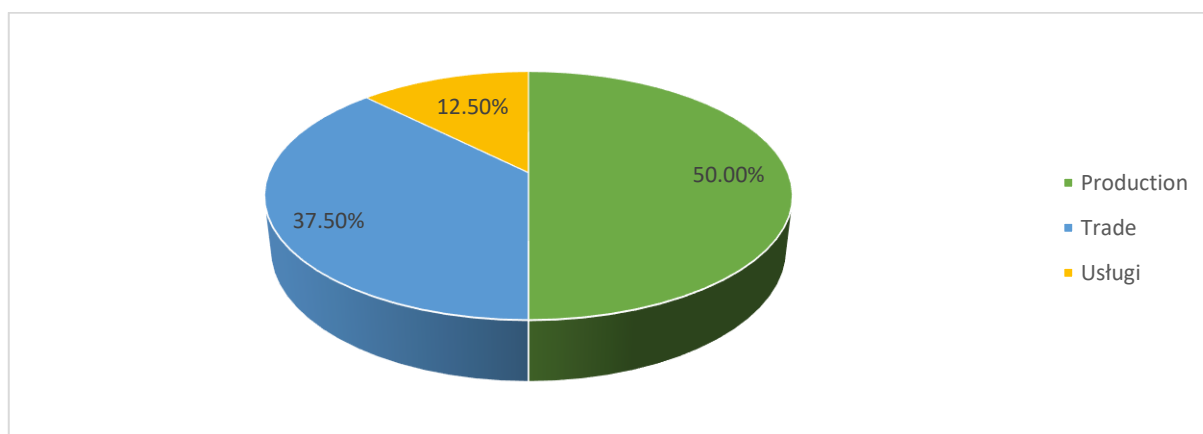


Source: As in Table 17.

As can be seen, nearly 90% of surveyed enterprises are small, medium, and micro businesses, of which the proportion of small and micro enterprises accounts for more than two-thirds (nearly 68%) of the total number of the surveyed group. It demonstrates that Polish micro, small, and medium-sized enterprises are more active in expanding operations into a distant market like Vietnam than large companies.

The analysis of the structure of the surveyed enterprises by types of business activities showed that half of them are manufacturing companies (28 respondents), while 37.5% of surveyed enterprises are trading companies (21 respondents). Only 12.5% of respondents declared they operate in services sectors (7 of surveyed enterprises) (see Figure 16).

Figure 16. The structure of the surveyed enterprises by types of business activities



Source: As in Table 17.

A large part of the surveyed enterprises (60.71%) has only Polish capital, while only 3.57% of them have purely foreign capital, and 35.72% - mixed capital (including 17.86% enterprises with dominant Polish capital and 17.86% - with dominant foreign capital) (see Table 20). Notably, as many as 37.5% of respondents (21 enterprises) declared that they are small enterprises with only Polish capital, much higher than the others.

Table 20. The structure of the surveyed enterprises by the source of capital and their size

	Micro-enterprise	Small enterprise	Medium-sized enterprise	Large enterprise	Total	%
Only Polish capital	4	21	7	2	34	60.71%
Only foreign capital	1	0	0	1	2	3.57%
Dominant Polish capital	0	6	2	2	10	17.86%
Dominant foreign capital	3	3	3	1	10	17.86%
Total	8	30	12	6	56	100%

Source: As in Table 17.

The vast majority of the surveyed enterprises (91.07%) declared that the dominant scope of their business operations is the Polish market (51 respondents). The EU markets were marked as the dominant scope of business activities of 57.14% of the surveyed enterprises (32 respondents), while foreign markets outside Europe – 28.57% (16 respondents) (see Table 21).

Table 21. The dominant scope of business activities declared by the surveyed enterprises

	Number of indications	%
Polish market	51	91.07%
The EU markets	32	57.14%
Foreign markets outside the EU	16	28.57%

Source: As in Table 17.

As many as 83.93% of the surveyed enterprises declared not belonging to any capital group, while only 16.07% participated in capital groups. Besides, most micro, small, and medium enterprises did not belong to any capital group, while half of surveyed large enterprises participated in capital groups (see Table 22).

Table 22. The participation of the surveyed enterprises in capital groups

	Micro- enterprise	Small enterprise	Medium- sized enterprise	Large enterprise	Total	%
Belonging to a capital group	0	2	4	3	9	16.07%
Not belonging to any capital group	8	28	8	3	47	83.93%
					56	100%

Source: As in Table 17.

A large part of the surveyed enterprises (60.71%) declared they are family firms (34 respondents), while 39.29% are not. In addition, a large proportion of small and micro enterprises are family firms. Whereas in the case of medium and large enterprises, there is no significant difference between being a family firm or not (see Table 23).

Table 23. The structure of the surveyed enterprises by being a family firm

	Micro-enterprise	Small enterprise	Medium-sized enterprise	Large enterprise	Total	%
Being a family firm	7	19	5	3	34	60.71%
Not being a family firm	1	11	7	3	22	39.29%
					56	100%

Source: As in Table 17.

The next part of this chapter presented the characteristics of the interviewed enterprises.

3.4. Characteristics of the interviewed enterprises

As mentioned, the research using the in-depth interview was conducted by the author with the representatives of five Polish enterprises. Characteristics of the interviewed enterprises, including the sectors of business, the company size based on the number of employees, legal forms, and the moment of entering the Vietnamese market, were presented in Table 24.

Table 24. Characteristics of the interviewed enterprises

	Name of the firm	Sector	Company size	Legal form	Date of the first expansion into the Vietnamese market
1	Adamed Pharma S.A.	Pharmaceutical	Large	Joint-stock company	2017
2	BHH Mikromed Sp. z o.o.	Medical devices	Large	Limited liability company	2000
3	CORPO Sp. z o.o. Sp.k.	Food industry	Medium	Limited liability company	2017
4	Transfer Multisort Elektronik Sp. z o.o.	Electronic components	Large	Limited liability company	2023
5	Polviet Travel Ltd.	Tourism	Small	Limited liability company	2010

Source: Own elaboration.

The above presented the research methods used in the dissertation, as well as the characteristics of the Polish enterprises operating in the Vietnamese market that participated in this study. The next chapter was then devoted to the presentation of the research context, i.e., the characteristics of the Vietnamese market.

CHAPTER IV. CHARACTERISTICS OF THE VIETNAMESE MARKET

4.1. Overview of Vietnam and its economy

Socialist Republic of Vietnam

(Vietnamese: *Cộng hòa Xã hội chủ nghĩa Việt Nam*)



National Flag



National Emblem

Độc lập – Tự do – Hạnh phúc
"Independence – Liberty – Happiness"

Motto

4.1.1. General information about Vietnam

Figure 17. Vietnam's map



Source: National Border Commission, Ministry of Foreign Affairs of Vietnam, <http://www.biengioilanhtho.gov.vn/vi/album-ban-do.html>, access: 18.02.2022

Geographic location - Vietnam (Vietnamese: Việt Nam), officially the Socialist Republic of Vietnam, is a country located in Southeast Asia. The total land area of Vietnam is about 331000 km² with three-fourths mountainous. Vietnam borders China to the north (1281 km), Laos (2130 km), and Cambodia (1228 km) to the west, and shares maritime borders with Thailand through the Gulf of Thailand, and the Philippines, Malaysia, and Indonesia through the South China Sea (a total of 3444 km of coastline, excluding islands). The capital city is Hanoi located in the north, and the largest city – Ho Chi Minh (formerly

Saigon) in the south⁵⁸¹. The other important cities in Vietnam are: Hue City (Huế), Haiphong (Hải Phòng), Da Nang (Đà Nẵng), Nha Trang etc.

⁵⁸¹ "General Information about Vietnam", the Embassy of Socialist Republic of Vietnam in the Republic of Poland, <https://vnembassy-warsaw.mofa.gov.vn/en-us/About%20Vietnam/General%20Information/Basic%20Information/Pages/default.aspx>, access: 18.02.2022.

Terrain – This long, narrow country has quite a varied and complex topography. Up to 75% of the country's territory is made up of mountains and uplands, and the remaining 25% of the country's area is lowland coastal areas. The highest and largest mountains are located in the northwest, where are the mountain ranges with the highest peak in the country Fansipan (other names: Phan xi Păng, Phan Si Phăng, etc.) with an altitude of 3,143 m above sea level. The Annamite Mountains stretch in the central and southern parts of Vietnam. There are two largest and most important fertile deltas in Vietnam, which are very intensively used for agriculture, especially for rice cultivation⁵⁸²: the Bắc Bộ Delta in the north, including mainly the Red River Delta, and the Nam Bộ Delta in the south in the area of the Mekong Delta.

Climate – Due to the significant stretching of the shape of the territory along the meridian and the specific topography of Vietnam, there are different climatic zones. Specifically, there are two main parts separated by the so-called Hai Van Pass: the northern part of Vietnam (to the Hai Van Pass) is in the tropical climate zone, while the southern part (from the Hai Van Pass) is in the equatorial climate zone. A common feature of these climatic zones in this country is the monsoon seasonality (tropical monsoon climate). Characteristic features of this type of climate are seasonal winds, very high humidity (on average 80% and even 95% or higher), heavy rainfall (about 1500-2000 mm per year), and hurricanes (so-called typhoons) appearing seasonally in the summer and autumn period. In addition, since Vietnam has a very long coastline (3,260 km - not counting the islands), the influence of the sea on the country's climate is visible⁵⁸³.

The average temperature in Vietnam ranges from 21°C to 27°C and increases from the north to the south. The average temperature in the coldest months is 10 - 12°C in the north and 20 - 22°C in the south, and in the warmest months it is 25°C in the north and 28°C in the south. The minimum thermal values are lower than 5°C (lower than 0°C in mountain areas) and the maximum values are even higher than 40°C⁵⁸⁴.

Natural resources – Above mentioned natural features show that Vietnam has an abundant natural ecosystem, covering a wide range from terrestrial to marine resources for economic development. Vietnam has quite diverse and rich mineral resources with

⁵⁸² *Charming Vietnam*, the Vietnamese Ministry of Foreign Affairs, p. 11, <https://vnembassy-warsaw.mofa.gov.vn/en-us/Publications/Pages/Vietnam-Charming.aspx>, access: 18.10.2022.

⁵⁸³ "Một số thông tin về địa lý Việt Nam", the Investment Promotion Center for Industry and Trade (INVESTPROCEN), Vietnam Trade Promotion Agency, Ministry of Industry and Trade of Vietnam, <https://investvietnam.gov.vn/vi/co-ban-ve-viet-nam.nd/dia-ly.html>, access: 18.02.2022.

⁵⁸⁴ Ibidem.

over 5000 mines of 60 different types of minerals. Some of the mineral resources have large reserves and have been exploited for domestic demand and export, such as gas, oil, coal, iron, copper, lead, bauxite, zinc, apatite, tin, rare earth, and minerals used as construction materials⁵⁸⁵ (see Appendix 5). In addition, Vietnam has many forest ecosystems with a variety and abundance of plant and animal species. Specifically, about 40,000 species have been identified in 2011 and the number of new species discovered has increased rapidly in recent years⁵⁸⁶. Also, fertile alluvial soil, favorable for wet rice cultivation, has made Vietnam become the second largest rice exporter in the world; meanwhile, the vast ferrallic soil facilitates the development of industrial crops⁵⁸⁷.

History – Vietnam is a country associated with war. For a very long time, this country survived the occupation of the world’s largest and most powerful empires, experiencing many atrocities and tragic events, which caused the country’s economy to be devastated. As time passed, Vietnam’s wounds have been slowly healed⁵⁸⁸. This has left the Vietnamese people with a strong sense of national pride. They are more future-oriented than past-oriented, as they view conflicts and wars already as history and do not harbor animosity toward former enemies⁵⁸⁹.

Education – Education, which is free to all, begins at age 6 and continues to age 18. Higher education is also free, but there is critical competition for admittance. The literacy rate is 95,7% in 2021, of which 96,9% of males and 94,5% of females⁵⁹⁰.

Culture and religion – Generally, Vietnam is considered to be part of the same cultural region under a common influence of Confucian heritage as China, Japan, and Korea, where the cultures tend to be more collectivist and hierarchical than Western cultures. Following Hofstede’s typology⁵⁹¹, Vietnamese culture is typified as being in the

⁵⁸⁵ "Giới thiệu về tiềm năng khoáng sản Việt Nam", General Department of Geology and Minerals, Ministry of Natural Resources and Environment of Vietnam, <http://dgm.gov.vn/bai-viet/gioi-thieu-ve-tiem-nang-khoang-san-viet-nam/>, access: 18.02.2022.

⁵⁸⁶ "Đa dạng sinh học ở Việt Nam: Thực trạng và các giải pháp", Communist Review (the Journal of the Central Committee of the Communist Party of Vietnam) <https://www.tapchiconsan.org.vn/web/guest/bao-ve-moi-truong/-/2018/824300/da-dang-sinh-hoc-o-viet-nam--thuc-trang-va-cac-giai-phap.aspx>, access: 18.02.2022.

⁵⁸⁷ Ibidem.

⁵⁸⁸ "Một số thông tin về địa lý Việt Nam", the Investment Promotion Center for Industry and Trade... op. cit.

⁵⁸⁹ R. T. Moran, *Managing Cultural Differences*, 6th edition, London, Routledge, 2004, pp. 380-390.

⁵⁹⁰ *Statistical Yearbook of Vietnam 2021*, General Statistics Office of Vietnam, <https://www.gso.gov.vn/en/data-and-statistics/2022/08/statistical-yearbook-of-2021/>, access: 19.06.2022.

⁵⁹¹ G. Hofstede, G. J. Hofstede, M. Minkov, *Cultures and organizations: Software of the mind. Intercultural Cooperation and Its Importance for Survival*, New York, McGraw-Hill, 2010.

high level of "power distance" (acceptance of authority), "collectivism" (value group membership), and "context" (direct and indirect in the expression)⁵⁹².

In Vietnam, people frequently shake hands when greeting and saying goodbye to someone. They also often use both hands to show respect to the other person. A slight bow of the head also shows respect. The traditional Vietnamese family is an extended one, consisting of parents, unmarried children, and married sons with their families. Such extended family still predominates in rural areas; nevertheless, there is a trend toward single-family in urban regions. Vietnamese families maintain strong ties with each other and provide financial and emotional support when needed⁵⁹³.

Vietnam is a country with strong religious roots. However, although its history is associated with war, Vietnam has never had any religious war. Due to the multi-ethnic and multi-cultural background, there are many beliefs in this country, but the Vietnamese do not flaunt their religion. As a tourist or foreign investor, there is no need to fear any riots connected with religion. In Vietnam, the major religions are: Buddhism, Christianity (including Catholicism and Protestantism), Islam, and the Hòa Hảo and Cao Đài sects⁵⁹⁴.

Population – The population of Vietnam amounted to over 98,51 million in 2021 (including 49,1 million men and 49,41 million women), making it the world's 15th-most populous country⁵⁹⁵. The urban population is 36,57 million people (37,1%), while the rural population is 61,94 million (62,9%). In recent years, the population growth rate has remained at the level of 1% per year (see Table 25). The population density is approximately 298 people/km². The average life expectancy of the Vietnamese population in 2021 was 73,7 years⁵⁹⁶.

⁵⁹² Q. Truong, C. Rowley, *The Network-Based Economy in Vietnam: Business Networks in Context and Over Time*, in: J. Nolan, C. Rowley, M. Warner, *Business Networks in East Asian Capitalisms. Enduring Trends, Emerging Patterns*, Elsevier, 2016, pp. 307-329; F. W. Swierczek, 'Cultures and conflicts in joint-venture in Asia,' *International Journal of Project Management*, vol. 12, no. 1, 1994, p. 39-47.

⁵⁹³ R. T. Moran, *Managing Cultural Differences*, op. cit.

⁵⁹⁴ "Tin ngưỡng – Tôn giáo", Ministry of Foreign Affairs of Vietnam, <https://www.mofa.gov.vn/tt-vietnam/nr050324092159/ns070418134656/view>, access: 28.02.2022.

⁵⁹⁵ Infographic population, labour and employment in 2021, General Statistics Office of Vietnam, <https://www.gso.gov.vn/en/data-and-statistics/2022/01/infographic-population-labour-and-employment-in-2021/> access: 15.06.2022.

⁵⁹⁶ Ibidem.

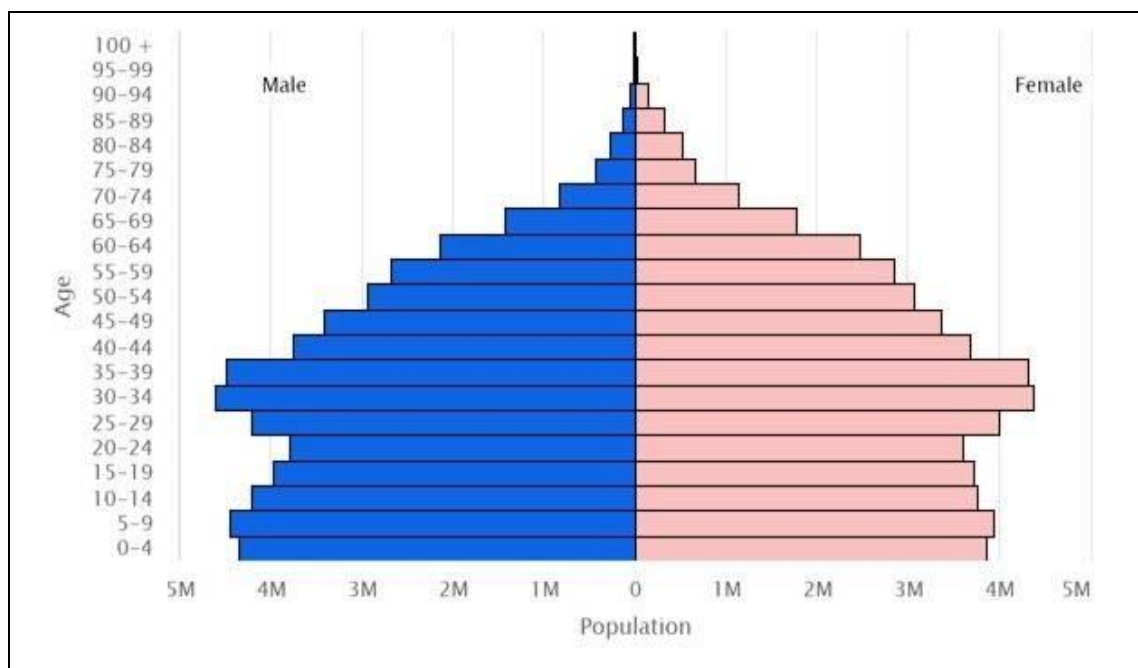
Table 25. Vietnam's population and its growth rate in the recent years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Population (million people)	88,81	89,76	90,73	91,71	92,70	93,67	94,67	96,48	97,58	98,51
Population growth rate (%)	0,99	0,99	0,103	0,94	0,92	0,81	0,78	1	1,024	0,95

Source: Own elaboration on the basis of the data of the Central Statistical Office of Vietnam. Access: 18.02.2022.

The breakdown of the age groups of the population by sex in Vietnam was illustrated in Figure 18.

Figure 18. Vietnam Age Structure and Population Pyramid in 2022 (estimated)



Source: The World Factbook CIA <https://www.cia.gov/the-world-factbook/countries/vietnam/#people-and-society>, access: 05.10.2022.

As can be seen from the above age pyramid, the population structure of Vietnam is dominated by the share of groups of people under the age of 40, which means a very young population. This is an abundant and important source of labor for Vietnam's economy.

Moreover, Vietnam is a multi-ethnic country with 54 ethnic groups, including Vietnamese (Vietnamese: người Kinh), Tày, Thái, Mường, etc. The majority of the

population is Vietnamese (86,83% of the country's population in 2019⁵⁹⁷), while the rest are counted among national minorities. The official language is Vietnamese, while each ethnic group has its own language (among them 26 ethnic groups have their own written languages)⁵⁹⁸.

4.1.2. Vietnam's economy

4.1.2.1. "Doi Moi" reforms and Vietnam's success story

Vietnam is on its way to becoming a significant development success story. This Southeast Asian country has been recognized as one of the best performing economies in the world over the past few decades. Thirty-six years after implementing economic reforms, known as **Doi Moi** (Vietnamese: *Đổi Mới*, often translated as "*Renovation*") in 1986, Vietnam has recorded major and historic achievements. Before 1986, Vietnam had a centrally-planned economy, characterized by low income and widespread poverty. At that time, Vietnam was one of the poorest countries in the world, and the fact is that the Southeast Asian country started out from a very low economic level. From a poor economy closed off from much of the outside world, Vietnam has made the transition to a middle-income country, with a globally integrated market economy with socialist orientation⁵⁹⁹.

The Doi Moi reforms provided the foundation for the emergence of the private sector and entrepreneurship⁶⁰⁰ and foreign investment⁶⁰¹. Specifically, Vietnam pursued economic reform, which dealt with two key issues: (1) restructuring the domestic economy, and (2) opening up the economy to foreign trade and investment. Accordingly, this policy included centralization of some decision-making authority to local state-owned enterprises (SOEs), limited deregulation of market prices of agricultural products, and allowance of some private activities focusing on agriculture, light industry, and exports⁶⁰².

⁵⁹⁷ "Người Kinh", Committee for Ethnic Minority Affairs of Vietnam, <http://www.cema.gov.vn/gioi-thieu/cong-dong-54-dan-toc/nguoi-viet.htm>, access: 15.06.2022.

⁵⁹⁸ "Bảo tồn tiếng nói, chữ viết của các dân tộc thiểu số ở Việt Nam", Committee for Ethnic Minority Affairs of Vietnam, <http://www.cema.gov.vn/2012-09-07/043fb3004ca0ff119ba49f6bb7b46995-cema.htm>, access: 15.06.2022.

⁵⁹⁹ T. Barker, M. Üngör, 'Vietnam: The next asian Tiger?,' *The North American Journal of Economics and Finance*, Vol. 47, 2019, pp. 96-118.

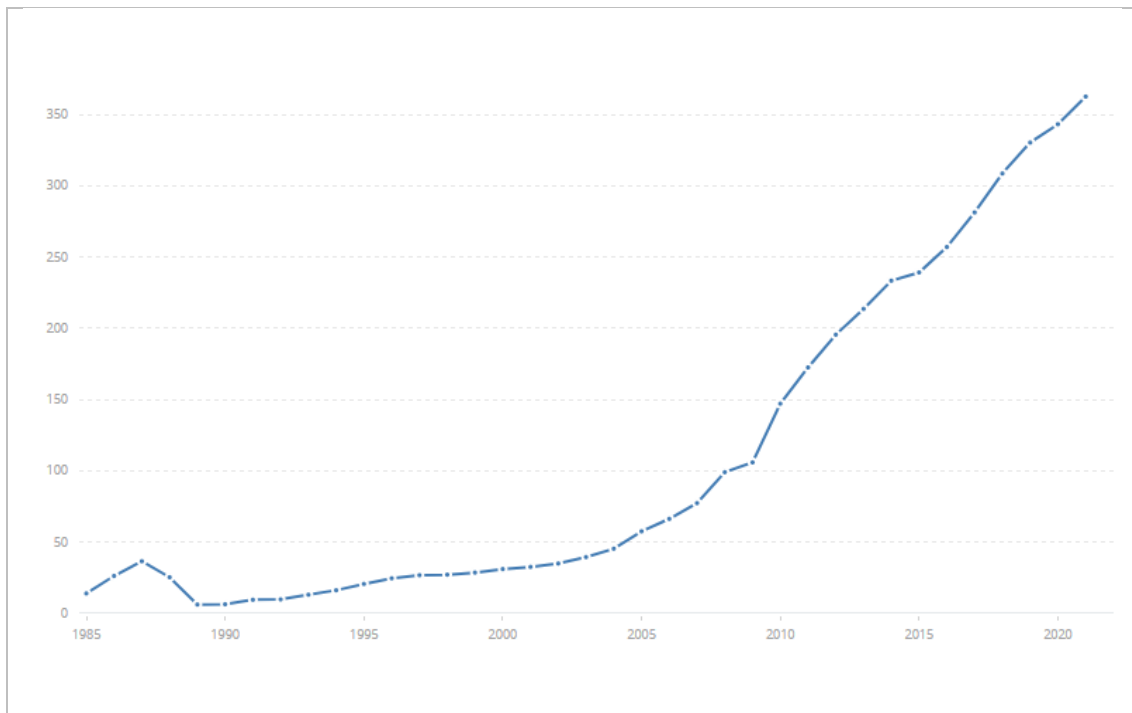
⁶⁰⁰ J. Gillespie, 'Transplanted company law: An ideological and cultural analysis of market-entry in Vietnam,' *The International and Comparative Law Quarterly*, vol. 51, no. 3, pp. 641–672.

⁶⁰¹ N. B. Binh, A. Terry, 'Good Morning, Vietnam! Opportunities and Challenges in a Developing Franchise Sector,' *Journal of Marketing Channels*, vol. 18, no. 2, 2011, pp. 147-163.

⁶⁰² J. Thoburn, *Vietnam as a role model for development*, WIDER Research Paper, no. 2009/30, United Nations University, World Institute for Development, Helsinki 2009.

The result of the Doi Moi has been significant, as in one generation, Vietnam has transitioned from being one of the poorest countries to one of the fastest growing economies in the world. Figure 19 showed the rapid growth of Vietnam's GDP from 1985 to 2021. According to the World Bank data, in 1985 (a year before the "Doi Moi" reforms), Vietnam's GDP was only 14.09 billion USD, but in 2021 its GDP is up to 362.64 billion USD.

Figure 19. GDP growth of Vietnam in the period 1985 – 2021s (current USD)



Source: The World Bank Data,

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2021&locations=VN&start=1985&view=chart> access: 05.10.2022.

In addition, the average annual GDP growth rate increased from 3.9% in the period 1986–1990 to 7.5% in 1990 – 2000 and 6.6% in 2001 – 2010⁶⁰³; a rate that has remained constant beyond 2017 and is predicted to remain stable⁶⁰⁴. Even during the COVID-19 pandemic, Vietnam is still one of only a few economies in the world to achieve GDP growth in 2020. GDP growth slowed down to 2.58 % in 2021 due to the appearance of

⁶⁰³ The World Bank, 2015, cited in: Q. Truong, C. Rowley, *The Network-Based Economy in Vietnam...* op. cit.

⁶⁰⁴ The World Bank, 2018, cited in: J. Mori, D. Stroud, 'Skills policy for growth and development: The merits of local approaches in Vietnam,' *International Journal of Educational Development*, Vol. 83, 2021, pp. 1-11.

the Delta variant⁶⁰⁵ but rebounded to more than 8 % in 2022⁶⁰⁶. The income per capita increased sixteen-fold between 1985 and 2021, from 231.5 USD to 3694 USD (in current USD)⁶⁰⁷. More impressively, poverty headcount rates (below 2.15 USD a day) declined sharply from over 45.1 % in 1992 to 1.2 % in 2018⁶⁰⁸. In effect, the Doi Moi reforms dramatically altered the Vietnamese economy and brought about significant improvement in the people's living standards to the extent that Vietnam has been predicted to be another emerging economic "Tiger" of the region (after Japan, South Korea, and Singapore)⁶⁰⁹.

Since 1998, the Vietnamese government has launched the **privatization of state-owned enterprises** to improve their efficiency. As a result, Vietnam has a mixed economy with both private and state-owned enterprises. According to the data from the Vietnamese GSO, the number of state-owned enterprises significantly decreased from about 12000 in 1986 to 2486 in 2017⁶¹⁰. Nevertheless, the share of the state sector in the Vietnamese economy remains high, at around 31% in 2016⁶¹¹. Since most private enterprises are relatively small, they are at a disadvantage compared to state-owned enterprises⁶¹². Nonetheless, changes (such as the changes in the external environment with increased private ownership and foreign investment) have come to Vietnam, and all businesses, including state-owned ones, have had to adjust their strategies and rely more on competitiveness instead of support and protection from the government⁶¹³.

⁶⁰⁵ Overview of Vietnam, The World Bank, <https://www.worldbank.org/en/country/vietnam/overview>, access: 15.08.2022.

⁶⁰⁶ The economic report of Prime Minister of Vietnam in the National Assembly Meeting, in: "Thủ tướng: GDP năm nay sẽ tăng khoảng 8%", the newspaper of Ministry of Science and Technology of Vietnam, <https://vnexpress.net/thu-tuong-gdp-nam-nay-se-tang-khoang-8-4525659.html>, access: 20.10.2022.

⁶⁰⁷ The World Bank, *GDP per capital (current US\$) – Vietnam*, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>, access: 15.08.2022.

⁶⁰⁸ The World Bank, *Poverty headcount ratio at \$2.15 a day (2017 PPP) (% of population) - Vietnam* <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=VN>, access: 15.08.2022.

⁶⁰⁹ Q. Truong, C. Rowley, *The Network-Based Economy in Vietnam...* op. cit.

⁶¹⁰ *Statistical Yearbook of Vietnam 2018*, General Statistics Office of Vietnam, <https://www.gso.gov.vn/en/data-and-statistics/2019/10/statistical-yearbook-of-vietnam-2018/>, access: 15.08.2022.

⁶¹¹ C. V. Nguyen, 'Last corrupt deed before retirement? Evidence from a lower middle-income country,' *Journal of Development Economics*, vol. 151, 2021, 102673.

⁶¹² M. Thai, N. M. Agrawal, "Vietnam", in: L. P. Dana, M. Han, V. Ratten, I. M. Welpel, *Handbook of Research on Asian Entrepreneurship*, Cheltenham, UK, Edward Elgar, 2009, pp. 377–386, cited in: S. A. Hipsher, *The Private Sector's Role in Poverty Reduction in Asia*, Woodhead, 2013, p 130.

⁶¹³ M. Thai, H. Ngoc, 'Micro entrepreneurship in a transitional economy: Evidence from Vietnam' in: J. M. Munoz (Ed.), *Contemporary Micro-enterprise: Concepts and Cases*, Northampton, MA: Edward Elgar, pp. 32–48, cited in: S. A. Hipsher, *The Private Sector's Role in Poverty...* op. cit.

4.1.2.2. Foreign investment

Since the introduction of the Doi Moi policy in 1986, Vietnam's trade volume has rapidly increased. The key trading partners of Vietnam include the EU, the United States, Japan, South Korea, China, Singapore, Hong Kong, and Taiwan⁶¹⁴. The expansion of trade has been accompanied by a rapid growth of FDI in Vietnam. Interestingly, the major investors are also the main trading partners of Vietnam.

Vietnam started attracting FDI soon after the Law of Foreign Investment was promulgated in 1987. The 1987 law of foreign investment specified three modes of foreign investment in Vietnam with several restrictions: (1) business to business cooperation contracts, (2) joint ventures, and (3) fully owned foreign ventures. Specifically, business-to-business cooperation was permitted only in the area of old exploration. Joint ventures were mostly confined to infrastructure projects such as sea and airports. Only state-owned enterprises were allowed to enter into joint ventures. Fully owned foreign enterprises were allowed only in the areas that were deemed to be vital for the industrial development of Vietnam. The duration of foreign ownership is restricted to a maximum of 20 years⁶¹⁵. From 1991, the revised law of foreign investment led to the establishment of export processing zones. Enterprises located in such zones were offered special incentives to export and the maximum duration of foreign ownership was increased from 20 to 70 years in some cases⁶¹⁶. These steps have opened up new opportunities and further improved the confidence of foreign investors in Vietnam.

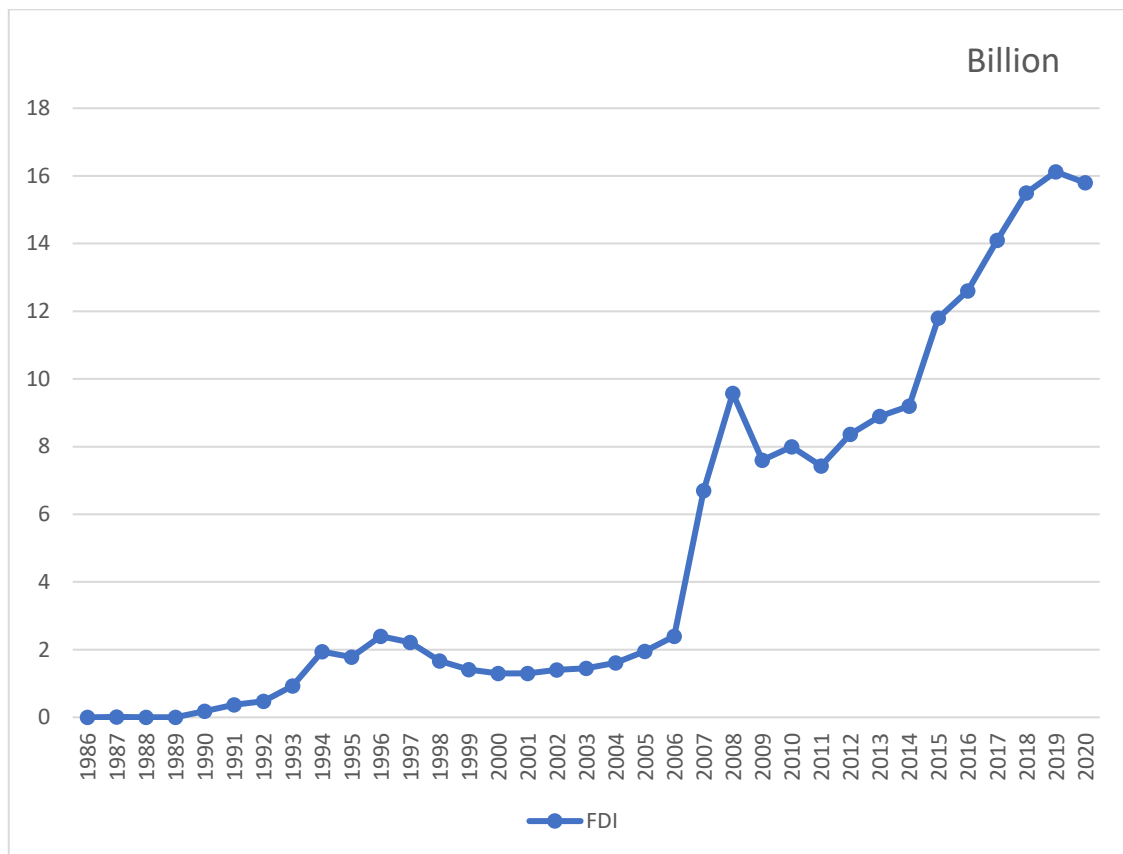
As a result, FDI inflows into Vietnam have helped the country dramatically transform itself. Figure 20 showed FDI flows into Vietnam between 1986 and 2020. As can be seen, from 1986 to 2020, total investment capital in Vietnam increased extremely rapidly from 40 thousand USD in 1986 up to nearly 16 billion USD in 2020.

