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Keynote lectures

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What is the impossible? SDG's as wicked problems!

In the last fifty years, we have been looking for solutions to problems such as climate change, biodiversity erosion or poverty eradication. Although we strived for it, why haven't we been able to solve even the most elemental problems? According to the logic of our profession, based on the Kuznets curves theory, if the GDP above \$ 10,000 to \$ 12,000 per capita, the illiteracy should no longer exist, and everyone should have access at least to healthy drinking water. This is still not the case in the World. We've obviously spoiled something.

17 sustainable development goals were accepted by 193-member states of the United Nations in 2016. Reading the SDGs, the Millennium Development Goals come back to our mind, it is obvious that the goals are not new, just twice as many as used to be in 2000. The 169 sub-goal provides a sufficiently comprehensive picture of the global problems to be solved. Some global environmental problems do not harm human health directly, thus it is rather hard to generate social support to act. Often, even scientists are divided over the nature of the issue. Results can only be achieved through radical changes. Two global problems we need to pay attention to, these are climate change and the rapid loss of biodiversity. A common characteristic of these issues is that instead of threatening the health of individuals, they are endangering the stability of the entire ecosystem. If targets are followed by the UN Member States, several interacting transformation processes are expected to start in the 2030's period. The new economy will be a low-carbon and circular one. The economy that uses the achievements of the fourth industrial revolution can respond to these challenges with solutions that improve the state of the environment and the quality of life in the same time and can create even satisfaction for the citizens.

SDG's could be accomplished. Humanity has the necessary resources for it and the appropriate technologies exist as well. What makes it difficult to solve these problems is the more and more uneven income distribution which is leading to middle class poverty, and the fact that SDG's are not well-structured problems, but wicked problems. What can we do, or what should we do to solve the global problems? I am looking for answers to these questions in my presentation.

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The unsustainability of globalization in the face of economic nationalism

Globalization's essence rests on three legs: Movement of goods and services, Movement of capital and movement of people. The current economic system and the distribution of economic activity is built around supply chains that efficiently exploit labour and capital differences across the world. Yet, economic nationalism threatens these three 'freedoms'. Blocking these three freedoms has severe consequences for the economic welfare of countries at all levels of development.

Challenges to international business

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Intangible assets in the process of internationalization – a meta-analysis

Objective

A significant body of international business research has focused on identifying factors and resources under which corporations are likely to expand into foreign markets (Kindleberger, 1969; Hymer, 1976; Dunning, 1977 and 1980; Kogut, 1983; McClain, 1983; Andersen, 1993; Caves, 1996;). With the emerge of digital era new resources (e.g. intangible assets) are perceived as significant factors in shaping the process of internationalization. Therefore, the purpose of this paper is to investigate the association between intangible assets at the firm level and their impact on internationalization in terms of foreign-market entry mode and overseas financial and non-financial performance.

Methods

The paper applies the meta-analysis technique developed by Hunter et al. in 1982 to a sample of 30 articles published between 1995 and 2018 for the purpose of cumulating and integrating the findings across studies.

Key findings

Based on the literature review the paper shows a possible significant association between firm intangible assets and degree of internationalization.

Conclusions

In the digital era firms need to have particular intangible resources before being able to internationalize rapidly. Therefore decision-makers need to be mindful of the significance and threats in utilizing intangible assets in the process of internationalization.

Key words: Intangible assets, intellectual capital, internationalization

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Does the EU membership of Central and East European countries matter for their participation in GVCs?

Objective

There has been an extensive literature on the growing importance of Global Value Chains (GVC) in the economies of developed and emerging markets. This literature argues that participation in GVCs has significantly affected international trade and offered new opportunities for small open economies to increase both the quantity and the quality of their exports, to access more advanced technologies and to improve their economic performance. However, the empirical evidence from the Central and East European (CEE) countries, especially at the firm level is still relatively scarce. The majority of the existing studies for the CEE countries are based on sectoral input-output data. In this paper we study the determinants of firm participation in GVCs using BEEPS data for 29 CEE countries. We hypothesize that larger, foreign-owned, more productive and innovative firms employing skilled workers are more likely to be involved in GVCs.

Methods

The intensity of GVC participation is measured by the usage of imported inputs and the intensity of exports. The empirical study is based on the probit models, applied to the fifth edition of BEEPS firm level data set covering the period 2011–2014.

Key findings

The assembled empirical evidence generally supports the hypothesis that larger, foreign-owned, more productive and innovative firms employing skilled workers are more likely to be involved in GVCs. In addition we find that firms that participate in GVCs produce a smaller range of products which means that they concentrate on their core competencies. Moreover, we find that the EU membership may facilitate the GVC participation, especially for the smaller firms.

Conclusions

This article adds to existing GVC literature by examining the firm level determinants of GVC participation using the recent edition of a cross-country firm-level survey conducted by the EBRD and the World Bank.

Key words: CEE countries, firm-level data, GVC.

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Crowding-in and crowding-out effects of public investments in Poland and Portugal: a comparative study

Objective

The study concentrates on the comparative analysis of the effects of public spendings in Poland and Portugal, in particular the crowding-in and crowding-out effects of the governmental expenditure programmes realized in periods of substantial pro-expansionary shifts in fiscal policies in the two countries in due periods. In spite of the differences in the macroeconomic peculiarities of the analysed countries, it's justified to compare the results of substantial increases in the public spendings in Poland and Portugal as to their impact on key macroeconomic indicators like GDP, private investments, interest rates as well as the real exchange rates (with probably more long-lasting persistence). The period of study is 1960-2017. However, the special perspective for Portugal is the year 1986 when the country joined European Economic Community (EEC) and implemented major reforms in the goods and services, and job markets, and started to conduct huge investment projects in order to develop modern physical infrastructure such as roads, highways, ports, airports and railways, all essential to the desired growth in output. The co-financing and transfer programmes accruing to Portugal from the EU made it possible to make structural improvements in the Portuguese economy, especially after 1989, thus representing a huge opportunity for both private and public investment, and simultaneously promoting output growth. Regarding Poland – there has been realized (or planned) – in the framework of the long-term strategic programs targeted at upgrading Polish economy and improving its international competitiveness – the substantial expansionary fiscal policy projects – especially after 2015. They involved, e.g., implementing the social programs (like Program 500+ or „the Flat+”), substantial military spendings (Plan of the Technical Modernization of the Army in 2013-2022 accounting for c.a. 77,5 bln PLN), expenditures on infrastructure, e.g., Vistula ship channel (2018-2022, 880 mln PLN), Programme for the Development of the Inland Waterways (60 bln PLN) with the Silesia channel Vistula-Odra (10 bln PLN), the Central Communication Port (30-35 bln PLN), Via Baltica Poland's section, cargo railway connections, new bridges, gas pipeline Baltic-Pipe and many more. Apart from that, the Polish government has been consequently continuing huge investments in the road infrastructure (numerous expressways and highways on the whole country's road transport network). Although some of the mentioned projects are now at the planning stage, it seems necessary to research at least their potential impact on the Polish economy (especially considering they are to be really spectacular) – basing to some extent on the post-hoc analysis of the Portuguese experiences in the similar-scale shifts in the public investment policy of this country. All the more that substantial governmental spending plans and strategic investment programs announced by the Polish government today imply further spendings in the coming up to min. 15 years and thus are to create the influences on private Private Gross Fixed Capital Formation, internal consumption, interest rates and generally on national output. Especially, there seems interesting to investigate whether the possible real exchange rate appreciation of the Polish zloty can have an important and long-lasting negative effect upon output, confirming

the presence of a mechanism associated with a Dutch-disease phenomenon as it emerged in the Portuguese economy. After a review of the literature based on works developed in the context of VAR analyses, there will be alternative econometric strategy proposed, i.e., ADL models using the methodology of Krolzig-Hendry-Doornik. There will be estimated direct effects of public and private investments on themselves and also a system of simultaneous equations, as well as there will be calculated the multipliers of the exogenous variables, represented by the current external transfers, the short-run nominal interest rate and public debt ratio. We are going to put the special attention to the issue of potential existence of a complementarity versus substitutability between private investment and public investment in the analysed countries. We find that public debt has important negative effects on public and private investments and consequently on output.

Methods

After a review of the literature based on works developed in the context of VAR analyses, there will be alternative econometric strategy proposed, i.e., ADL models using the methodology of Krolzig-Hendry-Doornik. There will be estimated direct effects of public and private investments on themselves and also a system of simultaneous equations, as well as there will be calculated the multipliers of the exogenous variables, represented by the current external transfers, the short-run nominal interest rate and public debt ratio. We are going to put the special attention to the issue of potential existence of a complementarity versus substitutability between private investment and public investment in the analysed countries. We find that public debt has important negative effects on public and private investments and consequently on output.

Key findings We are going to put the special attention to the issue of potential existence of a complementarity versus substitutability between private investment and public investment in the analysed countries. We find that public debt has important negative effects on public and private investments and consequently on output.

Conclusions

To be presented in details on the conference

Key words: fiscal policy, public investments public debt, crowding-in effects, crowding-out effects

Investment incentives and location choices made by companies with foreign capital

Objective

Multinational enterprises (MNEs) are looking at almost all countries and regions (safe at political and economic levels) in the world to find optimal investment locations. As foreign investors, they are mainly interested in finding a concrete site where their projects could be successfully developed. Bearing the above in mind, governments of countries or authorities at lower administrative levels may try to attract foreign investors by offering incentives financed from public funds (Świerkocki, ed., 2011). Giving support to FDI under intentionally developed incentive schemes continues to be hotly debated by economists and the international business community (e.g., Aggarwal, 2012; Johnson, Toledano et al., 2013; Jensen, Winiarczyk, 2014; Tavares-Lehmann et al., eds., 2016; World Investment Report, 2018). Business environment institutions (BEIs), including public authorities at different levels (national, regional and local), may play a significant role in attracting (and retaining) foreign investors. They may use economic policy instruments (incentives) available to them based on their competence, regulations and resources. The study discussed in the paper aims primarily to assess the role of the host country measures in location decisions of enterprises with foreign capital.

Methods

To accomplish the above goal, the author used results of his own questionnaire-based survey conducted in Poland. The study was carried out based on the quantitative PAPI (Pen And Paper Personal Interview) method. To analyse the responses of MNEs managers, their distributions as well as statistical measures and tests were used.

Key findings

Apparently, cost factors were clearly the most important to location decisions made by enterprises with foreign capital in Poland and the majority of respondents claimed that the absence of State aid would not impact their location decision. The significance of individual groups of incentives varied.

Conclusions

Surveys conducted so far throughout the world, Poland included, do not allow us to unambiguously assess the efficiency of incentives in attracting (and retaining) foreign investors. However, most of their results authorise us to conclude that the role of incentives in the location decision was secondary compared to other factors.

Key words: Investment Incentives, Location Decision, FDI, Lodz Province

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Evolution of the subsidiary's role – a qualitative perspective on a subsidiary located in Poland

Objectives

The study has two main cognitive goals. The first goal involves learning how the role of a foreign subsidiary located in Poland can evolve over the years and which indicators represent such changes. In particular, this study aims to examine changes in reference to three periods—2005, 2012, and 2015—thus providing a 10-year perspective. The second goal focuses on the identification and interpretation of the relations between factors indicating the role a foreign subsidiary plays in an MNE's value chain and groups of their external and internal determinants

Methods Through a literature review and empirical case study of a foreign subsidiary located in Poland, this study analyzes the evolution of the subsidiary role and indicates its relations with groups of external and internal determinants. The case study examines a 10-year period of operations of a foreign subsidiary active in the automotive industry. Case study research was chosen to provide contextualized explanations suggesting that causal linkages are not simple and universal but may operate differently in different contexts. A single-site research design was considered appropriate as the studied phenomenon has rarely been explored in the Polish context, and this design should provide a comprehensive understanding of the studied company and issues.

Key findings

The presented case study describes complex relations among factors related to the subsidiary, HQ, and environment in relation to the evolution of the subsidiary role. The results indicate that evolution of the subsidiary role encompasses factors such as markets served, functional areas of operations, and advancement of operations. At the same time, The described case study constitutes an example of an initiative-taking subsidiary that has managed to develop its capabilities successfully as well as create and sustain a competitive advantage. This enabled a change in the subsidiary's role in the MNE's value chain. The case study also shows that decisions concerning the subsidiary's development can be influenced by external environment conditions. However, although the external environmental conditions may influence the foreign subsidiary's role development process, this influence is rather indirect, as it is transferred by the decisions makers/action takers and may be subject to their susceptibility to those conditions.

