

Table of Content

Foreword.....	V
Acknowledgement	VII
Table of Content	IX
List of Figures.....	XIII
List of Tables	XV
List of Abbreviations	XVII
Introduction	1
Object of Research	1
Goal of this Work and Main Hypotheses.....	2
Research Methodology	2
Outline of this Work	4
1 Analysis of Theoretical Approaches to Strategic Issues	7
1.1 The Market-Based View	7
1.1.1 History of the Market-Based View	7
1.1.2 The Five Forces of Competition	8
1.1.3 Strategy Formulation for a Company	11
1.1.4 Generic Strategies for a Firm	11
1.1.5 Value Chain and Activities	12
1.1.6 The Diamond Model on the Competitive Advantage of Nations	13
1.1.7 Conclusion and Criticism of the Market-Based View	16
1.2 The Resource-Based View	17
1.2.1 History of the Resource-Based View.....	17
1.2.2 Authors contributing to the Resource-Based View	18
1.2.3 Conclusions and Criticism of the Resource-Based View	20
1.3 Transaction Cost Theory	21
1.3.1 History of Transaction Cost Theory	21
1.3.2 The Concept and Assumptions of Transaction Cost Theory	22
1.3.3 Transaction Cost Influences on Market Entry Decisions	24
1.3.4 Conclusion and Criticism of Transaction Cost Theory	25
1.4 Theories explaining International Business	26
1.4.1 Theories of Foreign Trade	26
1.4.2 Product Cycle Theory by Vernon	26
1.4.3 Learning Theory by Johanson and Vahlne	27
1.4.4 Monopolistic Advantages Theory by Hymer and Kindleberger.....	28
1.4.5 Internalisation Theory by Buckley and Casson	29
1.4.6 Eclectic Theory by Dunning	29
1.5 Summary and Conclusions.....	30
2 Practical Options for Investors considering Market Entries.....	33
2.1 Historical Review of International Business.....	33
2.2 Modes of International Market Entry	34
2.2.1 Export.....	35
2.2.2 Contractual Agreements.....	38

2.2.3	Joint Venture	41
2.2.4	Wholly Owned Subsidiary	42
2.2.5	Comparison of Market Entry Modes	44
2.3	Building a Competitive Edge in a new Market.....	45
2.3.1	Product	47
2.3.2	Pricing	48
2.3.3	Distribution Channels	50
2.3.4	Market Communication	52
2.4	Summary and Conclusions.....	54
3	The European Union from the Perspective of a Business Investor.....	57
3.1	Foundation of the European Union	57
3.1.1	History of the European Union	57
3.1.2	Institutions of the European Union	60
3.2	Principles of the European Union	63
3.2.1	The Single Market.....	63
3.2.2	Competition Policy	65
3.2.3	Regional and Cohesion Policy	67
3.3	Polish Accession to the European Union	69
3.3.1	Acquis Communautaire	70
3.3.2	EU-Funds for Polish Developments	71
3.3.3	Copenhagen Criteria	71
3.3.4	Poland's Political Transformation	73
3.3.5	Economic Development in Poland.....	74
3.4	Implications of EU Membership for Investment Decisions.....	76
3.4.1	Single Market.....	76
3.4.2	Taxation of Firms within the EU	78
3.4.3	EU-Support for Small- and Medium-Sized Enterprises	79
3.4.4	Public Tenders.....	79
3.4.5	Regional Policy	80
3.4.6	European Companies	80
3.5	Summary and Conclusions	81
4	The Polish Market – Opportunities and Challenges for German Investors	83
4.1	Poland	83
4.1.1	The Polish Economy	83
4.1.2	Foreign Trade	85
4.1.3	Foreign Direct Investments in Poland.....	87
4.1.4	Industry: Technology	89
4.1.5	Industry: Infrastructure	91
4.2	Germany	94
4.2.1	The German Economy	94
4.2.2	Foreign Trade.....	95
4.2.3	Foreign Direct Investments.....	96
4.2.4	Industry: Technology	96
4.2.5	Industry: Infrastructure	99
4.3	Summary and Conclusions.....	101

5	Factors determining Market Entry Policy of chosen German Companies – An Empirical Study	103
5.1	Explanation of Research Methodology	103
5.1.1	Selection of Industries.....	104
5.1.2	Selection of Companies	104
5.2	Case Studies: Technology	107
5.2.1	Case Study: Archimedes	107
5.2.2	Case Study: Aristoteles	112
5.2.3	Case Study: Cicero.....	115
5.2.4	Case Study: Diogenes	119
5.2.5	Case Study: Epicurus	123
5.2.6	Case Study: Platon	127
5.2.7	Case Study: Pythagoras.....	130
5.2.8	Case Study: Seneca	134
5.3	Case Studies: Infrastructure	137
5.3.1	Case Study: Bach	137
5.3.2	Case Study: Beethoven	140
5.3.3	Case Study: Brahms	144
5.3.4	Case Study: Mendelssohn	147
5.3.5	Case Study: Mozart	152
5.3.6	Case Study: Schubert	156
5.3.7	Case Study: Schumann	161
5.3.8	Case Study: Strauss	165
6	Conclusions from Empirical Findings and Verification of Hypotheses.....	169
6.1	Market Position and Strategy	169
6.1.1	Technology.....	169
6.1.2	Infrastructure	170
6.1.3	Main Conclusions	171
6.2	International Business	171
6.2.1	Technology.....	171
6.2.2	Infrastructure	172
6.2.3	Main Conclusions	173
6.3	Business in Poland	174
6.3.1	Technology.....	174
6.3.2	Infrastructure	175
6.3.3	Main Conclusions	176
6.4	Membership in the European Union	177
6.4.1	Empirical Findings.....	177
6.4.2	Main Conclusions	178
	Summary	181
	Appendix: Questionnaire for Empirical Research.....	183
	Literature.....	185