⁶¹⁴ S. Anwar, L. P. Nguyen, 'Foreign direct investment and trade: The case of Vietnam,' *Research in International Business and Finance*, vol. 25, no. 1, 2011, pp. 39-52.

⁶¹⁵ S. Anwar, L. P. Nguyen, 'Foreign direct investment and trade...', op. cit.

⁶¹⁶ Ibidem.

Figure 20. FDI flows into Vietnam between 1986 to 2020 (current USD)



Source: The World Bank Data,

<https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2020&locations=VN&start=1986>,

access: 05.10.2022.

In the immediate aftermath of the Doi Moi reforms, Vietnam became an attractive destination for foreign investors due to various investment opportunities in infrastructure and resource extraction boom⁶¹⁷, as well as the normalization of diplomatic relations with the United States in 1995 and Vietnam's accession to ASEAN in the same year⁶¹⁸, which explains much of the rapid increase in FDI flows into Vietnam over the 1986 - 1996 period.

After reaching its peak in 1996, FDI inflows into Vietnam decreased significantly over 1997 – 2000. This decrease was largely due to the negative impacts on Vietnam's investment environment as a result of the amendment of the FDI law in 1996 that included

⁶¹⁷ P. Athukorala, Q. T. Tran, 'Foreign direct investment in industrial transition: the experience of Vietnam,' *Journal of the Asia Pacific Economy*, vol. 17, no. 3, 2012, pp. 446-463; M. Duong, M. J. Holmes, A. Strutt, 'The impact of free trade agreements on FDI inflows: the case of Vietnam,' *Journal of the Asia Pacific Economy*, vol. 26, no. 3, 2021, pp. 483-505.

⁶¹⁸ W. H. Pan, X. T. Ngo, 'Endogenous growth theory and regional performance: The moderating effects of special economic zones,' *Communist and Post-Communist Studies*, vol. 49, no. 2, 2016, pp. 113-122.

some restrictions on foreign enterprises⁶¹⁹, especially in labor-intensive industries⁶²⁰. The Asian Financial Crisis that occurred in 1997 also contributed to the deterioration of this recession⁶²¹. The value of FDI flows into Vietnam dropped to 1.3 billion USD in 2000 and persisted at this level until 2002.

Since 2003, Vietnam has experienced a significant increase in inward FDI. Notably, despite the Global Financial Crisis, FDI inflows into Vietnam in 2007, 2008, and 2009 were much higher than before. A survey conducted by the Economist Intelligent Unit showed that Vietnam, along with the BRIC countries (i.e., Brazil, Russia, India, and China) was the most attractive destination for FDI over the 2008 - 2010 period⁶²². This is consistent with UNCTAD, which ranked Vietnam as one of the most attractive FDI destinations between 2007 - 2009⁶²³. This increase was largely due to Vietnam's accession to WTO in 2007 and the revised Law of Foreign Investment in 2000 and 2003 that allows foreign-owned enterprises to establish joint ventures in Vietnam and acquire up to 30% shares of domestic companies, as well as eliminate the withholding tax on profits remittances. The FDI inflows in Vietnam continued to increase during 2010-2019 and only decreased slightly in 2020 due to the COVID-19 pandemic (see Figure 20).

Along with the increase of FDI inflows into Vietnam, there have been also changes in the source of FDI. In the period 1996 – 2000, FDI inflows from intra-ASEAN accounted for nearly one-fifth of total inward FDI into Vietnam, followed by Japan (16.9%), Taiwan (14.4%), South Korea (10.9%), and Hong Kong (9.8%)⁶²⁴. In the remaining periods, there has been an increase in FDI shares of partners signing FTAs with Vietnam, such as ASEAN, South Korea, Japan, and China. In 2021, the top foreign investors in Vietnam were South Korea, Singapore, Japan, China, United States, and EU member states⁶²⁵.

In addition, FDI inflows into Vietnam also differ by sector. The manufacturing and processing sector has been the largest FDI recipient, as it accounted for more than 70%

⁶¹⁹ P. Athukorala, Q. T. Tran, 'Foreign direct investment in industrial transition...', op. cit.

⁶²⁰ S. Anwar, L. P. Nguyen, 'Foreign direct investment and trade...', op. cit.

⁶²¹ H. Schaumburg-Müller, 'Rise and fall of foreign direct investment in Vietnam and its impact on local manufacturing upgrading,' *The European Journal of Development Research*, vol. 15, no. 2, 2010, pp. 44-66.

⁶²² M. Breu, R. Dobbs, J. Remes, D. Skilling, J. Kim, *Sustaining Vietnam's Growth: The Productivity Challenge*, Washington, DC: McKinsey Global Institute, cited in: M. Duong, M. J. Holmes, A. Strutt, 'The impact of free trade agreements on FDI...', op. cit.

⁶²³ UNCTAD, *World Investment Prospects Survey 2007-2009*, Geneva, United Nations, 2010.

⁶²⁴ M. Duong, M. J. Holmes, A. Strutt, 'The impact of free trade agreements on FDI...', op. cit.

⁶²⁵ General Statistics Office of Vietnam 2022, <https://www.gso.gov.vn/so-lieu-thong-ke/>, access: 15.08.2022.

of Vietnam's inward FDI over the period 2012 – 2016 due to a surge of South Korean investment⁶²⁶. In 2021, this sector was still at the top with 57.91% of the total inward FDI value, followed by the "production and distribution of electricity, gas, hot water, steam, and air conditioning" sector (20.56%). Notably, real estate, which attracted minimal FDI before 2005, has recently become a favored sector for foreign investors, absorbing nearly 10% of Vietnam's inward FDI in 2021, thereby taking third place⁶²⁷. In contrast, mining and quarrying, which used to be the beneficiaries of FDI, have experienced a remarkable decrease over time. Their annual shares in total FDI inflows into Vietnam have been less than 10% since 2006 and were even less than 0.004% in 2021⁶²⁸, compared with the average annual shares of 28.2% for the 2000-2004 period⁶²⁹. Similarly, FDI shares of agriculture, fishery and forestry have gradually decreased from more than 7% in 2000 to 0.6% in 2014⁶³⁰ and to 0.4% in 2021⁶³¹.

4.1.2.3. Labor force

As mentioned before, Vietnam has a young and abundant labor force. In 2021, the labor force aged 15 and over reached 50.6 million people. Of which, the number of employees aged 15 years and over working in economic sectors was 49.1 million, including 14.3 million people working in the agriculture, forestry, and fishery sector (accounting for 29.1%), 16.2 million people working in the industry and construction sector (33.1%), and 18.6 million people working in the service sector (37.8%)⁶³². In 2021, the average percentage of the trained workforce aged 15 and over with degrees and certificates reached 26.1% (higher than 24.1% in 2020), of which the percentages of trained employees in the urban areas and the rural areas were 41.1% and 17.5%, respectively⁶³³.

Since the implementation of the Doi Moi reforms in 1986, the labor force of Vietnam has grown continuously in terms of both scale and proportion over the total population.

⁶²⁶ M. Duong, M. J. Holmes, A. Strutt, 'The impact of free trade agreements on FDI...', op. cit.

⁶²⁷ General Statistics Office of Vietnam 2022, <https://www.gso.gov.vn/so-lieu-thong-ke/>, access: 15.08.2022.

⁶²⁸ Ibidem.

⁶²⁹ M. Duong, M. J. Holmes, A. Strutt, 'The impact of free trade agreements on FDI...', op. cit.

⁶³⁰ Ibidem.

⁶³¹ General Statistics Office of Vietnam 2022, <https://www.gso.gov.vn/so-lieu-thong-ke/>, access: 15.08.2022.

⁶³² *Statistical Yearbook of Vietnam 2021*, General Statistics Office of Vietnam, p. 85, <https://www.gso.gov.vn/en/data-and-statistics/2022/08/statistical-yearbook-of-2021/>, access: 19.06.2022.

⁶³³ Ibidem.

Statistics indicated an impressive economic growth rate of Vietnam with an average of about 7 % per year, including a huge contribution of the labor force⁶³⁴.

Indeed, Vietnam is currently enjoying a "golden population structure" that lasts for more than 30 years (from 2009 to 2039 in the case of Vietnam), that is, during such period working-age population (the population aged between 15 and 64) is about double the dependent population (people under age 15 and over age 64). Specifically, the percentage of the working-age population rose from around 56 % in 1986 to over 70 % in 2014⁶³⁵. Thus, many studies have mentioned the great advantage of Vietnam with an "abundant labor force", "cheap labor" etc., since it was one of the important reasons to attract foreign investment and promote the development of labor-intensive manufacturing industries⁶³⁶.

Vietnam's labor force, however, has relatively low technical qualifications and lacks skills⁶³⁷. The proportions of labor with professional and technical qualifications were 10% in 1999, 15.5% in 2009, 22.8% in 2018, and 26.1% in 2021, showing a slow-moving improvement in labor quality compared to the economic growth rate and labor restructuring⁶³⁸. Consequently, the labor productivity of Vietnam is not high. During the last two decades, although labor productivity growth increased rapidly, reaching an annual average of 4.77% from 2011 to 2018 (compared to 3.17% in 2007-2010), the productivity growth rate of Vietnam has always been lower than the economic growth rate⁶³⁹. This shows the fact that Vietnam's economic growth is based on expanding the production scale and utilizing more labor rather than based on labor productivity. Thus, it is essential to improve the quality of human resources by increasing the number of well-trained employees so that Vietnam can maintain economic growth to avoid the "middle-income trap" and the risk of "getting old before getting rich" when the period of the "golden population structure" is over.

⁶³⁴ H. T. Phuong, 'Relationship between Labor and Economic Growth in Vietnam: Practice and Forecast,' *European Journal of Business and Management Research*, vol. 6, no. 4, 2021, pp. 289-293.

⁶³⁵ T. Barker, M. Üngör, 'Vietnam: The next asian Tiger?', op. cit.

⁶³⁶ See, inter alia: T. Barker, M. Üngör, 'Vietnam: The next asian Tiger?', op. cit.; V. Glinow, M. Ann, L. Clarke, Ed. Stockton, 'Vietnam: Tiger or Kitten,' *Academy of Management Executive*, vol. 9, no. 4, 1995, pp. 35-48; C. J. Shultz, J. A. William, 'Asia's Next Tiger?,' *Marketing Management*, vol. 5, no. 4, 1997, pp. 26-37.

⁶³⁷ T. K. Luu, Z. U. Ahmed, C. Jevons, T. A. K. Jan, 'Doing Business in Vietnam: Implications for International Investors,' *Journal of Transnational Management Development*, vol. 5, no. 4, 2000, pp. 3-24.

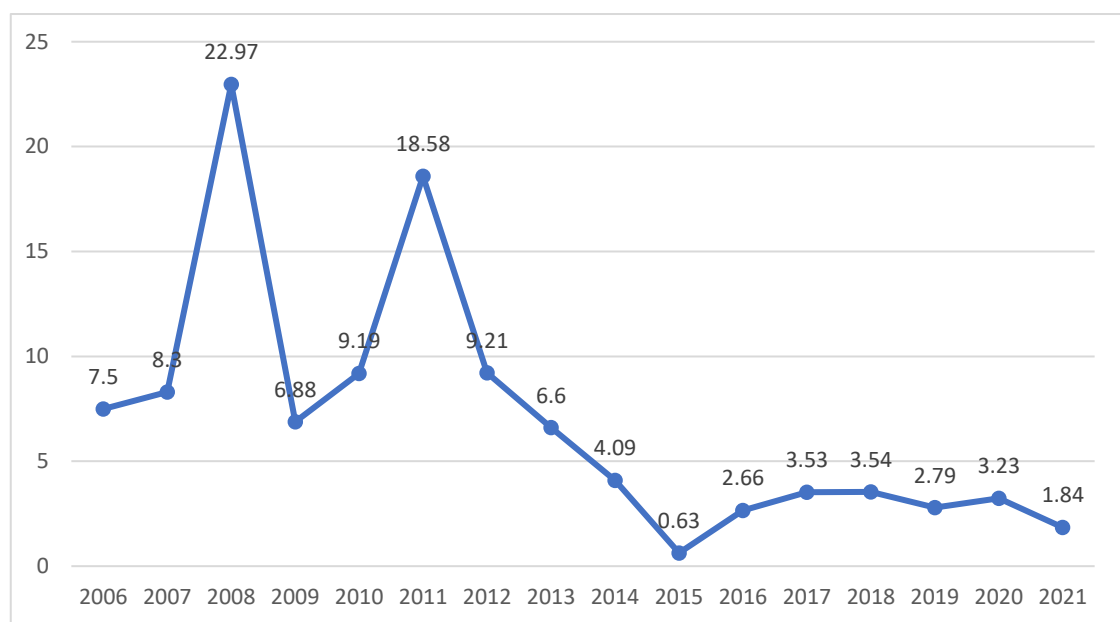
⁶³⁸ H. T. Phuong, 'Relationship between Labor and Economic Growth in Vietnam...', op. cit.

⁶³⁹ Ibidem.

4.1.2.4. Monetary policy

While foreign investment has provided much needed capital, the State Bank of Vietnam, through the conduct of monetary policy, has also played a significant role in nurturing economic growth. Since the beginning of the economic reforms process, the Vietnamese government has taken a serious interest in the development and conduct of the monetary policy. While in most economies, the governments focus on the fiscal policy and the conduct of monetary policy is left to an autonomous central bank, in Vietnam the government maintains control of the monetary policy through a law on the State Bank to ensure coordination between the fiscal and monetary policies⁶⁴⁰.

Figure 21. The inflation of Vietnam in the years 2006-2021 (in %)



Source: own elaboration on the basis of data from GSO of Vietnam, date of access: 28.02.2022.

The policies have been successful in that the Vietnamese economy registered significant growth over time. Nevertheless, increased integration with the world economy has also made Vietnam's economy more susceptible to foreign shocks. Furthermore, the State Bank of Vietnam has relied heavily on credit growth to stimulate economic growth⁶⁴¹. This policy has resulted in high inflation over the 2006-2012 period⁶⁴² as shown in Figure 21.

⁶⁴⁰ S. Anwar, L. P. Nguyen, 'Channels of monetary policy transmission in Vietnam,' *Journal of Policy Modeling*, vol. 40, no. 4, 2018, pp. 709-729.

⁶⁴¹ C. S. Nguyen, 'Wpływ polityki kursowej na inflację w Wietnamie w latach 2008 i 2011,' *Studia Prawno-Ekonomiczne*, vol 113, 2019, pp. 207-220.

⁶⁴² S. Anwar, L. P. Nguyen, 'Channels of monetary policy transmission in Vietnam,' op. cit.

While foreign investment has contributed to the economic growth of Vietnam, it seems to fuel inflation in the above-mentioned period. Specifically, the US dollar is the most important reserve currency in Vietnam, and the Vietnamese currency – the Dong (international abbreviation – VND) has been anchored in the US dollar for years. The anchoring of the VND in the US dollar and keeping this rate relatively constant is aimed at the stabilization of the money market. However, the negative effect of applying such a policy is high inflation, in particular in 2008, when there was an oversupply of the US dollar caused by the rapid increase of the FDI in the Vietnamese economy in that year⁶⁴³. Therefore, a more liberalized and flexible monetary system that could withstand outside shocks is highly desirable.

4.1.2.5. Vietnam's economy during the COVID-19 Pandemic

The COVID-19 pandemic that took place at the end of 2019 has had a profound impact on the economies and people in all nations, including the member countries of the Association of Southeast Asian Nations (ASEAN). The GDP growth of the region has been revised to -2 % in 2020⁶⁴⁴. The real GDP growth of ASEAN members varied from 3.3 % (in Myanmar) to even -9.6 % (in the Philippines). Thailand, Singapore, the Philippines, Malaysia, and Cambodia recorded significant declines⁶⁴⁵.

In that context, Vietnam has been regarded as one of the few countries that put the COVID-19 pandemic under control and successfully achieved solid and stable economic growth in 2020. Strict containment measures were gradually adopted, including airport health screenings, travel bans on foreign visitors, a 14-day quarantine period for international arrivals, social distancing, school closures, and public event cancellations. Wearing masks in public places was strictly enforced, even before the WHO recommendation. Non-essential services were shut down nationwide, and strict restrictions on movements were imposed across most of the country for some periods of time. The strategy was rapidly deployed with the help of the military, public security services, and other social organizations. Effective and transparent communications won citizen cooperation and contained broader lessons for developing countries⁶⁴⁶. As a result,

⁶⁴³ C. S. Nguyen, 'Wpływ polityki kursowej na inflację w Wietnamie...', op. cit.

⁶⁴⁴ Asian Development Bank (ADB), 'Asian Development Outlook (ADO) 2021: Financing a Green and Inclusive Recovery,' 2021, <https://www.adb.org/publications/asian-development-outlook-2021>, access: 03.10.2022.

⁶⁴⁵ Ibidem.

⁶⁴⁶ E. Dabla-Norris, A. M. Gulde-Wolf, F. Painchaud, 'Vietnam's Success in Containing COVID-19 Offers Roadmap for Other Developing Countries,' IMF Asia and Pacific Department, 2020,

as of March 11, 2021, Vietnam had a total of 2529 confirmed cases, equivalent to 26 cases per one million population – compared to the global rate of 15 223 cases⁶⁴⁷. Furthermore, despite the pandemic, Vietnam’s economy has remained resilient, growing by 2.9 % in 2020 – one of the highest growth rates in the world at that time⁶⁴⁸.

Nevertheless, the same policies successfully used in 2020 did not appear to work effectively in 2021 with the emergence of a new Delta variant. Vietnam’s economy has suffered a substantial blow due to weakened demand and reduced trade. Although the economic growth of Vietnam in 2021 was still positive, this growth rate was at the lowest level in comparison to the same years in the 2011-2020 period⁶⁴⁹. However, although Vietnam’s GDP growth rate slowed down to 2,58 % in 2021, it is expected to rebound to 5.5 % in 2022⁶⁵⁰.

Despite the success story of Vietnam, the COVID-19 pandemic has left heavy consequences for the national economy. More specifically, the industry-construction sector and service sector have been suffered the most from the pandemic. In 2020 these sectors decreased by 86.1 % and 85.9 % in comparison to the previous year, respectively. Meanwhile, the agriculture, forestry and fisher sector decreased by 78.8 %. Businesses in various sectors have been affected by the different effects of the pandemic, including 100 % in aviation, 97.1 % in accommodation services and 95.5 % in food services⁶⁵¹. The tourism and transportation (especially air transport) sectors have experienced a sharp decline, mainly due to movement restrictions and social distancing. Consequently, in the first six months of 2020, the number of foreign visitors to Vietnam decreased by 55.8 % over the same period of 2019, while domestic tourists also decreased by 27.3 %⁶⁵². Thus, supports from the government is essential to sustain economic growth.

<https://www.imf.org/en/News/Articles/2020/06/29/na062920-vietnams-success-in-containing-covid19-offers-roadmap-for-other-developing-countries>, access: 03.10.2022.

⁶⁴⁷ T. Y. C. Nguyen, C. Hermoso, E. M. Laguilles, L. E. D. Castro, S. M. Camposano, N. Jalmasco, K. A. Cua, M. A. Isa, E. F. Akpan, T. P. Ly, S. S. Budhathoki, A. Ahmadi, D. E. Lucero-Prisno III, ' Vietnam's success story against COVID-19,' *Public Health in Practice*, vol. 2, 2021, 100132.

⁶⁴⁸ E. Dabla-Norris, A.M. Gulde-Wolf, F. Painchaud, 'Vietnam's Success in Containing COVID-19...', op. cit.

⁶⁴⁹ C. M. Ho, T. T. Pham, H. L. P Nguyen, D. H. Vo, ' Does the COVID-19 pandemic matter for market risks across sectors in Vietnam?,' *Heliyon*, vol. 7, no. 12, 2021, e08453.

⁶⁵⁰ *Overview of Vietnam*, The World Bank, op. cit.

⁶⁵¹ *Socio-Economic situation in the fourth quarter and 2020*, General Statistics Office of Vietnam, 2020, <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>, access: 03.02.2023.

⁶⁵² *Ibidem*.

4.1.2.6. The impact of the USA-China trade war on Vietnam's economy

As the United States-China trade war, which broke out in 2018, intensifies, there have been various reports and analyses indicating that Vietnam is the biggest beneficiary of this fallout. Enterprises based in both countries, especially in China, must either relocate out of China or diversify from the Chinese market to Vietnam to bypass higher tariffs⁶⁵³.

Consequently, there is evidence to show that Vietnam's exports to the United States have increased at a rate much higher than other exporting countries. Specifically, Vietnam's export to the United States saw the biggest increase among the 40 main exporting countries to the United States in the first four months of 2019, with 20.7 billion USD of export turnover to the US market – an increase of nearly 40 % in comparison with the same period in 2018⁶⁵⁴.

Statistics also indicate that there is a spike in Chinese FDI in Vietnam during the same period. Total disbursed FDI increased by 6.3 % to 12 billion USD in the first eight months of 2019 in comparison with the same period of 2018, with the number of newly-registered projects increasing by 25 % to 2406⁶⁵⁵; and the relocation of enterprises from China to Vietnam is expected to continue even if the global economy slows down⁶⁵⁶.

Moreover, as trade tensions between the two powerful economies are expected to intensify, foreign investors tend to accelerate their move to alternative markets such as Southeast Asia and India. For example, multinational enterprises, such as Samsung and Foxconn, are already building new factories in Vietnam rather than in China, due to the doubling of wages in Chinese industry zones over the last seven years⁶⁵⁷.

Nevertheless, since both the United States and China are key trading partners of Vietnam, the trade war between the two countries has not only opened up economic opportunities for Vietnam but also highlighted the problems that the Southeast Asian country has to grapple with. First, when China boots its exports to Vietnam, this will raise Vietnam's trade deficit with China and put greater pressure on Vietnam's domestic businesses to compete with Chinese goods. Second, when Chinese commodities move to other markets (apart from Vietnam), Vietnam's exports may encounter more rivalry in

⁶⁵³ H. T. Lam, P. D. Nguyen, *The US-China Trade War: Impact on Vietnam*, ISEAS Yusof Ishak Institute, 2019, <https://think-asia.org/handle/11540/11697>, access: 03.02.2023.

⁶⁵⁴ Ibidem.

⁶⁵⁵ *Disbursed FDI in 8 months increased by 6.3% over the same period*, Vietnam Online Newspaper of the Government, 30 August 2019, <http://baochinhphu.vn/Kinh-te/Von-FDI-thuchien-8-thang-tang-63-so-voicung-ky/374104.vgp>, access: 03.10.2022.

⁶⁵⁶ H. T. Lam, P. D. Nguyen, *The US-China Trade War: Impact on Vietnam...*, op. cit.

⁶⁵⁷ Ibidem.

these markets. Third, some Chinese exports may need to be consumed domestically in case China is unable to find alternative exports to the United States; and it may be more difficult for Vietnamese goods to be exported to China⁶⁵⁸. In fact, Vietnam's export turnover to the Chinese market in the first eight months of 2019 reached 23.8 billion USD, a 2.5 % decline from the same period in 2018⁶⁵⁹. Finally, Vietnamese authorities need to be careful and prevent Chinese enterprises from exploiting Vietnam as a convenient transshipment point for its exports to the United States to avoid high taxes⁶⁶⁰. In the longer term, Vietnam is on its way to further diversifying its export markets to lessen its dependence on China and the United States. The conclusion of numerous free trade agreements, including the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), are steps in the right direction.

4.1.2.7. The impact of the Russia - Ukraine war on Vietnam's economy

Vietnam is now integrated more deeply than ever into the global economy and global value chains. Nevertheless, along with the ongoing COVID-19 pandemic, the world is facing great uncertainty as Russia launches war on Ukraine on 24 February 2022. As a country with high economic openness, Vietnam cannot avoid the impact of the conflict⁶⁶¹.

According to the European-American Market Department of the Ministry of Industry and Trade of Vietnam, both Russia and Ukraine are important trading partners of Vietnam in the Asia-Europe region, as Russia ranks 1st and Ukraine 6th in terms of trade turnover⁶⁶². Specifically, bilateral trade turnover between Vietnam and Russia in 2021 reached 5.5 billion USD (up 13.8 % compared to 2020), while Vietnam-Ukraine trade turnover in 2021 was 720.5 million USD (up 50.6 % in comparison to 2020)⁶⁶³.

Thus, Vietnam will be significantly affected by market fluctuations caused by the conflict. It may be too early to judge the medium and long-term impacts of the Russia-Ukraine war on the Vietnamese economy. However, in the short term, the crisis is

⁶⁵⁸ Ibidem.

⁶⁵⁹ Socio-economic situation in August and eight months of 2019, General Statistics Office of Vietnam, 2019, <https://www.gso.gov.vn/en/data-and-statistics/2019/10/report-social-and-economic-situation-in-august-and-eight-months-2019/>, access: 03.02.2023.

⁶⁶⁰ H. T. Lam, P. D. Nguyen, *The US-China Trade War: Impact on Vietnam...*, op. cit.

⁶⁶¹ *Impact of Russia-Ukraine conflict on Vietnam's economy*, Center for WTO and International Trade, Vietnam Chamber of Commerce and Industry (VCCI), 14 March 2022, <https://wtocenter.vn/chuyen-de/19288-impact-of-russia-ukraine-conflict-on-vietnams-economy>, access: 03.02.2023.

⁶⁶² Ibidem.

⁶⁶³ Ibidem.

affecting inflation, circulation of commodities, payment of commercial contracts, etc. First, it is one of the main reasons for shortages and raised prices of numerous fuels and raw materials for production and consumption such as oil and gas, wheat, and some strategic minerals, etc., which results in an increase of inflation in Vietnam. Second, regarding the payment of commercial contracts, the USA and several EU nations have imposed a series of sanctions targeting the banking-financial system of Russia (e.g., excluding Russia from the international payment system SWIFT), which affects the settlement of many contracts using the USD as payment currency. Third, regarding transport and circulation of commodities, freight rates will continue to soar due to the high prices of fuels along with shipping delays that severely affect trade in goods. Furthermore, due to an air embargo, airlines have to choose longer routes, causing increased costs and pressure on the global logistics transport system and the price of goods. Vietnamese enterprises with cooperation projects with partners from Russia, Ukraine, and other countries involved in the crisis are the first and most strongly affected⁶⁶⁴.

Some of the impacts of the conflict may also create opportunities for Vietnam's exporters. Because of the embargo and the automatic boycott of Russian commodities, European countries need an alternative source of grain and agricultural products. This is an excellent time for Vietnam to increase the export of rice and other agricultural goods to the EU market, where these are in high demand with imports of 160 billion USD per year, by using the EVFTA Agreement's rice export quota of 80 000 tons per year at a tariff rate of 0%⁶⁶⁵. The conflict has also disrupted supply chains from Russia and Ukraine, thus Vietnamese enterprises have the opportunity to seek new markets from Asia, Africa, and the Middle East. In addition, the Russia-Ukraine war has forced international investors to seek new investment destinations, and Vietnam with political and economic stability is among the attractive options. Other advantages of Vietnam are rapid economic growth, an abundant workforce, and the vast network of free trade agreements that Vietnam is a part of. This, in combination with its social-economic

⁶⁶⁴ Ibidem.

⁶⁶⁵ *Exports of rice to EU increased sharply thanks to EVFTA*, Center for WTO and International Trade, Vietnam Chamber of Commerce and Industry (VCCI), 16 May 2022, <https://wtocenter.vn/chuyen-de/19619-exports-of-rice-to-eu-increased-sharply-thanks-to-evfta->, access: 03.10.2022; *Kinh tế Việt Nam với ảnh hưởng xung đột Nga – Ukraine*, Banking Review (Journal of the State Bank of Vietnam), 29 April 2022, <https://tapchinganhang.gov.vn/kinh-te-viet-nam-voi-anh-huong-xung-dot-nga-ukraine.htm>, access: 03.02.2023.

stability, may turn Vietnam into a key link in the global supply chains⁶⁶⁶. Once again, the conclusion of a variety of free trade agreements and market diversification are steps in the right direction for Vietnam to avoid dependence on a few specific markets.

4.2. The EU-Vietnam Free Trade Agreement (EVFTA)

4.2.1. Vietnam's FTAs network

The USA-China trade war, the COVID-19 pandemic, and other global uncertainties have highlighted Vietnam's advantage as a stable, fast-growing country with the ability to take advantage of development opportunities. Regarding international economic relations, Vietnam has laid the basis for further economic growth by continuing to open its doors and deeper integrating itself into the global economy by becoming a member of the World Trade Organization (WTO) in 2007 and negotiating and signing numerous free trade agreements (FTAs).

FTAs have been considered an increasingly important driver of international trade and FDI in emerging countries⁶⁶⁷ like Vietnam. These agreements are expected to eliminate tariffs for Vietnam, expand its market, improve the trade legality, increase the production quality and then further benefit trade and economic growth⁶⁶⁸. Thanks to FTAs, Vietnamese exporters have benefited not only from the enlargement of export markets but also reduced tariff and non-tariff barriers. Table 26 showed the FTAs that Vietnam has signed or is currently negotiating.

As can be seen from Table 26, Vietnam is actively pursuing its FTA policy. As of late 2022, Vietnam has signed numerous FTAs, of which fifteen have already become operational, and the other two are under negotiation (17 FTAs in total). As a member of ASEAN, Vietnam has been involved in eight FTAs. On the other hand, as an independent partner, Vietnam has signed four bilateral FTAs, involving Japan, South Korea, Chile, and the United Kingdom. Additionally, Vietnam has also signed three Mega-Regional Trade Agreements (RTAs), namely the Vietnam – Eurasian Economic Union Free Trade

⁶⁶⁶ Vietnam urged to shield economy from Russia-Ukraine conflict: Expert, Hanoitimes - Economic and Urban Newspaper, The tribune of Hanoi People's Committee, 28 March 2022, <https://hanoitimes.vn/vietnam-urged-to-shield-economy-from-russia-ukraine-conflict-expert-320363.html>, access: 10.02.2023.

⁶⁶⁷ E. L. Yeyati, E. Stein, C. Daude. 2003, 'Regional Integration and the Location of FDI,' Washington, working paper no. 492, DC: Inter-American Development Bank, <https://www.econstor.eu/handle/10419/87947>, access: 10.02.2023.

⁶⁶⁸ N. T. T. Nguyen, 'The reform of Vietnamese Economic institutions under the impact of Free Trade Agreements A case study of the EU and Vietnam Free Trade Agreement,' *Köz-Gazdaság - Review of Economic Theory and Policy*, vol. 13, no. 3, 2019, pp. 191-203.

Agreement (VN-EAEU FTA), the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), and the EU-Vietnam Free Trade Agreement (EVFTA). Vietnam is also negotiating two FTAs with key trade partners, i.e., Israel and EFTA States (Iceland, Liechtenstein, Norway, and Switzerland).

Table 26. Vietnam's Free Trade Agreements network

	Free Trade Agreements	Signature date	In effect	Completion
1	ASEAN Free Trade Area (AFTA)	1992	1993	2015/2018
2	ASEAN – Australia and New Zealand Free Trade Agreement (AANZFTA)	2009	2010	2018/2020
3	ASEAN – China Comprehensive Economic Cooperation	2002	2003	2015/2018
4	ASEAN – Hong Kong (China) Free Trade Agreement (AHKFTA) and a related Investment Agreement (AHKIA)	2017	2019	2021
5	ASEAN – India Comprehensive Economic Cooperation Agreement	2003	2010	2020
6	ASEAN – Japan Comprehensive Economic Partnership (AJCEP)	2008	2008	2025
7	ASEAN – South Korea Comprehensive Economic Cooperation	2005	2007	2016/2018
8	Regional Comprehensive Economic Partnership (RCEP)	2020	2022	2022
9	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) ⁶⁶⁹	2018	2018	2021
10	Vietnam – Chile Free Trade Agreement (VCFTA)	2011	2014	2030
11	EU – Vietnam Free Trade Agreement (EVFTA)	2019	2020	2030
12	Vietnam – Eurasian Economic Union ⁶⁷⁰ Free Trade Agreement (VN-EAEU FTA)	2015	2016	2027
13	Vietnam – Japan Economic Partnership Agreement (VJEPA) ⁶⁷¹	2008	2009	2026
14	Vietnam – South Korea Free Trade Agreement (VKFTA) ⁶⁷²	2015	2015	2021
15	UK – Vietnam Free Trade Agreement (UKVFTA)	2020	2020	2021
16	Vietnam – EFTA States Free Trade Agreement	Negotiation in progress		
17	Vietnam – Israel Free Trade Agreement	Negotiation in progress		

Source: Own elaboration on the basis of *FTA*, Center for WTO and International Trade, Vietnam Chamber of Commerce and Industry (VCCI), <https://wtocenter.vn/fta>, access: 03.02.2023.

⁶⁶⁹ The CPTPP evolved from the Trans-Pacific Partnership (TPP), which never entered into force, as the United States withdrew from the TPP agreement soon after the election of president Donald Trump in 2017.