Conclusions

Since 1989, Poland has attracted a huge amount of FDIs. Nevertheless, very little attention has been paid to the evolution of foreign subsidiaries located in Poland and their roles within the value chains of MNEs. It is commonly known that workforce in Central and Eastern European countries is cheaper than that in more developed parts of the world. Nevertheless, the issue concerning the development of subsidiaries located in Poland is substantially more complex.

Key words: foreign subsidiary in Poland, multinational enterprise, evolution of the subsidiary role, value chain of an MNE.

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Foreign Markets, Entry Modes Selection and Performance

Objective

One of the most important decisions are related to the foreign markets a firm chooses to conduct business in, and the modes it uses to do so (Agndal and Chetty, 2007; Sakarya et al., 2007). Indeed, International Market Selection (IMS) (Ellis, 2000; Sakarya et al., 2007) and entry mode selection (EMS) (Brouthers and Nakos, 2004; Lu, 2002; Root, 1998) can be considered as two of the most important processes that must be considered for achieving success abroad. However, very few studies (Musso and Francioni, 2014) investigated whether firms select foreign market and entry mode in a separate and sequential way. In addition, no studies attempt to examine a possible relationship between the sequentiality of IMS and EMS and export performance. On this respect, the principal aim of this study was to investigate more in depth the firm's behaviour during International Market and Entry Mode Selection process.

Methods

In order to achieve the objectives and to test the hypotheses, data has been collected from a survey, targeting a sample of Italian SMEs. Through an Italian private database (AIDA), a total of 25,037 manufacturing firms have been identified. From this list, it has been decided to select SMEs with fewer than 250 employees (according to the European Union definition in 2005) and those that provided contact information. Therefore, a total of 3,678 firms belonging to this list were contacted by e-mail to arrange a questionnaire-supported telephone interview with the main decision-maker for international strategic activities. After receiving a response from the potential interviewee, telephone appointment was fixed (Francioni, Musso and Cioppi, 2015; 2017).

Key findings

Some preliminary findings, based on analysis with statistical methodology, reveal a significant relationship between the sequentiality of IMS and EMS and export performance. However, the research is still a work in progress.

Key words: International Market Selection, Entry Mode Selection, export performance

De-internationalisation of e-commerce firms: a case of financial e-services company

Objective

Paper presents the gradual process of de-internationalisation of a financial e-services company. The withdrawal of the commitment concerns the European Economic Area (EEA) and it refers to the actual (physical), as well as the online de-internationalisation.

Methods The qualitative research is based on a single case study prepared in a retrospective manner. Data were collected in two in-depth interviews conducted within 3 years with the co-owner and management board member of a fintech e-services company. Together with complementary secondary data from the financial statements and Internet sources, the gathered information covers 10 years of the firm's operation.

Key findings

The online internationalisation can be characterized as relatively late but accelerated, stage and simultaneous. The actual (physical) internationalisation turned to be relatively late and limited in nature, with the occurrence of phenomena of leapfrogging. First stage of de-internationalisation concerned the actual internationalisation and was caused by economic reasons. When the virtuality trap occurred, the further stages of the online de-internationalisation emerged. As a result of the internal conflicts and a strategic alliance with other company, a decision on the final online de-internationalisation was made.

Conclusions

Despite the identification of stages and the universal mechanism of learning known from the Uppsala model of internationalisation, the process of internationalisation of the e-commerce financial services company may be described as turbulent and nonlinear. The issue of the de-internationalisation of e-commerce firms gives rise to the theoretical challenges concerning the way of the problem analysis, as well as to the terminology of the occurred phenomena. Paper also shows how important is the analysis of the intra-organizational changes and the domestic market environment in a research of the internationalisation and the de-internationalisation processes of firms.

Key words: de-internationalisation, internationalisation process, virtual export, e-commerce, e-services

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An Analysis of Customs Transactions of a Developing Country: The Case of Ecuador

Objective

We utilize detailed customs export transactions from Ecuador for the period 2003 to 2009 to examine the characteristics and dynamics of exporting firms. Consistent with the previous literature, most Ecuadorian exporters export to few destinations, and relatively few exporters export to multiple destinations during this period. Moreover, a large number of Ecuadorian exporters in a market does not necessarily translate into high export values, suggesting the presence of many small exporters. While the US remains Ecuador's largest single trading partner in terms of export value, we also note that the share of Central and South American countries increased significantly over this period. The positive relationship between initial export values and export performance appears to be more consistent in the higher deciles of initial export values. On average, Ecuadorian exporters also prefer initial export markets with greater ease of entry. Our regression results indicate that product diversification, geographic diversification, and the number of destination-specific transactions have a positive effect on firm-level export values.

Methods

We compare Ecuadorian customs trade data from 2003 and 2009 to conduct a preliminary analysis of the following: location and concentration of exporting firms within Ecuador, the patterns of entry and distribution of exports across markets, the extensive and intensive margins of exports, the stability of trading relationships and growth of exports, the intensity of engagement within each export market, and the formation and expansion of trade networks. We first use network analysis to illustrate network formation by Ecuadorian exporters, and then estimate high dimensional fixed effects regression models to examine factors that influence Ecuadorian exports.

Key findings

Our preliminary analysis of the exporting behavior and choices of Ecuadorian firms reveals several interesting patterns. We find that between 2003 and 2009, most Ecuadorian exporters export to a few destinations, and that relatively few exporters export to multiple destinations, confirming the previous results in EKK (2004 and 2011). While the top 8 export destinations in terms of the number of Ecuadorian exporters exporting to those markets remained unchanged, Ecuadorian exporters also diversified and entered additional export markets during this period. However, the presence of a large number of Ecuadorian exporters in a market does not necessarily translate into correspondingly high export values, suggesting the presence of many small exporters in the market. The US remains Ecuador's largest single trading partner in terms of export value and the # of Ecuadorian exporters exporting to the US. We see evidence of increased regional concentration of exports during this period with a greater share of Ecuadorian exports in terms of value going to Central and South American countries such as Peru, Panama, Venezuela and Chile in 2009 as compared to 2003. We find that the positive relationship between initial export

transaction values and export performance, measured by number of products exported, the number of export destinations and the rate of growth of exports appears to be more consistent in the higher deciles of initial export values. Ecuadorian exporters in our data choose initial export markets that are that are “easier” to enter because of lower entry barriers and lower entry costs. Those exporters who export to less attractive destinations (rank ordered) above rank 50 are also multi-destination exporters, exporting to 8 or more destinations. Our regression analysis confirms that product and geographic diversification, and greater experience in an export market are all factors that increase Ecuador’s exports at the firm level.

Conclusion

We utilize detailed customs data on the export transactions of Ecuadorian exporters to examine recent developments in the international trade literature about the characteristics and dynamics of exporting firms. Our results indicate that ease of entry is a key factor influencing Ecuadorian firm to enter the export market. Hence, policies that reduce search, informational and other trade costs are likely to play an important role in diversifying exports at both the extensive and intensive margin. Our results also point to the presence of many small exporters in the market. Hence, policies that support the growth of small exporters is important for the growth of the export sector. We see an increase in the regional concentration of Ecuador’s exports, and note that greater diversification, in terms of export destinations in other regions of the world, is likely to reduce export volatility.

Key words: Exports, export networks, intensive margin, extensive margin, export diversification

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Entrepreneurial marketing elements and antecedents. A comparative study of International New Ventures from Poland, Italy and Finland

Objective

The study aims at exploring the elements and antecedents of successful entrepreneurial marketing activities of the International New Ventures. It has a theory-building approach in trying to apply the entrepreneurial marketing (EMICO) framework, which has been formulated for the US-based companies, on the European startups. The comparison of international marketing activity of International New Ventures from a post-transformation market and two mature ones aims at showing the pattern of marketing capabilities leading to successful international expansion.

Methods

The semi-structured, individual expert interviews including a card-based game and the Entrepreneurial Marketing conceptual framework were conducted with representatives of 10 manufacturing INVs, serving mainly B2B clients. The findings were obtained through the quantitative and qualitative content analysis of interviews with specialized CAQDAS software. Findings from three European markets (Poland, Italy and Finland) are compared against the US-based study of EMICO conceptual framework.

Key findings

The studied INVs attributed most importance to networking, understanding and responsiveness to clients' needs, and innovation introductions based on informal gathering of information in their international marketing activity. The differences between Polish and more advanced markets concerned the role of architectural capabilities (e.g. market-sensing) in their marketing activity. Moreover, the Polish INVs put less emphasis on the use of formal sales and promotion tools, than companies from the mature markets. The Polish INVs engage more strongly in building long-term relationships with intermediaries/clients, whereas the Italian and Finnish INVs apply both specialized and architectural capabilities in support of foreign expansion. The main antecedents leading to application of entrepreneurial marketing in all studied countries are the managerial characteristics, including proactiveness and opportunity focus, coupled with social capital.

Conclusions

Most of the entrepreneurial marketing framework dimensions were confirmed, however, the concepts of "exploiting markets" and "integration of business processes" were not understood by the International New Ventures, or had minor importance for their activity. Therefore we suggest to use a shortened list of EMICO elements in the future studies of INVs. Because of the managerial characteristics' importance as an entrepreneurial marketing antecedent, their development should be stimulated with the governmental support tools.

Key words: entrepreneurial marketing, International New Ventures, Poland, three-country study

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Innovation Cooperation Performance Research: Methodological Issues and Implications for Further Research

Objective

Riskier and more complex product development processes, globalization of economies and the demand for increasingly innovative services and products have increased the pressure on firms to enhance their innovativeness. Thus, firms have increasingly sought for external sources of innovation development, such as external collaborations. The engagement of firms in a wide array of innovation cooperation forms, such as innovation alliances, has become a ubiquitous phenomenon in today's business landscape. In many key industries such as computer hardware and software, telecommunications, electronics, or pharmaceuticals, innovation cooperation has become an important element of corporate strategy. As a consequence, most firms are involved in multiple simultaneous cooperation types in various locations, often geographically dispersed, with various partners and are, therefore, facing the challenge to manage an entire cooperation network [9,10]. Innovation cooperation can be referred to as collaboration with external parties with a key objective of generating innovations, and ranging from wholly-owned subsidiaries, through different forms of equity and non-equity alliances, to transactions, where independent firms engage in arms-length transactions. In an attempt to systematize the body of existing research with regard to factors which drive the performance of innovation cooperation, we undertake a literature study which considers several levels of analysis. Specifically, we argue that apart from the dyadic level of cooperation (referring to the cooperation between two organizations), not only the increasingly popular network level of analysis, but also the location in which the cooperation takes place, must also be taken into account in order to gain a complete understanding of the performance of innovation cooperation.

Methods

For the purpose of data collection, a keyword-driven search was undertaken in leading international journal databases (including inter alia EBSCO, ScienceDirect, Emerald, JSTOR, Proquest) At an initial stage, non-indexed sources, such as books, monographs, conference proceedings, were screened as well in order to identify further relevant sources. However, for the analysis of results, only indexed sources were retained in order to ensure the scientific quality of the evaluated studies. The research findings were verified for the fulfilment of the aforementioned criteria for geographic scope, authorship and original contribution. Conceptual contributions were not retained as the purpose here is to take stock of current knowledge about innovation cooperation performance and its drivers, which emerged from the analyses of business reality, rather than mere conceptualizations, and inspire future research.

Key findings

Our paper provides a review of extant alliance, innovation, open innovation and inter-firm collaboration literature and organizes it based on a conceptual framework featuring three levels

of analysis: (a) the dyadic level, (b) the network level, and (c) the location level. The article identifies roadmaps in each of these areas and also highlights existing gaps in the present understanding of innovation cooperation. Thereby, it outlines a research agenda by identifying key research questions and issues in the areas where further research is needed and encouraged.

Conclusions

As performance drivers are rooted in various levels simultaneously, future research should consider interactions between variables at different levels. For instance, a fruitful area of research is the possible influence of firms' network-level cooperation strategies on the dyadic interactions in an individual innovation cooperation. If the composition of a partner firm's cooperation network influences its evaluation of an individual cooperation, the firm's networking strategy will also influence its objectives and motivations for collaboration in the individual cooperation. After the formation of an innovation cooperation, changes in the partner firm's network composition may alter its motivation and bring instability to the single cooperation project. Moreover, the other partner firm may react to these changes and adjust its own strategy. Thus, dyadic interactions become more complicated when innovation collaborations are managed at the network level. These dynamics and how they influence the outcome of an individual alliance need to be better understood.