List of Figures

Figure 01: Outline of Chapters	5
Figure 02: Five Forces of Competition by Porter.....	9
Figure 03: Generic Strategies by Porter	11
Figure 04: The Value Chain by Porter	13
Figure 05: The Determinants of National Advantage: The Diamond Model.....	14
Figure 06: Decision Tree for Foreign Market Entry based on the Eclectic Theory.....	30
Figure 07: Market Entry Modes	35
Figure 08: European Price Corridor	50
Figure 09: Communication Barriers to Export Marketing Promotion	52
Figure 10: Share of Intra-EU-15 trade of total Export of an EU-country in 2001	64
Figure 11: Inflation Rate in Poland: 1990-2004.....	75
Figure 12: GDP and Employment per Industry Sectors in 2004.....	83
Figure 13: Annual Growth of GDP: 1995-2006.....	84
Figure 14: GDP Changes per Sector: 1998-2002	84
Figure 15: Unemployment Rate in Poland: 1992-2006.....	85
Figure 16: Polish Im- and Exports: 1997-2004	86
Figure 17: Polish Im- and Exports by Sector	86
Figure 18: Major Partners for Polish Im- and Exports	87
Figure 19: FDI in Poland between the Years 1993-2004	87
Figure 20: Share of FDI in Poland by 2004	88
Figure 21: Output of the Construction Industry in Poland	91
Figure 22: Industry structure of Polish Construction Firms in 2003.....	92
Figure 23: Industry Sectors and their Contribution to GDP and Employment	94
Figure 24: Annual Growth of GDP in Germany: 1995-2006.....	94
Figure 25: Unemployment Rate in Germany: 1992-2006	95
Figure 26: German Trade with EU Accession Countries in 2003	96
Figure 27: Industry Structure of German Construction Firms in 2003	99
Figure 28: Orders from foreign Countries for German Construction Firms	100
Figure 29: Cost Structure of German Construction Firms in 2002	101
Figure 30: IT market size for EU Candidates.....	117
Figure 31: Organisation Structure of Beethoven.....	140
Figure 32: Value Chain for Mendelssohn	147
Figure 33: Organisation Structure of Mozart	152
Figure 34: Schumann: Turnover per Region	161

List of Tables

Table 01: VRIO-Framework by Barney	19
Table 02: Ex-Ante and Ex-Post Transaction Costs	22
Table 03: Comparison of Market Entry Modes.....	44
Table 04: Characteristics and Attributes of Distribution Channels.....	51
Table 05: Development of the European Union.....	58
Table 06: Gross Domestic Product per Capita in PPS (EU25 = 100)	67
Table 07: Poland's way to the European Union	69
Table 08: The 31 Chapters of the Acquis Communautaire	70
Table 09: Accumulated Value of FDI in Poland by Country of Investor	89
Table 10: R&D: Expenditures and Employment in EU Accession Countries	90
Table 11: European Patent Applications: EU and selected Accession Countries.....	91
Table 12: Annual Growth Rate of Construction Output in selected EU-Countries	91
Table 13: German Direct Investments (in mill. Euro).....	96
Table 14: Index of orders received in Germany	97
Table 15: R&D: Expenditures and Employment in selected EU countries	98
Table 16: European Patent Applications in Germany and other selected countries	99
Table 17: Development in Construction Investments in Germany	100
Table 18: Overview of conducted Case Studies.....	106
Table 19: Diogenes: Share of Turnover per Country	120
Table 20: Core Business Companies' Strategy: Technology	169
Table 21: Core Business Companies' Strategy: Infrastructure	170
Table 22: Meaning of International Business for Companies: Technology.....	171
Table 23: Meaning of International Business for Companies: Infrastructure	172
Table 24: Operational Activities in Poland: Technology	174
Table 25: Operational Activities in Poland: Infrastructure	175
Table 26: Meaning of the European Union for a Market Entry	177

List of Abbreviations

BOT	Build-Operate-Transfer -Model
CEE	Central and Eastern Europe
CMEA	Council of Mutual Economic Assistance
DIHT	Deutscher Industrie- und Handelskammertag (German Chamber of Commerce)
(e)	Estimated figures
EAGGF	European Agricultural Guarantee and Guidance Funds
EC	European Community
ECB	European Central Bank
EEC	European Economic Community
EEIG	European Economic Interest Group
EFTA	European Free Trade Association
EIB	European Investment Bank
EMS	European Monetary System
EMU	European Monetary Union
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
Euratom	European Atomic Energy Community
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ISPA	Instrument for Structural Policies for Pre-Accession
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Bank)
OEM	Open Embedded Manufacturing
PHARE	Poland, Hungary – Assistance for Restructuring of their Economies
PPP	Public-Private-Partnership
PPS	Purchasing Power Standard
R&D	Research and Development
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEA	Single European Act
SME	Small and Medium-Sized Enterprises
TEU	Treaty on the European Union
VDN	Verband der Netzbetreiber (Association of German electricity network operators)
VRIO	Value, Rare, Imitability and Organisation (framework presented by Barney)
WOS	Wholly Owned Subsidiary