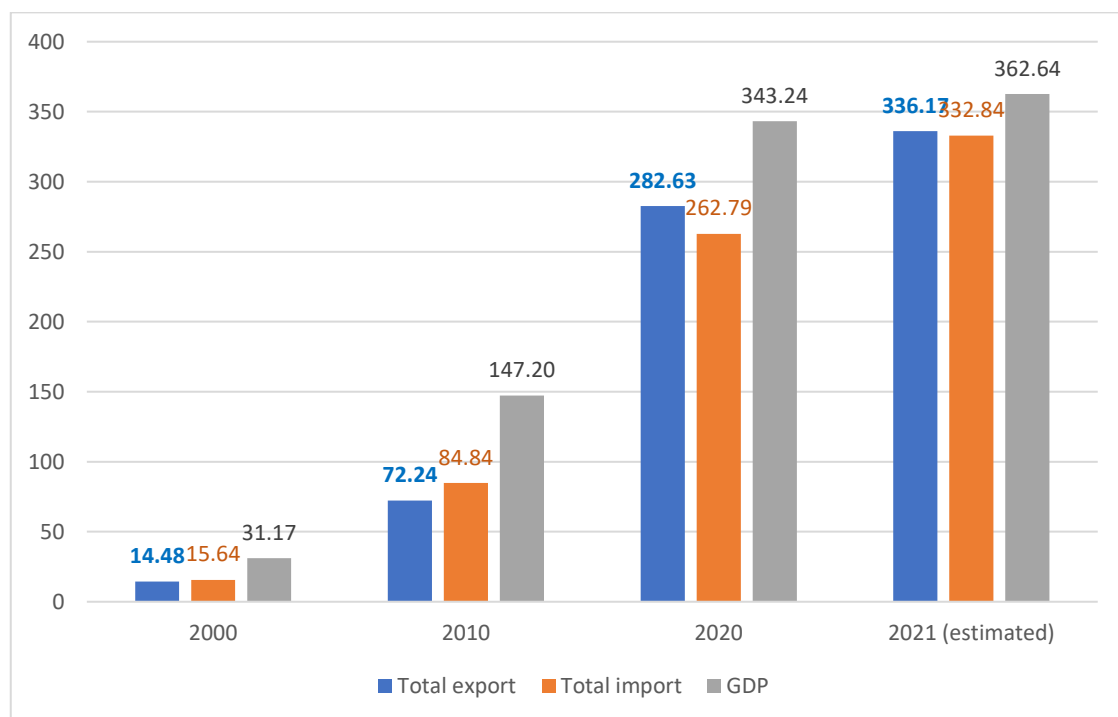
⁶⁷⁰ Eurasian Economic Union includes Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan.

⁶⁷¹ VJEPA is the bilateral FTA between Vietnam and Japan, in which both of the two countries give the other more preferences than that agreed under the ASEAN – Japan Comprehensive Economic Partnership (AJCEP). Nevertheless, VJEPA does not replace AJCEP. These two FTAs coexist and firms can choose to use the more favorable.

⁶⁷² In comparison with ASEAN – Korea FTA (AKFTA), VKFTA includes more preferences that both of Vietnam and South Korea give the other in the field of goods, services and investment. Nevertheless, VKFTA does not replace AKFTA. These two FTAs coexist and firms can choose to use the more favorable.

As a result, Vietnam has recorded significant growth in international trade. The total value of Vietnam's export and import has been increasing sharply over the years (see Figure 22). The volume of exports and imports in 2021 are respectively nearly 23,2 and 21,3 times larger than in 2000. In addition, the relative importance of export and import in Vietnam's economy has also increased over time. In 2000, the value of Vietnam's exports/imports is equivalent to almost 50 % of its GDP. Whereas in 2021, the value of its export/import accounts for over 90 % of the GDP.

Figure 22. Export, import, and GDP of Vietnam from 2000 to 2021 (in billion USD)



Source: Export and import values: GSO Vietnam, access 25.08.2022; GDP: The World Bank Data <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=VN>, access 05.10.2022.

Along with the growth in the total trade value, Vietnam has also witnessed a remarkable change in its key export-import industries over the past two decades. Accordingly, there is a shift of key export industries from mainly agriculture and natural resources in 2000 to light manufacturing and technology in 2020. More specifically, in 2000, the five leading export sectors include three agricultural industries, i.e., coffee, semi-milled or wholly-milled rice, and frozen shrimps. The other two sectors are petroleum oils and oils obtained from bituminous minerals and footwear. However, by 2020, no agricultural industries remained in the top export industries, as industrial

products such as computers, telephones, textiles, and other machinery have taken their place⁶⁷³. Regarding the import situations in the period from 2000 to 2020, the top key import industries have also changed drastically. In 2000, the main import industries of Vietnam were electronic circuits and microassemblies, urea, motorcycles, clothing, and petroleum. By 2020, Vietnam imported mainly products from technology-intensive industries (for instance, computers, telephones, and machinery)⁶⁷⁴.

During the period from 2000 to 2020, the largest export partners of Vietnam always include China and Japan. In 2000, these two countries are the largest export partners of Vietnam, followed by Australia, Singapore, and other ASEAN members. Nevertheless, in 2020, Vietnam has the highest export value to the United States, followed by China, the EU, ASEAN, and Japan⁶⁷⁵.

4.2.2. The EU-Vietnam Free Trade Agreement (EVFTA)

Under the impact of FTAs, Vietnam has integrated extensively and deeply into the regional and world economies. However, more profound and comprehensive free trade agreements between Vietnam and other economic partners, such as the EU – Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), have emerged recently and are expected to further promote the growth of the Vietnamese economy. Both agreements are considered "**new-generation free trade agreements**" (NGFTAs).

In general, the NGFTA is the EU's concept of new economic relations with other countries, which was mentioned in an EU policy document for the first time in 2006⁶⁷⁶. The CPTPP and the EVFTA are the most advanced NGFTAs ever concluded between developed and developing economies. The two NGFTAs have a wider scope and their contents are beyond commitments on trade, services, and investment, referring more to the institutional and legal issues in the fields of labor, environment, intellectual property, state-owned enterprises, government procurement, and "non-economic" or "political economy" rules. It should be emphasized that Vietnam, Japan, and Singapore are the only

⁶⁷³ L. T. M. Nguyen, T. T. P. Nguyen, 'Market Reaction to the Announcements of Free Trade Agreements: Evidence from Vietnam,' *Forum for Social Economics*, DOI: 10.1080/07360932.2022.2037448.

⁶⁷⁴ Ibidem.

⁶⁷⁵ Ibidem.

⁶⁷⁶ *Global Europe: competing in the world - Contribution to the EU's Growth and Jobs Strategy*, Commission of the European Communities, Brussels, 2006, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006SC1230:EN:HTML>, access: 03.02.2023.

economies in the region that are involved in these two NGFTAs. South Korea has an NGFTA with the EU. Brunei and Malaysia joined CPTPP but did not ratify their membership. Vietnam thus finds itself a member of a very elite group of highly successful Asian economies (namely, Japan, South Korea, and Singapore), which are also members of the NGFTAs.

Of the NGFTAs, the **EU-Vietnam Free Trade Agreement** (EVFTA) is a comprehensive agreement of the highest standard. In June 2012, the EU member states and Vietnam launched the negotiation. In December 2015, EVFTA officially ended negotiations. In February 2016, the official document of the EVFTA was published. In June 2018, a new phase of the agreement was agreed. Accordingly, the EVFTA is divided into two agreements: (1) the Trade Agreement (EVFTA) and (2) the Investment Protection Agreement (EVIPA); the legal review process for the EVFTA Agreement was officially ended at the same time. In August 2018, the legal review process for EVIPA was also completed. Then both Agreements were signed in June 2019. EVFTA and EVIPA were officially approved by the European Parliament on the 2nd of February 2020 and officially ratified by the National Assembly of Vietnam on the 8th of June 2020. On the 30th of March 2020, the European Council also ratified the EVFTA. Thus, due to the completion of the ratification procedure, the EVFTA has officially gone into force from the 1st of August 2020. Meanwhile, the EVIPA will still have to be approved by the Parliaments of all 27 EU member countries to take effect⁶⁷⁷.

The EVFTA is a NGFTA with a broad range and a high degree of commitment. Key areas in EVFTA include not only the commitments in trade, services, and investment, but also the institutional and legal issues concerning state-owned enterprises, public procurement, intellectual property, competition policy, and sustainable development (including environment and labor). The main contents of EVFTA focus on the removal of tariff and non-tariff barriers to imports of specific goods and opening services sectors, the removal of obstacles to investment (for instance, burdensome licensing procedures, joint venture requirements, and outright closure of certain sectors to foreigners); the improvement of the business environment (protection of intellectual property rights, etc.);

⁶⁷⁷ *Summary of Vietnam-EU Free Trade Agreement*, Center for WTO and International Trade, Vietnam Chamber of Commerce and Industry (VCCI), 15 January 2016, <https://wtocenter.vn/chuyen-de/12781-summary-of-vietnam-eu-free-trade-agreement-evfta>, access: 03.02.2023.

the reduction of customs and administrative barriers in access to both markets and therefore contribute to closer cooperation in bilateral trade and investment⁶⁷⁸.

The outstanding feature of the export-import structure between the EU and Vietnam is the significant complementarity and little direct competition⁶⁷⁹. Thus, EVFTA is expected to bring significant economic benefits since the EU is Vietnam's second largest export market, accounting for roughly 20 % of its total export value⁶⁸⁰. The agreement will eliminate more than 99% of tariffs on the EU side within seven years and on the Vietnam side within ten years. Additionally, in EVFTA Vietnam is committed to trade liberalization beyond its WTO commitment in services and investment including rules on intellectual property, human rights, state-owned enterprises, and sustainable development⁶⁸¹.

Thus, EVFTA is expected to have a positive impact on trade and investment on both sides. The elimination of nearly all tariffs and simplification of the customs procedures will result in huge potential for many industries. In particular, the food and beverages, textiles, garments, and footwear sectors have great opportunities. There may also be new opportunities for EU pharmaceutical enterprises to export or do business in Vietnam. Additionally, machinery and appliances will still be the leading sector of trade flows between the two sides.

On the other hand, Vietnam's businesses and people will also benefit from goods and services with more reasonable prices, good quality, and advanced technology. In particular, Vietnamese enterprises will have the opportunity to access machinery, equipment, and high technology from the EU countries, thereby increasing productivity and improving the quality of their products. Also, goods and services imported from the EU into Vietnam will create competitive pressure for Vietnam's businesses to strive to improve their competitiveness. The EVFTA can also help Vietnam create a more open and favorable environment for business and investment, thereby attracting more FDI from the EU member states to Vietnam. Furthermore, with the implementation of EVFTA commitments on institutional issues, business environment, and legal policies, Vietnam's

⁶⁷⁸ Ibidem.

⁶⁷⁹ Ibidem.

⁶⁸⁰ T. Kikuchi, K. Yanagida, H. Vo, 'The effects of Mega-Regional Trade Agreements on Vietnam,' *Journal of Asian Economics*, vol. 55, 2018, pp. 4-19.

⁶⁸¹ Ibidem.

law will have reforms and improvements towards more transparency, convenience, and consistency with international practices⁶⁸².

Nevertheless, the EVFTA is not a magic stick that only brings opportunities. With EVFTA, Vietnam's businesses will also face numerous challenges due to⁶⁸³:

- (1) *The difficulty in meeting requirements of the rules of origin*: Specifically, goods aiming at enjoying the preferential tariff treatment under the EVFTA will have their materials met a certain internal content ratio (materials originating in EU and/or Vietnam). This is a big challenge for Vietnam because materials for export production are now mainly imported from China or other ASEAN member states.
- (2) *Technical Barriers to Trade (TBT), Sanitary and Phyto-Sanitary (SPS), and customer requirements*: The EU is a demanding market, and compulsory requirements on food safety, labeling, environment, etc. of the EU are very strict and not easy to meet. Thus, even if there are tariff benefits, Vietnam's goods will also have great quality improvements to overcome these barriers.
- (3) *Competitive pressure from EU goods and services*: Vietnam's enterprises will have to experience more intense competition in the domestic market. This is a big challenge for Vietnam because the EU businesses have advantages over Vietnamese ones in terms of competitiveness, market experience as well as the ability to take advantage of EVFTA.

To sum up, the EVFTA is expected to bring significant advantages for both of its sides. The agreement will be an important "push" for Vietnam's exports. With 450 million consumers and over 17 trillion USD in GDP in 2021⁶⁸⁴, the EU is a "dream" market. Therefore, signing the EVFTA will create a great opportunity for Vietnamese exporters to enter the EU market. According to the European Chamber of Commerce in Vietnam⁶⁸⁵, thanks to the EVFTA, Vietnam's GDP is set to increase by 10% – 15% while exports are predicted to increase by 30 % – 40 % over the next ten years. Meanwhile, the real wages of skilled workers could increase by 12 %, with the salaries of common laborers rising by 13 %. On the other hand, Vietnam has a dynamic economy of nearly 100 million consumers with a growing middle class. Thus, this is a market with huge

⁶⁸² *Summary of Vietnam-EU Free Trade Agreement*, Center for WTO and International Trade, op. cit.

⁶⁸³ *Ibidem*.

⁶⁸⁴ *European Union*, World Bank Data 2022, <https://data.worldbank.org/region/european-union>, access: 03.02.2023.

⁶⁸⁵ *Whitebook 2020*, European Chamber of Commerce in Vietnam (EUROCHAM), p. 86, <https://www.eurochamvn.org/whitebook2020>, access: 10.02.2023.

potential for the EU's exporters. Also, with its strategic geographical position in the heart of Southeast Asia, Vietnam will be the key bridge for EU manufacturers to invest in Vietnam to expand into other ASEAN markets. However, challenges remain and are in need of further study. Moreover, as the EVFTA entered into force in 2020, the recent publications examining the impacts (both opportunities and challenges) of the EVFTA are purely *ex-ante* analyses⁶⁸⁶. Thus, there is a need to conduct research including *ex-post* evaluations to address these concerns.

4.3. Polish-Vietnamese economic cooperation

Vietnam has been Poland's largest trading partner among the ASEAN member states since 2016⁶⁸⁷. Over the past few years, Polish-Vietnamese economic relations have intensified, which is reflected in both trade and investment statistics.

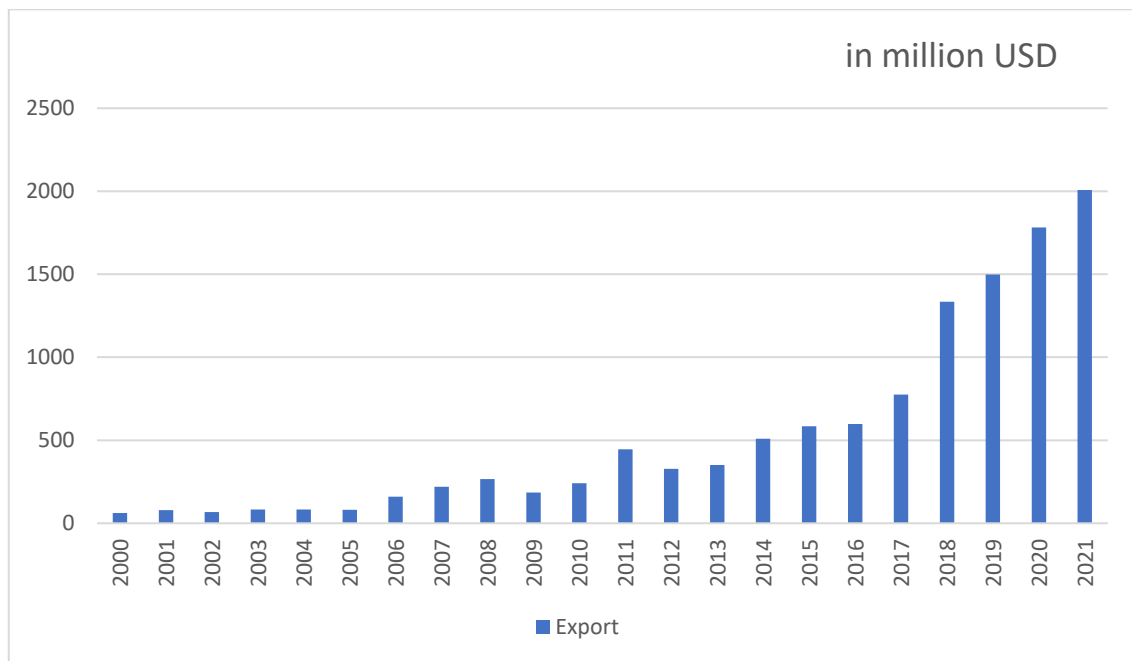
Indeed, Vietnam's exports to Poland have steadily increased over the past decade. In 2021, the export value of Vietnam to Poland exceeded 2 billion USD, which was an increase of 12.7% compared to 2020 (see Figure 23). Products that account for a large proportion of Vietnam's exports to Poland include footwear, seafood, pepper, coffee, agricultural products, electronic products, and spare parts⁶⁸⁸.

⁶⁸⁶ For example, see, inter alia: B. D. Nguyen, 'Vietnam-EU Free Trade Agreement: Impact and Policy Implications for Vietnam,' SECO/WTI Academic Cooperation Project Working Paper, World Trade Institute, no. 7, 2016; H.T. Vu, 'Assessing potential impacts of the EVFTA on Vietnam's pharmaceutical imports from the EU: an application of SMART analysis,' *SpringerPlus* 5, 1503 (2016); *The Economic Impact of the EU - Vietnam Free Trade Agreement 1 January 2017 – 31 December 2017*, European Commission, Luxembourg, Publications Office of the European Union, 2019, https://trade.ec.europa.eu/doclib/docs/2019/february/tradoc_157686.pdf, access: 10.02.2023; J. Grumiller, W. Raza, C. Staritz, C. Staritz, B. Tröster, R. von Arnim, H. Grohs, 'The economic and social effects of the EU Free Trade Agreement with Vietnam,' Vienna, Austrian Foundation for Development Research, 2018; T. Kikuchi, K. Yanagida, H. Vo, 'The effects of Mega-Regional Trade...', op. cit.; *Vietnam: Seizing the Opportunities of New-Generation Free Trade Agreements*, Ministry of Industry and Trade and World Bank, Hanoi, 2016, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/123901521747722857/viet-nam-nam-bat-co-hoi-cua-cac-hiep-dinh-thuong-mai-tu-do-the-gioi-moi>, access: 10.02.2023.

⁶⁸⁷ *Wietnam*, Departament Handlu i Współpracy Międzynarodowej, Ministerstwo Rozwoju i Technologii RP, <https://www.gov.pl/attachment/e30d4998-2eb2-4280-ba55-d266400766a3>, access: 25.08.2022.

⁶⁸⁸ General Department of Vietnam Customs, https://www.customs.gov.vn/index.jsp?ngon_ngu=en, access: 15.09.2022.

Figure 23. Vietnam's exports to Poland in the period 2000-2021

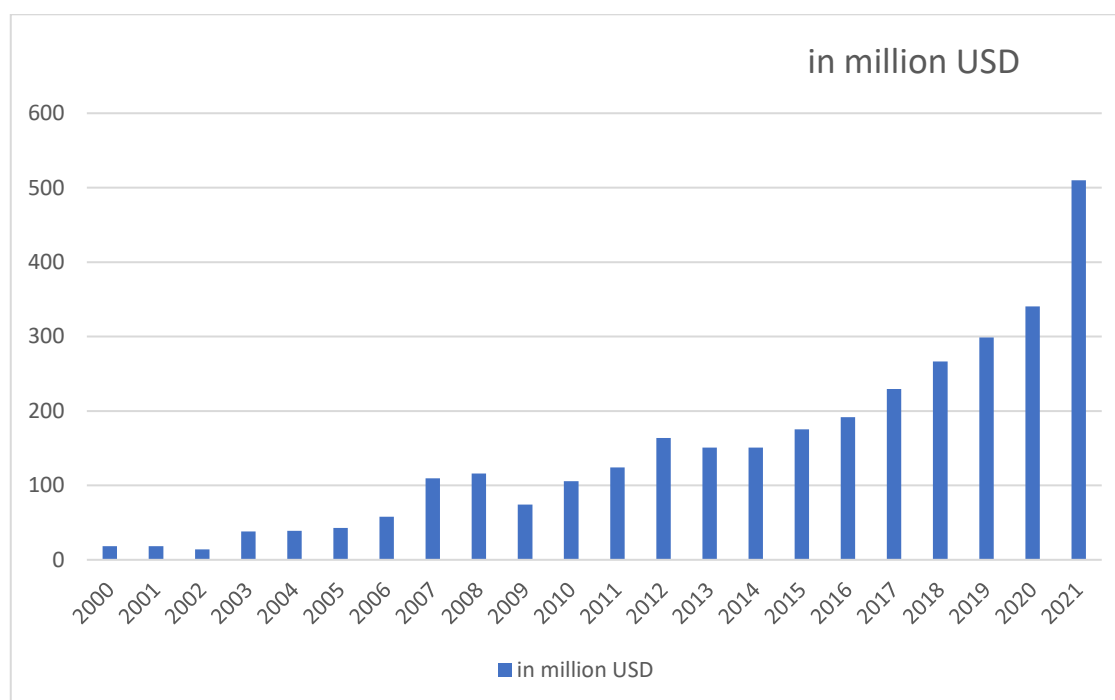


Source: Own elaboration on the basis of data of GSO Vietnam, date of access: 13.08.2022.

Similarly, Poland's exports to Vietnam have also continuously increased in recent years. In particular, the year 2021 has recorded outstanding growth in the export value of Poland to Vietnam despite the spread of the pandemic of COVID-19. In 2021, the export value of Poland to Vietnam reached 510.1 million USD, an increase of 50% compared to 2020, while the annual growth rates in previous years fluctuated only between 10%-20% (see Figure 24). This can be explained by the entry into force of the Agreement between EU and Vietnam EVFTA in August 2020 (see subsection 4.2.2). Polish exports to Vietnam were dominated by machinery, equipment, milk and dairy products, pharmaceuticals, textile materials, garments, and leather⁶⁸⁹. The commodity export structure between Poland and Vietnam reveals that the two countries have few direct competitive products. Thus, the complementarities of the two sides facilitate promoting mutual trade.

⁶⁸⁹ Ibidem.

Figure 24. Vietnam's imports from Poland in the period 2000-2021



Source: GSO Vietnam, date of access: 13.08.2022.

Regarding the investment relationship, Vietnam has three FDI projects in Poland with a total investment capital of about 3 million USD in services and food technology⁶⁹⁰. One of the most prominent is an investment of Vietnam Dairy Products J.S.C, one of the largest producers of dairy products in Vietnam, which opened a company Vinamilk Europe Sp. z o.o. in 2014⁶⁹¹. Meanwhile, as of December 2020, Poland ranked 35th out of 113 countries investing in Vietnam, with 21 projects and a total registered capital of over 372 million USD⁶⁹². Foreign direct investment projects by Poland in Vietnam are in the pharmaceutical production, shipbuilding, and mining sectors⁶⁹³. A notable example is an investment of 50 million USD made by Adamed Group at the end of 2017, making it the largest Polish investor in Vietnam⁶⁹⁴. Another example is Comarch from the IT industry, which launched its subsidiary in Vietnam in 2009⁶⁹⁵. There are also travel

⁶⁹⁰ *Economic cooperation between Vietnam and Poland*, Gospostrategie, <https://gospostrategie.pl/economic-cooperation-between-vietnam-and-poland/>, 15.09.2022.

⁶⁹¹ *Wietnam*, Departament Handlu i Współpracy Międzynarodowej, op. cit.

⁶⁹² Information provided by the Trade Counselor of Vietnam in Poland, access: 03.10.2021.

⁶⁹³ *Ibidem*.

⁶⁹⁴ *Adamed dokonał największej polskiej inwestycji w Wietnamie*, Rzeczpospolita, 28 November 2017, <https://www.rp.pl/biznes/art10072611-adamed-dokonal-najwiekszej-polskiej-inwestycji-w-wietnamie>, access: 03.10.2022.

⁶⁹⁵ *Comarch ECOD expands its operations into Vietnam*, Comarch S.A., 02 September 2010, <https://www.comarch.com/trade-and-services/news/other/comarch-ecod-expands-its-operationsinto-vietnam/>, access: 03.10.2022.

companies with Polish capital in Vietnam, the largest of which is PolViet Travel⁶⁹⁶. However, the investment relationship remains limited and not commensurate with the potential of the two countries, especially in the case of Polish investment in Vietnam. The Vietnamese government has emphasized the strong need to improve the infrastructure in Vietnam, pointing out several potential areas for Polish investors in Vietnam, such as green energy (e.g., solar energy and wind energy), health care, food and beverage processing, and construction materials⁶⁹⁷.

⁶⁹⁶ *Wietnam*, Departament Handlu i Współpracy Międzynarodowej, op. cit.

⁶⁹⁷ Information provided by the Trade Counselor of Vietnam in Poland. Date of access: 03.10.2021.

CHAPTER V. ENTRY STRATEGIES OF POLISH ENTERPRISES INTO THE VIETNAMESE MARKET UNDER THE CONDITIONS OF THE EVFTA – THE RESULTS OF EMPIRICAL RESEARCH

5.1. The results of survey research

5.1.1. Motives for the expansion of Polish enterprises into the Vietnamese market

As a result of the conducted literature review and interviews with experts and some Polish entrepreneurs, the following external motives for internationalization were considered in the study: (1) the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA), (2) decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war, (3) saturation of existing markets with products offered by the enterprise, (4) expansion of business partners to the Vietnamese market, and (5) unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients. The following internal motives for internationalization were also considered: (1) striving for enterprise development and achievement of long-term goals, (2) competitive advantage of the enterprise in the form of unique products/technologies/know-how, (3) possessing unique knowledge about the Vietnamese market or Vietnamese partners, (4) personal commitment and motivation of the enterprise's management, (5) excessive production capacity of the enterprise. The assessment of the importance of motives for expansion into the Vietnamese market from the point of view of the surveyed Polish enterprises by their size was presented in Table 27.

As shown in Table 27, the surveyed Polish enterprises assigned the greatest importance (the highest average ratings) to the following motives for entering the Vietnamese market:

- Possessing unique knowledge about the Vietnamese market or local partners (4.36) – *internal motive*,
- Striving for enterprise development and achievement of long-term goals (4.14) – *internal motive*,
- Personal commitment and motivation of the enterprise's management (4.00) – *internal motive*,

- Unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients (3.95) – *external motive*,
- The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) (3.70) – *external motive*.

Table 27. The assessments of the importance of motives of the surveyed enterprises by their size

Firm size	Motives for internationalization										
		The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA)	Decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war	Saturation of existing markets with products offered by the enterprise	Expansion of business partners to the Vietnamese market	Unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients	Striving for enterprise development and achievement of long-term goals	Competitive advantage of the enterprise in the form of unique products/ technologies/ know-how	Possessing unique knowledge about the Vietnamese market or local partners	Personal commitment and motivation of the enterprise's management	Excessive production capacity of the enterprise
Total	N.I.	56	56	56	56	56	56	56	56	56	56
	Average	3.70	2.93	1.54	1.73	3.95	4.14	3.25	4.36	4.00	1.27
	S.D.	1.361	1.142	0.660	1.036	1.257	0.724	0.919	1.052	0.714	0.700
Micro	N.I.	8	8	8	8	8	8	8	8	8	8
	Average	3.88	2.75	2.00	2.00	4.00	4.13	2.75	4.50	4.00	1.00
	S.D.	1.126	0.886	0.756	1.069	1.414	0.641	1.165	0.756	0.756	0.000
Small	N.I.	30	30	30	30	30	30	30	30	30	30
	Average	3.83	3.03	1.43	1.70	4.03	4.03	3.23	4.53	4.07	1.33
	S.D.	1.262	1.033	0.568	1.022	1.189	0.765	0.817	0.860	0.640	0.606
Medium	N.I.	12	12	12	12	12	12	12	12	12	12
	Average	3.33	2.58	1.50	1.33	4.17	4.08	3.58	4.25	3.92	1.33
	S.D.	1.497	1.165	0.674	0.651	1.193	0.669	0.900	0.965	0.793	1.155
Large	N.I.	6	6	6	6	6	6	6	6	6	6
	Average	3.50	3.33	1.50	2.33	3.00	4.83	3.33	3.50	3.83	1.17
	S.D.	1.975	1.862	0.837	1.506	1.414	0.408	1.033	1.975	0.983	0.408

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation

Source: Own elaboration based on the results of own empirical research.

On the other hand, the following motives were assessed as the least importance for the surveyed enterprises (lowest average ratings):

- Saturation of existing markets with products offered by the enterprise (1.54) – *external motive*,
- Expansion of business partners to the Vietnamese market (1.73) – *external motive*,
- Excessive production capacity of the enterprise (1.27) – *internal motive*.

The two motives: (1) decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war and (2) competitive advantage of the enterprise in the form of unique products/ technologies/know-how were assessed by the respondents at the average level of importance with the rating of 2.93 and 3.25, respectively.

Nevertheless, there are significant differences between the assessments of motives by large Polish enterprises and micro, small, and medium-sized ones. Specifically, the large Polish enterprises indicated that the most important motive for their expansion into the Vietnamese market is striving for enterprise development and achievement of long-term goals with a rating of 4.83, far from the second one (i.e., personal commitment and motivation of the enterprise's management) with a rating of 3.83. For the large Polish enterprises, possessing unique knowledge about the Vietnamese market or local partners was assessed as only the third most important motive for entering the Vietnamese market with a rating of 3.50. In the cases of micro, small, and medium-sized Polish enterprises, possessing unique knowledge about the Vietnamese market or local partners was the most important motive for their expansion into the Vietnamese market, while striving for enterprise development and achievement of long-term goals was assessed as only the second or third most important motive.

There are also distinct differences in the importance of each motive for enterprises with different duration of operation in the Vietnamese market (see Table 28). Accordingly, for the enterprises that have operated in the Vietnamese market for less than one year, the most important motives for their expansion into this market are: 1/ striving for enterprise development and achievement of long-term goal (4.60), 2/ possessing unique knowledge about the Vietnamese market or local partners (4.40), 3/ personal commitment and motivation of the enterprise's management (4.20), and 4/ The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) (4.00). Similarly, for the enterprises operating in the Vietnamese market for more than one but

less than five years, the following motives are most important: 1/ possessing unique knowledge about the Vietnamese market or local partners (4.55), 2/ the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) (4.50), 3/ unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients (4.23), and 4/ striving for enterprise development and achievement of long-term goals (4.05). In both cases, the entry into force of the agreement EVFTA played a significant role in driving the expansion into the Vietnamese market.

Table 28. The assessments of the importance of motives of the surveyed enterprises market by duration of operation in the Vietnamese market

Duration of operation in the Vietnamese market (years)		Motives for internationalization									
		The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA)	Decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war	Saturation of existing markets with products offered by the enterprise	Expansion of business partners to the Vietnamese market	Unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients	Striving for enterprise development and achievement of long-term goals	Competitive advantage of the enterprise in the form of unique products/ technologies/ know-how	Possessing unique knowledge about the Vietnamese market or local partners	Personal commitment and motivation of the enterprise's management	Excessive production capacity of the enterprise
> 1	N.I.	5	5	5	5	5	5	5	5	5	5
	Average	4.00	3.00	2.00	2.00	3.60	4.60	3.20	4.40	4.20	1.00
	S.D.	1.225	1.414	1.000	1.225	1.673	0.894	1.095	0.894	0.447	0.000
1 - 5	N.I.	22	22	22	22	22	22	22	22	22	22
	Average	4.50	3.36	1.55	1.64	4.23	4.05	2.86	4.55	3.95	1.23
	S.D.	0.964	1.002	0.596	0.902	1.020	0.653	0.774	0.912	0.653	0.612
6 - 10	N.I.	24	24	24	24	24	24	24	24	24	24
	Average	3.42	2.88	1.46	1.63	3.96	4.13	3.33	4.33	3.92	1.21
	S.D.	1.100	0.992	0.588	1.013	1.197	0.680	0.816	0.963	0.776	0.415
11 - 15	N.I.	3	3	3	3	3	3	3	3	3	3
	Average	1.33	1.33	1.00	3.00	3.00	3.67	4.67	3.67	4.67	1.33
	S.D.	0.577	0.577	0.000	1.732	1.732	1.155	0.577	2.309	0.577	0.577
< 15	N.I.	2	2	2	2	2	2	2	2	2	2
	Average	1.00	1.00	2.00	1.50	3.00	5.00	4.50	3.50	4.00	3.00
	S.D.	0.000	0.000	1.414	0.707	2.828	0.000	0.707	2.121	1.414	2.828

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

In contrast, for the enterprises that have operated in the Vietnamese market for over ten years (both ten – fifteen years and over fifteen years), the most important motives are internal drives, namely (1) striving for enterprise development and achievement of long-term goals, (2) competitive advantage of the enterprise in the form of unique products/technologies/know-how, and (3) personal commitment and motivation of the enterprise's management. The external factors, such as the entry into force of the agreement EVFTA and decreases in sales of the enterprise's products or services on existing markets, resulting from the Russia-Ukraine war or the USA-China trade war, played the least important role in driving the expansion of these enterprises into the Vietnamese market.

The analysis of the assessments of the importance of motives for expansion of the surveyed enterprises into the Vietnamese market by their type of activities also indicated the significant differences between enterprises from different sectors (see Table 29). Accordingly, for *manufacturing enterprises*, the most important motives for entering the Vietnamese market were 1/ possessing unique knowledge about the Vietnamese market or local partners (4.14), 2/ unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients (4.14), 3/ striving for enterprise development and achievement of long-term goals (4.07), 4/ personal commitment and motivation of the enterprise's management (3.83), and 5/ The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) (3.72). "Competitive advantage of the enterprise in the form of unique products/ technologies/ know-how" and "decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war" were assessed by these enterprises at the average level with the ratings of 3.21 and 2.97, respectively. "Expansion of business partners to the Vietnamese market", "excessive production capacity of the enterprise", and "saturation of existing markets with products offered by the enterprise" were least important for manufacturing enterprises (1.41, 1.41, and 1.38, respectively).

Table 29. The assessments of the importance of motives of the surveyed enterprises by type of business activities

Type of business activities		Motives for internationalization									
		The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA)	Decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war	Saturation of existing markets with products offered by the enterprise	Expansion of business partners to the Vietnamese market	Unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients	Striving for enterprise development and achievement of long-term goals	Competitive advantage of the enterprise in the form of unique products/ technologies/ know-how	Possessing unique knowledge about the Vietnamese market or local partners	Personal commitment and motivation of the enterprise's management	Excessive production capacity of the enterprise
Production	N.I.	29	29	29	29	29	29	29	29	29	29
	Average	3.72	2.97	1.38	1.41	4.14	4.07	3.21	4.14	3.83	1.41
	S.D.	1.412	1.117	0.561	0.733	1.156	0.651	0.819	1.302	0.759	0.907
Services	N.I.	6	6	6	6	6	6	6	6	6	6
	Average	2.50	2.33	1.50	2.17	3.33	4.17	4.33	4.83	4.67	1.17
	S.D.	1.975	1.751	0.837	1.472	1.862	0.983	0.816	0.408	0.516	0.408
Trade	N.I.	21	21	21	21	21	21	21	21	21	21
	Average	4.00	3.05	1.76	2.05	3.86	4.24	3.00	4.52	4.05	1.10
	S.D.	0.984	0.973	0.700	1.161	1.195	0.768	0.894	0.680	0.590	0.301

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

Meanwhile, for *service enterprises*, possessing unique knowledge about the Vietnamese market or local partners played an essential role in driving their expansion into the Vietnamese market with the highest rating of 4.83. It was followed by personal commitment and motivation of the enterprise's management (4.67), competitive advantage of the enterprise in the form of unique products/ technologies/ know-how (4.33), and striving for enterprise development and achievement of long-term goals (4.17). The remaining motives were assessed by these enterprises at low levels of importance (see Table 29). In particular, the emergence of new opportunities in the

Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) was one of the least important motives for the Polish service enterprises with a rating of 2.5.