Key words: Innovation cooperation performance, inter-firm cooperation, open innovation alliances, strategic alliances, systematic literature review

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Transformation of supply chain transnational corporations under the influence of industrial revolution 4.0

Abstract

The two basic megatrends, that occur in the world economy i.e. globalization and regionalism are connected with the activity of international corporations, which are their main actors. The competition among them bases mainly on a desire for an overtaking their rivals in the introduction technological progress. The next its stage which begins now has the name the industrial revolution 4.0 and is a consequence of development from the past, which is called as the first, second and third industrial revolution. It can be defined as the breakthrough processes of the technology development which conduct to a disappearance the differences between a physical, digital and biological sphere. The basic devices that characterize the industrial revolution 4.0 are robotics, artificial intelligence, the internet of things and services, 3D printing, blockchain, autonomous vehicles, cloud computing, augmented reality, big data, nanotechnology and biotechnology.

Adaptation of the inventions will cause the transformation of the supply chains not only transnational corporations but also other sorts of companies. As a consequence of it, the processes of procurement, warehousing, production, distribution, customer relations and their logistics will be running faster and more flexibly. They will be strongly oriented on a microsegmentation of the customers, mass customization and have fully digital and more transparent character. They will be more effective both for the sake of a quality, a reliability, a punctuality and the costs. In particular such the invention as 3D printing can radically change the supply chains of transnational corporation through an elimination of outsourcing and offshoring to insourcing advantage. Thanks its production can be globally distracted and be located close the customers.

The now paradigm of a supply chain assumes an active participation of customers in conception of product creation and omnichannel communication with them. In this way the idea to deliver a right product, in a right time, in a right place and at an acceptable price will be much more close of realization than at present.

The research of barriers, stimulants and course of supply chain transformation under the influence of industrial revolution 4.0 have huge importance not only for scientific reasons but also practical for companies as a sine qua non condition of advantage achievement in international and national competition.

Keywords: supply chain, industrial revolution 4.0, transnational corporation, digitalization.

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The development of firm's intangible resources in international network

Objective

The objective of the study is to present a conceptual model of the development of firms' intangible resources in international network. The focus is on relationships in international network as drivers of the development of knowledge, technological and marketing resources and intercultural competences of firms.

Methods

The study is grounded in the resource-based view (RBV) of firm and the network approach to internationalisation. The conceptual nature of the study indicates the literature review as the method used. Both the theoretical foundations and the empirical evidence of these relationships will be considered.

Key findings

At this stage of the study, instead of findings only some assumptions might be presented. The main assumption is that though the tangible resources are indispensable for firms' internationalisation, these are the intangible resources which actuate them. Despite the fact that majority of intangible resources are created within firms, the relationships in international network are necessary to enhance their development.

Conclusions

The role of intangible resources and relationships in international network in firms' internationalisation process is still not enough explored. Especially there is lack of recognition of their key role in the internationalisation process of Polish firms.

Key words: intangible resources, firm's internationalisation, international network, network relationships, knowledge, technological and marketing resources, intercultural competence.

Dimensions of Entrepreneurial Orientation as Stimuli for Early and Fast Internationalization of Firms

Objective

This article focuses on entrepreneurial orientation during the internationalisation process of the firm, which is one of the main research streams within international entrepreneurship. The main goal of the article is to discuss and elaborate on the basics of international entrepreneurial orientation, its fundamentals and principles and to answer the question what determine entrepreneurial orientation of Polish internationalized firms and how it impacts the scale and scale of internationalization.

Methods

The research uses quantitative design and is based on a survey conducted in 2015 on a sample of 355 businesses from Poland (the response rate was 10.7%), the adequate statistical calculations were applied to verify the hypotheses.

Key findings

Based on statistical calculation it is possible to accept the hypothesis that entrepreneurial orientation has significant positive effects on the scope of internationalization. The higher the entrepreneurial orientation, the greater the number of foreign markets in which a firm can operate. What is more, such dimensions of entrepreneurial orientation as (a) innovativeness; (b) proactiveness; and (c) risk-taking have significant positive effects on the scope of internationalization. Firms having foreign branches or subsidiaries abroad are more entrepreneurial. Firms based on local business domain are more entrepreneurial. High-tech firms are more entrepreneurial. High-growth firms are more entrepreneurial than firms which note traditional growth dynamics. Hyper-growth firms are more entrepreneurial than other firms, also than high-growth companies. Innovative firms are more entrepreneurial. Strategically-orientated firms are more entrepreneurial. Firms cooperating in any networks are more entrepreneurial.

Conclusions

Nowadays, entrepreneurial orientation is one of the more important issues discussed within research on internationalization. The main components of entrepreneurial orientation include risk-taking, innovativeness, and proactiveness, which are regarded as significant causative factors of effective internationalization. Including the aspect of knowledge in the deliberations on entrepreneurial orientation and internationalization seems to be naturally justified on the grounds of theoretical concepts; however, it is an area that has been neglected in empirical research. This article combined the issue of entrepreneurial orientation and the scope and scale of internationalization. On the basis of empirical findings, one can make some important recommendations for business practice. One should primarily promote awareness among managers and executives about the significance of the entrepreneurial orientation of firms.

Key words: entrepreneurial orientation, international entrepreneurship, entrepreneurial internationalization, internationalization of the firm

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Country of origin from a management perspective of managers of firms from emerging markets

Objective

The purpose of this paper is to provide a management approach to the country of origin by conceptualising it from a perspective of managers of companies from emerging countries. In particular, the aim of this paper is to answer the following research questions: 1) What is the understanding of the country of origin construct from the perspective of managers of emerging markets companies?, 2) What is the perceived importance of country of origin dimensions from a management perspective?, and 3) What factors, from a management perspective, determine the importance of country of origin construct for the firms from emerging countries and their brands? Methods: To answer the research questions, a qualitative approach was applied using in-depth interviews with 11 key informants from medium and large-scale manufacturers - owners of household appliances brands and originating from emerging markets.

Key findings

The surveyed managers perceive country of origin as a multidimensional construct. In addition to the dimensions of the country of origin already presented in the literature, such as country of manufacturing/assembly/origin of parts / key components/ design/ company headquarter / origin of corporate ownership, and brand culture / brand country of origin, as well as country of associations, respondents also indicate such dimensions of the country of origin as: country of technology/ innovation origin, country of technical culture, country of service network location, country of origin of the organizational culture, country of origin of the brand owner and the first market on which the brand was launched. Following determinants of the importance of the country of origin and its dimensions from a management perspective were identified: of industry/ product category specificity; concentration of household appliances production in a few regions/ countries; standards of production quality in factories; a stage of a product life cycle in a given market; availability of spare parts and access to the service network; the existence of strong brands from a given country and the strength of brand associations with a given country; share of retail brands in the market; consumers' knowledge about the product/ brand origin; consumers' perception of countries and regions; age and incomes of consumers; consumers' ethnocentrism and patriotism, and activities supporting it, new vintage trend, national brand promotional activities abroad. Respondents agree that country of origin in the traditional sense (country of manufacture, assembly, parts) is less important than country of brand origin. Country of origin constructs play a greater role in the case of more technologically advanced products like RTV products, than in the case of brands positioned as economical ones and products with low technological advancement, such as small household appliances.

Conclusions

The major findings of this study demonstrate that country of origin is perceived as a multidimensional construct and strategic business imperative. The strategic importance of country of origin construct from a management perspective differs inter alia in terms of the business model of a company, brand orientation, brand positioning and strategic plans.

Key words: country of origin, country of brand origin, emerging markets, international marketing, management perspective

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Exploring drivers of de-internationalization: The effect of foreign-based competition at home and decision-maker's role

Objective

The purpose of the study is to explore cognitive antecedents of adaptation to external stimuli. In particular, we are interested in the decision-makers' intention to (de-) internationalize in response to increased foreign competition at home.

Methods

The data for this study comes from a 2018 survey of Polish firms conducted from March to April (CATI method, N=96) and is a part of a larger project funded by Grant of the Polish National Science Center, no. 2017/01/X/HS4/01015. The data was collected from decision-makers responsible for internationalization who are either entrepreneurs running small (2-49 employees) and medium-sized (50-249) companies, or managers working for large enterprises (250 employees and over). To test the proposed set of hypotheses, we performed a linear regression analysis in which dependent variable was intention to de-internationalize and the independent variables were the levels potentially affecting de-internationalization (individual-level and firm-level variables).

Key findings

The perceived level of foreign based competition in the home market is positively and significantly associated with the intention to de-internationalize ($p=0.086$) which allows to support hypothesis H1a. The relationship between perceived level of environmental hostility and the intention to de-internationalize was positive but not significant ($p=0.295$). Among firm level variables, both firm international exposure ($p=0.001$) and firm international experience ($p=0.098$) occurred to be significant predictors of the dependent variable, being – as hypothesised – negatively associated with the intention to de-internationalize. As evidenced by the results, the moderating effect of decision-maker's role for the relationship between intention to de-internationalize and perceived level of environmental hostility was not supported. We observed, however, the statistical significance ($p=0.017$) of interaction effects of decision-maker's role (managers vs. entrepreneurs) and perceived foreign-based competition in the home industry for the intention to de-internationalize. In the group of managers the intention to de-internationalize increases with the level of perceived foreign-based competition in the home industry, while in case of entrepreneurs the relationship is negative.

Conclusions

Altogether, our findings support what other scholars conceptualized - that individual perception of the changes in the external environment is crucial to understand decisions to decrease resource commitment abroad (Calof & Beamish, 1995). This result also supports an argument that internationalization should be considered as a non-linear process or an adaptation to environmental changes (Benito & Welch, 1997; Calof and Beamish, 1995; Trąpczyński, 2016) – not only in foreign, but also in the home market. Our empirical study confirms that cognitive factors, together with organizational-level characteristics, explain intention to de-internationalize. In

particular, we find that when decision-makers perceive increased foreign competition in their home market, they consider it as a threat and are willing to de-internationalize, hence focus on their home market. To some extent the threat evoked by increased foreign-based competition can be reduced by international experience and exposure. Our main contribution is that high level of foreign-based competition in the home market constitutes an external stimuli of the organization's adaptive behavior and is a subject to cognitive framing by individual managers. Accordingly, we propose that responses of decision-makers of incumbent firms' responses may either lead to high or low intention to de-internationalize. This mechanism is contingent on framing of foreign-based competition, as either opportunity or threat. Our results also suggest that ultimate decision is affected by firm's international experience and overall exposure to foreign markets.

Key words: de-internationalization, bounded rationality, framing effect

China's Belt and Road Initiative - Path Towards a New Economic Order?

Japan: economic opportunities generated by BRI in the context of the country's position in GVC

Objective

Japan, although not a part of one belt or one road economies, faced with a spectrum of China's strengthening position in Asia, has taken measures to amend the bilateral relations between the two countries. As a result, Japanese Prime Minister Shinzo Abe met with Chinese Premier Li Keqiang in China in October 2018, during the first official visit to this country in seven years. During the visit the first Japan-China Forum on Third Country Business Cooperation was held. The Forum delivered 52 signed memoranda of cooperation in areas such as infrastructure, logistics, IT, healthcare, finance etc. Asia and Pacific accounts for almost 46% of global GDP, out of which Southeast Asia represents 6.5% of total output (International Monetary Fund, IMF). OECD 2019 reports that despite global trade frictions, trade in the region is developing with several agreements in progress. Moreover, it is expected that FDI inflow will show further increases (OECD 2019). With this perspective the region grows in importance for major economies in Asia: China and Japan, and the two countries' competition over Southeast Asia may lead to a win-win economic cooperation, as the first step in improving their relations has already been taken. This article aims to identify economic opportunities stemming from the Japan's involvement in Belt & Road Initiative, assuming that this would open the BRI economies to Japan more.

Methods

The study is based on the analysis of Japan's trade, foreign direct investments and global value chain participation. The data comes from various sources: Japan External Trade Organization (JETRO), China Customs, Japan's Cabinet Office, Japan's Ministry of Foreign Affairs and the World-Input-Output Database (WIOD).

Key findings

The analysis conducted in the article proves that in terms of both foreign trade and FDI Japan is a major player in the region, where, among other Asian countries, Taiwan, Hong Kong, Thailand and Singapore lead the group of the country's trade partners. In 2017, Japan was the 4th largest investor in Developing Asia. Moreover, the study of the Japan's participation in GVC, in particular, the examination of the structure of Japan's global output in two perspectives of backward and forward linkages lead to the following conclusions: during the period from 2004 to 2014, Japan became more reliant on imports and Japanese market faced diminishing domestic demand.

Conclusions

Participation in Belt & Road Initiative, which could give Japan broader access not only to Southeast Asia but also to Africa and Central Asia seems to be promising and viable. However, it needs to be stressed that Japan already has a well-established position in the region, playing a role of a major investor, importer and know-how and technology exporter.

Key words: Japan, trade, foreign direct investments (FDI), China, Belt and Road Initiative (BRI), Global Value Chain (GVC)

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Are Eastern Baltic ports the drivers of Eurasian trade?

Objective

The study investigates whether Eastern Baltic Sea ports' activities affect the Chinese trade flows. The goal of the research is to identify major routes of Asian-European cargo traffic in Eastern Baltic region.

Methods

1. State of art
2. Cases description (ports of St. Petersburg, Leningrad province, Gdansk, Klaipeda and Riga)
3. Collection of relevant statistical data and facts regarding international trade, cargo turnover and core socio-economic indexes of the ports' location regions for the period 2000-2016.
4. Statistical and econometric analysis including the identification of links between ports' cargo turnover and Eurasian trade volumes and regional socio-economic indexes.

Key findings

- Based on our criteria, the port of Klaipeda has the best prospects of handling Chinese transit. In peak periods port of Kaliningrad has a chance to handle transit cargo flows in co-operation with port of Klaipeda;
- Ports of Gdansk and Riga are likely to attract cargoes for its' further delivering to western European port, southern Scandinavia and Stockholm region, respectively. Further prospects of the port of Gdansk are determined by the capacity of the Polish land transport infrastructure;
- Leningrad region, can be expected, will be used as a transit area for goods delivering to Finland by rail. But, in case of political instability, the risks of economic cooperation between giant and small countries increase. So, ports of Saint Petersburg and Leningrad Province become a fallback option for cargo delivery from China to Western Europe;
- Gross regional product is positively correlated to Leningrad region port turnover, at the same time the regional ports did not affect the regional employment. The Leningrad region results are confirmed when total cargo turnover is considered. There is not any correlation between port turnover and basic economic indicators in St. Petersburg region. So, the question about the interest of St. Petersburg Authorities whether handle Chinese goods in the port is still open.

Conclusions

The empirical results demonstrate that the ports' can attract little part of Chinese trade flows. The strategic goal of the Baltic States and Poland ports is defined by their niche in international traffic. Port of Gdansk has the best technical opportunities in Asian cargo flows attracting. But its geographical location is worse than the port of Klaipeda. The weak position of the Port of Kaliningrad is caused by the double customs procedures and high railway tariffs. Port of Klaipeda has the best chance for Chinese cargo turnover. Leningrad region, as can be expected, will be used as a transit area for goods delivering to Finland by rail. In case of political instability, the risks of economic cooperation between giant and small countries increase. So, ports of Saint Petersburg and Leningrad Province become a fallback option for cargo delivery from China to

Western Europe. The question about the interest of St. Petersburg Authorities whether handle Chinese goods in the port is still open.

Key words: Eastern Baltic Seaports, Eurasian trade, China's Belt and Road Initiative, cargo transport, regional economic development

Chinese Takeovers of Foreign Technology Assets: Case of Germany

Objective

The subject of the study is to analyze the development strategy of Chinese investments in Germany, in particular the brownfield type, taking into account their motives, directions and actions taken by the German government to ensure the security of domestic enterprises belonging to the key technology sector.

Methods

The methods of qualitative and comparative analysis, case studies were used.

Key findings

Most Chinese foreign direct investment in Europe takes the form of acquisitions (a similar situation occurs in the USA). The share of greenfield investments in total FDI in the analyzed period is estimated at less than 5%. Thus, more than 95% of Chinese direct investments in Europe are brownfield investments. Chinese companies, often run by the government, are trying to get European companies with high technologies to fill gaps in the technology research and development process. The greatest interest of investors is caused by: information and communication technologies, industrial machinery and equipment, transport and infrastructure, car industry, energy, financial and business services as well as real estate and hospitality. In addition, the Chinese are also interested in shares of industrial and chemical companies and enterprises with recognizable brands, possessing unique technologies, patents and other strategic assets. The new framework allows the European Commission to issue opinions on transactions involving Member States or on projects and programs that may affect the interests of the EU as a whole. As in other EU countries, Germany offers Chinese investors access to the free market and by 2018 they did not have an efficient mechanism to protect key technologies. Due to greenfield and M&A investments, Chinese FDI brings new capital to the country by creating and maintaining jobs. Among German public opinion, the growing scale of takeovers by German investors of German enterprises belonging to the strategic sectors was particularly worrying. The sectoral distribution of transactions that has taken place in recent years and the emerging new Chinese funds that are targeted at advanced digital industrial production therefore indicate a strong link between corporate goals and China's industrial policy objectives for investment projects in Germany. A characteristic of some critical transactions is the lack of transparency. Chinese M & A investments in Germany can be considered as the way Chinese enterprises are trying to catch up in the high-tech industry and to acquire advanced technologies declared in the MIC.

Conclusions

The development of Chinese investments in Germany and their future dynamics will depend to a large extent on the policy of the Chinese government and on the direction of regulatory development in the area of investment control applied in Germany and in the EU. The previous moves of the federal government suggest that there will be a far-reaching change in the approach to China's economic and political commitment in this country. The EU institutions, national governments and enterprises are publicly changing their approaches to economic and

political cooperation with China. Among the most likely areas of additional policy action, export control for dual use and critical technologies, data security and privacy rules, public procurement rules and competition policy can be identified.

Key words: M&A investments, advanced technologies, Made in China 2025, Industrie 4.0, high-tech technologies.

Is the Belt and Road Initiative a trigger for World Order Change?

Objective

Since 2001, China has been emerging in the world economy; and more recently with the Belt and Road Initiative (BRI), China is expanding its government-sponsored “Going Global” development programs as part of the global “China Dream” objective, both in size and in scope. Taking “the Silk Road Economic Belt” and “the 21st Century Maritime Silk Road” as axis, the BRI now is the largest platform for international cooperation, reflecting the new approach on China’s development and diplomatic strategy. The basic idea of the BRI is to consolidate and upgrade a dense network of bilateral FTAs into a multilateral arrangement, anchored by China’s gravitational pull and vast open market. The BRI focuses on using the “belt” to link China to Europe through Central Asia and Russia; to Middle East through Central Asia; and to Southeast Asia, South Asia and the Indian Ocean. The “road,” meanwhile, aims to connect China with Europe through the South China Sea and Indian Ocean; and with the South Pacific Ocean through the South China Sea. Covering 65 countries and reaching more than 60 percent of the global population, accounting for nearly a third of global GDP and of global merchandise trade, and 75 percent of its known energy reserves, the BRI is the most ambitious example of global economic statecraft in the 21st century. The Belt and Road Initiative is a massive project involving the funding and construction of a system of roads, railways, oil and natural gas pipelines, fiber-optic and communication systems, ports, and airports. But BRI is far more comprehensive since it covers cooperation in all aspects, from policy dialogue to trade, from financial cooperation to people-to-people exchange from norms to dependencies. As the former Chinese vice-foreign minister He Yafei pointed out that “China believes it is now time to offer our own ideas about global governance” (Financial Times 29.1.2018). With BRI, China is threatening the Western political framework and the existing world order. The BRI starts a world-wide competition about influence, power and standard settings. With the so-called 16+1 format, China aimed at intensifying and expanding cooperation with 11 EU Member States and 5 Balkan countries. With this format, China is breaking the unity in the EU. 13 European states, among them Greece, Portugal, Bulgaria, Latvia and Lithuania are already partners in the BRI initiative. Italy is thinking about projects, Poland is guided by a strategy of wait-and-see, especially when presenting BRI as a global challenge. Major great powers - in contrast to the smaller and poorer countries - reject or object the BRI, including the U.S., the U.K., Germany and France, Japan, India, South Korea and Australia. Their common primary concern is about the BRI’s strategic role and the political purpose of infrastructure building and standard setting. Economic concerns about debt and financial risk, and environmental and social concerns are also raised. This competition about influence, power and standard settings has brought up regional initiatives. Russia initiated the Eurasian Economic Union in 2014, South Korea started their own Eurasian “Silk-Road Express” project with the aim to strengthening logistics, ICT and energy network projects between Busan and Europe. Given the BRI investments in neighboring countries, India aimed to reinforce its claim to leadership in the south Asia region since 2016 by revitalizing the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). These new networks and initiatives show that China is already now triggering a change towards a new world order.

Methods

Summary of the edited book “China’ Belt Road Initiative – Changing the Rules of Globalization” , including latest insights.

Key findings

BRI is triggering a change towards a new world order.

Conclusions

In this talk, BRI will be reviewed from different countries’ perspectives, including, EU countries (small and large), US. India, South Korea, etc.

Key words: BRI, China, EU, World Order

Belt and Road Initiative and its implementation in Central and Eastern Europe – analysis of selected factors

Objective

The idea of Belt and Road Initiative (BRI) has developed as a strategic project of Chinese policy since its launch in 2013 in Astana. In Central and Eastern Europe (CEE) it was considered as the economic and political program which enhanced CEE infrastructural projects like new railway connections or maritime routes. However, it was also regarded as an international concept which was aimed at changing the world order. The question arises about advantages and disadvantages regarding CEE as host countries for the BRI. Commensurate with the rising trends in cross-border investment, a large number of studies have focused on why and how Chinese firms internationalise, and what organisational form (joint ventures, mergers and acquisitions, exclusively owned subsidiary) they choose. This study examines the motives and challenges of Chinese expansion in CEE countries in the period of 2008-2018. The motives of emerging market companies' internationalisation appear to be intrinsically linked to market development in overseas market, government policies and strategic knowledge sourcing. In terms of challenges, the study finds lack of management resources, technical capacity and understanding culture differences issues. The main determinants of foreign direct investment cover: search for resources, markets, efficiency and strategic assets. Consequences related to foreign direct investments flows include positive and negative effects of inflows and outflows of capital in the countries of Central and Eastern Europe.

Methods

In the study there were examined the strengths and weakness as well as the the opportunities and threats related to Chinese foreign direct investments in the countries of Central and Eastern Europe. The period of analysis covers the years 2008-2018. The EUROSTAT database and the International Monetary Fund are the main sources of statistics presented in this work, along with the independent China Global Investment Tracker database and Chinese National Bureau of Statistics.

Key findings

The findings of this study suggest that government policy has a significant influence on the internationalisation strategy of CEE firms. In particular, the results reveal that supportive government policy is a key element in enabling Chinese companies to occur in international markets. It gives support to institutional theory, as opposed to the asset-exploitation perspective. The study demonstrates also that the distinctive cultural features of emerging countries can influence the extent of internationalisation.

Conclusions

Recommendations and the actions to be taken to protect the interests of the Central and Eastern European countries in the face of the massive influx of Chinese capital are focused on the pursuit of greater transparency of the motives of the implemented investments. However, they should be directed to all foreign investors, to enhance the positive effects of the current cooperation. The size of subsequent investments will depend to a large extent on the diplomatic activities of

the CEE. The diversified geographic and sectoral structure of Chinese FDI in the CEE, as well as a number of investment initiatives in the Belt and Road strategy, indicate the fortitude of the economic motivations of Chinese entrepreneurs, mostly explained by classification of J. H. Dunning.

Key words: CEE, China, Belt and Road Initiative, cooperation, FDI

China and Georgia: prospects of development of trade relations in the political-economic context

Objective

The article is devoted to the issues of development trade relations between Georgia and China. The topic is noteworthy as China is the “giant” country and its foreign economic relations deserves attention of the world. Georgia is a small open economy, but as the participant of realisation of Beijing’s Belt and Road Initiative (BRI), attracts the attention a number of researchers inspired by BRI. The last has gone far beyond China's boundaries and its role in the establishment of new world political-economic order became the subject of discussions in the political and scientific circles. The aim of this paper is to analyze Chinese-Georgian trade relations 2010-2018 years; to develop the recommendations for improvement of foreign trade policy of both countries taking into account the political-economic context.