Conversely, the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) played an important role in expansion of Polish *commercial enterprises*, as it was assessed by them at high level (4.00), followed by unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients (3.86). However, the most important motive for these enterprises was still possessing unique knowledge about the Vietnamese market or local partners (4.52), followed by striving for enterprise development and achievement of long-term goals (4.24) and personal commitment and motivation of the enterprise's management (4.05). There is not much remarkable about the remaining motives.

In addition to the predefined motives, some respondents also indicated other factors that drive their expansion into the Vietnamese market, namely: 1/ development of the enterprise in the exotic tourism industry (one indication with a rating of 5.00), 2/ willingness to settle and live in Vietnam (one indication with a rating of 5.00), and 3/ seeking a stable and safe country for investment (one indication with a rating of 5.00).

It can therefore be concluded that the expansion of the surveyed enterprises into the Vietnamese market was driven by both internal and external motives. However, the internal motives are more important than the external factors. Among them, possessing unique knowledge about the Vietnamese market or local partners was assessed by the surveyed Polish enterprises as the most important motive for the expansion into the Vietnamese market. That points to the necessity of understanding and possessing knowledge about a distant and unfamiliar market like Vietnam. The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA) was assessed as an important motive, but it ranked only fifth among the most important motives for the expansion of Polish enterprises into the Vietnamese market.

Besides, there are significant differences between the assessments of motives of the surveyed Polish enterprises for entering the Vietnamese market by their size, duration of operation in the Vietnamese market, and type of business activities. The most noticeable difference occurs in the case of the "emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA)", as it was one of the most essential motives for entering the

Vietnamese market of the Polish commercial and production enterprises and for those operating in Vietnam for five years or less; meanwhile it was less important for Polish service enterprises and those operating in Vietnam for more than five years. In addition, there are also significant differences in the case of the "possessing unique knowledge about the Vietnamese market or Vietnamese partners" as it was the most important motive for micro, small, and medium-sized enterprises and those operating in Vietnam for ten years or less. This motive was assessed at the average levels for large enterprises and those being present in the Vietnamese market for more than ten years. A significant difference is also in the case of the "competitive advantage of the enterprise in the form of unique products/ technologies/ know-how" as it is one of the most important motives for enterprises operating in Vietnam for over ten years, while it was less important for those being in the Vietnamese market for ten years or less.

5.1.2. The main features of the Vietnamese business environment that influence its attractiveness and the risk of operating in this market

As mentioned in Section 2.5.1. of Chapter II, the enterprise's decisions regarding the international market entry strategies are determined by the attractiveness of a foreign market and the risk of operating in this market. The attractiveness of a foreign market is influenced by the features (strengths) of the market that are conducive to the entry and operation of the firm in that market. On the other hand, the risk of operating in the foreign market is influenced by the difficulties and barriers encountered by the enterprise when entering the market.

As a result of the conducted literature studies and interviews with experts and some Polish entrepreneurs, the following key features of the Vietnamese markets were considered in the study: (1) absorptive market – growing demand, (2) low labor costs, (3) easy access to cheap labor, (4) rapid economic development, and (5) political stability. The assessments of the importance of the features of the business environment in Vietnam declared by the surveyed Polish enterprises by their size were presented in Table 30.

Table 30. The assessments of the importance of the features of the business environment in Vietnam by Polish enterprises by their size

Firm size		Features				
		Absorptive market – growing demand	Low labor costs	Easy access to cheap labor	Rapid economic development	Political stability
Total	N.I.	56	56	56	56	56
	Average	4.02	3.02	2.66	4.68	4.46
	S.D.	0.963	0.904	0.815	0.936	0.934
Micro	N.I.	8	8	8	8	8
	Average	3.63	3.00	2.50	4.88	4.50
	S.D.	0.744	1.069	0.756	0.354	0.756
Small	N.I.	30	30	30	30	30
	Average	4.00	3.03	2.57	4.67	4.47
	S.D.	0.830	0.809	0.679	0.922	0.819
Medium	N.I.	12	12	12	12	12
	Average	4.42	2.92	2.75	4.67	4.42
	S.D.	0.793	0.996	0.866	1.155	1.240
Large	N.I.	6	6	6	6	6
	Average	3.83	3.17	3.17	4.50	4.50
	S.D.	1.835	1.169	1.329	1.225	1.225

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

As shown in Table 30, all of the surveyed enterprises, regardless of their size, gave the highest rating to the rapid economic development and political stability as the most important strengths of Vietnam's business environment with the average ratings of 4.5 or higher, followed by the absorptive market – growing demand with the average rating fluctuating around 4.0. Interestingly, the two following factors: low labor costs and easy access to cheap labor, which are frequently listed in scientific publications or economic reports as a key strength of Vietnam (see Sub-section 4.1.2.3), are only rated by Polish enterprises at average level with the rating fluctuating around 3.00.

The analysis of the importance of individual features of the Vietnamese market for Polish enterprises by the duration of operation in this market showed that the most essential strength of Vietnam's business environment was rapid economic development, especially in the cases of enterprises operating in Vietnam for less than one year and more than ten years, as it was assessed by these enterprises at the maximum rating of 5.00 (see Table 31). It was followed by political stability with the ratings fluctuating around 4.50 and absorptive market – growing demand with the ratings about 4.00. Low labor costs and easy access to cheap labor are still the least important strengths of Vietnam from the points of view of Polish enterprises.

Table 31. The assessments of the importance of the features of Vietnam's business environment by Polish enterprises by duration of operation in this market

Year(s)		Features				
		Absorptive market – growing demand	Low labor costs	Easy access to cheap labor	Rapid economic development	Political stability
> 1	N.I.	5	5	5	5	5
	Average	3.60	2.80	2.60	5.00	4.40
	S.D.	0.894	1.304	1.140	0.000	0.894
1 - 5	N.I.	22	22	22	22	22
	Average	3.86	3.00	2.55	4.73	4.41
	S.D.	0.774	0.756	0.671	0.703	0.734
6 - 10	N.I.	24	24	24	24	24
	Average	4.29	3.13	2.79	4.50	4.50
	S.D.	0.955	0.900	0.721	1.251	1.142
11 - 15	N.I.	3	3	3	3	3
	Average	3.67	3.67	3.33	5.00	5.00
	S.D.	2.309	0.577	1.528	0.000	0.000
< 15	N.I.	2	2	2	2	2
	Average	4.00	1.50	1.50	5.00	4.00
	S.D.	0.000	0.707	0.707	0.000	1.414

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

The assessments of the importance of individual features of the Vietnamese market by Polish enterprises by their type of business activities were presented in the Table 32.

Table 32. The assessments of the importance of the features of the business environment in Vietnam by Polish enterprises by type of business activities

Type		Features				
		Absorptive market – growing demand	Low labor costs	Easy access to cheap labor	Rapid economic development	Political stability
Production	N.I.	29	29	29	29	29
	Average	4.07	2.97	2.72	4.62	4.34
	S.D.	1.033	0.944	0.882	1.049	1.078
Services	N.I.	6	6	6	6	6
	Average	4.00	3.17	2.67	5.00	4.83
	S.D.	0.894	0.983	0.816	0.000	0.408
Trade	N.I.	21	21	21	21	21
	Average	3.95	3.05	2.57	4.67	4.52
	S.D.	0.921	0.865	0.746	0.913	0.814

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

As reflected in Table 32, for Polish enterprises from different sectors, rapid economic development, political stability, and absorptive market – growing demand were still the

most important features of the Vietnamese business environment with the ratings more than 4. Low labor costs and easy access to cheap labor remained at the average levels.

In addition to the predefined strengths, some respondents also indicated other factors that were conducive to their expansion into the Vietnamese market, namely: 1/ low taxes (four indications with a rating of 4), availability of skilled workers (one indication with a rating of 4), Vietnam's membership in multilateral trade agreements (one indication with a rating of 4), and hospitality of the inhabitants (one indication with a rating of 4), shortage of products in the Vietnamese market (one indication with a rating of 5), and an important transport hub⁶⁹⁸ (one indication with a rating of 5).

As a result of the literature studies and interviews with experts and some Polish entrepreneurs, the following difficulties and barriers of entering the Vietnamese markets were considered in the study: (1) infrastructure and transport, (2) relatively low household income, (3) low qualifications of employees, (4) corruption, and (5) difficult cooperation with administration officials.

The assessments of the importance of these factors declared by the surveyed Polish enterprises by their size were presented in Table 33.

Table 33. The assessments of the importance of the difficulties and barriers of entering the Vietnamese market by Polish enterprises by their size

		Features				
		Infrastructure and transport	Relatively low household income	Low qualifications of employees	Corruption	Difficult cooperation with administration officials
Total	N.I.	56	56	56	56	56
	Average	2.84	2.63	2.50	3.55	3.98
	S.D.	0.826	0.752	0.853	0.872	0.981
Micro	N.I.	8	8	8	8	8
	Average	2.63	3.13	2.63	4.13	4.25
	S.D.	0.916	0.354	0.744	0.641	0.707
Small	N.I.	30	30	30	30	30
	Average	2.83	2.53	2.63	3.50	3.93
	S.D.	0.791	0.776	0.809	0.900	0.980
Medium	N.I.	12	12	12	12	12
	Average	3.00	2.58	2.50	3.50	4.08
	S.D.	0.853	0.793	0.905	0.674	0.900
Large	N.I.	6	6	6	6	6
	Average	2.83	2.50	1.67	3.17	3.67
	S.D.	0.983	0.837	0.816	1.169	1.506

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

⁶⁹⁸ The respondent argued that next to Vietnam is Indonesia with more than 250 million people and the Philippines with 100 million.

As reflected in Table 33, corruption and difficult cooperation with administration officials are the two most critical factors that the surveyed Polish enterprises encountered when entering the Vietnamese market with average ratings of 3.55 and 3.98, respectively. The remaining factors, namely, infrastructure and transport, relatively low household income, and low qualifications of employees, are less important for the respondents (with the ratings of 2.84, 2.63, and 2.50, respectively). Regarding the company size, corruption and difficult cooperation with administration officials are still the two most critical difficulties for Polish enterprises entering the Vietnamese market. Nevertheless, the two factors seem to affect micro, small, and medium-sized enterprises more than the large ones, as their ratings of these factors are pretty higher. In the cases of the remaining factors, there are no significant differences in the assessments of Polish enterprises in terms of their size.

The assessments of the importance of the difficulties and barriers encountered by Polish enterprises entering the Vietnamese market by their duration of operation in this market were presented in Table 34.

Table 34. The assessments of the importance of the difficulties and barriers of entering the Vietnamese market by Polish enterprises by duration of operation in this market

Years		Features				
		Infrastructure and transport	Relatively low household income	Low qualifications of employees	Corruption	Difficult cooperation with administration officials
> 1	N.I.	5	5	5	5	5
	Average	2.40	3.20	2.20	4.40	4.40
	S.D.	0.894	0.447	0.837	0.548	0.548
1 - 5	N.I.	22	22	22	22	22
	Average	2.73	2.77	2.59	3.73	4.09
	S.D.	0.827	0.685	0.734	0.827	0.868
6 - 10	N.I.	24	24	24	24	24
	Average	2.96	2.50	2.50	3.33	3.83
	S.D.	0.690	0.722	0.885	0.917	1.167
11 - 15	N.I.	3	3	3	3	3
	Average	3.67	2.67	2.33	3.00	3.33
	S.D.	0.577	0.577	1.155	0.000	0.577
< 15	N.I.	2	2	2	2	2
	Average	2.50	1.00	2.50	3.00	4.50
	S.D.	2.121	0.000	2.121	0.000	0.707

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

As can be seen, difficult cooperation with administrative officials was the biggest problem for the Polish enterprises when entering the Vietnamese market, as it was rated over than 4.00, except those operating in this market for 11-15 years (3.33). The second most important problem for the Polish enterprises was also corruption, but while that was the biggest obstacle for newcomers (i.e., the enterprises operating in Vietnam for less than one year), it was rated at the average level of 3.00 or slightly more for those enterprises a longer presence in the Vietnamese market. There is not much remarkable about the remaining lesser important factors.

The assessments of the importance of the difficulties and barriers of expansion into the Vietnamese market by the surveyed enterprises by their type of business activities were presented in Table 35. Accordingly, difficult cooperation with administration officials and was still the biggest problem for Polish enterprises from different sectors with the ratings fluctuating around 4.00. It was followed by the corruption rated at 3.33 by the manufacturing and service enterprises, and slightly higher 3.90 by trading enterprises. The lesser important obstacles were still the infrastructure and transport, relatively low household income, and low qualifications of employees.

Table 35. The assessments of the importance of the difficulties and barriers of entering the Vietnamese market by the surveyed enterprises by type of business activities

		Features				
		Infrastructure and transport	Relatively low household income	Low qualifications of employees	Corruption	Difficult cooperation with administration officials
Production	N.I.	29	29	29	29	29
	Average	2.72	2.45	2.38	3.34	3.86
	S.D.	0.841	0.783	0.820	0.857	1.026
Services	N.I.	6	6	6	6	6
	Average	3.50	2.50	2.50	3.33	4.00
	S.D.	0.837	0.837	1.225	0.516	0.894
Trade	N.I.	21	21	21	21	21
	Average	2.81	2.90	2.67	3.90	4.14
	S.D.	0.750	0.625	0.796	0.889	0.964

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation.

Source: As in Table 27.

The respondents also revealed some difficulties and barriers that were not predefined in the questionnaire, namely: 1/ weak banking system (one indication with a rating of 4),

2/ environment pollution and low level of occupational safety and health (two answers with a rating of 4), 3/ cultural and language differences (two indications with a rating of 5), and 4/ regulations hindering the free export of medical devices (one indication with a rating of 5).

Comparing the assessments of the Vietnamese market's features conducive to the entry and operation of the surveyed Polish enterprises in this market and the barriers encountered by them, it is easy to be seen that the average ratings of the strengths of the Vietnamese market are significantly higher than the average ratings of the disadvantage factors (see Table 36).

Table 36. Comparison of the assessments of the importance of the Vietnamese market's strengths and barriers of entering this market

Strengths	Average rating	N	Average rating	Barriers
Rapid economic development	4.68	56	3.98	Difficult cooperation with administration officials
Political stability	4.46	56	3.55	Corruption
Absorptive market – growing demand	4.02	56	2.84	Infrastructure and transport
Low labor costs	3.02	56	2.63	Relatively low household income
Easy access to cheap labor	2.66	56	2.50	Low qualifications of employees

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

Source: As in Table 27.

For instance, three of the five selected strengths were rated above 4.00, while none of the selected disadvantage factors were rated above or equal to 4.00. It shows that favorable factors are of greater importance for Polish businesses than disadvantage factors, meaning that the Vietnamese market is actually attractive from the perspectives of Polish entrepreneurs. That conclusion is also supported by the respondents' assessments of whether the attractiveness of the Vietnamese market increased significantly after the entry into force of the agreement EVFTA on 1st August 2020. The assessments of Polish enterprises on the change in the attractiveness of the Vietnamese market under the conditions of the agreement EVFTA were presented in Table 37.

Table 37. The change in the attractiveness of the Vietnamese market under the conditions of the agreement EVFTA assessed by the surveyed enterprises by duration of operation in this market

Significant increase		Duration of operation in the Vietnamese market					Total
		Less than 1 year	1 – 5 years	6 – 10 years	11 – 15 years	Over 15 years	
Yes	N.I.	4	21	16	0	1	42
	%	80.00	95.45	66.67	0.00	50.00	75.00
No	N.I.	1	1	8	3	1	14
	%	20.00	4.55	33.33	100.00	50.00	25.00
Total	N.I.	5	22	24	3	2	56
	%	100	100	100	100	100	100

N.I. – number of indications.

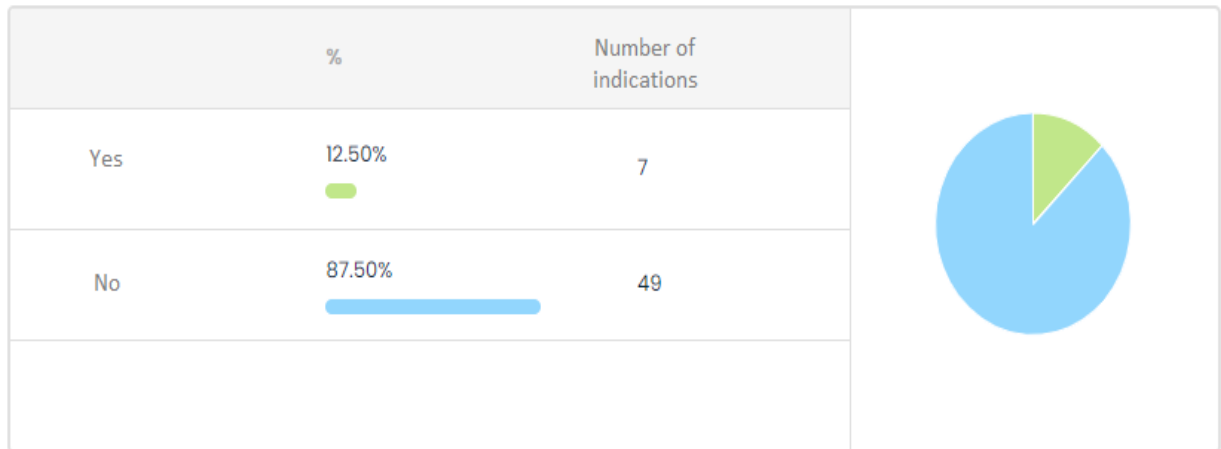
Source: As in Table 27.

As shown in Table 37, three-quarters of the surveyed enterprises (75%) asserted that the attractiveness of the Vietnamese market increased significantly after the entry into force of the agreement EVFTA in 2020. In particular, most of the Polish enterprises that have expanded to the Vietnamese market in the last 1-5 years (as many as 95.45% of those enterprises) claimed that the Vietnamese market has become more attractive under the impact of the agreement EVFTA. This result is consistent with one of the most important motives of the enterprises belonging to the group of companies entering the Vietnamese market in the last 1-5 years, i.e., the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA).

The respondents were also asked if there were new threats or risks of operating in the Vietnamese market after the agreement EVFTA came into effect. As many as 87.50% of them believed that there is no new threat or risk at all (see Figure 25). Only 12.50% of the respondents asserted that there are threats and risks of operating in the Vietnamese market after the agreement EVFTA came into force. They mainly mentioned the threats and risks related to growing competition (6 indications)⁶⁹⁹. One respondent also pointed to the growing barriers to importing medical devices to the Vietnamese market.

⁶⁹⁹ One respondent pointed to the growing competition from enterprises from other European countries.

Figure 25. The respondents' assessment of the occurrence of threats or risk after the entry into force of the agreement EVFTA



Source: As in Table 27.

5.1.3. The resources as internal determinants of the expansion of Polish enterprises into the Vietnamese market

The determinants of international market entry strategies of enterprises also include the resources they need to take advantage of favorable conditions in a foreign market and overcome the difficulties and barriers of entering that market. As a result of the literature studies and interviews with experts and some Polish entrepreneurs, the following firm resources were considered in the study: (1) product/service characteristics (e.g., uniqueness/innovativeness of the product or technology), (2) enterprise's brand image, (3) enterprise's international experience, (4) unique knowledge and understanding of the Vietnamese market, (5) relations with local partners, clients, and other stakeholders in the Vietnamese market, and (6) employee competencies.

Table 38 presented the assessments of the importance of resources from the point of view of Polish enterprises participating in the study, classified by their size.

Table 38. The importance of resources assessed by the surveyed enterprises by their size

		Resource					
		product/service characteristics (e.g., uniqueness/innovativeness of the product or technology)	enterprise's brand image	enterprise's international experience	unique knowledge and understanding of the Vietnamese market	relations with local partners, clients, and other stakeholders in the Vietnamese market	employee competencies
Total	N.I.	56	56	56	56	56	56
	Average	3.32	3.23	4.00	4.71	4.64	3.86
	S.D.	0.690	0.426	0.632	0.594	0.699	0.586
Micro	N.I.	8	8	8	8	8	8
	Average	3.38	3.13	4.13	4.88	4.88	3.88
	S.D.	1.061	0.354	0.641	0.354	0.354	0.641
Small	N.I.	30	30	30	30	30	30
	Average	3.20	3.20	3.97	4.70	4.70	3.83
	S.D.	0.664	0.407	0.615	0.651	0.702	0.648
Medium	N.I.	12	12	12	12	12	12
	Average	3.67	3.25	4.00	4.58	4.33	4.00
	S.D.	0.492	0.452	0.603	0.669	0.888	0.426
Large	N.I.	6	6	6	6	6	6
	Average	3.17	3.50	4.00	4.83	4.67	3.67
	S.D.	0.408	0.548	0.894	0.408	0.516	0.516

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation

Source: As in Table 27.

As can be seen from Table 38, the surveyed Polish enterprises rated the highest importance (highest average ratings) of the two following resources: 1/ unique knowledge and understanding of the Vietnamese market (4.71) and 2/ relations with local partners, clients, and other stakeholders in the Vietnamese market (4.64), followed by enterprise's international experience (4.00) and employee competencies (3.86). The least important resources for Polish enterprises are product/service characteristics (e.g., uniqueness/innovativeness of the product or technology) with a rating of 3.32 and enterprise's brand image – 3.23. It can be also recognized that there is no notable difference in the importance of each resource for large enterprises in comparison with the smaller ones.

Regarding the duration of operation in the Vietnamese market, the results are similar to those for all enterprises (see Table 39). The only significant differences occur in the cases of enterprises operating in the Vietnamese market for more than fifteen years.

Specifically, for these enterprises, product/service characteristics (e.g., uniqueness/innovativeness of the product or technology) played the most important role in their expansion into the Vietnamese market with an average rating of 4.5, while unique knowledge and understanding of the Vietnamese market, which was assessed as the most essential resource for all of the surveyed enterprises (4.71 – see Table 38), was only rated at the average level – 3.50.

Table 39. The importance of resources assessed by the surveyed Polish enterprises by duration of operation in the Vietnamese market

		Resource					
		product/service characteristics (e.g., uniqueness/innovativeness of the product or technology)	enterprise's brand image	enterprise's international experience	unique knowledge and understanding of the Vietnamese market	relations with local partners, clients, and other stakeholders in the Vietnamese market	employee competencies
> 1	N.I.	5	5	5	5	5	5
	Average	3.40	3.20	4.00	5.00	5.00	3.80
	S.D.	0.894	0.447	0.707	0.000	0.000	0.837
1 - 5	N.I.	22	22	22	22	22	22
	Average	3.23	3.23	4.00	4.77	4.82	3.86
	S.D.	0.612	0.429	0.617	0.685	0.664	0.560
6 - 10	N.I.	24	24	24	24	24	24
	Average	3.33	3.29	3.92	4.67	4.42	3.88
	S.D.	0.702	0.464	0.654	0.482	0.717	0.537
11 - 15	N.I.	3	3	3	3	3	3
	Average	3.00	3.00	4.33	5.00	5.00	4.00
	S.D.	0.000	0.000	0.577	0.000	0.000	1.000
< 15	N.I.	2	2	2	2	2	2
	Average	4.50	3.00	4.50	3.50	4.00	3.50
	S.D.	0.707	0.000	0.707	0.707	1.414	0.707

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation

Source: As in Table 27.

The assessments of the importance of resources by the surveyed Polish enterprises classified by their type of business activities were presented in Table 40. Specifically, unique knowledge and understanding of the Vietnamese market was still the most essential resources assessed by the Polish enterprises, followed by relations with local partners, clients, and other stakeholders in the Vietnamese market (both of the two resources were rated at least 4.55 or higher). For the respondents, enterprise international

experience and employee competencies are also important assets, as they were rated at around 4.00. The remaining resources, namely product/service characteristics (e.g., uniqueness/innovativeness of the product or technology) and enterprise's brand image are less important with the average ratings of slightly higher than 3.00.

Table 40. The importance of resources assessed by the surveyed Polish enterprises by type of business activities

		Resource					
		product/service characteristics (e.g., uniqueness/innovativeness of the product or technology)	enterprise's brand image	enterprise's international experience	unique knowledge and understanding of the Vietnamese market	relations with local partners, clients, and other stakeholders in the Vietnamese market	employee competencies
Production	N.I.	29	29	29	29	29	29
	Average	3.31	3.24	3.90	4.62	4.55	3.79
	S.D.	0.604	0.435	0.618	0.728	0.827	0.491
Services	N.I.	6	6	6	6	6	6
	Average	3.67	3.00	4.17	4.83	4.50	4.33
	S.D.	0.816	0.000	0.408	0.408	0.837	0.816
Trade	N.I.	21	21	21	21	21	21
	Average	3.24	3.29	4.10	4.81	4.81	3.81
	S.D.	0.768	0.463	0.700	0.402	0.402	0.602

Rating on a scale of 1 – 5, where 1 is least important and 5 – most important.

N.I. – number of indications, S.D. – standard deviation

Source: As in Table 27.

In addition to the predefined resources, some respondents also revealed other resources they believe are essential for the success of their expansion into the Vietnamese market, namely: long-term investment budget (one indication with a rating of 4 and another one – 5), long-term strategy for years (one indication with a rating of 5).

Thus, it can be concluded that for Polish enterprises, the key resources that are decisive to the success of expansion the Vietnamese market are those intangible assets. In particular, unique knowledge and understanding of the Vietnamese market and relations with local partners, clients, and other stakeholders in this market are the most valuable resources, as a lack of them creates market entry barriers which may result in

difficulty or failure of expansion into a distant and unfamiliar market like Vietnam. Tangible resources, such as the budget for investment, were rarely mentioned.

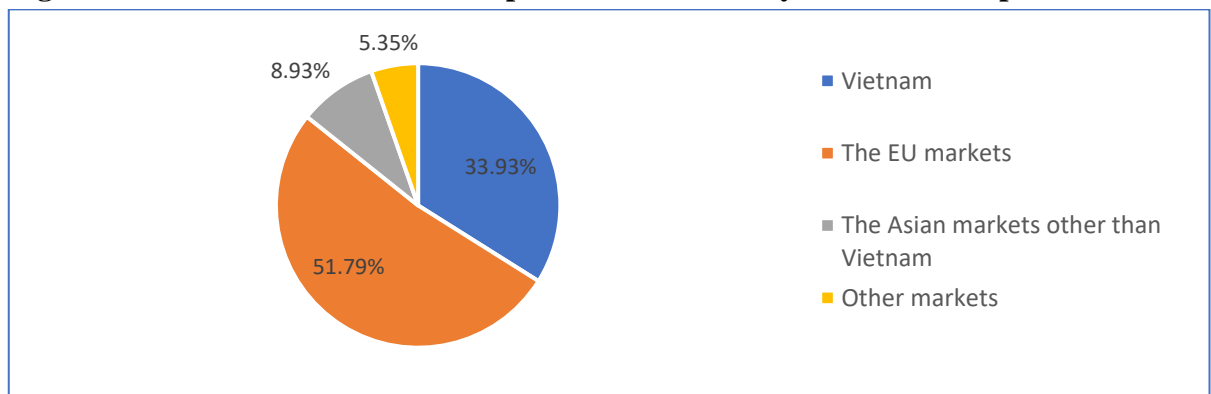
5.1.4. Entry strategies of surveyed Polish enterprises into the Vietnamese market and their directions of changes under the conditions of the EVFTA

The subject of the study was also the entry strategies of Polish enterprises into the Vietnamese market and their directions of changes under the conditions of the agreement EVFTA. The first part of this section focused on the analysis of the traditional entry strategies used by the surveyed Polish enterprises when entering the Vietnamese market. The later part was devoted to the exploring the importance of the innovative form – the international business incubation – for Polish enterprises in expansion into the Vietnamese market.

As a result of the literature studies and interviews with experts and some Polish entrepreneurs, the following traditional entry strategies were considered in the study: (1) export, (2) import, (3) licensing, (4) joint venture with a local partner, and (5) wholly-owned business in the Vietnamese market, including branch and subsidiary. It should be noted that an enterprise can use one or more entry strategies at the same time.

As mentioned, the number of Polish enterprises expanding into the Vietnamese market has increased rapidly in recent years. This fact shows that Polish businesses increasingly actively seek out distant markets. However, there is evidence that Polish enterprises entering the Vietnamese market tend to expand into markets geographically and culturally close. Many Polish enterprises chose the EU countries as the first destinations for their international expansion (nearly 52% of the respondents – see Figure 26). The preferred markets are Germany, France, and Czech.

Figure 26. The first destination of expansion of the surveyed Polish enterprises



Source: As in Table 27.

Besides, 33.93% of the surveyed enterprises chose Vietnam as the first international market. In addition, 8.93% of the surveyed enterprises chose Asian markets other than Vietnam as the first destinations for their expansion. All of these enterprises indicated that they chose China as their first international market. Only 5.35% of the respondents decided to expand to other markets, including Russia, Ukraine, and Egypt. Notably, two respondents declared that they expanded their business to over 80 countries around the world.

Furthermore, as many as 89.29% of surveyed enterprises (50 respondents) confirmed that according to their experiences, an enterprise's engagement in the Vietnamese market should proceed along with the following stages⁷⁰⁰:

- (1) export/import,
- (2) non-equity cooperation with a local partner (e.g., licensing, franchising),
- (3) equity cooperation - international joint venture, and
- (4) wholly-owned business in the Vietnamese market.

Only over 10% of respondents (6 surveyed enterprises) did not agree with that⁷⁰¹. Hence, it can be concluded that the majority of Polish enterprises internationalizing follow the traditional Uppsala model (see Sub-section 1.3.3.1).

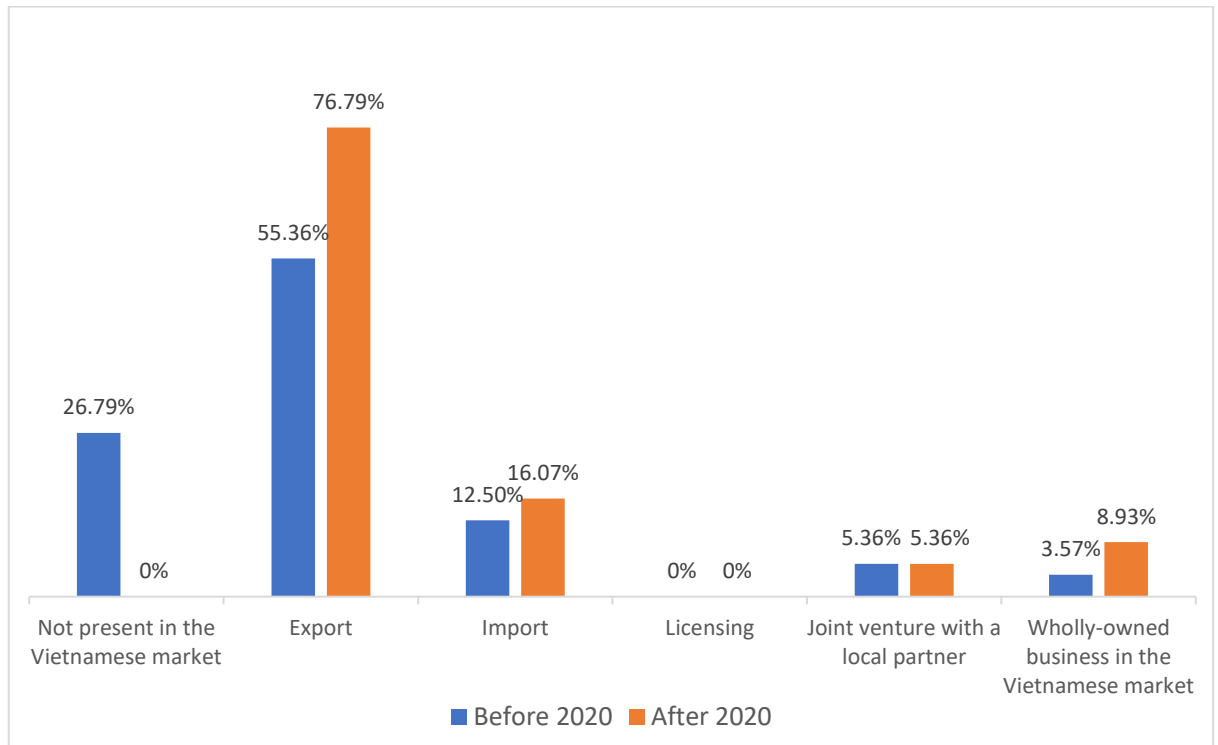
Consequently, the trade forms of international expansion, including export and import, are the most preferred entry strategies of Polish enterprises into the Vietnamese market (see Figure 27). Specifically, before 2020 export was used by 55.36% of the surveyed enterprises, while after 2020 the percentage increased to 76.79%. Import was also the frequently form used by the surveyed Polish enterprises, as 12.50% and 16.07% of them declared that they used this form before and after 2020, respectively. Advanced entry strategies, including joint venture with a local partner and wholly-owned business in the Vietnamese market, are the least frequently used. In both periods before and after 2020, only 5.36% of the surveyed enterprises utilized joint venture as the entry strategy into the Vietnamese market. Besides, before 2020 only 3.57% of the surveyed enterprises used wholly-owned business in the Vietnamese market, and after 2020 this percentage increased to 8.93%. None of them uses licensing or others forms to enter the Vietnamese market⁷⁰².

⁷⁰⁰ The answers to question number 13 in the questionnaire.

⁷⁰¹ Ibidem.

⁷⁰² In addition to the predefined entry strategies, in the questionnaire respondents were also asked whether they used other forms when entering the Vietnamese market.

Figure 27. The traditional entry strategies used by the surveyed Polish enterprises entering the Vietnamese market before and after 2020



*Not being present after 2020 means firm withdrawal from the Vietnamese market.

Source: As in Table 27.