Methods

The present paper reveals main trends of bilateral trade relations between Georgia and China against the statistical analysis of dynamics of bilateral exports, imports, trade balance and product structure during the 2010-2018 years. The political-economic contexts is analyzed on the background of critically evaluated emerging relevant literature on BRI and FTA between China and Georgia. Basic approaches of political context analysis are applied as well to determine the prospects of mentioned trade relations.

Key findings

Taking into account the both Free Trade Agreement (FTA) between China and Georgia, signed in 2017 and the growth China’s economic interest in Georgia creates the benevolent political framework for trade development. The conclusion drawn from the analysis of the bilateral export and import patterns is that the economic cooperation potential between Georgia and China is not fully realized. Georgia and China have opportunities to deepen trade-economic cooperation in a number of directions. Strong growth of the export of Georgia to China revealed in the case of products such as wine, copper ores and concentrated and manganese concentrates, also, Georgia started to export beer and mineral waters to China. Cars are exported (re-exported) to China through Georgia as well. The exporting potential of Georgia needs to be further explored, in order to reveal the export competitiveness on the Chinese market. China is an important trade partner of Georgia by import flows. It took around 10%. But mainly Georgia is the importer of primary goods from China.

Conclusions

The ways of receiving benefits from the bilateral trade between Georgia and China needs to realize the new “landscape” given by BRI. Also, taking into account the DCFTA between Georgia and the EU, there are opportunities of beneficial participation of both countries in the global value chains. Institutional framework is favorable to develop trade relations between China and Georgia, but there is an abundance of Chinese “simple” goods in import to Georgia, which demonstrates that Georgia as a distribution hub in the wider region will have less side effects. The appropriate recommendations could be improvement of information accessibility on new

beneficial institutional framework, various economic aspects of bilateral cooperation and to promote trade and investment activities in more developed sectors of economy.

Key words: China, Georgia, Chinese-Georgian trade, Trade Policy, Belt and Road Initiative (BRI).

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Sustainability of Belt and Road Initiative (BRI): a Malaysia Perspective

Objective

Will BRI be a win-win economic solution to China and BRI countries? Will BRI has a more negative effect than a positive effect on BRI countries? Will China colonize the third of world trade through this initiative?

Methods

Using Malaysia perspective, we believe that BRI will create more positive economic impact to host countries than otherwise. However, each BRI countries like Malaysia must be careful and farsighted to ensure that this win-win situation is sustained in the long term not only from the perspective of economics but also from social, legal and environment.

Key findings

The search for Belt and Road Initiative (BRI) in Google can yield 32 million results. China's President Xi Jinping first introduced BRI in 2013 during his visit to the Middle East and South East Asia. At the moment, BRI involved 68 countries and will have an impact on 70 per cent of world population covering over the continent of Asia, Europe, Africa, and Latin America and BRI involves 30 per cent of global GDP. BRI received negative responses from world superpowers such as the United States and the European Union. However, the number of countries joining BRI keep increasing with Italy, a member of the European Union, is the latest country to join China's BRI. Nevertheless, generally many research houses agree that BRI has a more positive economic impact but may have an adverse impact on social, legal and environment on the countries involved in BRI. This paper aims to give a balance and neutral report on the impact of BRI through the diverse and huge existing academic and on academic literature.

Conclusions

Each BRI country must ensure that the infrastructures proposed by BRI such as bridges, highway, ports, oil pipelines or even roads are real needs build with justifiable and reasonable costs that are mainly involved local industries, At the same time, much care and protection is considered for the environment and in the long run, each BRI projects are protected by legal binding.

Key words: Belt and Road Initiative, BRI, Malaysia

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Cooperation of Central and Eastern European countries with China (16 +1) as part of Belt and Road Initiative. Meetings, declarations, implementation

Objective

China's cooperation with Central and Eastern Europe is an important element of the massive Chinese program - Belt and Road Initiative. The objective of the work is analysis the development of the proposed and implemented form of cooperation between China and this part of Europe, in the format called 16 +1, as well as forms of bilateral cooperation with the countries of the region. The author, focusing on the analysis of the content of documents, including declarations, positions, etc. issued at meetings of leaders of China and Central and Eastern Europe (CEEC), both during bilateral meetings and meetings of the regional format, compares them with its subsequent implementation or absence of implementation. It allows to ask questions about the real potential for cooperation of these partners, the scale, extent and degree of its implementation, forms of cooperation and activities that are undertaken as a result of joint declarations and resolutions, their adequacy to the declared goals.

The author does not focus solely on the economic dimension of this cooperation, but strives to perceive its other dimensions, both geopolitical and social as well as cultural. He also refers to the recently popular discourse on the similarities and differences between the Belt and Road Initiative and the Marshall Plan. The objective of the work is also to assess the potential benefits for both parties.

Methods

The author uses the factor method as well as the comparative method. The historical method was useful in sketching the sequence of international meetings regarding the discussed cooperation.

Key findings

Research has shown that the number of contacts at the inter-state level between the countries of Central and Eastern Europe and China has largely increased over the last decade. As a result, various forms of cooperation between CEEC and China have developed and are still developing. Considering the high rate of growth of Chinese investments in the region, it was concluded that economic ties between the still-growing Chinese and the CEEC countries, ambitious, in need of capital support, both members of the European Union and those who are not members of EU, are tightening.

Conclusions

The initial thesis of significant potential for cooperation between the discussed region and the world's second economy, China, and the possibilities of obtaining mutual benefits from the participation of Central and Eastern European countries in the Belt and Road Initiative was confirmed. It remains only to note that both sides have not yet fully exploited the possibilities offered by this lofty program. For a deeper evaluation of this problem, a time is necessary to show whether ambitious assumptions will be realized in full scale and whether it will take place with mutual benefit.

Key words: Belt and Road Initiative, Central and Eastern Europe Countries, 16+1, BRI, China, New Silk Road, cooperation.

Belt and Road Initiative & New Wave of Rivalry in Global Value Chains

Objective

This text summarises the research project conducted in the World Economy Research Institute at SGH – in the years 2018 and 2019. The aim of the project was to analyse the Belt and Road Initiative's (BRI) impact on the global economy. The Initiative encompasses land-based roads and ocean-based routes connecting China with Eurasian and North African markets. It is also accompanied by various Chinese internal and external initiatives, including, for example, the development of new Asian financial architecture. There are many motives behind the BRI initiative, including among others: strengthening growth of western Chinese provinces, improving energy security and limiting China's overdependence on the Malacca Strait as a corridor for imports of energy resources, improving trade connectivity between China and Eurasia, or challenging global and regional powers and strengthening China's global position. In this study, we show how BRI can affect the global economy, including trade and global value chains. We also show how selected individual countries in Europe and Asia react to global economic expansion of China. In particular, we point out that many countries - after the initial enthusiasm for BRI - are getting more and more suspicious about this initiative. These, in turn, are a source of new policies and actions aimed at, for example, protecting technologies and markets from being taken over by Chinese investors.

Methods

Conducted research was based on several research methods, including: desk research of existing studies and documents, quantitative analysis (foreign trade, input-output tables, flows of direct foreign investments, etc.) and comparative studies. Data for analyzes was collected from various sources, including UNCTAD, WIOD, World Bank Open Data, as well as from various national databases.

Key findings

The BRI is part of China's grand economic and political strategy. Its political goal is to strengthen China's global position thanks to increasing influence on the Eurasian continent and gaining control over sea transport lanes in the Indian Ocean. This goal is accompanied by more sophisticated economic goals among which gaining superior position in the world economy and dominance in global value chains seems to be the most important among the BRI's objectives relevant to other countries. For the past decades, China has strengthened its position in global value chains - both in terms of their share in value added trade and in terms of their position in these chains. The implementation of the BRI can only strengthen this position – thanks to extending China's access to commodity markets in Central Asia, Near East and North Africa. Moreover it may foster the expansion of Chinese enterprises into the Eurasian markets. The BRI faces heterogeneous reactions. In some countries Chinese expansion is accompanied by growing suspicions. For example, increasing number of acquisitions done by Chinese companies in European Union, including Germany triggered defensive reactions. These responses include regulations that allow to increase domestic control over technologies, limiting the possibilities of mergers and acquisitions by investors from outside the EU, or increasing the possibility of subsidizing domestic companies. The CEE countries - involved in the initiative 16 + 1 - count on

various benefits from RDI, but have not yet developed an approach to this initiative. Asian countries, including the Republic of Korea and Japan, see the BRI as an opportunity to strengthen their links with European markets. While for Russia BRI is both an opportunity (to be included in the global value chains) as well as a threat (it may undermine the position of Russia).

Conclusions

The BRI will significantly affect the shape of the global economic and political order. However, it may trigger not only another wave of globalization - involving many Eurasian players - but also a wave of protectionism. The latter will be associated with increasing competition for technologies and positions in global value chains. In this sense, the BRI may lead to the questioning of some dogmas on free trade and the return of many countries - including the most developed ones - to promoting different forms of protectionism.

Key words: Belt and Road Initiative, trade, foreign direct investments (FDI), China, Belt and Road Initiative (BRI), Global Value Chain (GVC)

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Belt and Road Initiative in Central European Perspective

Objective

China has increasingly been perceived in Central and Eastern Europe (CEE) as a country which could bring economic benefits to the region through developing trade relations, growing inflow of Chinese investment and recently also through infrastructure projects. Although when compared to China's economic presence globally or in the developed world, its economic impact on CEE countries is small but has increased significantly in the past decade. These trends together with the 16+1 cooperation and the Belt and Road Initiative have drawn the attention of Western diplomats, scholars and media to these intensifying efforts and the potential implications on the EU or even globally. Therefore, this presentation examines China's growing presence in Central and Eastern Europe through China's investments as well as infrastructure-related projects in the CEE region as the latter represents a rather new type of Chinese economic expansion while might also show the limits of current Chinese strategies in CEE, at least in countries of the European Union.

Methods

Desk research and interviews (company and government officials, experts) The first section analyses the motivations of both China and CEE for building a stronger economic relationship. The second section shows the main trends and patterns of Chinese foreign direct investment in the CEE region. The third section gives a brief overview on Chinese infrastructure projects in Central and Eastern Europe, while section four focuses on the Budapest Belgrade railway project of the Belt and Road Initiative.

Key findings

The enhancing cooperation between China and CEE is quite a new phenomenon but not an unexpected one. On one hand, the transformation of the global economy and the restructuring of China's economy are responsible for growing Chinese interest in the developed world, including the European Union. Here, China can benefit a lot from the EU's core and peripheral type of division. CEE for China represents dynamic, largely developed, less saturated economies, new frontiers for export expansion, new entry points for Europe and cheap but qualified labour. This adds up to less political expectations, less economic complaints, less protectionist barriers and less national security concerns compared to the Western European neighbours. On the other hand, CEE countries have become more open to Chinese business opportunities, especially after the global economic and financial crisis with the intention of decreasing their economic dependency on Western (European) markets. Disappointment coming from the slower-than-expected catching-up processes to Western Europe also resulted in these countries' turning towards the East, which is further reinforced by the current tendency of populism in the region.

Conclusions The China-CEE relationship is experiencing a momentum, however, it shall not be interpreted as a strategic and influential alliance that could affect world politics or economy, for several reasons. First, when compared to China's economic presence globally or in the developed world, its economic impact on CEE countries is relatively small. Second, China still has to learn a lot on how to do business with Europe, even if it is Central and Eastern Europe: it can be seen from its first infrastructure-building attempts in CEE that China tries to bring in the same package

as in the developing world, Southeast Asia or Africa, not considering the different – and sometimes very strict – rules and regulations or standards of the EU. Third, the CEE region itself is the main obstacle for the deepening of the relations as there are competing interests among the countries of the region with sometimes excessive expectations regarding what to expect from them and they lack the proper knowledge on how to deal with China.

Key words: China, CEE, Belt and Road, investment, trade, infrastructure

Diversity of Capitalism in the European Union

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Emerging models of patchwork capitalism in Central and Eastern Europe: empirical results of subspace clustering

Objective

The main aim of this paper is to shed a new empirical light on the nature and most salient features of the evolving post-communist capitalism in eleven Central and Eastern European countries (CEE11) against the backdrop of Western European models of capitalism.