Notably, more than a quarter (26.79%) of the surveyed Polish enterprises were not present in the Vietnamese market before 2020, and none of the respondents declared that they withdrew from the Vietnamese market in the period after 2020 (see Figure 27). It should be added that the first years after 2020 were particularly difficult time for the world economy and internationalization of enterprises due to the emergence and outbreak of the COVID-19 pandemic and the Russia-Ukraine war. That once again confirms the increasing attractiveness of the Vietnamese market for Polish businesses in recent years.

Regarding the size of the surveyed Polish enterprises, the number of businesses that were not present in the Vietnamese market before 2020 falls into the group of micro and small firms (62.50% of micro firms and 30.00% of small ones), while none of the medium-sized enterprises and only 16.67% of the large ones were not present in the Vietnamese market before 2020. There was a significant change, as all of the surveyed enterprises still maintained operations in the Vietnamese market after 2020, meaning that none of them withdrew from this market after 2020 (see Table 41).

Table 41. The traditional entry strategies used by the surveyed Polish enterprises before and after 2020 by their size

Entry strategy		Not present in the Vietnamese market*	Export	Import	Licensing	Joint venture with a local partner	Wholly-owned business in the Vietnamese market	
Micro N = 8	Before 2020	N.I.	5	0	3	0	0	
		%	62.50%	0.00%	37.50%	0.00%	0.00%	
After 2020	N.I.	0	3	3	0	0	2	
		%	0.00%	37.50%	37.50%	0.00%	0.00%	25.00%
Small N = 30	Before 2020	N.I.	9	16	3	0	1	2
		%	30.00%	53.33%	10.00%	0.00%	3.33%	6.67%
After 2020	N.I.	0	24	4	0	1	2	
		%	0.00%	80.00%	13.33%	0.00%	3.33%	6.67%
Medium N = 12	Before 2020	N.I.	0	11	0	0	2	0
		%	0.00%	91.67%	0.00%	0.00%	16.67%	0.00%
After 2020	N.I.	0	11	1	0	2	1	
		%	0.00%	91.67%	8.33%	0.00%	16.67%	8.33%
Large N = 6	Before 2020	N.I.	1	4	1	0	0	0
		%	16.67%	66.67%	16.67%	0.00%	0.00%	0.00%
After 2020	N.I.	0	5	1	0	0	0	
		%	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%

*Not being present after 2020 means firm withdrawal from the Vietnamese market.

N.I. – number of indications.

Source: As in Table 27.

As can be seen from Table 41, for all of the surveyed enterprises, regardless of their size, export is still the most frequently used entry strategy into the Vietnamese market both before and after 2020. The notable change occurred in the case of small enterprises, as the percentage of them using export significantly increased from 53.33% before 2020 to 80.00% after 2020. Import is also a fairly common form used by the surveyed Polish enterprises, but there is no remarkable change in using it before and after 2020.

In the cases of licensing and joint venture with a local partner, there was no change before and after 2020. As mentioned, none of the surveyed enterprises, regardless of their size, used licensing as an entry strategy into the Vietnamese market. Besides, none of the micro and large enterprises also did not participate in any joint venture with a Vietnamese partner, while only 16.67% of medium-sized enterprises and 3.33% of small ones used this form to enter the Vietnamese market both before and after 2020.

A considerable amount of attention must be paid to the most advanced entry strategy, i.e., the wholly-owned business in the Vietnamese market. Before 2020, only two small enterprises (6.67% of small enterprises and 3.57% of total surveyed enterprises) used this form to enter the Vietnamese market. On the other hand, after 2020, wholly-owned business in the Vietnamese market was used by two micro firms (equal to 25% of micro

enterprises and 3,57 of total enterprises), two small enterprises (25% of small enterprises and 3,57 of total enterprises), and one medium-sized enterprise (8.33% of medium-sized enterprises and 1.79% of total enterprises). It shows that micro and small businesses appear to be more active in using advanced forms of expansion to enter a distant and unfamiliar market like Vietnam. This result seems to be in contrast with the literature which often describes micro and small firms as entities with limited capital, knowledge, and experience that are most often unable to use more risky entry strategies.

Regarding the durations of operation of the surveyed enterprises in Vietnam, export is still the most frequently used form of expansion into this market (see Table 42). The remarkable changes in using this entry strategy can be observed in the cases of enterprises operating in the Vietnamese market for five years or less. More specifically, none of those enterprises operating in Vietnam for less than one year were present in this market before 2020, but 60% of them (3 respondents) declared that they used export as an entry strategy after 2020. In addition, the percentage of enterprises that have been present in the Vietnamese market for one to five years has doubled, from 40.91% of the enterprises (9 respondents) of this group to 81.82% (18 respondents). There is no change observed in using export in the cases of the groups of enterprises operating in the Vietnamese market for six years or more.

Import is the entry strategy used by only the enterprises operating in Vietnam for one to ten years (see Table 42). Specifically, import was used by 13.64% of enterprises operating in the Vietnamese market for one to five years before 2020 and by 18.18% of those enterprises after 2020. Besides, 16.67% of enterprises being present in the Vietnamese market for six to ten years declared that they used import, while this percentage slightly increased to 20.83% after 2020.

Similarly, joint venture with a local partner was used by only the enterprises operating in Vietnam for one to ten years (see Table 42). Only 4.55% of enterprises operating in the Vietnamese market for one to five years participated in a joint venture with a Vietnamese partner both before and after 2020. Meanwhile, 8.33% of enterprises belonging to the group operating in Vietnam for six to ten years declared that they used joint venture before and after 2020. As can be seen from Table 42, there is no change in the use of this entry strategy before and after 2020.

Table 42. The traditional entry strategies used by the surveyed Polish enterprises before and after 2020 by duration of operation in the Vietnamese market

Entry strategy		Not present in the Vietnamese market*	Export	Import	Licensing	Joint venture with a local partner	Wholly-owned business in the Vietnamese market
> 1 year N = 5	Before 2020	N.I.	5	0	0	0	0
		%	100%	0.00%	0.00%	0.00%	0.00%
	After 2020	N.I.	0	3	0	0	2
		%	0.00%	60.00%	0.00%	0.00%	40.00%
1-5 years N = 22	Before 2020	N.I.	10	9	3	0	1
		%	45.45%	40.91%	13.64%	0.00%	4.55%
	After 2020	N.I.	0	18	4	0	1
		%	0.00%	81.82%	18.18%	0.00%	4.55%
6-10 years N = 24	Before 2020	N.I.	0	19	4	0	2
		%	0.00%	79.17%	16.67%	0.00%	8.33%
	After 2020	N.I.	0	19	5	0	2
		%	0.00%	79.17%	20.83%	0.00%	8.33%
11-15 years N = 3	Before 2020	N.I.	0	2	0	0	0
		%	0.00%	66.67%	0.00%	0.00%	0.00%
	After 2020	N.I.	0	2	0	0	0
		%	0.00%	66.67%	0.00%	0.00%	0.00%
> 15 years N = 2	Before 2020	N.I.	0	1	0	0	0
		%	0.00%	50.00%	0.00%	0.00%	0.00%
	After 2020	N.I.	0	1	0	0	0
		%	0.00%	50.00%	0.00%	0.00%	0.00%

*Not being present after 2020 means firm withdrawal from the Vietnamese market.

N.I. – number of indications.

Source: As in Table 27.

Significant changes in using wholly-owned business can be observed clearly in the case of the enterprises operating in Vietnam for less than one year, as 40% of them declared that they used this entry strategy to enter the Vietnamese market after 2020, while none of them was not present in this market before 2020). A slight change was also in the case of enterprises operating in Vietnam for six to ten years, as one of them (equal to 4.17% of those enterprises) declared that they used wholly-owned business as a form of expansion into this market after 2020, while none of them did use this entry strategy before 2020 (see Table 42).

Regarding the types of business activities of the surveyed enterprises, the number of enterprises that were not present in the Vietnamese market before 2020 falls mainly into the group of trading and production enterprises, while, as mentioned, none of the surveyed enterprises withdrew from this market after 2020 (see Table 43).

Table 43. The traditional entry strategies used by the surveyed Polish enterprises before and after 2020 by type of business activities

Entry strategy		Not present in the Vietnamese market*	Export	Import	Licensing	Joint venture with a local partner	Wholly-owned business in the Vietnamese market	
Production N = 29	Before 2020	N.I.	4	23	2	0	2	0
		%	13.79	79.31	6.90	0.00	6.90	0.00
	After 2020	N.I.	0	26	3	0	2	0
		%	0.00	89.66	10.34	0.00	6.90	0.00
Services N = 6	Before 2020	N.I.	1	2	0	0	1	2
		%	16.67	33.33	0.00	0.00	16.67	33.33
	After 2020	N.I.	0	3	0	0	1	3
		%	0.00	50.00	0.00	0.00	16.67	50.00
Trade N = 21	Before 2020	N.I.	10	6	5	0	0	0
		%	47.62	28.57	23.81	0.00	0.00	0.00
	After 2020	N.I.	0	14	6	0	0	2
		%	0.00	66.67	28.57	0.00	0.00	9.52

*Not being present after 2020 means firm withdrawal from the Vietnamese market.

Source: As in Table 27.

Furthermore, as can be seen from Table 43, for all of the surveyed enterprises, regardless of their type of business activities, export is still the most commonly used entry strategy into the Vietnamese market both before and after 2020. However, this entry strategy was particularly preferred in the cases of manufacturing enterprises as most of them used export to enter the Vietnamese market (79.31% of these firms before 2020 and 89.66% after 2020). The notable change can be observed in the cases of trading enterprises, as the number of these enterprises using export after 2020 has over doubled compared to before 2020 (from 6 ~ 28.57% to 14 ~ 66.67%).

The second most commonly used entry strategy, regardless of the types of business activities, is still import. The number of businesses using this form of expansion into the Vietnamese market increased slightly after 2020 compared to before 2020 (see Table 43).

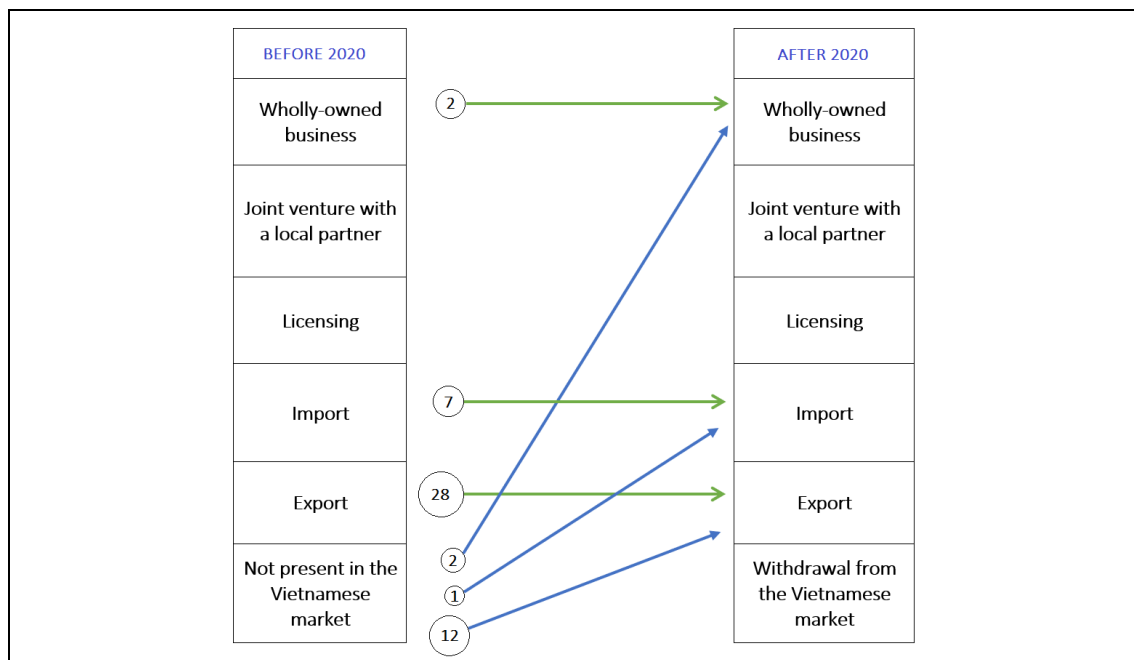
There was no change in the cases of joint venture, since it was used by two manufacturing enterprises and one from services sector both before and after 2020. None of the commercial enterprises utilized this entry strategy to enter the Vietnamese market before and after 2020.

In the cases of wholly-owned business in the Vietnamese market, none of the Polish manufacturing enterprises used this form of expansion before and after 2020. Slight changes occurred in the cases of services and trading enterprises, as it was utilized by only two services enterprises before 2020, but five of the respondents, including three

services and two trading firms, declared that they used this form of entry after 2020 (see Table 43).

The analysis of individual enterprises participating in the study showed that most of them used only a single entry strategy when entering the Vietnamese market before and/or after 2020 (see Figure 28), while only four of them declared that they utilized two or more forms of expansion into this market before and/or after 2020 (see Figure 29).

Figure 28. The changes in using entry strategies used by the surveyed enterprises before and after 2020 (single mode)



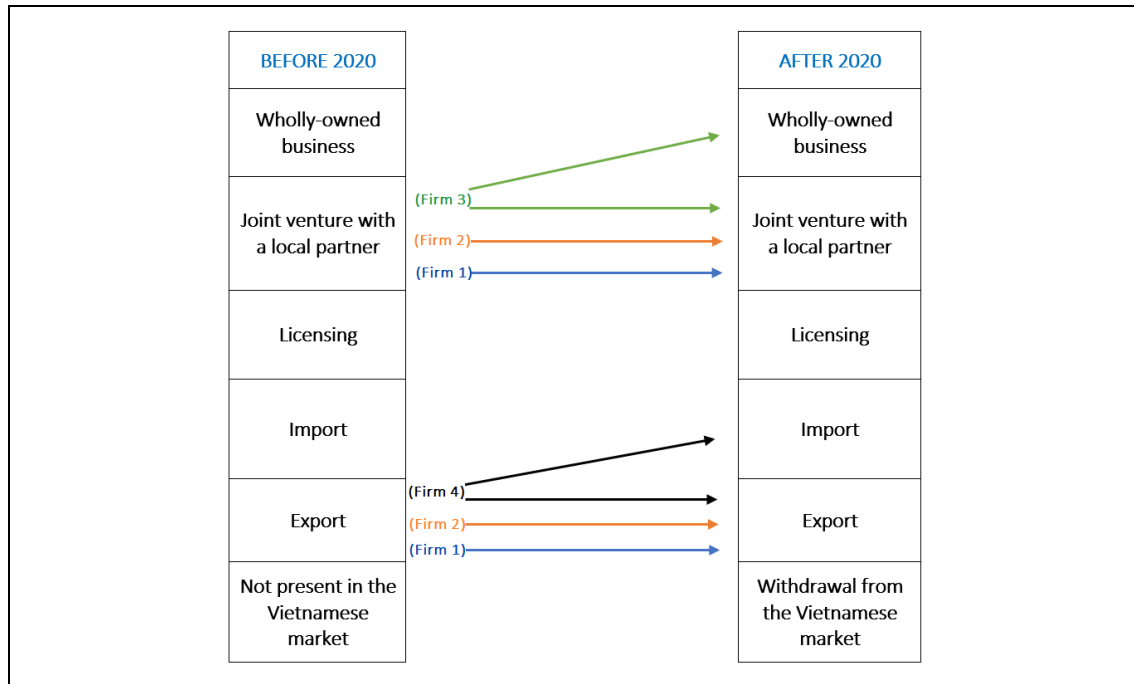
Source: As in Table 27.

As illustrated in Figure 28, half of the surveyed enterprises (28 respondents) declared that they did not change their entry strategy as they continued to use only export both before and after 2020. Seven respondents also revealed that they kept using import as the only form of expansion into the Vietnamese market before and after 2020. Two respondents with wholly-owned business in Vietnam also did not change their entry strategy.

Significant changes can be observed in the cases of enterprises that were not present in the Vietnamese market before 2020. Up to fifteen enterprises belong to this group, accounting for more than 25% of the total number of enterprises participating in the study. They switched from being an "outsider" to an "opportunity seeker" in the Vietnamese market through several entry strategies after 2020. More specifically, twelve enterprises

decided to enter the Vietnamese market via export, one via import. Notably, two enterprises decided to utilize the most advanced entry strategy, i.e., wholly-owned business after 2020 (see Figure 29).

Figure 29. The changes in using entry strategies used by the surveyed enterprises before and after 2020 (multiple mode)



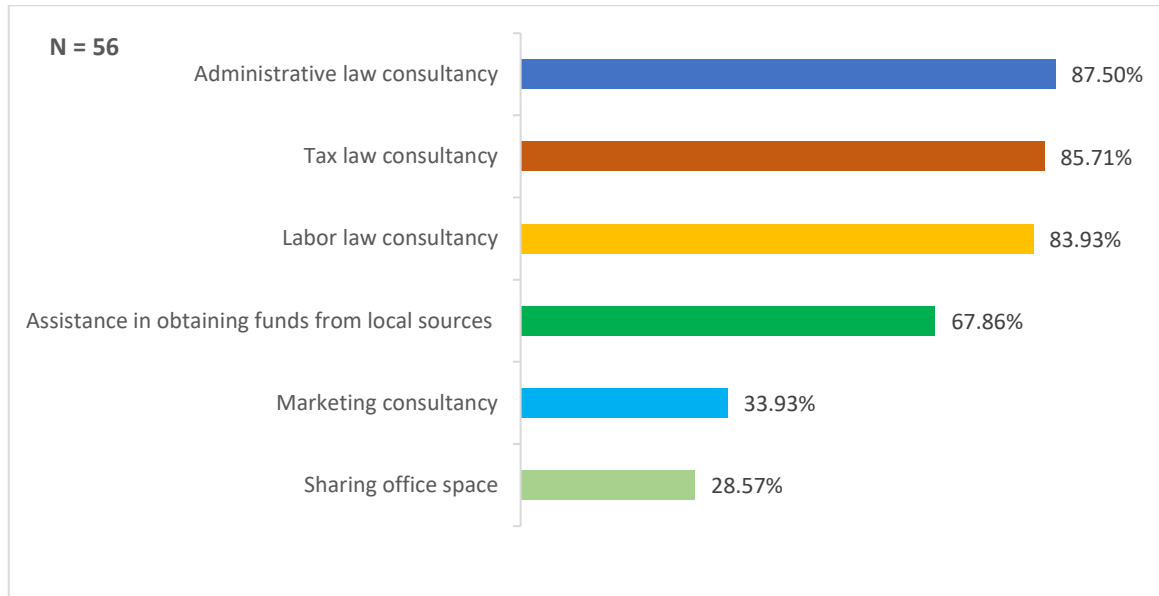
Source: As in Table 27.

Among those four enterprises entering the Vietnamese market via more than one entry strategy, two used export and were involved in a joint venture with a Vietnamese partner both before and after 2020. The third enterprise declared that they only participated in a joint venture with a local partner before 2020, but they also established their wholly-owned firm in Vietnam after 2020. The fourth enterprise used only export as the entry strategy to enter the Vietnamese market before 2020, and then they also imported products from Vietnam after 2020 (see Figure 29).

In addition to the traditional entry strategies, the surveyed enterprises were also asked whether they were aware of any International Business Incubator (IBI) existing in the Vietnamese market and utilized cooperation with it as an entry strategy when entering this market before using other modes of entry. All of the respondents (56 enterprises) claimed that they did not know and did not use cooperation with any IBI in Vietnam. The enterprises also were asked whether they would be willing to cooperate with such an entity if it was able to offer the following benefits: (1) sharing office space, (2) marketing

consultancy, (3) tax law consultancy, (4) labor law consultancy, (5) administrative law consultancy, and (6) assistance in obtaining funds from local sources (banks, government and non-government funds, etc.). The results were presented in Figure 30 below.

Figure 30. The benefits of IBI selected by the surveyed enterprises

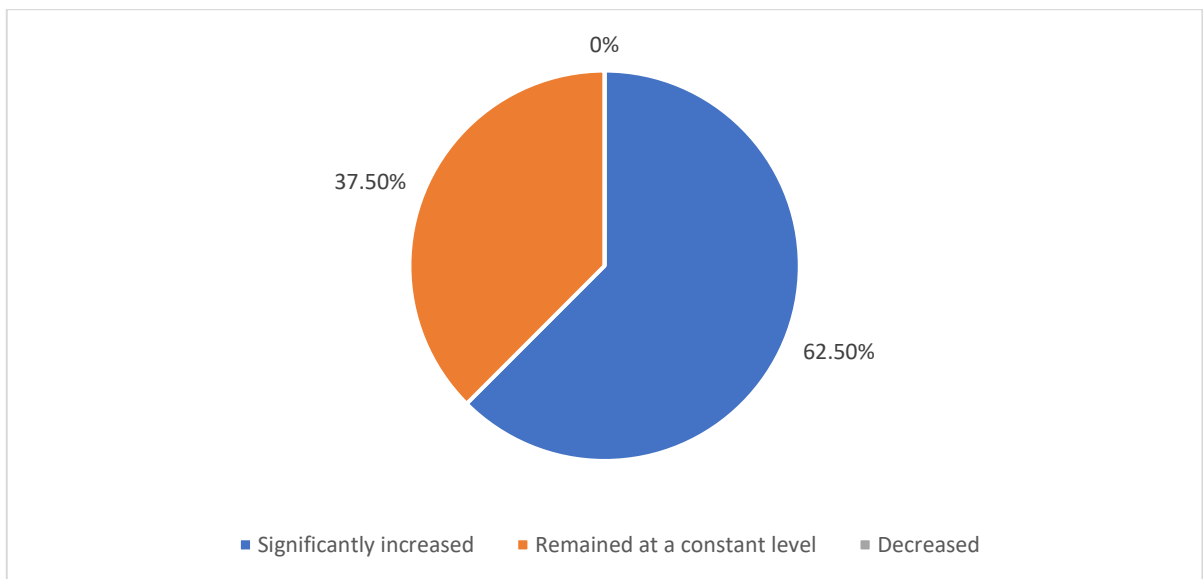


Source: As in Table 27.

As illustrated in Figure 30, the Vietnamese law is what the surveyed Polish enterprises are most concerned about, since the following benefits of IBI were selected by most respondents: administrative law consultancy (87.50%), tax law consultancy (85.71%), and labor law consultancy (83.93%). They are followed by the assistance in obtaining funds from local sources (banks, government and non-government funds, etc.) selected by 67.86% of the surveyed enterprises. On the other hand, marketing consultancy and sharing office space are the least important benefits, as they were selected by the fewest enterprises (33.93% and 28.57%, respectively). In addition to the predefined benefits, the Polish enterprises also indicated some other issues they expect from IBI, namely seeking local partners, suppliers, and distributors (11 indications), establishing business contacts and local cooperation (2 indications), organization of agent work in Vietnam (1 indication). It hence can be seen that, besides legal factors, Polish enterprises are also strongly interested in seeking and establishing business contact with potential partners in the Vietnamese market, who could help them to overcome the possible liabilities of foreignness (see Sub-chapter 2.3).

The surveyed Polish enterprises were also asked whether the agreement EVFTA impacted the Vietnamese market's share of the total sales. Nearly two-thirds of the enterprises (62.50%) revealed that the Vietnamese market's share of their total sales significantly increased under the conditions of the agreement EVFTA, while more than one-third of the enterprises declared that in their cases, this index remained at a stable level. None of the respondents indicated that the Vietnamese market's share of the total sales decreased under the impact of the agreement EVFTA (see Figure 31).

Figure 31. The change in the Vietnamese market's share of the total sales



Source: As in Table 27.

The analysis of individual enterprises participating in the study showed that the enterprises indicating that the Vietnamese market's share of their total sales significantly increased under the conditions of the agreement EVFTA are mainly small, micro, and medium-sized businesses (58.92% in total) and have operated in the Vietnamese market for from one to ten years (53.57% in total) (see Table 44). Meanwhile, among the enterprises declaring the stable level of the share of the Vietnamese market in total sales, most of them are those small (16.07% of the respondents) and operating in the Vietnamese market for six to ten years (21.43% of the respondents).

Table 44. The share of the Vietnamese market in total sale by firm size and duration of operation in this market

N = 56		The share of the Vietnamese market in total sales					
		Significantly increased		Remained at a constant level		Decreased	
		N.I.	%	N.I.	%	N.I.	%
Duration of operation in the Vietnamese market	Less than 1 year	4	7.14	1	1.79	0	0.00
	1 – 5 years	18	32.14	4	7.14	0	0.00
	6 – 10 years	12	21.43	12	21.43	0	0.00
	10 – 15 years	1	1.79	2	3.57	0	0.00
	Over 15 years	0	0.00	2	3.57	0	0.00
Firm size	Micro	6	10.71	2	3.57	0	0.00
	Small	21	37.50	9	16.07	0	0.00
	Medium	6	10.71	6	10.71	0	0.00
	Large	2	3.57	4	7.14	0	0.00

N.I. – number of indications.

Source: As in Table 27.

These declarations of the surveyed enterprises about the positive impact of the agreement EVFTA were also supported by the changes in the Vietnamese market's share of total sales in the period 2020-2022 (see Table 45).

Table 45. The share of the Vietnamese market in total sales in 2020 - 2022

Year		The share of the Vietnamese market in total sales						Total
		0%	1-5%	6-10%	11-15%	16-20%	Over 20%	
2020	N.I.	31	20	1	1	0	3	56
	%	55.36	35.71	1.79	1.79	0.00	5.36	100
2021	N.I.	4	38	10	1	0	3	56
	%	7.14	67.86	17.86	1.79	0.00	5.36	100
2022	N.I.	1	30	17	2	1	5	56
	%	1.79%	53.57	30.36	3.57	1.79	8.93	100

N.I. – number of indications.

Source: As in Table 27.

As can be seen from Table 45, although up to half of the surveyed enterprises declared that the share of the Vietnamese market in total sales in 2020 was 0% due to the outbreak of the pandemic of COVID-19, there were still more than a third of the enterprises (equal to 35.71% of the respondents) with the share of 1-5%, another one (1.79%) with the share of 6-10%, one (1.79%) with the share of 11-15%, and three (5.36%) – over 20%.

The situation improved markedly in 2021, as only 7.14% of the enterprises declared that the share of the Vietnamese market in their total sales was 0%, while up to 67.86% of the enterprises indicated that the revenues from the Vietnamese market accounted for

1-5% of their total sales. The number of enterprises with the share of 6-10% also significantly increased in 2021 compared to 2020 (17.86% and 1.79%, respectively).

The improvement continued in 2022, as the number of enterprises recording the share of 0% plummeted to one (1.79% of the respondents). The number of enterprises with the share of 6-10% also slightly decreased from 38 (67.86% of the respondents) in 2021 to 30 (53.57%) in 2022. Nevertheless, it can be seen that this decline was due to the increase of the group with the share 6-10% (from 17.86% in 2021 to 30.36% in 2022). Slight increases were also observed in the cases of the enterprises with the share 11-15%, 16-20%, and over 20% in 2022 compared with 2021.

It hence can be concluded that the agreement EVFTA has positively impacted on the growth of the Vietnamese market's share of total sales of Polish enterprises. These results are consistent with the declarations of the Polish enterprises regarding the increasing attractiveness of the Vietnamese market under the conditions of the agreement EVFTA and its positive impact on the expansion of the Polish enterprises into the Vietnamese market in recent years (see Sub-section 5.1.2).

5.2. Case studies of the entry strategies of selected Polish enterprises into the Vietnamese market

5.2.1. A case study of the entry strategies of the firm Adamed Pharma S.A. into the Vietnamese market⁷⁰³

General characteristics of the firm Adamed Pharma S.A.

Adamed Pharma S.A.⁷⁰⁴ is a family company with 100% Polish capital. Adamed was founded in 1986 by MD-PhD Marian Adamkiewicz. The firm established its first manufacturing plant in Pieńków near Warsaw in 1994 and an R&D Division in 1999. Then, a second manufacturing plant was opened in 2020 in Ksawerów. During the period from 2005 to 2009, a scientific and industrial consortium was established. During this time, a representative office was opened in Ukraine, and the second one named Adamed Laboratorios in Spain. A representative office was also opened in Russia in 2011-2012, and another in Kazakhstan in 2013. From 2013 to 2016, several activities, including an establishment of a modern R&D Center and opening of representative offices in the

⁷⁰³ Developed on the basis of an in-depth interview using a semi-structured questionnaire with the Head of Public Affairs and CSR in Vietnam of Adamed S.A. and internal materials of the firm.

⁷⁰⁴ Link to the firm website: <https://www.adamed.com/>.

Czech Republic and Slovakia, were conducted. The year 2017 marked an important event, i.e., the purchasing of a controlling stake in the Vietnamese Davipharm company and thus becoming the largest investor from Poland in Vietnam. Over the next years, the Adamed continued to carry out several activities, including:

- Opening of the Pilot Plant in Pabianice in 2018,
- Establishment of strategic cooperation with Ecupharma and setting-up of a representative office in Italy in 2020,
- Conclusion of an exclusive global license agreement with Acadia Pharmaceuticals for further development work on the innovative Adamed molecule and establishment of a representative office in Uzbekistan in 2020,
- Expansion of the Production and Logistics Center in Pabianice in 2021, and
- Purchasing and upgrading of a laboratory in Kajetany in 2022.

As the firm's slogan is - "This is where Polish innovation begins", Adamed S.A. is a pharmaceutical and biotechnology enterprise established on the basis of Polish scientific advances and its own patents. Adamed is one of the ten largest pharmaceutical enterprises operating in Poland. The firm is the leader in next-generation pharmaceuticals, as it was the first Polish enterprise to undertake research into innovative therapies back in 2001. Adamed has invested 2.1 billion Polish zloty in research and development to date, and its portfolio currently boasts more than 500 products. Nowadays, the firm has 03 manufacturing plants with 19 therapeutic areas and 2700 associates in homeland and abroad, owning over 200 patents for innovative and generic drugs. Adamed has been working with leading universities and scientific institutes in Poland and abroad.

The mission of the firm is "we respond to the key challenges of modern medicine". Adamed searches for innovative therapies by working on novel medications and developing generic drugs with added value. They actively seek new and unconventional solutions to enhance the value and uniqueness of the organization, being ready to face challenges and look for innovative solutions.

At Adamed, responsibility is one of the most important values guiding their activities. As a pharmaceutical firm, Adamed takes full responsibility for the quality of their products. They closely monitor social trends and demographic changes around the world. They support the development of young talents and promote physical and life sciences. One of their most notable programs is Adamed SmartUP, a scientific and educational program operated by the Adamed Foundation and aimed at secondary

schools. Its objective is to support talented young people aged 14-19 in their scientific development.

Regarding its internationalization, the firm started its international expansion in 2003. Today Adamed is present in over 70 foreign markets with 09 representative offices abroad. For many years, they have recorded a steady increase in the volume and value of their product sales. International operations currently account for 36% of their business, and development plans of the firm anticipate a further increase to more than 50% by 2027.

Expansion of the firm Adamed Pharma S.A. into the Vietnamese market

As mentioned, Adamed started its expansion into the Vietnamese market in 2017 by purchasing a controlling stake (70%) in the Vietnamese Davipharm company, becoming the largest investor from Poland in Vietnam. The firm has recently acquired the remaining shares in Davipharm to become the sole owner since April 2023. With an investment of 50 million USD in 2017, 10 million USD was allocated to upgrade Davipharm's factory in the southern province of Binh Duong near Saigon. Thanks to that, Vietnam became the only place where Adamed has a manufacturing plant abroad. "Striving for enterprise development and achievement of long-term goals" and "personal commitment and motivation of the enterprise's management" are the two most important motives that drove Adamed to enter the Vietnamese market.

According to Adamed, there are many elements of Vietnam's business environment that are extremely conducive to the entry and effective functioning of foreign enterprises in this market that Polish enterprises should pay attention to, namely, inter alia:

- Partnership in many bilateral and multilateral free trade agreements, including the agreement EVFTA (for more details, see Sub-chapter 4.2);
- Valuable entry point to the Southeast Asian countries ASEAN, making it an important hub in the region;
- Great encouragement of the Vietnamese government to foreign investors;
- The second place in region ASEAN in terms of FDI value;
- Political stability and stable government;
- Friendly culture and hospitality of the Vietnamese people;
- Beneficiary of the US-China trade war, since many foreign enterprises tend to shift their manufacturing plants from China to Vietnam.

In comparison to other foreign markets, Vietnam has emerged as a bright spot in the region and the world thanks to broad-based strong performance due to several factors.

First, Vietnam is the second country in the region, after Singapore, to sign a free trade agreement with the EU. Second, in a world full of political and social upheaval, the political stability of Vietnam has made it a particularly attractive and safe destination for foreign investors. Third, effective COVID-19 vaccination campaign and "living with Covid" policy (instead of "Zero-Covid" in the first half of 2021) allowed businesses and production plants to quickly resume operations and created a foundation for a strong economic recovery, compared to pursuing border closures and hard lockdowns until 2023 in other countries such as China. Recent global supply chain and trade shocks, as well as low labor costs have also propelled Vietnam to become more competitive than other countries in several regards.

In Adamed's opinion, it seems Vietnam is an attractive destination in terms of macro factors. However, there are several problems in terms of micro that Vietnam still needs to deal with. Most prominent among them are corruption and bureaucracy that occur frequently. Moreover, the potential conflict between China and Vietnam also causes a little bit of anxiety, although so far Vietnam has been doing very well in maintaining good relations with its giant neighbor.

In order to effectively enter and compete in the Vietnamese market, Adamed believes that products' competencies (technology, know-how transferring), patience, and financial resources are the most essential resources and abilities that Polish enterprises must possess. Adamed highlighted the importance of patience in expansion into a distant and unfamiliar market like Vietnam.

Regarding the agreement EVFTA, Adamed asserted that this agreement has no impact of their business activities in the Vietnamese market, emphasizing that it is because they already have their own production plant in this country. Besides, one can notice an increased interest among Polish entrepreneurs in expanding into the Vietnamese market in the last years after the entry into force of the agreement EVFTA. However, Polish entrepreneurs are poorly prepared for expansion into this Asian market as they frequently treat it as a trip. Vietnam is a market for long-term investments, otherwise Polish investors must change the location for their business. Beside pharmaceutical industry, Adamed also suggested several sectors of the Vietnamese economy that they believe are the most attractive for Polish businesses, namely, food industries (meat, fish, fresh fruit and vegetables as Vietnamese people are increasingly interested in health, food quality and environment protection. Cosmetic industry can be also promising sector for Polish businesses.