Research method

The research approach capitalizes on the conceptual framework put forward by Bruno Amable (2003), i.e. it seeks to find clusters of similar models of capitalism in 28 EU countries in six institutional areas. However, in contrast to the original Amable's methodology a state-of-the-art machine learning tool was used – the subspace clustering method. This tool can not only be applied for a large data set of over 130 institutional measures but it also allows for evaluating their change between 2005 and 2014. Hence, it allows to assess more precisely the contemporary models of capitalism among EU member states as well as the evolution path of post-communist capitalism.

Key findings

The main finding is that CEE11 countries developed their own, distinct institutional framework, which we dub the patchwork model of capitalism. In all but two areas, i.e. product market competition and financial intermediation, post-communist countries form their own institutional clusters that are substantially different from those observed in Western EU countries. The patchwork nature of the evolving capitalism in CEE11 economies manifests itself in two aspects: inter-dimension patchwork and intra-dimension patchwork. The former being characterized through an institutional matrix which was formed in the course of systemic transformation by

adapting and amending policies from different Western European models of capitalism, mostly from the Continental or Mediterranean variety. The latter is a systemic mismatch between input and output characteristics of the institutional architecture in the CEE11 model of capitalism, originating from a clear deficit of complementarities within particular analyzed areas, especially between formal and informal institutions.

Conclusions

The paper shows that capitalism in Central and Eastern Europe has evolved over time as the CEE11 countries experienced both convergence and divergence trends of their institutional architectures vis-à-vis their Western European peers between 2005 and 2014. Moreover, each of the CEE11 countries followed its own distinct vector of changes, which eventually led to a unique patchwork of institutions in each of these member states. However, still the institutional variance within the CEE11 region is smaller than the difference between those countries and other models of capitalism identified among EU members.

Key words: comparative capitalism, models of capitalism, varieties of capitalism, institutions, institutional complementarity, patchwork capitalism, subspace clustering.

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The Effect of Institutions on Patenting Activity in Central and Eastern Europe

Objective

This article discusses the relationship between the quality of institutions and patenting activity in the 14 Central and Eastern European (CEE) economies. The objective is to understand which particular institutions, for instance, rule of law or control of corruption, have a stronger effect on the patenting behavior in CEE and why. Institutions are believed to affect the rate of innovation by creating a conducive environment for both invention and bringing these inventions to the market. At the same time, institutional deficiency can hurt innovation and innovation-driven business activity.

Methods

The article models the relationship between six Worldwide Governance Indicators (WGIs) serving as a proxy for institutional quality in CEE between 1996 and 2015 and triadic patent families' statistics based on the Organization for Economic Cooperation and Development (OECD) patent data.

Key findings

We identify different levels of institutional influence on patenting in CEE. We also group these countries into separate categories depending on their institutional development and inventive output.

Conclusions

The analysis illustrates the importance of specific WGIs for inventive output. Understanding the dynamics of this relationship facilitates concrete policy recommendations not only at the national, but also at the EU level.

Key words: innovation, institutions, patents, triadic family patents, Central and Eastern Europe

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Development of the Composite Index of Capitalism in the EU Countries

Objective

The paper provides a comparative picture of the diversity of capitalism in the European Union (EU). The aim of the paper is to apply own concept of the composite index of capitalism with a view to compare and rank the institutional architectures prevailing in the new and old EU member states (EU28). The index classifies individual EU countries on the basis of the decile group of single variables characterizing various institutional areas. In presented study the list of institutional areas adopted by Amable is modified and expanded, and includes the following domains: (a) product market competition, (b) labour market and industrial relations, (c) financial intermediation sector and corporate governance, (d) social protection sector, (e) education and knowledge sector, and (f) housing market. The composite index is based on individual countries' ranks in the percentile groups. The overriding objective is to rank the sample countries depending on the nature of the coordination mechanism (to what extent this mechanism results from non-market factors, e.g. from state or family activities, and to what extent from market factors).

Methods

For individual variables, the position of each country in the entire EU28 group was calculated, where the place in the ranking was assessed as a function of the decile group in which the country was found relative to other countries. The higher the decile group, the larger is the range of non-market coordination mechanisms. Then, for each country and for each institutional area, the aggregated indicator was calculated, being the weighted average of the country's positions in the decile groups of individual component variables. On this basis, the Composite Index of Capitalism was computed, being the average of all the institutional areas involved. This allowed comparing the institutional architecture or mode of coordination prevailing in Central and Eastern European (CEE) countries with their peers in Western Europe.

Key findings

Composite Index of Capitalism seems to be adequate measure to distinguish different models/varieties of capitalism. Thus, it could be – under some conditions - incorporate to formal econometric models to represent institutional dimension. Taking into account the results, at the most aggregate level, firstly, diverse models of capitalism coexist in the European Union and secondly, there is no one model/variety of CEE11 capitalism. Moreover, the results imply a hybrid nature of the emerging capitalism in CEE11 countries and the institutional ambiguity embedded in its design and evolution.

Conclusions

Results brought by Composite Index of Capitalism could be treated as an in-direct proof of the patchwork nature of the models of capitalism prevalent in CEE11

Key words: comparative capitalism, models of capitalism, institutions, institutional complementarities, patchwork capitalism.

Varieties of capitalism and convergence within the EU

For the countries of east-central Europe, convergence to the level of older EU members in western Europe is an established long-term aim of economic policy. This should be understood broadly, to include convergence of GDP levels, complexity of economic activities, security of employment and quality of welfare provision. Both the EU and the OECD produce various comparisons of achieved results across a range of indicators supplementing the most obvious economic ones (eg the OECD Jobs Strategy of 2018, <http://www.oecd.org/employment/good-jobs-for-all-in-a-changing-world-of-work-9789264308817-en.htm>, or the EU's pillar of social rights scoreboard, <https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/>), generally compared with an average across all countries, with recommendations on how to narrow perceived gaps. The varieties of capitalism approach has diversified and expanded in recent years to include countries from all continents. Its focus differs from that of recommendations from international organisations by emphasising general, structural and institutional features (the size and role of the state, business ownership and governance, employment relations and the implications of welfare provision). The question is whether that approach, seeking deeper roots of differences, noting complementarities between features and allowing for general comparisons between countries, can provide a better basis for policy formation. The analysis of countries of east-central Europe as 'dependent' economies has highlighted limitations to their potential for convergence (M. Myant, *Dependent capitalism and the middle-income trap in east-central Europe*, *International Journal of Management Economics*, 2019, forthcoming). This paper assesses alternatives advocated (by governments and other actors) for Poland, Hungary, Czechia and Slovakia in terms of potential for developing the existing varieties of capitalism to overcome the limitations of the dependent version. These include a renewed reliance on domestic business and a focus on promoting higher research spending in the hope of attracting higher level inward investment from multi-national companies. Key questions concern the need to recognise complementarities between features in the development of a growth model that can lead to upward convergence (especially; ownership, the development of innovation systems, improved education and skills and improved social conditions to attract and retain high-quality labour) and the need to recognise the specific international context of EU membership, arguably restricting scope for following examples from other parts of the world. The conclusion is that a varieties of capitalism helps demonstrate that policies currently under consideration are unlikely to restore a strong trend towards upward convergence.

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A Comparison of the Emerging Models of Capitalism in CEE11 Countries with Western Europe – the Use of Hexagons of Similarity

Objective

The paper presents the results of a study, aimed to enrich the empirical picture and to better understand the nature of post-communist capitalism emerging in new EU member states from Central and Eastern Europe (CEE11). Our main research goal is to assess the degree of similarity of the CEE11 countries toward each of the four models of capitalism in Western Europe distinguished by Amable (2003), represented in our research by an ‘ideal-typical’ Western European country: (1) Anglo-Saxon model (United Kingdom), (2) the Nordic or Scandinavian model (Sweden), (3) Continental European model (Germany), and (4) South European (Mediterranean) capitalism (Italy or Spain).

Methods

The six institutional areas chosen for the purpose of this study follow, with one essential extension, the distinction made by Amable (2003), and encompass: (1) product market competition, (2) labor market and industrial relations, (3) financial intermediation, (4) social protection system, (5) knowledge system, and (6) housing market. Each institutional area is subject to comparisons based on six variables. Three of them (input variables) represent key features/components of a pertinent institutional architecture, whereas three others – outcomes or performance in a given institutional area (output variables). This approach is the extension of the Amablean methodology where mainly inputs were considered. The study is based on the application of a new method designed for the purpose of our research: the hexagons or diamonds of similarity. With a view to add a more dynamic perspective to our comparative exercise, we make two snap shots: for the initial year (2005 or - in case of missing or incomplete data - the closest year) and for the end year (most recent available data, usually for 2014 or 2015).

Key findings

Our empirical exercise shows that at the level of the analyzed group, the CEE11 countries exhibit in average the greatest similarity to the Mediterranean model of capitalism, represented by Spain/Italy. At the same time, they also display quite high institutional proximity to the Continental model of capitalism, represented by Germany.

Conclusions

The findings seem to correspond well with our proposition to dub the institutional order emerging in the CEE11 countries a patchwork capitalism.

Key words: capitalism, models of capitalism, varieties of capitalism, institutions, institutional complementarity, patchwork capitalism

International Economic Policy

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Interactions Between the Budget and the Current Account Balance – Twin Deficits in the V4 Countries

Objective

In the last decades, especially after the different crises (e. g. the oil crises, the global crisis in 2008), the examination of the internal and external imbalances has come into the focus. Based on the theoretical background, the causal relationship between the budget and current account balance could be present in different forms. In my research, I would like to reveal which causal relations can be noticeable in the V4 region as a whole and – I think it is the more important – in the four different countries. It could be relevant because the different causal links imply different solutions for the twin deficit problems

Methods

Based on the previous empirical publications, I would like to use traditional time series analyses techniques. Firstly, I will examine with the Engle-Granger and Johansen tests whether the different time series are cointegrated or not. After that – if they are cointegrated I will use the so - called Vector Error Correction Model (VECM) to reveal the long-run and short-run relationships between our variables. However, if they are not cointegrated, I will analyse the Granger - causality between the variables and use a Vector Autoregressive Model and the related variance - decompositions, impulse response functions to demonstrate the relation among the two balances. I will use these methods for each country and their panel version to examine the region as a whole.

Key findings

The empirical investigation with the different time series analyses methods could make visible, that each country has the own causal relationship between their imbalances and from this point of view, this group of countries cannot be seen homogeneous.

Conclusions

However, there are a lot of similarity between these countries, from this point of view they are quite heterogeneous. It means that in some countries, the change of current account balance can be the reason of the improvement or deterioration of the budget balance; while in other states, we can see the opposite relationship. So, in this field, there are not one general solution for every country, each country has to find their way to handle the twin deficit problem.

Key words: Budget balance, Current account balance, Twin deficit

International Competitiveness of European Union Economies. Selected Aspects

Objective

The goal of this text is to present and discuss the concept of competitiveness as well as its development and evolution. Author presents the main definitions of competitiveness and the links between the competitiveness and the idea of sustainable and integral development (sustainable and responsible competitiveness). According to the author the concept of integral development due to the common good and personalistic orientation seems to be deeper and more advanced than traditional version of sustainable development, however both are important and have a lot of common points. The paper presents also the basic information about the main indexes of competitiveness, including the position of European Union members and Poland. European Union Lisbon Strategy as well as Europe 2020 Strategy can be treated as only very limited success. According to the author the modern and future oriented reflection about competitiveness should include such questions, like institutions and institutional environment, social capital, innovations (including social innovations) as well as well-being and happiness. The paper presents the new texts written by S. Zamagni, T. Hamalainen, B. Frey and some other authors concerning competitiveness and integral development policy, particularly in European context. The last part underlines the importance of debate and dialogue in the development of institutions as well as in education of new generations, also about ethical aspects of competitiveness and well-being. Debate and dialogues can play important role in building social and moral capital as well as good institutions necessary for the common good and responsible competitiveness.

Methods

Literature review. Discussion of the results of the most important competitiveness ranks.

Key findings

Many modern scholars concentrate their research and reflection not only on the traditional competitiveness concept, but are more and more interested in its institutional aspects as well as implications for responsible and sustainable well-being.