Moreover, due to the use of the most advanced entry strategy, i.e., wholly-owned business in Vietnam, as well as stable business operations of the firm in this market, Adamed did not change their forms of expansion into Vietnam after the entry into force of the agreement EVFTA in August 2020. The only change in their entry strategy that can be observed is that they have been more deeply involved in the Vietnamese market by, as mentioned above, acquiring the remaining shares in the Vietnamese firm Davipharm in April 2023. The firm's sales revenue in the Vietnamese market also increased, but not because of the impact of the agreement EVFTA.

Regarding the International Business Incubation (IBI) as a new solution for international enterprises planning to enter the Vietnamese market, Adamed asserted that some features of IBI have already been supported by the Foreign Trade Office of the Polish Investment and Trade Agency (PAIH) located in Saigon. However, it is necessary to establish an IBI that could provide other key roles that PAIH does not fulfill, such as legal, tax, and employment consultancy, cultural issues, as well as business contacts.

From the point of view of Adamed, among the traditional entry strategies, the best choice for Polish enterprises should be participating in a joint venture with a Vietnamese partner who can help them to overcome the barriers of entry with his knowledge and experiences in the local market. Trade forms, including export and import, are suitable for such business models where safety is most important. In the cases of wholly-owned business abroad, if enterprises have enough financial strength to build production plants from zero and then export their products from Vietnam, they can get a lot of advantages, for instance, tax exemption. That is exactly what other multinational enterprises, such as Samsung, are doing in Vietnam. However, such entry strategy requires not only a large amount of capital, but also patience and a plan for long-term investment. Furthermore, it often only applies to some production sectors where there are not restrictions regarding full ownership by foreign investors.

Regarding recent international factors such as trade war between USA and China, the pandemic of COVID-19 and the Russia-Ukraine war, Adamed asserted that the most obvious impacts were related to the pandemic due to the restrictions and lockdowns that affected their production operations in Vietnam. The other factors had no significant impact on the activities of the firm in this country.

Doing business in Vietnam, Adamed emphasized the exemplary support from the Embassy of the Republic of Poland in Hanoi and the Foreign Trade Office of the Polish Investment and Trade Agency (PAIH) in Saigon. The enterprise expects further

improvement in administrative procedures and regulations of Vietnam related to investment activities of foreign enterprises in this market.

5.2.2. A case study of the entry strategies of the firm BHH Mikromed Sp. z o.o. into the Vietnamese market⁷⁰⁵

General characteristics of the firm BHH Mikromed Sp. z o.o.

BHH Mikromed Sp. z o.o.⁷⁰⁶ was established as the first Polish manufacturer of implants for orthopedics and traumatology in Dąbrowa Górnicza in 1978. In 2013, Valbruna Poland purchased 100% shares of BHH Mikromed. Implemented and planned significant investments will allow the company to modernize its shop, improve its production processes and increase its manufacturing capacity.

Nowadays, Mikromed's range of products contains more than 35.000 products, including MIKROMED Locking Compression Plates System and new types of classic, universal, reconstruction and retrograde nails. Its products are well-regarded not only in Poland but also in many countries all over the world. It was awarded with a lot of national and international awards for ZESPOL and POLFIX.

The mission of BHH Mikromed is to maximize meeting needs and expectations of customers through on-time supplies of high quality and well-priced products available in appropriate range. The goal of the firm is innovative designing and effective manufacturing of modern medical devices – implants for osteosynthesis and appropriate instruments which meet requirements of the 93/42/EEC+2007/47/EC Directives, as well as satisfying customers' needs and expectations.

Expansion of the firm BHH Mikromed Sp. z o.o. into the Vietnamese market

BHH Mikromed has been operating in the Vietnamese market for more than twenty years. In the case of this enterprise, "striving for enterprise development and achievement of long-term goals" and "personal commitment and motivation of the enterprise's management" are also the two most important motives driving it to enter the Vietnamese market.

Vietnam, with a large number of population (over two times more than Poland) and a fast GDP growth rate, is an important market for Mikromed, as it offers great

⁷⁰⁵ Developed on the basis of an in-depth interview using a semi-structured questionnaire with the Commercial Director of BHH Mikromed Sp. z o.o. and internal materials of the firm.

⁷⁰⁶ Link to the firm website: <http://www.mikromed.pl/>.

opportunities for sales growth. It is because a dozen or so years ago the Asian country was relatively poor and did not have high-quality medical care. As the country gets richer and is more developed, one of its essential goals is to improve medical care. Thanks to that, those companies that have started to be present in this market, either directly or through a local distributor like Mikromed, could have an advantage of the pioneer over other competitors.

Nevertheless, there are many difficulties that the firm must face when entering the Vietnamese market. For instance, as a firm from the other end of the world, Mikromed is in a worse position than other enterprises from Asia, which have relatively easier access to Vietnam. Logistics costs are also significantly higher. However, the most critical issue that the firm encountered in the Vietnamese market is related to possessing Certificates of Free Sale (CFS) for medical devices⁷⁰⁷. Medical device production is a special sector as it requires manufacturers to have certificates of free sale for these products to export outside the homeland. From 2021, there was such a restriction that suppliers of medical devices who can present two certificates of free sale will be treated better. As Mikromed produces only in the homeland, and certificates are issued at the place of production, the firm can only obtain one such certificate. This restriction was intended to promote those manufacturers that have production plants in Vietnam or as a result of lobbying by large brands such as Johnson & Johnson, which have factories in many countries and can obtain several such certificates. From the Mikromed's point of view, such restriction severely limits access to the medical market in Vietnam.

Vietnam is the largest client of Mikromed in the region. In Asia, besides Vietnam, the firm is currently operating in Indonesia, where there are also restrictive measures named TKDN⁷⁰⁸ Certification, which even forces the production of a specific part of the product in Indonesia, i.e., even bigger problems than in Vietnam.

Regarding the resources and competencies Polish enterprises must have when entering the Vietnamese market, according to Mikromed, this issue depends on many aspects such as sectors or entry strategies. In the case of Mikromed, they trade in the Vietnamese market through a local distributor, thus all activities are carried out by the partner registered in Vietnam. From this point of view, the key resources of the enterprise

⁷⁰⁷ As Mikromed explained, the Certificate of Free Sale for medical devices is a document intended to facilitate the exportation of medical devices outside the European Union.

⁷⁰⁸ TKDN – "Tingkat Komponen Dalam Negeri" in Indonesian that means "manufactured local content level".

are high-quality products and know-how and therefore human resources. In Mikromed, they have their own R&D department, as well as technology divisions, as they utilize specialized CNC cutting machines or other equipment that require highly technical employees. Financial resources are also an important factor, as the cost of specialized equipment is vastly high.

According to Mikromed, every manufacturer from Poland is interested in access to each market that generates potential leads and may return a big profit. As the Vietnamese market has an increasing potential with its young, large population and rapid economic growth, all manufacturers with free production capacity want to take full advantage of this opportunity to increase their sales. Accordingly, the medical and pharmaceutical industries were mentioned as one of the most promising sectors in Vietnam for Polish businesses.

Although the agreement EVFTA brings great advantages for exporters from the EU to Vietnam, the agreement does not directly concern the medical market, because this sector is one that falls outside these regulations. Consequently, the agreement has no visible impact on either the entry strategies of Mikromed or their sales in the Vietnamese market, as they keep using indirect export as the only mode of entry into this market, and their sales revenue even dropped in the last year and is predicted to continue for the next few years. These declines in the sales of the enterprise in the Vietnamese market come mainly from the Russia-Ukraine war that started on February 2022, as Mikromed explained: *"We must try to be competitive, because recently European companies have had problems with costs, while Asia is not significantly affected by the consequences of the Russia-Ukraine war. Unfortunately, the European market underwent fundamental changes, because the sanctions imposed by the EU on Russia in the first place caused a gas price catastrophe and, consequently, an increase in the price of energy and relatively high inflation. Since we produce implants that have a tolerance of literally hundredths of a millimeter, we have to watch and ensure that the temperature in our production hall is all the time at a constant level. The invoice for the use of gas for one month January 2023 is even higher than for the entire year 2022 (equal to over a thousand percent increase in gas costs). This is a drama, especially since we sell our products to Asia, which is not to a large extent the result of the Russia-Ukraine conflict, and we are unable to raise the price on the local market. Consequently, our profitable on sales dropped dramatically"*. The market is less affected by the pandemic of COVID-19 or trade war between USA

and China, Mikromed asserted. However, the issue of a potential China-Taiwan conflict with all its consequences is a concern for the enterprise.

Regarding using International Business Incubation as a new entry strategy, Mikromed stated that they were unaware of the IBI solution in the Vietnamese market before the interview, and the information about it could be extremely useful for the enterprise. At the moment, as all matters concerning conducting business in the Vietnamese market are handled by the local partner – distributor, Mikromed does not have to deal directly with them. Nevertheless, the Polish enterprise is limited to cooperation with only one local distributor, so they do not know much about the local market. Such a situation is risky for Mikromed because they have no alternative in the Vietnamese market. Furthermore, knowledge about such features of the IBI solution is also important as they could change their business model when entering the Vietnamese market by more advanced entry strategies, such as building their own factory in Vietnam. Participating in a joint venture with a local partner is also possible and sounds to be a good choice, but from the point of view of Mikromed, as the crucial resource of the enterprise is know-how, involvement in a joint venture with an external entity and technology transfer could be very risky.

As mentioned, Mikromed does not have major problems in doing business in Vietnam, since this operational part is now conducted by its distributor. The Polish enterprise only cares about that their products are developed to be of very good quality. From the point of view of the enterprise, it would be advisable not to introduce further restrictions on access to the medical market in Vietnam.

5.2.3. A case study of the entry strategies of the firm CORPO Sp. z o.o. Sp.k. into the Vietnamese market⁷⁰⁹

General characteristics of the firm CORPO Sp. z o.o. Sp. K.

CORPO Sp. z o.o. Sp. K.⁷¹⁰ (hereinafter referred to as CORPO) was established in 1996 in order to support beekeepers in selling honey. It has a registered office in Łódź. After several successful years in the Polish market of apiculture products, the enterprise, in cooperation with more than 200 Polish beekeepers owning over 50,000 hives, boosted

⁷⁰⁹ Developed on the basis of an in-depth interview using a semi-structured questionnaire with the Head of the purchase department of CORPO Sp. z o.o. Sp.k. and internal materials of the firm.

⁷¹⁰ Link to the firm website: <https://corpo.biz.pl/>.

its development by establishing trade contacts with partners of the European and world honey market.

The first step of the firm international expansion was its importing honey from Bulgaria – the country well known for ancient beekeeping traditions and excellent quality honey. Along with the development of the honey trade sector and related issues of scientific nature, the owners of the enterprises made the decision to collaborate with renowned apiculture research centers in Poland and Germany, including the Apiculture Department in Puławy, Applicia (currently Intertek), QSI, and the Institute for Apiculture in Celle.

After the accession of Poland into the EU, CORPO decided to prioritize the honey import to the European market. At the same time, the firm started selling in the US market with mead manufactured in the mead plant "Pasięka Maciej Jaros" in Tomaszów Mazowiecki. Since 2011, CORPO has been also running an online shop "Miodowe Kontynenty" that allow the firm to develop the retail market within a consistently constructed network of its own shops, serving a wide range of customers. It is also worth noting that since 2011, CORPO has cooperated with CORPO BIO Sp. z o.o. Sp. K., which collects organic (i.e., eco-friendly) honey in accordance with the highest global standards.

CORPO BIO Sp. z o.o. Sp. K. was the first Polish apiculture enterprise that became a member of the European Federation of Honey Packers and Distributors (F.E.E.D.M.) – an association of apiculture business representatives from all over Europe in 2010. The participation in this organization allowed the enterprise to contribute to the creation and development of the EU and global honey market.

Furthermore, CORP BIO Sp. z o.o. Sp. K. also participates in numerous campaigns for the development of beekeeping in Poland, for instance by assisting the only Apiculture Technical School in the EU. The school, located in Pszczela Wola, allows young people to learn the ancient profession of beekeeper, which has been disappearing in Western Europe. Thanks to constants efforts for the development of mead and apiculture products sales, the enterprise has become one of the most resourceful businesses in this industry in Poland.

Expansion of the firm CORPO Sp. z o.o. Sp. K. into the Vietnamese market

The first containers of honey from Vietnam to Poland were transported by CORPO in 2017. Vietnam is the fourth market, after Ukraine, China, and Bulgaria in terms of import value. Similar to the firms mentioned above, initially, "striving for enterprise

development and achievement of long-term goals" and "personal commitment and motivation of the enterprise's management" were important motives for the expansion of the firm into the Vietnamese market. Nevertheless, the most critical factor driving the enterprise to entering this Asian market recently were market seeking resulting from the impacts of the Russia-Ukraine war. The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the agreement EVFTA was also an important factor.

Generally, in the assessment of CORPO, Vietnam is a very large market (almost three times larger than Poland in terms of population). As the society is getting richer, there are more and more opportunities for Polish businesses. Openness of people, ease of communication are also positive points. In Asia, CORPO also imports honey from China. There is a big difference between Vietnam and China when it comes to the level of language proficiency, as business owners in China do not speak English and the enterprise needs two local agents in order to cooperate with them. In the Vietnamese firms, there are always people who speak English very well. Moreover, in Vietnam foreigners can freely use common applications such as Google Maps, WhatsApp, or any other popular communication applications.

Nevertheless, there are several critical difficulties encountered by the enterprise in cooperation with their Vietnamese partners. Initially, the companies that CORPO works with were not interested in cooperation with the Polish enterprise because they had sold their honey to the USA for a long time, as the US market is easier and less demanding than the EU market in terms of quality. Consequently, for many years, CORPO has only been able to import a small amount of honey from Vietnam. The second problem is honey quality. Vietnam is a tropical country. Most of the local honey manufacturers are located in Saigon, where the temperature is always very high. However, these companies are not prepared to such a situation, as only one of them has a cold warehouse. This is the biggest problem, because the optimum temperature for honey is about 18 degrees (in Saigon it can be over 40 degrees), and honey will spoil when exposed to heat. The only reason these Vietnamese companies want to cooperate with European counterparts is that the USA has recently imposed anti-dumping duties on honey from Vietnam (up to 400%). As the result, Vietnamese honey producers had to seek new markets. Besides, difficult cooperation with Vietnamese officials was also mentioned as a problem in doing business in Vietnam.

As an importer, CORPO believed that knowledge and understanding of the Vietnamese market is the most important resource that Polish enterprises must have when entering this market. Without contact with local suppliers, there is extremely hard to start anything.

As mentioned, the agreement EVFTA entered into force in August 2020. In the case of CORPO, such a situation will give CORPO an advantage over rivals from the USA, as the duty on honey imported from Vietnam decreases from 17.3% to 0%. According to the Polish enterprise, there is no threat resulted from the entry into force of the agreement. As an importer, they also suggested some promising areas in importing from Vietnam, such as coffee, honey, and souvenirs.

The enterprise also did not change its entry strategy, as it only used import before and after 2020. The only observable change was a huge increase in the value of honey imported from Vietnam in 2022 due to, inter alia, the USE imposing anti-dumping tax on honey from Vietnam.

Regarding using IBI as a new entry strategy, CORPO stated that they were unaware of the IBI existing in the Vietnamese market before the interview, adding that the information about such solution is useful for the enterprise. The first important step the enterprise would like to do in Vietnam in order to be more present in this market is to find a local agent who can help the enterprise in conducting local business.

As mentioned, CORPO was forced to seek alternative import markets due to the war in the territory of Ukraine, which was once its largest import market. Vietnam thus emerged as an important import market for the enterprise. The war also caused the big problem with logistics costs, i.e., an increase in the fee for transportation last year. Besides, there is a paradox that the pandemic of COVID-19 had positive impacts on the enterprise's sales revenue, as well as the honey import value from Vietnam. It is due to the fact that when there was a pandemic, people went back to honey, as it is healthy and healing. However, honey is a "premium", expensive product. Now in high inflation context, as honey is not a basic necessity product, it has become one of the first things consumers have to give up. On the other hand, the USA-China trade war had no impact on the enterprise's operations in general. Nevertheless, as CORPO mentioned, it is not known whether the EU will not block importing honey from China due to the adulteration of this product. Such blocking took place in the past, and there are fears that now it may appear again.

In the case of the Polish government and the UE, document templates have changed too often recently, therefore CORPO expects that there would be more stability in issuing these document templates. On the part of the Vietnamese government and local authorities, there is an expectation of propaganda for local honey manufacturers to not focus only on the US market, as well as for beekeepers of good practices, which is required in the EU in terms of quality.

5.2.4. A case study of the entry strategies of the firm Transfer Multisort Elektronik Sp. z o.o. into the Vietnamese market⁷¹¹

General characteristics of the firm Transfer Multisort Elektronik Sp. z o.o.

Transfer Multisort Elektronik Sp. z o.o.⁷¹² (TME), a Polish enterprise located in Łódź, is a generational family enterprise, existing since 1990. Initially, it was just a shop with electronic components for service and small production. After two years, TME created its first catalog and started selling components by mail-order. Along with the development of Poland and the economies of other Central and Eastern European countries, TME gained new customers and introduced new product groups. In 1997, the current headquarters of the enterprise – a logistics center with a warehouse, which has since expanded several times – was built. Then, TME also introduced sales via the Internet. On 12 May 2018, a new TME office building located at 1 Rozalii Street (Łódź) was commissioned.

Today, TME is one of the largest global suppliers of electronic and electrotechnical components, workshop equipment, and industrial automation. Orders are sent to nearly 150 countries around the world. The enterprise has over 1100 employees at the headquarters in Łódź and subsidiaries in other countries, including China, Czech Republic, Slovakia, Germany, Romania, the Netherlands, USA, Italy, Great Britain, and Hungary.

Expansion of the firm Transfer Multisort Elektronik Sp. z o.o. into the Vietnamese market

The first orders from Vietnam were completed by TME in early 2023. However, the plan to expand into the Vietnamese market was made a few years earlier, as the most

⁷¹¹ Developed on the basis of an in-depth interview using a semi-structured questionnaire with the sales specialist in the Vietnamese market of Transfer Multisort Elektronik Sp. z o.o. and internal materials of the firm.

⁷¹² Link to the firm website: <https://www.tme.eu/pl/>.

important motives for entering this Asian market were the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the agreement EVFTA and the USA-China trade war that forced many enterprises to relocate out of China to Vietnam.

Since TME has only been present in Vietnam for a very short time, the enterprise is not able to provide much information about the Vietnamese market as well as its expansion into this market. A large market with rapid economic growth and many opportunities was mentioned by TME as the main strengths of this Asian country as a new destination for expansion. Besides, the enterprise also experienced several problems, for instance, lack of preparation of local partners (especially micro and small Vietnamese businesses) in cooperation with foreign enterprises, and difficult cooperation with Vietnamese officials. As a newcomer in the Vietnamese market, the key asset that TME has is human resource as the enterprise hires a Vietnamese employee to deal with business activities in this market.

As already stated, one of the main motives driving TME to enter the Vietnamese market is the entry into force of the agreement EVFTA, the reduction of tariffs on goods was hence considered as the new key benefits brought by the agreement. There is no threat resulted from the entry into force of the agreement. Due to the benefits of the EVFTA, it can be observed that Polish enterprises are more actively looking for opportunities in the Vietnamese market.

Besides, as mentioned, since TME has only been present in Vietnam for a very short time, the only entry strategy used by TME to enter the Vietnamese market at this moment is export. Within the next two years, the enterprise plans to establish a representative office in Vietnam.

Same as with other interviewed enterprises, TME were unaware of IBI solution as a new entry strategy before the interview. The representative of the enterprise asserted that the information about such a solution would be useful for the development of the enterprise, especially when the company intends to open a representative office in this market in the future.

As a newcomer in the Vietnamese market, TME is not able to provide any information about which entry strategy would be the best choice for Polish businesses when entering this market. Export has been used by the enterprise so far only as an exploratory method.

As pointed out above, the effects of the USA-China trade war were one of the key motives driving TME to enter the Vietnamese market. On the other hand, other international factors such as the COVID-19 pandemic and the Russia-Ukraine war had no impact on the business activities of the TME in the Vietnamese market, as the enterprise has only been present in Vietnam for a few months.

Due to the fact that TME has not yet encountered critical difficulties in their initial business activities in the Vietnamese market, reduction in difficulties in administrative procedures was mentioned by the enterprise as its only expectation for the Vietnamese government.

5.2.5. A case study of the entry strategies of the firm Polviet Travel Ltd. into the Vietnamese market⁷¹³

General characteristics of the firm Polviet Travel Ltd.

Polviet Travel Ltd.⁷¹⁴ is a Polish travel agency in Southeast Asia. It was established in 2010, with headquarters in Saigon (Vietnam). The enterprise is present in seven ASEAN countries, i.e., Vietnam, Cambodia, Thailand, Laos, Malaysia, Singapore, and Myanmar. It provides clients quality and proven guides and tour leaders, including Polish native speakers. The Polviet Travel team consists of Poles and Polish Vietnamese permanently living in Southeast Asia (mainly in Vietnam), ensuring hands-on experiences and conscious sightseeing. Years of permeation with Asian culture and lifestyle allow the team to show the clients the most authentic Asia that can be seen during a few weeks of a holiday trip.

Polviet Travel focuses on development and opens new bases every year, to which it invites experienced tour leaders. Although the office is dominated by clients from Poland, it has also opened a base in the Czech Republic recently.

Expansion of the firm Polviet Travel Ltd. into the Vietnamese market

Polviet Travel is a born-global enterprise, making it an interesting case. Its owner is a graduate of the University of Warsaw. He continued his scientific career in Vietnam at the University in Hanoi and then in Saigon. After many years of living in Vietnam and marrying a local woman, he decided to establish a Polish tourist agency in Saigon. Soon after, the enterprise started its international expansion by opening representative offices

⁷¹³ Developed on the basis of an in-depth interview using a semi-structured questionnaire with the owner of Polviet Travel Ltd. and internal materials of the firm.

⁷¹⁴ Link to the firm website: <https://polviettravel.com/>.

in other markets of the region. Thus, in the case of Polviel Travel, the key motives that drove the owner to enter the Vietnamese market were (1) striving for enterprise development and achievement of long-term goals, (2) competitive advantage of the enterprise in the form of unique products/technologies/know-how, (3) possessing unique knowledge about the Vietnamese market or Vietnamese partners, and (4) the willingness of the business owner to develop the company in the exotic tourism industry.

According to Polviet Travel, the main features of the Vietnamese business environment that are conducive to the expansion of Polish businesses into this market are absorptive market with growing demand, rapid economic development of the country, and political stability. Young and large population, which offers great potential for investment in new trends and branding, was also mentioned. Besides, Vietnam as a valuable entry point to the ASEAN countries is an important transport hub in the region. These opinions are consistent with the statements of other interviewed enterprises. On the other hand, low qualifications of local employees and difficult cooperation with administration officials were listed as the most difficulties encountered by Polviet Travel in this market. Corruption, frequently mentioned in economic reports as a deterrent to businesses, is also big, but not the most important, problem for the enterprise, as it may give total predictability.

Doing business in the Vietnamese market, Polviel Travel emphasized the necessity of possessing unique products, a budget for long-term investment, and a specific plan for it. Long-term investing implies that conducting business in a distant and unfamiliar country like Vietnam requires patience and thoughtful preparation. These opinions are also consistent with the Adamed's statements presented above. Unique knowledge and understanding of the Vietnamese market and the enterprise's international experience are also the key resources that Polish enterprises should have when entering this Asian market.

According to Polviet Travel, the entry into force of the agreement EVFTA brings a lot of advantages to Polish businesses, as it reduces or eliminates most tariffs while posing no visible threat. Consequently, it can be observed the trend of Polish enterprises becoming more interested in the Vietnamese market. Nevertheless, as Polviet Travel is already present in Vietnam for a long time, having a wholly-owned business right from its birth in this market, the agreement EVFTA has no direct impact on the business activities of the travel agency.

Similar to other interviewed enterprises, Polviet Travel is unaware of any IBI existing in the Vietnamese market. Since it has been operating in this country for a long time, the only benefit that the IBI solution might offer to the enterprise is local cooperation.

As a travel agency, Polviet Travel expects the Vietnamese government to simplify visa procedures for foreigners. For instance, Thailand did a better job in this issue, leading to a sharp increase in the number of foreign visitors to this country after the pandemic. That may also increase the attractiveness of Vietnam to foreign investors, including those from Poland.

To sum up the qualitative research, the following aspects should be taken into account: (1) motives for entering the Vietnamese market, (2) the key resources necessary for effective expansion into the Vietnamese market, (3) entry strategies used by the enterprise when entering the Vietnamese market, (4) the impact of the agreement EVFTA on operations of the enterprise in the Vietnamese market, (5) awareness of the enterprise of the IBI, and (6) the importance of the IBI for the enterprise when entering the Vietnamese market (see Table 46).

Table 46. Selected aspects of the information gathered from the qualitative research

	Name of the firm	Motives	Key resources	Entry strategies	Impact of EVFTA	Awareness of the IBI	Importance of the IBI
1	Adamed	<ul style="list-style-type: none"> - Striving for enterprise development and achievement of long-term goals; - Personal commitment and motivation of the enterprise's management. 	<p>Products' competencies (technology, know-how transferring); financial resources; patience.</p> <p>Know-how, human resources, financial resources.</p>	Wholly-owned business	No	Unaware	Not very important
2	Mikromed	<ul style="list-style-type: none"> - Striving for enterprise development and achievement of long-term goals; - Personal commitment and motivation of the enterprise's management. 	<p>Know-how, human resources, financial resources.</p>	Export	No	Unaware	Very important
3	CORPO	<ul style="list-style-type: none"> - The impacts of the Russia-Ukraine war; - The entry into force of the agreement EVFTA was also an important factor; - Striving for enterprise development and achievement of long-term goals; - Personal commitment and motivation of the enterprise's management. 	<p>Knowledge and understanding of the Vietnamese market, contacts with local partners.</p>	Import	Yes	Unaware	Very important
4	Transfer Multisort Elektronik	<ul style="list-style-type: none"> - The entry into force of the agreement EVFTA; - The USA-China trade war. 	<p>Human resources.</p>	Export	Yes	Unaware	Very important
5	Polviet Travel	<ul style="list-style-type: none"> - Striving for enterprise development and achievement of long-term goals; - Competitive advantage of the enterprise in the form of unique products/technologies/know-how; - Possessing unique knowledge about the Vietnamese market or Vietnamese partners; - The willingness of the business owner to develop the company in the exotic tourism industry. 	<p>Possessing unique products; budget and plan for long-term investment; unique knowledge and understanding of the Vietnamese market; the enterprise's international experience.</p>	Wholly-owned business	No	Unaware	Not very important

Source: Own elaboration.

5.3. Conclusions and recommendations

The results obtained from both quantitative and qualitative studies allowed to answer the research questions. The first research question referred to the main motives for the expansion of Polish enterprises into the Vietnamese market. As a result of the conducted studies, it was found that the most important motives for expansion of the surveyed Polish enterprises into the Vietnamese market were: (1) possessing unique knowledge about the Vietnamese market or local partners, (2) striving for enterprise development and achievement of long-term goals, (3) personal commitment and motivation of the enterprise's management, (4) unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients, and (5) the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA). On the other hand, the enterprises indicated (1) saturation of existing markets with products offered by the enterprise, (2) expansion of business partners to the Vietnamese market, and (3) excessive production capacity of the enterprise as the least important motives. The two motives: (1) decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war and (2) competitive advantage of the enterprise in the form of unique products/ technologies/know-how were assessed by the enterprises at the average level of importance. It can be seen that the expansion of the surveyed Polish enterprises into the Vietnamese market was driven by both internal and external motives. Nevertheless, the internal motives are more important than the external factors. Particularly noteworthy is the importance of possessing unique knowledge about the Vietnamese market or local partners for Polish enterprises entering the Vietnamese market. That points to the necessity of understanding and possessing knowledge about a distant and unfamiliar market like Vietnam. The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the agreement EVFTA was assessed as an important factor, but it ranked only fifth among the most important motives for the expansion of Polish enterprises into this Asian market.

Moreover, there are significant differences between the importance of motives of the surveyed Polish enterprises for expansion into the Vietnamese market by their size, duration of operation in this market, and type of business activities. The most remarkable difference occurs in the case of the entry into force of the agreement EVFTA, as it was one of the most essential motives for entering the Vietnamese market of the Polish

commercial and production enterprises and for those operating in Vietnam for five years or less; meanwhile it was less important for Polish service enterprises and those operating in Vietnam for more than five years. In addition, there are also significant differences in the case of possessing unique knowledge about the Vietnamese market or Vietnamese partners as it was the most important motive for micro, small, and medium-sized enterprises and those operating in Vietnam for ten years or less. This motive was assessed at the average levels for large enterprises and those being present in the Vietnamese market for more than ten years. A significant difference can also be observed in the case of competitive advantage of the enterprise in the form of unique products/ technologies/ know-how, as it is one of the most important motives for enterprises being present in Vietnam for over ten years, while it was less important for those operating in the Vietnamese market for ten years or less.

The second research question focused on the main features of the Vietnamese business environment that influence on its attractiveness and the risk of operating in this market in the opinion of Polish entrepreneurs. The results of both quantitative and qualitative studies showed that the most important factors conducive to the entry and operation of the Polish enterprises (regardless of their size, duration of operation in the Vietnamese market, and type of business activities) were: (1) rapid economic development, (2) political stability, and (3) absorptive market with growing demand. Notably, low labor costs and easy access to cheap labor, frequently mentioned in scholarly publications and economic reports as the key strengths of Vietnam, are less important for the surveyed enterprises.

On the other hand, the most critical factors hindering the expansion of the Polish enterprises (regardless of their size, duration of operation in Vietnam, and type of business activities) into the Vietnamese market were difficult cooperation with administration officials and corruption. Besides, Polish enterprises also emphasized the cultural and language differences. The lesser important obstacles were infrastructure and transport, relatively low household income, and low qualifications of employees.

Besides, comparing the assessments of Vietnam's features conducive to the expansion of the surveyed Polish enterprises into this market and the barriers encountered by them, it is found that the average ratings of the strengths of the Vietnamese market are significantly higher than the average ratings of the obstacles. It shows that favorable factors are of greater importance for Polish businesses than disadvantage factors, meaning that the Vietnamese market is actually attractive from the point of view of Polish

entrepreneurs. This conclusion is also supported by the respondents' assessment of whether the attractiveness of the Vietnamese market increased significantly after the commencement of the agreement EVFTA in 2020. Accordingly, the majority of the surveyed enterprises, especially those expanding into Vietnam in the last 1-5 years, asserted that the attractiveness of this Asian market increased significantly after the entry into force of the agreement EVFTA. Meanwhile, some respondents mentioned the threats and risks associated with growing competition from businesses from other European countries.

The third research question regarded the key resources that Polish enterprises should have at their disposal to effectively enter and compete in the Vietnamese market. Generally, the most important resources that Polish enterprises must possess when entering the Vietnamese market were (1) unique knowledge and understanding of the Vietnamese market, (2) relations with local partners, clients, and other stakeholders in the Vietnamese market, (3) enterprise's international experience, and (4) employee competencies. The lesser important assets from the point of view of Polish enterprises were product/service characteristics (e.g., uniqueness/innovativeness of the product or technology) and enterprise's brand image. However, regarding the duration of operation in Vietnam, for enterprises operating in the Vietnamese market for more than fifteen years, product/service characteristics (e.g., uniqueness/innovativeness of the product or technology) played the most critical role, while unique knowledge and understanding of the Vietnamese market is less important. Besides, information gathered from the qualitative research revealed that for large enterprises in high-tech fields (such as in pharmaceutical or medical industries), the most crucial assets are technology and know-how.

The fourth research question addressed the most popular entry strategies chosen by Polish enterprises entering the Vietnamese market before 2020. Both quantitative and qualitative studies indicated that due to lack of intangible resources, such as experience and knowledge about the Vietnamese market, Polish enterprises, regardless of their size, duration of operation in Vietnam, and type of business activities, primarily used trade forms of expansion (i.e., export and import) when entering the Vietnamese market. This finding is similar to the results of other existing empirical studies on the entry strategies of Polish enterprises into international markets (see sub-chapter 2.6). It also explains why the importance of low labor costs and easy access to cheap labor force as the key strengths of Vietnam were rated by the surveyed Polish enterprises at only an average level.

Significantly fewer enterprises engaged in the Vietnamese market using more advanced entry strategies, namely participating in a joint venture with a local partner and wholly-owned business in the Vietnamese market. None of them used other entry strategies to enter the Vietnamese market. Furthermore, the qualitative research also revealed that some micro and small enterprises with unique knowledge about the Vietnamese market and local partners may establish their wholly-owned business in this Asian country. Meanwhile, due to the fear of risks and costs associated with distances (political and legal, cultural, etc.) between the two countries, large enterprises with bigger tangible resources but lacking experience and knowledge about Vietnam, such as Mikromed and Transfer Multisort Elektronik, used only export to enter this market. This finding is in line with the resource-based view and institutional theory, which have been frequently used in the literature in the recent two decades to explain the entry mode choices of enterprises.

On the other hand, the fifth research question referred to the changes in the entry strategies of Polish enterprises into the Vietnamese market after the entry into force of the agreement EVFTA on 1st August 2020. As a result of the conducted studies, it was found that the agreement EVFTA has had significant impacts on the expansion of the Polish enterprises into the Vietnamese market in two aspects: the used entry strategies and the sales revenues in the Vietnamese market. Specifically, the significant changes in the used entry strategies can be observed in the cases of enterprises that were not present in the Vietnamese market before 2020, accounting for more than a quarter of the surveyed entities, as they switched from being an "outsider" to an "opportunity seeker" in Vietnam through several entry strategies after 2020. Some enterprises already operating in Vietnam before 2020 also decided to use one more additional form of expansion. Notably, none of the surveyed enterprises switched to less advanced entry strategies or withdrew from the Vietnamese market after 2020.

Besides, in the majority of cases, both enterprises that changed and did not change their entry strategies saw a significant increase in sales revenue after the commencement of the agreement EVFTA in 2020. Only a few enterprises declared the stable sales revenue. None of them indicated that the Vietnamese market's share of the total sales decreased under the conditions of the agreement EVFTA. These findings are consistent with the statements of the Polish enterprises regarding the increasing attractiveness of the Vietnamese market after the entry into force of the agreement EVFTA and its positive impact on the expansion of Polish enterprises into Vietnam in recent years.