Conclusions

The idea of happiness, ethics and sustainable well-being as well as the concept of complexity should be seen as the important aspect of the reflection on competitiveness and development.

Key words: international competitiveness, integral development, economics of happiness and well-being, dialogue and debate.

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Abenomics: from 'The Great Stagnation' to 'Three Arrows'

Japan was one of the best performers in the world economy until the end of 1980s. This appeared to be based on a sound social and economic statistical support. Since 1990, Japan has experienced more than a decade of stagnation and many of the subsequent decades have been dubbed as 'The Lost Decade', 'The Lost Two Decades' or 'The Great Stagnation'. Each successive administration implemented policies attempting to overcome the economic malaise, but they achieved limited success. However, there is an ongoing new development in the Japanese economy, initiated by the Prime Minister Shinzō Abe, in the late 2012 and early 2013, and then 2014. The new policy package, commonly known as Abenomics, has generated a lot of attention of academic researchers and political leaders towards the economy of Japan.

Like any other economic policy package, Abenomics has two sides: political and economic. The political one is an outcome of compromise between several powerful fractions or groups within the governing Liberal Democratic Party. Abenomics makes economic sense in its combination of policies to tackle deflation. This entails three pillars – i.e. 'the bold monetary policy', 'the flexible fiscal policy', and 'the growth strategy'. In reference to the Japanese legend, those three components are referred to as "Three Arrows". The idea of Abenomics was as follows: an escape from deflation triggered by monetary easing and fiscal stimulus would lower interest rates and stimulate investment, consumption, and – with the yen at least temporarily weaker – export. However, the key to economic revitalization lies in 'the growth strategy', which could improve Japan's business regulatory institutions. Cooperation between politicians and government ministries, the Bank of Japan and corporations will be essential in determining whether these policies achieve success.

This paper focuses on 'Three Arrows' Abenomics, showing the measures undertaken by administration and exploring to what extent the whole policy package contributes to stimulate economy. Also the main purpose of this article is an attempt to evaluate Abenomics from the perspective of six years from the time of its announcement.

Key words: Abenomics, deflation, stagnation, monetary policy, fiscal policy, economic growth

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Structural current account benchmarks for the European Union: cross section exploration

Objective

Current account imbalances and resulting accumulation of foreign liabilities were behind the global financial turmoil and European debt crisis. These developments led the EU introduce the Macroeconomic Imbalance Procedure that, inter alia, includes macro-prudential thresholds to current account balance. Given this background, the interest in the levels of equilibrium (structural) current account for individual EU countries and its determinants is natural. The purpose of this paper is to determine the factors that explain structural current account variation across countries and to predict the structural levels of current account, i.e. levels of current account that can be explained by medium- and long-term fundamentals, for the countries of the EU.

Methods

The cross-section regressions are run on the data for 94 countries averaged over the period 2008-2016. An equilibrium relationship between current account and a set of macroeconomic characteristics is estimated using ordinary least-squares linear regression with robust standard errors. Then, structural current accounts are computed as a function of long-run paths of explanatory variables, obtained by decomposing the raw data into cyclical component and the long-term trend of economic series by using Hodrick-Prescott filter.

Key findings

The level of economic development is found the most important factor explaining levels of current account across countries. Countries recording higher income run higher current account balance. There is nonlinear relationship between current account and price-cost competitiveness, proxied by national price level. At low levels of economic development, the effects of price-cost competitiveness on current account are large whereas at high levels of economic development, price-cost effectiveness ceases to be important. Countries that run wider fiscal deficits record wider current account deficits, in line with the twin-deficits hypothesis. Furthermore, there is positive relationship between current account balance and initial international investment position, IIP, implying that countries with higher initial IIP benefit from higher net foreign income flows. Finally, there is positive association between age dependency ratio and current account position. Based on the estimated relationship between current account balances and their covariates, structural current accounts are computed for the EU countries. In the aftermath of the crisis, narrowing gaps between actual and structural current accounts were observed in many EU deficit countries. On the other hand, large positive current account gaps persisted in surplus countries. Decomposition of changes in structural current accounts indicates that in most of them the changes in structural current accounts were driven mainly by income and general government balance.

Conclusions

In this study we address the issue of structural determinants of current account. According to our estimates, the structural current account depends on the level of economic development, general government balance, initial international investment position, demographics and national price level, while the impact of the last factor seems to be of nonlinear nature. Calculated structural current account trajectories show that in the wake of the crisis, the actual current account became closer to the estimated structural one in many deficit countries. Instead, in the surplus countries, actual current accounts still exceed the levels consistent with medium- to long-term fundamentals.

Key words: determinants of current account, current account imbalances, cross section regression

Energy security externalities revisited

Objective

Energy security constitutes one of the most vital energy policy questions, both in domestic and international dimension. Interdisciplinary research in this field often brings contradictory descriptions of the same phenomenon. That is why the goal of the paper is to depict the energy security only from the economic perspective reaching to its traditional and deeply rooted “externalities concept” referring to energy imports.

Methods

Such goal description requires that the energy security analysis is carried out on the theoretical grounds with the extensive use of critical literature review. The theory investigation includes variety of studies dating back to the 70’s and 80s of the XXth century but also works presenting the most recent research efforts from 2017. Employing logical analysis and synthesis allows the author to depict externalities exhibited on different country examples by the use of secondary data.

Key findings

Research results show negative and positive energy security externalities. First group, after Bohi and Toman (1996), covers externalities referring to imported energy price and quantity. Second group pertains to positive externalities in energy markets. This set of externalities is presented using Stiglitz & Rosengard (2015) general approach. Employing this line of reasoning author arrives with positive externalities covering: R&D spendings, energy efficiency, exploratory and prospective activity.

Conclusions

Study brings policy conclusions by depicting regulations which internalize energy security externalities. Among them the most important role is assigned to energy imports’ diversification and energy storage obligation.

Key words: Energy security, externalities, energy imports

Monetary policy and the global financial crisis in a small open economy

Objective

The given research focuses on the basic cost of joining the currency union, i.e. the loss of the autonomous monetary policy. The main objective of this research is to give a quantitative answer to the question what would happen during the Global Financial Crisis of 2008-2009 and in the following years, if Poland had kept a fixed exchange rate regime (either due to joining the ERM II mechanism or adopting the euro). Economic integration of countries with a heterogeneous structure of the economies into a common monetary union may lead to macroeconomic imbalances among the member states, and hence, increase their exposure to asymmetric shocks. This is particularly visible during economic crises. A standard New Keynesian DSGE model of a small open economy, extended to include a government sector, is used to investigate the Global Financial Crisis in Poland. Modelling the effects of economic policy in the context of monetary integration has universal feature, while the research topic fits a scientific discourse in Poland as well as in other post-socialist EU countries (e.g. Czechia and Hungary, which have not yet adopted the common currency) and in post-socialist countries of the Eurasian Economic Union (Belarus, Russia, Kazakhstan, Armenia and Kyrgyzstan have also discussed the possibility of establishing a monetary union). The usage of DSGE models adapted to the Polish economy is relatively small in the literature. My research will contribute to filling this gap. Although the paper directly concerns only Poland, its conclusions may be useful also for a wider group of countries and scientists.

Methods

In order to respond to the abovementioned research questions, I will use a dynamic stochastic general equilibrium model of a small open economy calibrated for the Polish economy. The model will be based on the model developed by Payne and Uren (2014), who developed the model of Gali and Monacelli (2005). The original model allowed to assess the effects of monetary and fiscal policies in Australia during the Great Depression of the 1930s (in comparison to alternative variants). I reconstructed the model of Payne and Uren (2014), then calibrated it and adapted to the Polish economy and the issue of joining the monetary union. On the basis of empirical data, I identified shocks affecting the Polish economy in 2000-2016, which brought the model (economy) out of the steady state. Next, alternative versions of monetary policies will be introduced into the model using different rules (equations) for the central bank. In turn, alternative versions of fiscal policies will be introduced into the model using differently calibrated model parameters and modifications of previously identified fiscal shocks.

Key findings

Under Taylor rule policy (with flexible exchange rate regime), the National Bank of Poland was able to moderate fluctuations of GDP by ca. 25% in 2008 and ca. 15% in 2009, comparing to the fixed exchange rate regime. Yet, the impact of flexible/fixed exchange rate regime is ambiguous: – In 2q2009-4q2010: flexible exchange rate helped to moderate negative impact of output fluctuations by 2/3 (comparing to fixed ER), – but in 1q2008-1q2009: fixed exchange rate would have prevented from strong PLN appreciation, and hence, would have had positive impact. These findings seems to be in accordance with Brzoza-Brzezina, Makarski and Wesołowski (2012).

Conclusions

As a result, conclusions are drawn on the potential consequences of Poland's accession to the euro area regarding the already existing fiscal constraints (i.e. relatively high budget deficit and debt of the general government sector). The model suggests that if policymakers in Poland had adopted a fixed exchange rate regime instead of a flexible exchange rate regime under Taylor Rule, then the output fluctuations in 2008-2009 would have been much higher. In other words, independent monetary policy conducted by the National Bank of Poland moderated the shocks by ca. 25% in 2008 and ca. 15% in 2009.

Key words: monetary policy, economic integration, euro-area accession

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Macroprudential policy in Poland

Objective

Macroprudential policy has been pursued in Poland for several years. So far, many studies have been focusing on institutional solutions, legal regulations, relations between individual institutions involved in macroprudential supervision. This paper primarily describes what macroprudential policy is, what goals it has, what instruments it uses, and how it is related to monetary policy. The theoretical part has been supplemented by an analysis of how macroprudential policy is implemented in Poland.

Methods

Critical analysis of the available literature and legal regulations.

Key findings

Poland applies both harmonized macroprudential policy instruments based in Directive 2013/36/EU of the European Parliament and the Council, and Regulation (EU) No 575/2013 of the European Parliament and of the Council, referred to as Capital Requirements Directive IV (CRDIV) and Capital Requirements Regulation (CRR), respectively as well as non-harmonized instruments such as LTV and DSTI limits. The methods of applying these instruments are in line with international standards, and the restrictiveness of macroprudential policy does not differ significantly from other EU jurisdictions.

Conclusions

The aim of macroprudential policy in Poland and the instruments used are consistent with the literature on the subject and the experience in other jurisdictions.

Key words: macroprudential policy, counter-cyclical policy, macroprudential policy instruments

EU energy and climate policy in the light of Polish experience

Objective

The study presents the current energy and climate policy of the European Union related to the strategy of building a low-carbon economy (low-carbon economy) and analyzed its impact on the energy transformation of the Polish economy. The changes in the Polish economy, in particular in the energy sector, were assessed, and development challenges related to the practical aspect of implementing the objectives of the European Union's energy and climate policy were pointed out. The analysis used the subject literature to analyze EU program documents regarding the strategy of building a low-emission economy in the European Union, referring to energy and climate policy, legal regulations, industry reports and studies as well as Polish source documents, programs and regulations. The analysis mainly uses EUROSTAT and GUS data.

Methods

Critical analysis of legal regulations and program documents as well as statistical data analysis.

Key findings

In the conditions of Poland's membership in the European Union, changes in the energy sector of the Polish economy are observed. They are expressed in the increase in demand for energy and changes in the structure of the energy balance expressed by the growing importance of natural gas and renewable energy sources, decreasing the share of coal and the reduction of greenhouse gas emissions.

Conclusions

The process of observed positive changes towards building a low-emission economy in the near future will be continued. Making further changes in the structure of generation capacity and energy infrastructure will be a big challenge for the Polish economy.

Key words: energy policy, climate policy, European Union, Poland, clean energy.