The next research question investigated the awareness of Polish entrepreneurs of the International Business Incubation solution and their needs when using it as a new entry strategy. None of the Polish enterprises participating in both qualitative and quantitative studies declared they knew about the IBI and used it when entering the Vietnamese market. Polish enterprises participating in the in-depth interviews also emphasized that the information about the IBI solution could be extremely useful for them, as it might provide several benefits that would otherwise be very difficult to obtain. Professional consultancy in the field of administrative, tax, and labor law consultancy, cultural issues, as well as establishing business contacts with local partners are some important benefits Polish enterprises expect from the IBI.

The last research question dealt with an important managerial implication: what should be the optimal model for entering the Vietnamese market for Polish enterprises? Lack of experience and knowledge about the Vietnamese market, as well as the fear of risks and costs associated with several distances (political and legal, cultural, etc.) between Poland and Vietnam have prevented Polish enterprises from entering the Vietnamese market, and if so, only to a limited extent, i.e., export/import. Since expansion into this Asian market is not an easy task, Polish enterprises should choose the indirect path, i.e., entering the Vietnamese market by joining an IBI before doing business on their own through other traditional entry strategies.

Against the background of the considerations outlined in this dissertation, several recommendations regarding expansion into the Vietnamese market for Polish enterprises could be indicated:

- 1) As Vietnam with rapid economic growth and increasing demand, this Asian market is very promising for Polish businesses. In particular, there is a large demand in several fields such as pharmaceutical and medical sectors, cosmetic industry, and foods (especially green and healthy foods).
- 2) The agreement EVFTA brings many benefits, including tariff elimination in both directions of the EU-Vietnam and the deepening of trade and business relations. Nevertheless, the agreement EVFTA also implies increased competitiveness, since the goods from other EU countries, which may now enjoy a tariff advantage of the abolition of customs duties, should present serious competition for Polish products in the Vietnamese market. Therefore, it is important for Polish enterprises to take full advantage of this opportunity to strengthen their presence

in this market and, if possible, to capitalize on advantage of being a pioneer in some specific areas.

- 3) Expansion into a distant and unfamiliar emerging market like Vietnam is not an easy task, as it requires patience, earnestness, deliberate planning and goal setting, and thorough preparation of necessary resources.
- 4) Understanding and possessing unique knowledge about the Vietnamese market and local partners are the key factors determining the success of expansion into this market. This implies Polish enterprises should strengthen their market research activities and establish business contacts with potential local partners.
- 5) Since entering the Vietnamese market is a complicated and difficult task, it is worth considering a temporary accommodation in an International Business Incubator in this market to perform exploratory activities before conducting own business in Vietnam, which may be seen as being risky and costly, especially at the early stage of expansion due to lack of experience and knowledge about this market. Later, enterprises may be confident enough to enter the Vietnamese market by themselves via appropriate traditional entry strategies or withdraw from the market without incurring huge cost.
- 6) In the cases of choosing traditional entry strategies, it should be emphasized that there is no universal recipe for success. The choice of forms of expansion is usually given after a thorough analysis of factors that may affect the entry of enterprises. However, trade forms (including export and import that are frequently used by Polish enterprises when entering the Vietnamese market) are only suitable for business models where safety is most important. In order to more understand the Vietnamese market, utilize local resources (such as cheap labor force and materials), and compete effectively in this country, it is necessary to engage in the Vietnamese market using more advanced entry strategies, such as joint venture with a local partner and wholly-owned business. Among them, wholly-owned business provides enterprises full control of the business units in the Vietnamese market, and it is crucial for enterprises in the cases of possessing unique know-how or technology that cannot be transferred to the external entities as in the cases of joint ventures. Nevertheless, it may only occur in the fields without restrictions regarding full ownership by foreign investors. Besides, both advanced entry strategies require capital and patience for a long-term investment.

- 7) Polish enterprises may capitalize on the large number of Polish-speaking Vietnamese (students, graduates, etc.) living in Vietnam or in the homeland to deal with business operations in Vietnam as in the case of one enterprise participating in the in-depth interview. Besides, in order to take full advantage of the cheap labor force in Vietnam, Polish enterprises that already have or intend to establish a wholly-owned business in this Asian country may also cooperate with the Polish and Vietnamese universities to train local human resources in accordance with their needs.
- 8) Due to Vietnam's strategic location in Southeast Asia (see appendix 6) and its other strengths, Polish enterprises should consider this country an important entry point into the region of ASEAN, making it a hub for further expansion into other markets in the region.

Some policy implications for the Vietnamese and Polish governments to enhance bilateral trade and investment cooperation were also provided:

- 1) As the EU (including Poland) is a demanding market with high-quality standards for imports, the Vietnamese government should promote its capacity to comply with rules of origin, and sanitary and phytosanitary measures, to fully reap the benefits of the agreement EVFTA.
- 2) The Vietnamese government should perfect its legal frameworks and improve its implementation capability to create a favorable and transparent business environment for Polish enterprises.
- 3) The Vietnamese government needs to sketch out strategies and policies on developing skilled labor, thus creating confidence for the Polish businesses and investors to be assured of long-term and sustainable investment in Vietnam.
- 4) Responsible stakeholders (the Vietnamese and Polish governments, research institutions of both countries, etc.) should provide the necessary information about the Vietnamese market and, if possible, establish an International Business Incubator in Vietnam to bridge the gap between Polish enterprises and the Vietnamese market (and vice versa, Vietnamese businesses and the Polish market). Such an organization supporting enterprises should be established and strengthened to be able to encourage enterprises (especially for those micro-, small-, and medium-sized) to capitalize on the services it provides to enter and compete effectively in the Vietnamese market. Also, the availability of an IBI in

Vietnam and its attributes can make Polish enterprises more likely to enter the Vietnamese market and thus it can play a role as a motivating force of their expansion into this market.

- 5) As indicated before, lack of knowledge about the Vietnamese market, patience, and strategies for long-term investments are ones of the most important problems of Polish businesses in Vietnam, hindering them from deeper involvement in this market. Training business managers is also vital. Therefore, Polish business schools and universities should be encouraged to organize more training courses on international business.
- 6) Universities, such as the University of Lodz, should also be encouraged by Polish government agencies and enterprises to cooperate with businesses to train the Vietnamese staff locally, for example, by teaching the Polish language and professional fields.

Due to the complementary characteristics of Poland-Vietnam's export products, (see Sub-chapter 4.3), it would be more beneficial for the two countries to be able to take advantage of each other's strengths to reduce input costs and improve competitiveness for businesses of the two sides in the context of the EVFTA and EVIPA (coming into force) agreements.

CONCLUSIONS

It seems that the entry into force of the European Union-Vietnam Free Trade Agreement (EVFTA) has had positive impacts on the stronger economic relations between Poland and Vietnam, creating great opportunities for Polish enterprises with tariffs removed on almost all products. These opportunities have spurred Polish businesses to engage more deeply in the Vietnamese market, leading to several changes and adjustments of their entry strategies into this Asian market. It, therefore, can be seen that internationalization continues despite signs of slowing down in recent years due to several international and global factors, such as the US-China trade war, the COVID-19 pandemic, and the Russia-Ukraine war. Internationalization of enterprises is a complex and multidimensional economic phenomenon. Although research on this phenomenon has been conducted since the 60s of the last century, there are still many problems that need to be explored.

The main objective of the dissertation was to determine the existing entry strategies used by Polish enterprises when entering the Vietnamese market and the directions of changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA), as well as to identify and analyze the determinants of the entry strategies of the Polish enterprises and, based on that, to indicate an effective path to enter this market. This objective was achieved through the implementation of the following specific objectives: (O1) systematization of concepts related to the internationalization of enterprises with an emphasis on contemporary approaches and review of internationalization theories and their classification, (O2) systematization of concepts related to the international market entry strategy as a part of the internationalization strategy of enterprises and classification and characterization of individual strategies, in particular emphasizing the essence and innovation of the International Business Incubation as a new entry strategy, (O3) identification and analysis of the motives for the expansion of Polish enterprises into the Vietnamese market, (O4) identification and analysis of the major determinants of the entry strategies of Polish enterprises into the Vietnamese market, namely the enterprises' resources as well as the main features (both conducive and inhibitory factors) of the Vietnamese business environment that influence its attractiveness and risk of business activities in this market, (O5) determining the impact of the Agreement EVFTA on the change in attractiveness of the Vietnamese

market and the risk of operating in this market, (O6) clarification of the key resources that Polish entrepreneurs should have at their disposal to enter and compete effectively in the Vietnamese market, (O7) identification and analysis of the strategies of the Polish companies entering the Vietnamese market and the directions of the changes in these strategies under the conditions of the EU-Vietnam Free Trade Agreement (EVFTA), (O8) examining the awareness of Polish entrepreneurs of the International Business Incubation and their needs when using it as a new entry strategy, and (O9) providing Polish entrepreneurs with practical recommendations regarding the critical success factors in expanding into the Vietnamese market. These specific objectives were achieved through literature studies and empirical research conducted among Polish enterprises operating in various sectors of the Vietnamese economy.

In order to achieve the first theoretical-cognitive objective (O1) of the dissertation, the definitions of the internationalization were classified. As a result of the literature review, it was accepted that internationalization occurs when at least one of the stages of an enterprise's value chain is linked to foreign countries, which arises in the process of creating linkages with international partners and acquiring and/or engaging the enterprise's resources in the international markets in its expansion and development. It was also accepted that motives for internationalization of the enterprise are all factors for the enterprises to make decisions to engage in international business. It should be emphasized that enterprises are rarely driven by a single motivating factor. In this dissertation, the author proposed the following classification of motives for internationalization: (1) internal motives initiated from internal conditions of the enterprise, and (2) external motives originating from the enterprise's external environment.

The dissertation also provided an extensive review of the key theoretical concepts related to internationalization. Among the theories and models of internationalization of enterprises, the following were classified and characterized: (1) neo-technological theories belonging to the theories of international trade, including technology gap theory of trade and product life-cycle theory; (2) foreign direct investment theories, including stream of monopoly (monopolistic advantage theory and oligopolistic reaction theory), stream of efficiency (internalization theory and transaction cost theory), and eclectic stream (eclectic paradigm/OLI framework); (3) theory of stage internationalization, including Uppsala model of internationalization, innovation-related internationalization models (also I-models), and Finnish model (also Helsinki model or the target country

internationalization process model); (4) network theory of internationalization; (5) the concepts of international entrepreneurship, including the concepts of early internationalization (international new venture, global start-up, or born-global) and alternative models of international entrepreneurship; (6) resource-based view (RBV); and (7) institutional theory.

These theories address several weighty areas of research, such as the motives for internationalization of enterprises, selecting the foreign location of international operations, and the international market entry strategies. It should be emphasized that along with the intensive expansion of enterprises into emerging markets over the past two decades, several theories have recently emerged in the internationalization literature and been put forward to explain the behaviors of enterprises in the international markets, in which the two most used approaches are the resource-based view (RBV) and institution-based view (institutional theory).

In pursuit of the second theoretical-cognitive objective (O2) of the dissertation, the concepts of international market entry strategies as a part of internationalization strategy of the enterprise were also systematized. The classification and characteristics of international market entry strategies were then presented. Based on that, a framework for entering the international market was introduced. In addition, key factors influencing the international market entry strategies were also analyzed.

As a result of the literature review, it was supposed that an international market entry strategy is an institutional arrangement necessary for the entry of an enterprise's products and services into a foreign market. In line with the literature, international market entry strategies can be divided into two categories: "traditional" international market entry strategies and "innovative" ones. Accordingly, "traditional" entry strategies include foreign trade forms (export, import, and countertrade), various non-equity cooperative forms (licensing, franchising, management contract, turnkey investment, and contract manufacturing), equity cooperative forms (international joint venture), and wholly-owned business abroad (branch and subsidiary). On the other hand, innovative entry strategies consist of International Business Incubation (IBI). The key characteristics that distinguish IBI from traditional entry strategies are that while the choice of traditional entry strategies is a trade-off between control and risk (i.e., the more advanced entry strategies bring more level of control but also higher risk), the IBI may provide a means to bring high control, limited risk, and less resources commitment. The availability of the IBI as a method of foreign market entry may be an important factor to proceed, serving

as a catalyst to venturing abroad that may otherwise be seen as being too risky and costly. Thus, it is considered essential for enterprises entering emerging markets, particularly for those small and medium-sized, which are frequently characterized by limited resources and capabilities.

Based on that, a framework for expansion into the international market was proposed. Accordingly, an enterprise may enter a foreign market in two ways: (1) directly via one or more traditional entry strategies (direct path) or (2) the enterprise may choose to join an international business incubator in the foreign market before entering this market on its own (indirect path). In the direct path, at the outset of its internationalization, an enterprise may enter a foreign market via low-control/low-risk trade forms. Later, as the enterprise becomes more experienced, they can choose the entry strategies with a higher level of control and risk. In the case of cooperation with an IBI, the choice of the traditional entry strategies occurs after a period of temporary accommodation in the business incubator for further investigation, network building and information gathering (experimental stage) before conducting business in this market on its own.

The choice of which path and entry strategies is influenced by many factors. As a result of the literature review, in this dissertation, it was accepted that the key determinants of the entry strategies can be divided into internal and external factors. The internal factors include the strategic goals of an enterprise and its resources. The enterprise resources can be tangible assets, such as the size and location of production facilities, materials, financial resources, and intangible assets, such as relational resources (including relationships and firm reputation), competences (knowledge and capabilities), and attitude (e.g., internationally oriented, quality-driven). On the other hand, external factors include micro- and macro-environment elements of the foreign market that influence on its attractiveness and risk of conducting business on this market.

The results gathered from the conducted empirical research, including quantitative and qualitative studies, allowed to achieve the remaining specific objectives (from O3 to O9). Specifically, within the quantitative research, the identification and analysis of the motives for the expansion of Polish enterprises into the Vietnamese market, the major determinants of the entry strategies of Polish enterprises into the Vietnamese market, namely the main features (both conducive and inhibitory factors) of the Vietnamese business environment that influence its attractiveness and the risk of operating in this market, and the resources as internal determinants of the expansion of Polish enterprises

into the Vietnamese market, were carried out, taking into account the firm size (micro, small, medium, and large size), duration of operation in the Vietnamese market (less than one year, 1-5 years, 6-10 years, 11-15 years, and more than 15 years), and type of business activities (production, services, and trade). Besides, the impact of the agreement EVFTA on the change in the attractiveness of the Vietnamese market and the risk of operating in this market was determined. The identification and analysis of the entry strategies of the surveyed enterprises into the Vietnamese market and their directions of changes under the conditions of the agreement EVFTA, taking into account the firm size, duration of operation in the Vietnamese market, and type of business activities were then conducted. Also, the awareness of Polish entrepreneurs of the International Business Incubation solution and their needs when using it as a new entry strategy were examined. The qualitative research in the form of case studies deepened these results.

As a result of both quantitative and qualitative studies, it was found that the expansion of Polish enterprises was driven by both internal and external motives, among which the most important motives for the expansion of the surveyed Polish enterprises into the Vietnamese market were: (1) possessing unique knowledge about the Vietnamese market or local partners, (2) striving for enterprise development and achievement of long-term goals, (3) personal commitment and motivation of the enterprise's management, (4) unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients, and (5) the emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA). The agreement EVFTA was a significant factor, but it ranked only fifth among the most important motives. Moreover, there are significant differences between the importance of motives of the surveyed Polish enterprises for expansion into the Vietnamese market by their size, duration of operation in this market, and type of business activities (O3).

The analysis of the importance of the main features of the Vietnamese business environment showed that the most important factors conducive to the entry and operation of the Polish enterprises (regardless of their size, duration of operation in the Vietnamese market, and type of business activities) were: (1) rapid economic development, (2) political stability, and (3) absorptive market with growing demand. Meanwhile, the most hindering factors of the expansion of the Polish enterprises (regardless of their size, duration of operation in Vietnam, and type of business activities) into the Vietnamese market were difficult cooperation with administration officials and corruption (O4). Besides, Vietnam has become more attractive from the perspective of Polish

entrepreneurs, as the majority of the surveyed enterprises, especially those expanding into Vietnam in the last 1-5 years, declared that the attractiveness of this Asian market increased significantly after the entry into force of the agreement EVFTA. Most of them indicated no new threat or risk resulted from the agreement (O5).

Both quantitative and qualitative studies showed that the most essential resources that Polish enterprises (regardless of their size and type of business activities) must have when entering the Vietnamese market were (1) unique knowledge and understanding of the Vietnamese market, (2) relations with local partners, clients, and other stakeholders in the Vietnamese market, (3) enterprise's international experience, and (4) employee competencies. However, the qualitative research also revealed that for enterprises in specific fields such as high-tech industries, the most crucial assets are technology and know-how (O6).

The studies also demonstrated that Polish enterprises, regardless of their size, duration of operation in Vietnam, and type of business activities, primarily used export and import to enter the Vietnamese market. Significantly fewer enterprises engaged in this market using more advanced entry strategies, i.e., participating in a joint venture with a local partner and wholly-owned business in the Vietnamese market. None of them used other entry strategies to enter this market. It was also found that the agreement EVFTA has had significant impacts on the Polish enterprises' expansion into the Vietnamese market in two aspects: the used entry strategies and the sales revenues in this market. Specifically, many Polish enterprises switched from being an "outsider" (not being present in the Vietnamese market) to an "opportunity seeker" in Vietnam through several entry strategies after 2020. Some enterprises already operating in Vietnam before 2020 also decided to use one more additional form of expansion. None of the surveyed and interviewed enterprises switched to less advanced entry strategies or withdrew from the Vietnamese market after 2020. Furthermore, in the majority of cases, both enterprises that changed and did not change their entry strategies saw a significant increase in sales revenue after the commencement of the agreement EVFTA in 2020. Only a few enterprises declared stable sales revenue. None of them indicated that the Vietnamese market's share of the total sales decreased under the conditions of the agreement EVFTA (O7).

Besides, the awareness of Polish entrepreneurs of the International Business Incubation (IBI) and their needs when using it as a new entry strategy were also examined. None of the Polish enterprises declared they knew about the IBI and used it

when entering the Vietnamese market. The interviewed enterprises emphasized that the information about the IBI could be very useful for them, as it might provide several important benefits that would otherwise be very difficult to obtain. Professional consultancy in the field of administrative, tax, and labor law consultancy, cultural issues, as well as establishing business contacts with local partners are some important benefits Polish enterprises expect from the IBI (O8).

Therefore, it can be seen that lack of experience and knowledge about the Vietnamese market, as well as the fear of risks and costs associated with several distances (political and legal, cultural, etc.) between Poland and Vietnam have prevented Polish enterprises from expansion into the Vietnamese market, and if so, only to a limited extent, namely, export/import. Since entering this Asian market is not an easy task, Polish enterprises should choose the indirect path, i.e., entering the Vietnamese market by joining an IBI before doing business on their own through other traditional entry strategies (O9).

Based on that, several recommendations regarding expansion into the Vietnamese market for Polish enterprises were indicated. Some policy implications for the Vietnamese and Polish governments to enhance bilateral trade and investment cooperation were also proposed.

The dissertation was the first work in both foreign and Polish literature on internationalization to study the impact of the agreement EVFTA on the expansion of enterprises from the EU (specifically from Poland) into the Vietnamese market. It was also one of the very few first works in the world (and the first in the Polish literature) to study the phenomenon of IBI as a new entry strategy. On the basis of the obtained results and considerations outlined in this dissertation, it is suggested that future research directions include several important issues in the field of internationalization:

- 1) Regarding the economic cooperations between Poland and Vietnam, since the agreement EVFTA is a multi-year process, in which tariffs will be phased out gradually over a maximum of ten years, and a separate investment protection agreement between the EU and Vietnam (EVIPA) will soon come into force, it is necessary to conduct further research on the expansion of Polish enterprises into the Vietnamese market under the conditions of the two agreements.
- 2) Regarding the International Business Incubation (IBI) as a new entry strategy, as the IBI is a research topic in its infancy, there are ample opportunities for further research in this area:

- The result of the extant studies showed that the IBI positively affects the international expansion of enterprises, which in turn influences their decision to enter and deepen their commitment to foreign markets. Nevertheless, there is also a need to further investigate the downsides of the IBI that decision-makers should consider before choosing it as a new solution for entering foreign markets. Therefore, empirical studies should continue to clarify the benefits and drawbacks of the IBI for enterprises when using it.
- Considering the benefits and drawbacks of the IBI also leads to question why some enterprises choose to join a business incubator before venturing abroad on their own while others keep using traditional methods for entering international markets. Thus, future studies can delve into the determinants of choosing the IBI as an entry strategy instead of the traditional alternatives in the early stage of international expansion.
- The extant studies on the IBI have focused only on the entry phase of enterprises in international markets. However, A.S. Amezcua, S.W. Bradley, and J. Wiklund⁷¹⁵ found that in the domestic contexts, although incubated enterprises show lower initial exit rates compared to their non-incubated peers, these rates increase in post-incubation, and the difference is declining. It is due to the fact that enterprises leaving a protected environment provided by the business incubator must face many difficulties again. Therefore, one can argue that in the international market settings, it is also important to continue to support the graduates in the post-incubation period. Thus, further research can be expanded to the role of the IBIs in supporting the tenants after their "graduation".
- International entrepreneurship has been a topic of interest to academic researchers, business people, and governments for decades. Studies have proved the existence of "born globals" (global start-ups) that do not follow the Uppsala model. However, in start-up scenarios, entrepreneurs are frequently recognized as possessing specialized knowledge but lacking managerial experience and business skills, which can be supported by the features of the

⁷¹⁵ A. S. Amezcua, S. W. Bradley, J. Wiklund, 'Cutting the apron strings of business incubation firms: is the liability of newness...A liability?,' *Academy of Management Annual Meeting Proceedings*, vol. 1, 2011, pp. 1–7.

IBI. Thus, future research should delve into the significance of the IBI for born-global enterprises.

Finally, it is worth considering the limitations of the conducted studies that may reduce the effectiveness of the scientific and practical results achieved, and the analysis of these limitations serves to improve future assumptions and research tools. The first and biggest problem is the small sample size (56 respondents). Although the response rate reached 20% that was high enough to provide fairly reliable estimates, the small sample size reduces the statistical power of the quantitative study. This problem comes from a natural issue, that is relatively small number of Polish enterprises operating in the Vietnamese market. It can be remedied by increasing the response rate in the future research. Besides, there is also a problem with the heterogeneous answers of respondents about the type of business activities, since many of them did not reveal the code PKD (in Polish: Polska Klasyfikacja Działalności, i.e., Polish Classification of Activities) of their business, which hindered the analysis of issues by type of business activities.

APPENDIX 1. SURVEY QUESTIONNAIRE (in English)

Dear Sir or Madam,

My name is Cao Son Nguyen. I am a doctoral candidate at the Department of Strategy and Enterprise Value Management at the Faculty of Management of the University of Lodz. I am currently conducting research for the purposes of my doctoral dissertation entitled "*Entry strategies of Polish enterprises into the Vietnamese market under the conditions of the European Union-Vietnam Free Trade Agreement (EVFTA)*". Its goal is to support Polish entrepreneurs in expansion into the Vietnamese market by proposing an optimal entry path and identifying the key success factors in this market.

Participation in the study is completely anonymous, and the collected data will be used only for cognitive and practical purposes. If you are interested in the results of this study, they will be made available to you in the form of a research report via e-mail.

Thank you very much for spending your time to complete this questionnaire. If you have any questions, please contact by phone or e-mail.

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I. Entry strategies into the Vietnamese market

1. How long has your Company been operating in the Vietnamese market?

- Less than 1 year
- 1 – 5 years
- 6 – 10 years
- 11 – 15 years
- Over 15 years

2. Was the Vietnamese market the first foreign market your Company entered?

Yes

No*

*** If not, what foreign markets has the Company entered before? Please select the correct answer and complete it with the name of the country or countries.**

European markets, country/ies:

American markets, country/ies:

Asian markets other than Vietnam, country/ies:

Others:

3. Please rate the importance of the following motives for the Company's decision to enter the Vietnamese market. Please rate their importance on a scale of 1 to 5, where 1 is the least important and 5 is the most important.

Motives	1	2	3	4	5
The emergence of new opportunities in the Vietnamese market, resulting from the entry into force of the Free Trade Agreement between the EU and Vietnam (EVFTA)					
Decreases in sales of the enterprise's products or services on existing markets, resulting from external factors such as the Russia-Ukraine war, the USA-China trade war					
Saturation of existing markets with products offered by the enterprise					
Expansion of business partners to the Vietnamese market					
Unsolicited requests for quotation (RFQs) or orders placed by Vietnamese clients					
Striving for enterprise development and achievement of long-term goals					
Competitive advantage of the enterprise in the form of unique products/technologies/know-how					
Possessing unique knowledge about the Vietnamese market or Vietnamese partners					
Personal commitment and motivation of the enterprise's management					
Excessive production capacity of the enterprise					
Others:					

4. What features or strengths of the business environment in Vietnam do you consider important when choosing this market as a new area of expansion? Please rate each of these features on a scale of 1 to 5, where 1 is the least important and 5 is the most important.

Answer variants	1	2	3	4	5
Absorptive market – growing demand					
Low labor costs					
Easy access to cheap labor					
Rapid economic development					
Political stability					
Others:					

5. What are, in your opinion, the weaknesses of the business environment in Vietnam? Please rate each one on a scale of 1 to 5, where 1 is the least important and 5 is the most important.

Answer variants	1	2	3	4	5
Infrastructure and transport					
Relatively low household income					
Low qualifications of employees					
Corruption					
Difficult cooperation with administration officials					
Others:					

6. Has the attractiveness of the Vietnamese market increased significantly after the entry into force of the Free Trade Agreement between the European Union and Vietnam EVFTA (in 2020)?

- Yes*
- No

* If yes, what new benefits have emerged for EU entrepreneurs?

.....

7. Have there been any new threats or risks to business activities in the Vietnamese market after the entry into force of the EU-Vietnam Free Trade Agreement EVFTA (in 2020)?

- Yes, what?.....
- No

8. What resources do you consider crucial that Polish entrepreneurs should have in order to effectively enter the Vietnamese market? Please rate each of them on a scale of 1 to 5, where 1 is the least important and 5 is the most important. You can select more than one answer.

Answer variants	1	2	3	4	5
Product/service characteristics (e.g., uniqueness/innovativeness of the product or technology)					
Enterprise's brand image					
Enterprise's international experience					
Unique knowledge and understanding of the Vietnamese market					
Relations with local partners, clients, and other stakeholders in the Vietnamese market					
Employee competencies					
Others:					

9. Which of the following strategies for entering the Vietnamese market were used by your company before 2020, i.e., the entry into force of the EVFTA? Please indicate all strategies used at that time.

- The company was not present on the Vietnamese market at that time
- Export
- Import
- Licensing
- A joint venture with a local partner
- Wholly-owned business in the Vietnamese market (branch, subsidiary, etc.)
- Others, please specify.....

10. Has your strategy(ies) changed after 2020? Please indicate your current strategies.

- The company withdrew from the Vietnamese market
- Export
- Import
- Licensing
- A joint venture with a local partner

- Wholly-owned business in the Vietnamese market (branch, subsidiary, etc.)
- Others, please specify

11. Do you know any IBI* operating in the Vietnamese market and use cooperation with it as a strategy to enter the foreign market?

- I don't know and I don't cooperate with it
- I know but I don't cooperate with it (why?)
- I know and cooperate with it

***Explanation of the term IBI - "International Business Incubator" (IBI) is an entity located in a given market, which aims to support the development of foreign enterprises, and at first to help these newcomers until they can operate independently on this market. IBI offers, for instance, office space, consultancy in the field of marketing, tax, labor, and administrative law, as well as assistance in obtaining funds.**

12. Would the Company be willing to work with such an entity if it was able to offer the following benefits?

Yes	No	Benefits
<input type="checkbox"/>	<input type="checkbox"/>	Providing office space
<input type="checkbox"/>	<input type="checkbox"/>	Consultancy in the field of marketing
<input type="checkbox"/>	<input type="checkbox"/>	Consultancy in the field of tax law
<input type="checkbox"/>	<input type="checkbox"/>	Consultancy in the field of labor law
<input type="checkbox"/>	<input type="checkbox"/>	Consultancy in the field of administrative law
<input type="checkbox"/>	<input type="checkbox"/>	Assistance in obtaining funds from local sources (banks, government and non-governmental funds, etc.)
<input type="checkbox"/>	<input type="checkbox"/>	Other benefits:

13. Does your company's experience in the Vietnamese market confirm the correctness of the generally recommended sequence of actions in foreign markets?

- **Stage 1. Export/import**
- **Stage 2. Non-capital cooperation with a local partner (licensing, franchising, etc.)**
- **Stage 3. A joint venture with a local partner**

- **Stage 4. Wholly-owned business abroad**

- Yes
- No (please specify why?.....)

14. Please specify the share of sales revenues in the Vietnamese market in total sales in 2020-2022 (in %).

	2020	2021	2022*
0			
1-5%			
6 -10%			
11-15%			
16-20%			
Over 20%			

** If data for 2022 are already available.*

15. How has the EVFTA FTA impacted the Vietnamese market's share of the Company's total sales?

- It has grown significantly
- It stays constant
- It has declined

II. Information about the company and the person completing the questionnaire

16. In what year was the company founded?

.....

17. What is the legal form of your Company?

- Sole proprietorship
- Civil law partnership
- General partnership
- Professional partnership
- Limited partnership
- Limited joint-stock partnership
- Limited liability company

Joint-stock company

18. What position do you hold in the Company?

.....

19. Please specify the size of the Company (number of employees).

1-9 employees

10-49 employees

50-249 employees

Over 250

20. What is the main type of activity of the Company (production, services, trade - PKD code(s))?

.....

21. The origin of capital:

Exclusively Polish capital

Exclusively foreign capital

Dominant Polish capital

Dominant foreign capital

22. The dominant scope of the Company's activity includes:

(You can choose more than one answer)

Polish market

Foreign market - Europe

Foreign market outside Europe - Asia and/or America and/or Africa

23. Is the Company part of a Capital Group?

Yes

No

24. Is the company a family business?

Yes

No

25. Are you interested in receiving the test results in the form of a test report to your e-mail address?

Yes, please provide an email address:

No

APPENDIX 2. SURVEY QUESTIONNAIRE (in Polish - original)

Szanowni Państwo,

Nazywam się Cao Son Nguyen. Jestem doktorantem w Katedrze Strategii i Zarządzania Wartością Przedsiębiorstwa na Wydziale Zarządzania Uniwersytetu Łódzkiego. Prowadzę obecnie badanie dla potrzeb rozprawy doktorskiej pt. "*Strategie wejścia polskich przedsiębiorstw na rynek wietnamski w warunkach umowy o wolnym handlu EVFTA*". Jego celem jest wsparcie polskich przedsiębiorców w ekspansji na rynek wietnamski poprzez zaproponowanie optymalnej ścieżki wejścia oraz zidentyfikowanie kluczowych czynników sukcesu na tym rynku.

Udział w badaniu jest całkowicie anonimowy, a zgromadzone dane posłużą tylko i wyłącznie celom poznawczym oraz praktycznym. Jeśli byliby Państwo zainteresowani wynikami niniejszego badania, zostaną one Państwu udostępnione w postaci raportu z badań, po uprzednim udostępnieniu adresu e-mailowego.

Serdecznie dziękuję za czas poświęcony na wypełnienie niniejszego kwestionariusza. W przypadku pytań zapraszam do kontaktu telefonicznego lub mailowego.

Mgr Cao Son Nguyen
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cao.son.nguyen@edu.uni.lodz.pl

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Promotor naukowy
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Dr Grażyna Kędzia
Promotor pomocniczy
grazyna.wieteska@uni.lodz.pl

I. Strategie wejścia na rynek wietnamski

1. Od jakiego czasu Państwa Firma funkcjonuje na rynku wietnamskim?

- Krócej niż 1 rok
- 1 – 5 lat
- 6 – 10 lat
- 11 – 15 lat
- Powyżej 15 lat

2. Czy rynek wietnamski był pierwszym rynkiem zagranicznym, na który Państwa Firma weszła?

Tak

Nie*

*Jeśli nie, to na jakie rynki zagraniczne wchodziła Firma wcześniej? Proszę wskazać właściwą odpowiedź i uzupełnić ją informacją o nazwie kraju lub krajów.

Rynki europejskie, kraj/e:

Rynki amerykańskie, kraj/e:

Rynki azjatyckie inne niż Wietnam, kraj/e:

Inne, jakie?

3. Proszę ocenić znaczenie poniższych motywów, dla których Firma zdecydowała się wejść na rynek wietnamski. Proszę ocenić ich znaczenie w skali od 1 do 5, gdzie 1 – najmniejsze znaczenie, a 5 – największe znaczenie.

Motywy	1	2	3	4	5
Pojawienie się nowych szans na rynku wietnamskim, wynikających z np. wejścia w życie umowy o wolnym handlu pomiędzy UE a Wietnamem (EVFTA)					
Spadek sprzedaży produktów firmy na dotychczasowych rynkach (wynikający z np. wojny Rosja-Ukraina, wojny handlowej USA-Chiny itd.)					
Nasycenie dotychczasowych rynków oferowanymi przez firmę produktami					
Ekspansja partnerów biznesowych na rynek wietnamski					
Niewywołane zapytania ofertowe lub zamówienia złożone przez wietnamskich klientów					
Dążenie do rozwoju firmy i osiągnięcia długoterminowych celów					
Przewaga konkurencyjna przedsiębiorstwa w postaci unikatowych produktów/technologii/know-how itd.					
Dysponowanie unikatową wiedzą o rynku wietnamskim lub o wietnamskich partnerach					
Osobiste zaangażowanie i motywacja kierownictwa firmy					
Nadmierne moce produkcyjne przedsiębiorstwa					
Inne, jakie?					

4. Jakie cechy lub atuty otoczenia biznesowego w Wietnamie uważa Pani/Pan za istotne przy wyborze tego rynku jako nowego obszaru ekspansji? Proszę ocenić każdą z tych cech w skali od 1 do 5, gdzie 1 – najmniej ważna, a 5 – najważniejsza.

Warianty odpowiedzi	1	2	3	4	5
Chłonny rynek – rosnący popyt					
Niskie koszty pracy					
Łatwy dostęp do taniej siły roboczej					
Szybki rozwój gospodarczy kraju					
Stabilność polityczna kraju					
Inne, jakie?					

5. Jakie są według Pani/Pana słabości otoczenia biznesowego w Wietnamie? Proszę ocenić każdą z nich w skali od 1 do 5, gdzie 1 – najmniej ważna, 5 – najważniejsza.

Warianty odpowiedzi	1	2	3	4	5
Infrastruktura i transport					
Relatywnie niskie dochody gospodarstw domowych					
Niskie kwalifikacje pracowników					
Korupcja					
Utrudnione współdziałanie z urzędnikami administracji					
Inne, jakie?					

6. Czy atrakcyjność rynku wietnamskiego po wejściu w życie Umowy o wolnym handlu między Unią Europejską a Wietnamem EVFTA (w 2020 r.) wyraźnie wzrosła?

- Tak*
 Nie

*Jeśli tak, to jakie nowe korzyści pojawiły się dla przedsiębiorców z UE?

.....

7. Czy pojawiły się jakieś nowe zagrożenia lub ryzyka w działalności biznesowej na rynku wietnamskim po wejściu w życie Umowy o wolnym handlu między Unią Europejską a Wietnamem EVFTA (w 2020 r.)?

- Tak, jakie?.....
 Nie

8. Jakie zasoby uważa Pani/Pan za kluczowe, którymi polscy przedsiębiorcy powinni dysponować, aby efektywnie wejść na rynek wietnamski? Proszę ocenić każdy z nich w skali od 1 do 5, gdzie 1 – najmniej ważny, a 5 – najważniejszy. Można wybrać więcej niż jedną odpowiedź.

Warianty odpowiedzi	1	2	3	4	5
Charakterystyka produktu/usługi (np. unikatowość/ innowacyjność produktu, technologii, itd.)					
Wizerunek marki Firmy					
Doświadczenie międzynarodowe Firmy					
Unikatowa wiedza i znajomość rynku wietnamskiego					
Relacje z partnerami lokalnymi, klientami i innymi interesariuszami na rynku wietnamskim					
Kompetencje pracowników					
Inne, jakie?					

9. Które z poniższych strategii wejścia na rynek wietnamski były stosowane przez Państwa Firmę przed 2020 r., czyli wejściem w życie umowy EVFTA? Proszę wskazać wszystkie zastosowane wówczas strategie.

- Firma nie była wówczas obecna na rynku wietnamskim
- Eksport
- Import
- Licencja
- Wspólne przedsięwzięcie z partnerem lokalnym
- Samodzielne prowadzenie działalności gospodarczej na rynku wietnamskim (filia, oddział itd.)
- Inne, proszę wpisać jakie.....

10. Czy po 2020 r. stosowana(e) strategia(e) uległa(y) zmianie? Proszę wskazać obecnie stosowane strategie.

- Firma wycofała się z rynku wietnamskiego
- Eksport
- Import
- Licencja
- Wspólne przedsięwzięcie z partnerem lokalnym

Samodzielne prowadzenie działalności gospodarczej na rynku wietnamskim (filia, oddział itd.)

Inne, proszę wpisać jakie.....

11. Czy zna Pani/Pan IBI* działający na rynku wietnamskim i stosuje współpracę z nim jako strategię wejścia na rynek zagraniczny?

Nie znam i nie współpracuję

Znam, ale nie współpracuję (dlaczego?)

Znam i współpracuję

***Objaśnienie terminu IBI - "Międzynarodowy Inkubator Przedsiębiorczości"**

(ang. International Business Incubator - IBI) to podmiot zlokalizowany na danym rynku, którego celem jest wspieranie rozwoju przedsiębiorstw zagranicznych, a przede wszystkim pomoc tym nowo przybyłym do momentu, gdy będą mogli samodzielnie działać na tym rynku. IBI oferuje m.in. powierzchnię biurową, doradztwo w zakresie marketingu, prawa podatkowego, prawa pracy, prawa administracyjnego, a także pomoc w pozyskiwaniu środków finansowych.

12. Czy Firma byłaby skłonna współpracować z takim podmiotem, gdyby podmiot ten był w stanie zaoferować następujące korzyści:

Tak	Nie	Korzyści
<input type="checkbox"/>	<input type="checkbox"/>	Udostępnienie powierzchni biurowej
<input type="checkbox"/>	<input type="checkbox"/>	Doradztwo w zakresie marketingu
<input type="checkbox"/>	<input type="checkbox"/>	Doradztwo w zakresie prawa podatkowego
<input type="checkbox"/>	<input type="checkbox"/>	Doradztwo w zakresie prawa pracy
<input type="checkbox"/>	<input type="checkbox"/>	Doradztwo w zakresie prawa administracyjnego
<input type="checkbox"/>	<input type="checkbox"/>	Pomoc w pozyskiwaniu środków finansowych ze źródeł lokalnych (banki, fundusze rządowe oraz pozarządowe itd.)
<input type="checkbox"/>	<input type="checkbox"/>	Inne korzyści, jakie?.....

13. Czy doświadczenia Państwa Firmy z rynku wietnamskiego potwierdzają słusność ogólnie zalecanej kolejności działań na rynkach zagranicznych?

- **Etap 1. Eksport/import**
- **Etap 2. Współpraca niekapitałowa z partnerem lokalnym (licencja, franczyza, itd.)**
- **Etap 3. Wspólne przedsięwzięcia inwestycyjne (spółka joint venture)**

- **Etap 4. Samodzielne prowadzenie działalności na rynku zagranicznym (filia/oddział itd.)**

- Tak
- Nie (dlaczego?.....)

14. Proszę określić udział przychodów ze sprzedaży na rynku wietnamskim w sprzedaży ogółem w latach 2020-2022 (w %).

	2020	2021	2022*
0%			
1-5%			
6 -10%			
11-15%			
16-20%			
Ponad 20%			

* Jeśli dane za rok 2022 są już dostępne.

15. W jaki sposób Umowa o wolnym handlu EVFTA wpłynęła na udział przychodów ze sprzedaży na rynku wietnamskim w sprzedaży Firmy ogółem?

- Wzrósł znacznie
- Utrzymuje się na stałym poziomie
- Spadł

II. Informacje o firmie i osobie wypełniającej kwestionariusz

16. W którym roku Firma została założona?

.....

17. Jaka jest forma prawna prowadzonej działalności Państwa Firmy?

- Jednoosobowa działalność gospodarcza
- Spółka cywilna
- Spółka jawna
- Spółka partnerska
- Spółka komandytowa
- Spółka komandytowo-akcyjna

- Spółka z ograniczoną odpowiedzialnością
- Spółka akcyjna

18. Jakie stanowisko zajmuje Pani/Pan w Firmie?

.....

19. Proszę określić wielkość Firmy (liczbę zatrudnionych).

- 1-9 pracowników
- 10-49 pracowników
- 50-249 pracowników
- Powyżej 250

20. Jaki jest główny rodzaj działalności Firmy (handel, produkcja, usługi – kod(y) PKD)?

.....

21. Pochodzenie kapitału:

- Wyłącznie polski
- Wyłącznie zagraniczny
- Dominujący polski
- Dominujący zagraniczny

22. Dominujący zasięg działalności Firmy obejmuje:

(Można wybrać więcej niż jedną odpowiedź)

- Rynek polski
- Rynek zagraniczny – Europa
- Rynek zagraniczny poza Europą – Azja i/lub Ameryka i/lub Afryka

23. Czy Firma jest częścią Grupy Kapitałowej?

- Tak
- Nie

24. Czy Firma jest firmą rodzinną?

- Tak

Nie

25. Czy wyraża Pani/Pan zainteresowanie otrzymania wyników badania w postaci raportu z badań na adres mailowy?

Tak, proszę podać adres mailowy:

.....

Nie

APPENDIX 3. INTERVIEW QUESTIONNAIRE (in English)

Explanation of the purpose of the study, presentation of the investigator(s).

1. Which of the following motives influenced your Company to enter the Vietnamese market?
 - Striving for enterprise development and achievement of long-term goals
 - Possessing unique knowledge about the Vietnamese market or local partners
 - Personal commitment and motivation of the enterprise's management.....
2. What elements of Vietnam's business environment do you consider most conducive to the entry and effective functioning of Polish enterprises?
.....
3. What characteristics of the Vietnamese market would you consider the most specific in comparison to other foreign markets?
.....
4. What difficulties did you encounter while entering the Vietnamese market? Which of them turned out to be the most difficult for you to overcome?
.....
5. What key resources and skills should Polish entrepreneurs have in order to effectively appear and compete in the Vietnamese market?
.....
6. Have you noticed any new benefits or new risks due to the entry into force of the Free Trade Agreement between the European Union and Vietnam (EVFTA) on 1st August 2020?
.....
7. In your opinion, can you notice increased interest among Polish entrepreneurs in expansion into the Vietnamese market in the last three years (i.e., after the entry into force of the agreement EVFTA)?
.....
8. Which sectors of the Vietnamese economy do you assess as currently the most attractive for Polish enterprises now and in the next five years?
.....

9. Has the entry strategy of your Company changed after the entry into force of the EVFTA in 2020?
.....
10. Did this agreement influence on the increase of the sales revenues in the Vietnamese market in the Company's total sales?
.....
11. Have you heard about the solution entitled International Business Incubator (IBI), which aims to support the development of foreign companies planning to enter the Vietnamese market?
.....
12. Would you be willing to use the help of the IBI and to what extent: consultancy in the fields of legal, tax, labor law, and others?
.....
13. Which forms of expansion work best in the Vietnamese market: export/import, non-capital cooperation with a local partner, joint venture, wholly-owned business (subsidiary/branch)?
.....
14. Do international and global factors, such as the USA-China trade war, the COVID-19 pandemic, and the Russia-Ukraine war, affect the activities of Polish enterprises operating in the Vietnamese market? Which industries do you think are most vulnerable to such events?
.....
15. What would you expect from government agencies of both countries regarding support for Polish business in the Vietnamese market?
.....

Summary of the study and thanking the participant(s) of the interview.

APPENDIX 4. INTERVIEW QUESTIONNAIRE (in Polish - original)

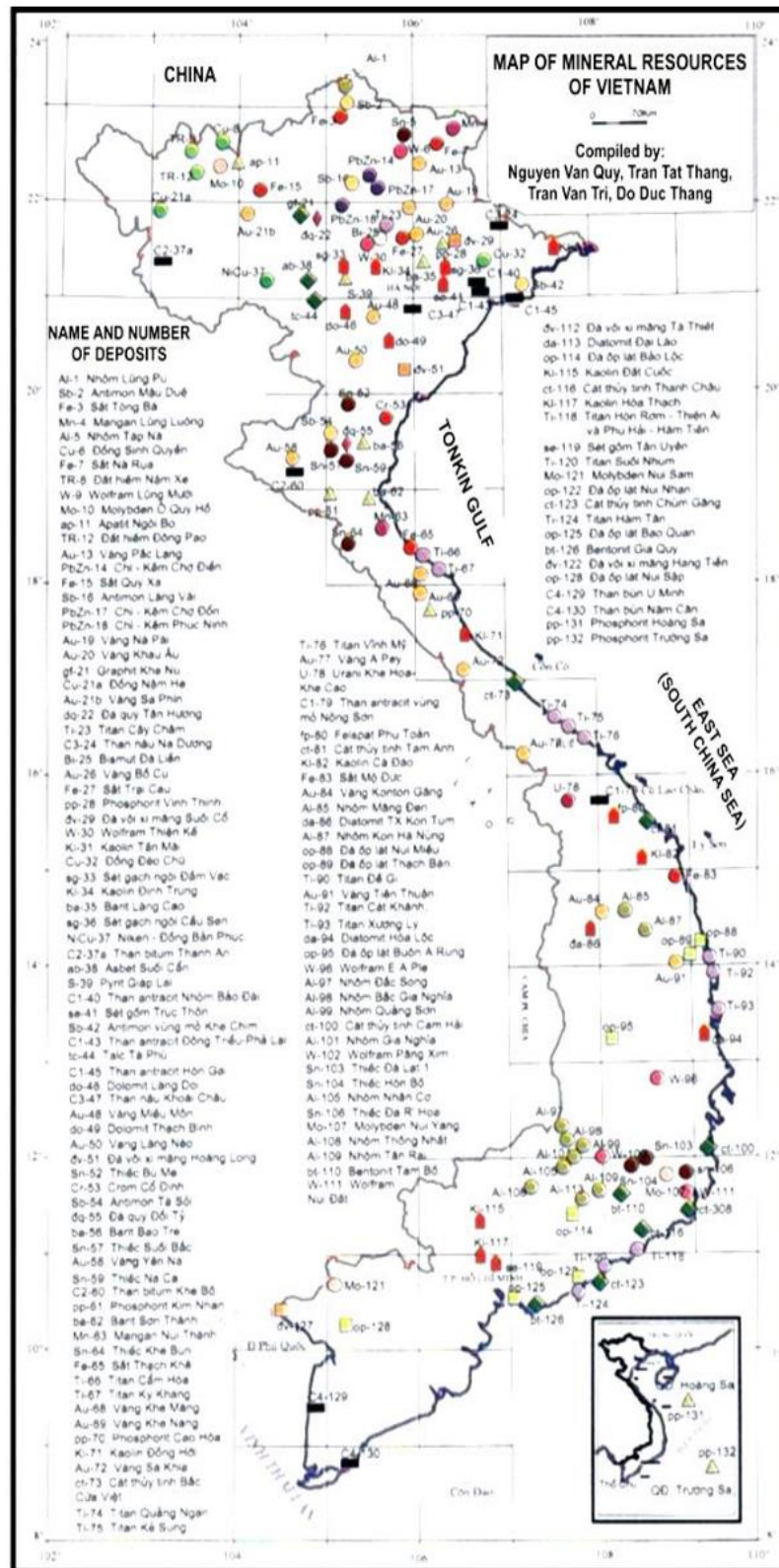
Wyjaśnienie celu badania, przedstawienie prowadzącego/prowadzących badanie.

1. Które z niżej wymienionych motywów w przypadku Pana/Pani Firmy zadecydowały o wejściu na rynek wietnamski?
 - Dążenie do rozwoju firmy i osiągnięcia długoterminowych celów
 - Dysponowanie unikatową wiedzą o rynku wietnamskim lub o wietnamskich partnerach
 - Osobiste zaangażowanie i motywacja kierownictwa firmy.....
2. Jakie elementy środowiska biznesowego Wietnamu uważa Pan/Pani za najbardziej sprzyjające wejściu i efektywnemu funkcjonowaniu polskich przedsiębiorstw?
.....
3. Jakie cechy charakterystyczne dla rynku wietnamskiego uznałby/uznałaby Pan/Pani za najbardziej specyficzne na tle innych rynków zagranicznych?
.....
4. Jakie trudności napotkał/a Pan/Pani w trakcie wchodzenia na rynek wietnamski? Które z nich okazały się dla Pana/Pani najtrudniejsze do pokonania?
.....
5. Jakimi kluczowymi zasobami oraz umiejętnościami powinni dysponować polscy przedsiębiorcy, aby skutecznie zaistnieć i konkurować na rynku wietnamskim?
.....
6. Czy zauważył/a Pan/Pani jakieś nowe korzyści lub nowe zagrożenia z powodu wejścia w życie umowy o wolnym handlu pomiędzy Unią Europejską a Wietnamem (EVFTA) w dniu 1 sierpnia 2020 r.?
.....
7. Czy Pana/Pani zdaniem można zauważyć wśród polskich przedsiębiorców zwiększone zainteresowanie ekspansją na rynek wietnamski w ostatnich trzech latach (czyli po wejściu umowy EVFTA)?
.....

8. Które branże wietnamskiej gospodarki ocenia Pan/Pani jako obecnie najbardziej atrakcyjne dla polskich przedsiębiorstw obecnie i w najbliższych pięciu latach?
.....
9. Czy zmieniła się strategia wejścia Państwa Firmy po wejściu w życie umowy EVFTA w 2020 r.?
10. Czy ta Umowa wpłynęła na wzrost przychodów ze sprzedaży na rynku wietnamskim w sprzedaży Firmy ogółem?
.....
11. Czy słyszał/a Pan/i o rozwiązaniu pt. Międzynarodowy Inkubator Przedsiębiorczości (MIP), którego rola polegałaby na wspieraniu rozwoju firm zagranicznych planujących wejście na rynek wietnamski?
.....
12. Czy byłby/byłaby Pan/i skłonny/a skorzystać z pomocy MIP i w jakim zakresie: doradztwo prawne, podatkowe, pracownicze, inne – jakie?
.....
13. Które formy ekspansji najbardziej sprawdzają się na rynku wietnamskim: eksport/import, niekapitałowa kooperacja z lokalnym partnerem, spółka joint venture, samodzielne prowadzenie działalności gospodarczej (filia/oddział)?
.....
14. Czy czynniki międzynarodowe i globalne, takie jak, wojna handlowa USA – Chiny, pandemia COVID-19, oraz wojna Rosja – Ukraina wpływają na działalność polskich firm działających na rynku wietnamskim? Które branże są Pana/Pani zdaniem najbardziej podatne na takie zdarzenia?
.....
15. Czego Pan/Pani oczekiwalby/oczekiwałaby od agencji rządowych obu państw odnośnie wspierania polskiego biznesu na rynku wietnamskim?
.....

Podsumowanie badania oraz podziękowanie uczestnikowi/uczestnikom wywiadu.

APPENDIX 5. MAP OF THE MINERAL RESOURCES OF VIETNAM



Source: N.K. Nguyen, 'Mineral Resources Potential of Vietnam and Current State of Mining Activity,' *Applied Environment Research*, Vol. 36, No. 1, 2014, pp. 37-46.

APPENDIX 6. THE STRATEGIC LOCATION OF VIETNAM IN THE SOUTHEAST ASIAN REGION AND ASIA



Source: *Việt Nam – Vị trí địa lý chiến lược*, Investment Promotion Center – North Vietnam, Foreign Investment Agency, Ministry of Planning and Investment of Vietnam. <https://investingvietnam.vn/2087-2/>, access: 01.05.2023.

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Strategie wejścia polskich przedsiębiorstw w warunkach Umowy o Wolnym Handlu pomiędzy Unią Europejską a Wietnamem (EVFTA)

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Słowa kluczowe: *Internacjonalizacja, międzynarodowy inkubator przedsiębiorczości, polskie przedsiębiorstwa, Wietnam, Umowa o Wolnym Handlu, EVFTA.*

STRESZCZENIE

Szybko postępująca internacjonalizacja przedsiębiorstw jest od wielu dziesięcioleci wyróżniającą cechą światowej gospodarki. Chociaż ostatnio wiele mówi się o deinternacjonalizacji i deglobalizacji w kontekście wojny handlowej USA-Chiny, pandemii COVID-19, oraz wojny Rosji z Ukrainą, internacjonalizacja przedsiębiorstw pozostaje bardzo intensywna. Proces ten znajduje odzwierciedlenie w ogromnej liczbie prac naukowych, w których badacze starają się (1) zidentyfikować, opisać i wyjaśnić zachodzące zmiany (nurt badań opisowo-wyjaśniających) oraz (2) sformułować zalecenia normatywne dla menedżerów i ekonomistów politycy (nurt normatywny).

Umiedzynarodowienie zostało odzwierciedlone w literaturze poprzez różne ramy i teorie, które zmieniały się w czasie. Wczesne teorie internacjonalizacji zostały wprowadzone w latach 60. i 70. XX wieku, począwszy od pionierskich prac C. P. Kindlebergera i S. Hymera (teoria przewagi monopolistycznej – ang. *monopolistic advantage theory*). Innym podejściem, które również odegrało ważną rolę w rozwoju literatury poświęconej internacjonalizacji, jest teoria cyklu produktowego handlu i inwestycji międzynarodowych (ang. *product cycle theory of international trade and investment*), przedstawiona przez R. Vernona w 1966 r., nawiązująca do teorii luki technologicznej M. Posnera (*technology gap theory*). W ciągu następnych lat pojawiło się wiele teorii wyjaśniających internacjonalizację przedsiębiorstw, z których najbardziej znane to: F. T. Knickerbocker (teoria reakcji oligopolistycznej - *oligopolistic reaction theory*), P. J. Buckley i M. Casson (teoria internalizacji - *internalization theory*), O. E. Williamson (teoria kosztów transakcyjnych - *transaction cost theory*) i J. H. Dunning (eklektyczna teoria produkcji międzynarodowej z licznymi modyfikacjami - *eclectic theory of international production*). Ważną rolę w rozwoju badań nad internacjonalizacją odegrały również teorie internacjonalizacji etapowej (*theories of stage*

internationalization), w tym uppsalski model internacjonalizacji (*Uppsala model of internationalization*), modele internacjonalizacji związane z innowacjami (*innovation-related internationalization models*) oraz model fiński (*Finnish model*). Od końca lat 80. XX wieku na badania nad internacjonalizacją przedsiębiorstw znaczący wpływ wywarły również teoria sieciowa (*network-based theory*) oraz koncepcje przedsiębiorczości międzynarodowej (*concepts of international entrepreneurship*), w tym (1) koncepcja międzynarodowego nowego przedsięwzięcia (*concept of international new venture - INV*), born global, czy przyspieszona/szybka internacjonalizacja (*accelerated/rapid internationalization*) oraz (2) alternatywne modele przedsiębiorczości międzynarodowej (*alternative models of international entrepreneurship*). Wraz z intensywną ekspansją przedsiębiorstw na rynki wschodzące w ciągu ostatnich dwóch dekad, pojawiły się nowe ramy teoretyczne wyjaśniające zachowania przedsiębiorstw na rynkach międzynarodowych, z których dwa najczęściej stosowane teorie to podejście oparte na zasobach (*resource-based view - RBV*) i teoria instytucjonalna (*institutional theory*).

Wymienione teorie podejmują m.in. następujące ważne zagadnienia teoretyczne odnoszące się do umiędzynarodowienia przedsiębiorstw: motywy internacjonalizacji, wybór lokalizacji dla zagranicznej działalności przedsiębiorstwa, proces podejmowania decyzji o umiędzynarodowieniu oraz wybór form internacjonalizacji. Wśród tych zagadnień wybór form internacjonalizacji (strategii wejścia na rynek zagraniczny) jest tematem zainteresowania badaczy już od wielu lat. Szczególnie dwa współczesne podejścia (tj. podejście zasobowe i teoria instytucjonalna) były w ostatnich latach najczęściej stosowane do wyjaśnienia wyborów strategii wejścia przedsiębiorstw na rynki międzynarodowe w kontekście rynków wschodzących.

Internacjonalizacja polskich przedsiębiorstw na rynkach zagranicznych, w tym wybór przez nie strategii wejścia na rynki międzynarodowe, jest również przedmiotem zainteresowania polskich naukowców. Wzrost zainteresowania internacjonalizacją związany był z przemianami ustrojowymi i gospodarczymi w Polsce oraz akcesją Polski do Unii Europejskiej, a w ostatnich latach – z intensywną ekspansją polskich przedsiębiorstw na rynki międzynarodowe. Przeprowadzono szereg badań empirycznych nad internacjonalizacją polskich przedsiębiorstw, w tym znaczeniem ekspansji międzynarodowej, przyczynami internacjonalizacji, strategiami wejścia na rynki zagraniczne i kierunkami ich zmian oraz przewag konkurencyjnych polskich przedsiębiorstw.

W ostatnich latach miało miejsce ważne wydarzenie, jakim było wejście w życie Umowy o Wolnym Handlu między Unią Europejską (ang. the EU-Vietnam Free Trade Agreement - EVFTA) w dniu 1 sierpnia 2020 r. Celem tej umowy jest liberalizacja i ułatwienie handlu i inwestycji między UE a Wietnamem. Oczekuje się, że umowa doprowadzi do zacieśnienia relacji gospodarczych z drugim co do wielkości partnerem handlowym UE w Stowarzyszeniu Narodów Azji Południowo-Wschodniej (ASEAN), po Singapurze. Polska jako kraj członkowski UE jest również bezpośrednio dotknięta tą umową. Niemniej jednak dotychczas brak jest badań empirycznych dotyczących ekspansji polskich przedsiębiorstw na rynek wietnamski, zwłaszcza w warunkach umowy EVFTA. Zasadne wydaje się zatem empiryczne zweryfikowanie strategii wejścia polskich przedsiębiorstw na rynek wietnamski oraz kierunków ich zmian kilka lat po wejściu w życie umowy EVFTA.

Dodatkowo, w aktualnej literaturze na temat internacjonalizacji strategii wejścia były często skonceptualizowane wzdłuż kontinuum od eksportu/importu, poprzez różne formy kooperacji niekapitałowej i kapitałowej, do samodzielnego prowadzenia biznesu na rynku zagranicznym. Natomiast, wraz ze wzrostem zainteresowania przedsiębiorstw rynkami wschodzącymi, często charakteryzujące się niestabilnością, niepewnością i wysokim ryzykiem, te "tradycyjne" strategii wejścia mogą być mniej skuteczne. W ostatnich latach pojawiło się nowe zjawisko tzw. "międzynarodowego inkubatora przedsiębiorczości" (ang. International Business Incubator – IBI), tj. organizacja zlokalizowana na rynku międzynarodowym, której celem jest ułatwienie przedsiębiorstwom wejścia na rynek poprzez zapewnienie środków do sprowadzenia ryzyka i niepewności do akceptowalnych granic, które zostało opisane jako nowa strategia wejścia. Takie rozwiązanie wydałoby się niezbędne dla firm zainteresowanych rynkami wschodzącymi, zwłaszcza dla małych i średnich przedsiębiorstw, ponieważ mogłoby ono służyć jako katalizator do podejmowania zagranicznych przedsięwzięć, które w innym przypadku mogą być postrzegane jako zbyt ryzykowne i kosztowne. Jednakże IBI jest dotychczas niedostatecznie zbadany. W literaturze światowej jest tylko kilka publikacji poświęconych temu zjawisku. Jako kraj rozwijający się i wschodzący, tam, gdzie są obecne międzynarodowe inkubatory przedsiębiorczości, Wietnam staje się odpowiednim kontekstem do prowadzenia dalszych badań naukowych nad IBI.

Głównym celem rozprawy jest identyfikacja dotychczasowych strategii wejścia stosowanych przez polskie przedsiębiorstwa przy wejściu na rynek wietnamski oraz kierunków zmian tych strategii w warunkach umowy o wolnym handlu pomiędzy UE a

Wietnamem (EVFTA), a także identyfikacja i analiza determinantów wyboru przez polskie przedsiębiorstwa strategii wejścia na ten rynek i na tej podstawie wskazanie efektywnej ścieżki wejścia na rynek wietnamski.

Cel główny rozprawy jest osiągnięty poprzez realizację następujących celów szczegółowych:

1. Systematyzacja pojęć związanych z internacjonalizacją przedsiębiorstwa oraz dokonanie przeglądu teorii internacjonalizacji przedsiębiorstwa i ich klasyfikacja.
2. Systematyzacja pojęć związanych ze strategią wejścia na rynek zagraniczny jako częścią strategii internacjonalizacji przedsiębiorstw oraz klasyfikacja i charakterystyka poszczególnych strategii, ze szczególnym uwzględnieniem istoty i innowacyjności międzynarodowego inkubacji przedsiębiorczości jako nowej strategii wejścia.
3. Identyfikacja i analiza motywów ekspansji polskich przedsiębiorstw na rynek wietnamski.
4. Identyfikacja i analiza głównych determinantów strategii wejścia polskich przedsiębiorstw na rynek wietnamski, a mianowicie zasobów przedsiębiorstw oraz głównych cech (zarówno sprzyjających, jak i hamujących) wietnamskiego otoczenia biznesowego, które wpływają na jego atrakcyjność i ryzyko działalności gospodarczej na tym rynku.
5. Określenie wpływu umowy EVFTA na zmianę atrakcyjności rynku wietnamskiego oraz ryzyko funkcjonowania na tym rynku.
6. Identyfikacja kluczowych zasobów, jakimi polscy przedsiębiorcy powinni dysponować, aby skutecznie wejść i konkurować na rynku wietnamskim.
7. Identyfikacja i analiza strategii wejścia polskich firm na rynek wietnamski oraz kierunków zmian tych strategii w warunkach umowy EVFTA.
8. Określenie świadomości polskich przedsiębiorców na temat międzynarodowego inkubacji przedsiębiorczości i ich potrzeb przy wykorzystaniu tego rozwiązania jako nowej strategii wejścia.
9. Zaproponowanie polskim przedsiębiorcom praktycznych rekomendacji co do wyboru strategii wejścia na rynek wietnamski.

Poruszane w rozprawie zagadnienia noszą znamiona dwóch nowych, ważnych problemów badawczych. Po pierwsze, choć w literaturze przedmiotu istnieje wiele opracowań dotyczących internacjonalizacji polskich przedsiębiorstw, brak jest

dotychczas badań nad ekspansją polskich przedsiębiorstw na rynek wietnamski, zwłaszcza w warunkach umowy EVFTA. Po drugie, zarówno zagraniczna, jak i polska literatura dotycząca internacjonalizacji koncentruje się głównie na analizie "tradycyjnych" strategii wejścia, podczas gdy niewiele publikacji dotyczy nowego zjawiska międzynarodowej inkubacji przedsiębiorczości. W związku z tym rozprawa jest pierwszą w zagranicznej i polskiej literaturze dotyczącej internacjonalizacji analizą wpływu umowy EVFTA na ekspansję przedsiębiorstw z Unii Europejskiej (a konkretnie z Polski) na rynek wietnamski. Jest to również jedna z nielicznych pierwszych na świecie publikacji dotyczące zjawiska IBI jako nowej formy ekspansji na rynki zagraniczne.

Cel główny oraz cele szczegółowe rozprawy korespondują z jej strukturą, na którą składa się pięć rozdziałów.

W pierwszym rozdziale na podstawie studiów literaturowych zaprezentowano istotę internacjonalizacji przedsiębiorstw, przedstawiając definicje tego pojęcia z różnych ujęć i ich klasyfikację, a także motywy internacjonalizacji. Klasyfikacji i przeglądowni podlegają następujące teorie i modele internacjonalizacji przedsiębiorstw: (1) teoria luki technologicznej w handlu i teoria cyklu życia produktu, (2) teorie bezpośrednich inwestycji zagranicznych, w tym nurt monopolu, nurt efektywności oraz paradygmat eklektyczny, (3) teorie internacjonalizacji etapowej, w tym model uppsalski, modele internacjonalizacji związanej z innowacjami oraz model fiński, (4) sieciowa teoria internacjonalizacji, (5) koncepcje przedsiębiorczości międzynarodowej, w tym koncepcje wczesnej internacjonalizacji i alternatywne modele przedsiębiorczości międzynarodowej, (6) podejście oparte na zasobach oraz (7) teoria instytucjonalna.

W drugim rozdziale przedstawiono koncepcję strategii wejścia na rynek międzynarodowy jako części strategii internacjonalizacji. Następnie przedstawiono klasyfikację i charakterystykę poszczególnych strategii wejścia na rynek międzynarodowy, podkreślając główne cechy międzynarodowej inkubacji przedsiębiorczości jako nowej strategii wejścia. W wyniku studiów literaturowych również przedstawiono przyjętą w rozprawie ramę teoretyczną dla wejścia na rynek międzynarodowy. W dalszej części rozdziału skupiono się na analizie czynników wpływających na strategię wejścia na rynek międzynarodowy oraz procesie ich wyboru. Rozdział ten kończy przegląd istniejących badań empirycznych dotyczących ekspansji polskich przedsiębiorstw na rynki międzynarodowe.

W rozdziale trzecim, po przedstawieniu celów i przedmiotu rozprawy oraz postawionych pytań badawczych, przedstawiono metody badawcze zastosowane w

rozprawie: przegląd krytyczny literatury (zastosowany w rozdziałach I i II), desk research (w rozdziale IV i podrozdziale 5.2.), badania ankietowe w formie wywiadu internetowego wspomaganego komputerowo (ang. Computer Assisted Web Interview – CAWI) (w podrozdziale 5.1.) oraz wywiadu pogłębionego z wykorzystaniem semi-ustrukturyzowanego kwestionariusza (w podrozdziale 5.2.). Przedstawiono również charakterystykę przedsiębiorstw uczestniczących w badaniu ankietowym i wywiadach pogłębionych.

Czwarty rozdział to prezentacja charakterystyki rynku wietnamskiego. W pierwszej części rozdziału przedstawiono ogólne informacje o Wietnamie oraz jego gospodarce, podkreślając historię sukcesu Wietnamu po wdrożeniu reform gospodarczych, inwestycje zagraniczne, siłę roboczą, politykę pieniężną, oraz odporność podczas pandemii COVID-19, a także wpływ wojny handlowej między Stanami Zjednoczonymi a Chinami i wojny rosyjsko-ukraińskiej na gospodarkę Wietnamu. W dalszej części rozdziału skupiono się na przedstawieniu sieci umów o wolnym handlu Wietnamu oraz cech umowy o wolnym handlu pomiędzy UE a Wietnamem EVFTA. Ten rozdział kończy się analizą polsko-wietnamskiej współpracy gospodarczej.

Rozdział piąty poświęcono prezentacji wyników badań empirycznych. W niniejszym rozdziale przedstawiono motywy ekspansji polskich przedsiębiorstw na rynek wietnamski, główne cechy wietnamskiego otoczenia biznesowego wpływające na jego atrakcyjność i ryzyko działania na tym rynku oraz zasoby jako wewnętrzne determinanty ekspansji polskich przedsiębiorstw na rynek wietnamski. Następnie zaprezentowano i przeanalizowano strategie wejścia badanych polskich przedsiębiorstw na rynek wietnamski oraz kierunki ich zmian w warunkach umowy EVFTA. Studia przypadków opisane w przedostatniej części tego rozdziału pogłębiały powyższe wyniki. Pięć polskich przedsiębiorstw, z którymi przeprowadzono wywiady, zostało wybranych z różnych sektorów o różnej wielkości i czasie działania na rynku wietnamskim, a mianowicie: Adamed Pharma S.A., BHH Mikromed Sp. z oo, CORPO Sp. ogród zoologiczny. Sp. K., Transfer Multisort Elektronik Sp. z oo oraz Polviet Travel Ltd. Przedstawiono wnioski z badań ilościowych i jakościowych w postaci odpowiedzi na postawione pytania badawcze. Na tej podstawie zaproponowano kilka rekomendacji dla zarządzania i polityki.

Rozprawę kończy podsumowanie szczególnej analizy, przedstawiające główne wnioski, implikacje praktyczne i teoretyczne, w tym kierunki przyszłych badań.