Posters

The Impact of Hofstede's cultural dimensions theory in Corporate Governance through applying Corporate Performance

Objective

The main purpose of the research is to investigate if the Hofstede's cultural dimensions theory has an impact on the corporate performance of listed companies in Jordan (Financial sector)" through applying Corporate governance. The study will seek to accomplish the following specific objectives:

- To explore the role of corporate governance in achieving organisational objectives.
- To investigate the impact of Hofstede's cultural dimensions theory on the corporate performance through applying corporate governance. The main contributions of this study will provide evidence about the impact of corporate governance and Hofstede's cultural dimensions in organisational performance. This study will be helpful to entrepreneurs, finance analysts, businessmen and the whole financial community. The paper will present significant findings. Moreover, this study will be an important contribution to a body of research concerning corporate governance Hofstede's cultural dimensions and how it affects the performance of companies. Also there are many contributions of present research related to four essential points: (1) use the corporate performance as a tool to measure the efficiency of management in use the resources (Subramanyam, 2009), (2) the use corporate governance indicators, which are the most important indicators set by the Organization for Economic Cooperation and Development (OECD), which were adopted by most of the world, including developing countries, (3) use all Hofstede's cultural dimensions, and (4) link corporate governance with performance based on archival data by using data from Amman stock exchange, almost all the studies in Jordan examine corporate governance by using questionnaires. This study is the first to test the impact of Hofstede's cultural dimensions on corporate performance in Jordan, which will particularly relates to contribute to understanding the impact of the Hofstede's cultural dimensions on corporate performance. This study first to test the impact of Hofstede's cultural dimensions on corporate performance in Jordan .which will particularly relates to contribute to understanding about of the impact of the Hofstede's cultural dimensions on corporate performance.

Methods

This paper is a review study depend on a books and periodicals, take into consideration and highlight the Impact of Hofstede's cultural dimensions theory in Corporate Governance through applying Corporate Performance.

Key findings

The findings of most empirical studies show there are significant positive relationship between corporate governance and corporate performance. Also the findings shows the relation between corporate governance and firm performance is stronger in countries with a well-developed stock market. We expect a positive relationship between the board size and corporate performance. CEO duality is expected to have a positive effect on the corporate performance. The relation between firm-level corporate governance practices and firm performance is stronger in countries with a well-developed stock market. The findings further suggest a positive influence of masculinity on takeover performance. And the national culture is an important factor for cross-

country variation in takeover performance. Larger firms with a good governance system exhibits a strong positive effect on an acquirer's returns.

Conclusions

The paper conclude that corporate governance has a positive and significant relationship with corporate performance regardless of which governance or investor protection metric is used, or the level of country or the level of firm. On the other hand there is no single model of sound corporate governance practices that can be applied in all countries of the world, therefore corporate governance standards cannot consistently be applied to different structures. However well governed firms outperform badly governed firms. Also the study conclude that national culture matters in firms' adoption of "good" corporate governance practices.

Key words: Corporate governance, Corporate performance, Hofstede's cultural dimensions

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Import of Goods and Services as a Stimulus for a Better National Innovation Performance: Case of EU Member States

Objective

A remarkable increase in the attention devoted to national innovative capacity (NIC) has been noticed over the last decades. There is a strong debate whether a country's national innovative capacity is solely determined by local affects or it is also influenced by global network position and international economic activities. Furthermore, despite its' importance, there is a lack of studies which take the variables of non-technological innovations into account. This paper aims to fill the empirical research gap by focusing on import of goods and services as an input of NIC and engaging non-technological innovations as an output in NIC models.

Methods

Literature review, correlation analysis and multiple regression models.

Key findings

An investigation of 28 European Union (EU) Member States in the period of 2013-2016 shows that EU has a great intellectual capacity of human capital which drives non-technological innovation. The international transmission of knowledge through import spillovers boost the employment in knowledge intensive sectors as well as has a positive effect on trademark and design applications. The findings thus help to better understand the role of international economic activities in enhancing national innovative capacity.

Conclusions

Though a lot of researches interpreted national innovative capacity as a closed system which requires an adoption of a single economy approach, the latest works show that through international diffusion of knowledge, elements of international economic activities significantly contributes to country's ability to innovate. However, not a lot of studies include the features of economic openness, i.e. export/import/foreign direct investment and limit themselves with exclusively domestic indicators for NIC (such as public and private R&D expenditures, the share of human resources with intellectual potential (e.g. population with tertiary education) and the level of intellectual property protection)). Furthermore, there is a lack of studies which take the variables of non-technological innovations into account. Seeking to enrich the research on national innovative capacity, our regression models were supplemented with non-technological innovative output, i.e. SME's introducing marketing and organisational innovations, trademark and design applications and international economic activities, i.e. inward FDI and imports (inflows). An investigation of 28 European Union (EU) Member States in the period of 2013-2016 shows that EU has a great intellectual capacity of human capital which drives non-technological innovation. The international transmission of knowledge through import spillovers boost the employment in knowledge intensive sectors as well as has a positive effect on trademark and design applications. The findings thus help to better understand the role of international economic activities in enhancing national innovative capacity.

Key words: Import; National innovation performance; European Union; EU

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A Bibliometric Analysis of the Scientific Literature on Sustainable Finance

Objective

The recently granted (2018) Nobel Prize in Economic Sciences to William D. Nordhaus and Paul M. Romer for integrating innovation and climate with economic growth strongly emphasises the importance of the environment and its relation with economic growth. Policy makers should not disregard the effects upon the environment when designing and implementing policies that target economic development. The growing number of researches and events that look into the quality of the environment clearly stresses the significance of the topic at all levels of the society. To achieve prosperity through a more sustainable, equitable and robust economic growth, one must not neglect the role of the most important drivers of all economies, financial capital. The financial system (as the main provider of financial capital) needs to adapt by embracing sustainability practices and principles and integrate them in all its internal processes. The financial institutions need to take into account the environmental, social and governance criteria when channeling their finances towards investments opportunities. In light of all this changes, ‘sustainable finance’ grew in importance (especially after the COP 21 Agreement signed in Paris in 2015) and became an ardent topic in the agenda of many governments, regulators, international organizations, private sector institutions and, not least, financial institutions. The main aim of this research paper is to identify key emerging research and trends in sustainable finance so as to provide a platform for researchers and practitioners to discuss cutting edge and innovative research and ideas in the field.

Methods

To achieve this desiderate, the paper uses a raw dataset of around 800 research materials extracted from the Science direct and Scopus databases, both research products of Elsevier to perform a bibliometric analysis. By means of bibliometric tools, this paper provides deep insights on the patterns of these research papers, the research areas with the greatest research output, the countries and languages responsible for most research in sustainable finance, the years in which the research was produced, the journals that publish most research in sustainable finance, and the most relevant authors with publications on the topic and their origin and institutional affiliation. The bibliometric analysis (also called ‘scientometrics’) was first introduced by Pritchard in 1969 in a study where he applied mathematical and statistical methods to books and other media of communication. Essentially, bibliometrics is the application of quantitative analysis and statistics to publications such as journal articles and their accompanying citation counts.

Key findings

The obtained results will help researchers and practitioners to better understand the topic at hand and the frontier trends in this field and provide useful information for further investigation and publication strategies. In addition, the study would serve in identifying gaps, understanding the focus and gauging the level of knowledge on sustainable finance. Moreover, the study seeks to raise awareness regarding the limited body of literature originated in the EU member states (as we hypothesize).

Conclusions

In conclusion, as one will see from our paper, the topic of “sustainable finance” is beginning to be more attractive for the academic circles as it appears in increasingly more research materials. The identified trends could help researchers better channel their resources towards producing high level research on the topic. The current study is an original one in the sense that no other bibliometric analysis has been performed on the topic. Similar studies exist but are complementary to our proposal.

Key words: sustainable finance; bibliometrics; Elsevier

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External financing in Central and Eastern Europe Countries after global financial crisis

Objective

The aim of the paper is to analyse changes in 11 Central and Eastern Europe Countries (CEE)' financial account of balance of payments during the years 2007 -2018. The analysis comprises changes of the value of financial account's components. The economic crisis reversed existing tendencies in net capital flows to CEE countries. They transformed from net recipients of capital to providers of capital to the rest of the world.

Methods

Changes in the value of capital flows were illustrated by the comparative method of analysis. This method was also used in the analysis of tendencies in geographical structure of capital.

Key findings

The economic crisis caused a significant drop in the value of net capital flows and even capital outflows from the CEE region. The fall of surplus on financial account of balance of payments was determined mainly by large drop in the net other investments and even their outflow during 2015-2016. Net outflow of capital was also caused by the accumulation of reserves by central banks. In relation to other transactions of financial account a slowdown in net capital inflows was recorded. The research results also show that recent slowdown of net capital flows to CEE region resulted from smaller gross capital inflows and bigger gross capital outflows from the region. However, CEE countries have seen a reemergence of inflows in recent quarters, including in non-FDI flows.

Conclusions

After the global financial crisis the CEE region turned into net exporter of capital. This situation is completely different than the pre-crisis period when CEE countries experienced a significant net inflows of mainly direct investment, with capital moving 'downhill', mostly from richer EU countries. The lowered surplus on the CEE countries' financial balances can have an effect on their external stability.

Key words: Balance of payments, financial account, Eastern and Central Europe Countries, export of capital

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Changes in remittances to Poland in 2004–2016

Objective

The objective of the paper is to determine the trends in the flow of migrants' remittances to Poland in 2004-2016. Contemporary trends in the field of remittances with the use of the latest data have been discussed. The changes in the amount of remittances, their sources and the relationship with the scale and directions of short and long-term migration of Poles were examined. In addition, a comparative analysis of remittances in Poland and selected EU countries was made.

Methods

The study uses selected statistical methods such as methods of dynamics analysis of phenomena, methods of comparative analysis and methods of structure analysis. The research used statistical data from the Eurostat, OECD, World Bank, Central Statistical Office and National Bank of Poland databases.

Key findings

During Poland's membership in the European Union, significant changes occurred in the field of migrants' remittances. In the first years after Poland's accession to the EU, there was a very large increase in remittances to Poland. In 2007, the remittances reached their highest level, then dropped slightly and remained stable for the next decade. These changes were largely due to changes in the nature of migration. Initially, short-term migrations were dominant, however over time, long-term migrations took the dominant position. With the growing length of time spent abroad, the emigrants' tendency to send remittances to Poland, as well as the amounts transferred, decreased. The largest number of funds came from countries where migration took the largest scale, namely from Great Britain and Germany. Remittances from only these two countries accounted for nearly two-thirds of all remittances that came to Poland. Initially, the dominant share of remittances from Great Britain was replaced by the increasing share of remittances from Germany. The remittances from Ireland were also significant, although their significance declined markedly in the second decade of the 21st century and the Netherlands.

Conclusions

The research shows that there was a significant relationship in Poland between the amount of Poles' emigration and the scale of remittances sent to the country. The increasing scale of migration after Poland's accession to the EU resulted in an increase in the flow of remittances to our country. It was only the period of the financial crisis that limited the flows of both remittances and the population. The inflow of remittances was very concentrated and came mainly from two countries - Great Britain and Germany. Although initially the largest number of broadcasts from Great Britain, in 2017 it was overtaken by Germany in this area. Initially, the relatively high share of Ireland was limited.

Key words: remittances, emigration, international migration, labour

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Impact of foreign capital on the insurance market development in the Visegrad Group countries

Objective

Analysis of dependences between foreign capital and the development of the insurance market in the Visegrad Group countries are the prime objectives of the research presented in this paper. These objective required answers to the following research questions: · What factors determine development of the insurance markets? · Does foreign capital influences on the development of the insurance markets? The following research hypothesis has been advanced: foreign capital has statistically significant effect on the development of the insurance markets in the case of enterprises operating in the Visegrad Group insurance markets.

Methods

In search of an answer to the query and in order to verify the research hypothesis, a critical review of literature is undertaken, contents of factors which influence on the development of the insurance markets are analysed, and econometric methods are applied. A panel model is constructed and results of its estimation are analysed. Share of foreign capital is treated as one of independent variables that influence on the development of the insurance markets measured with the income of policyholders. The following factors are additionally assumed to affect of the development the insurance markets: market size (measured by the number of insurance companies), its structure (measured by the number of life insurance companies) and efficiency (measured by the penetration rate and density indicator). This study has covered insurers active in the Visegrad Group insurance markets in 1999-2016 using annual figures. Data of these insurance markets are derived from OECD.

Key findings

Insurance markets of individual countries are developing under the influence of various factors, which are divided into economic, demographic, social and cultural. The share of foreign insurance companies is treated as one of the structural factors. Research on this subject was conducted, among others J. Outreville (1990, 1996), M. J. Browne et al. (2000), D. Li et al. (2007). They do not confirm unambiguously the influence of foreign capital on the development of insurance markets. This study will contribute to development of theories presuming factors of the development the insurance markets.

Conclusions

A panel model is constructed and results of the model estimation are analysed to verify the hypothesis. The study has corroborated the research hypothesis.

Key words: International finance, insurance market, insurance companies, foreign capital, countries of the Visegrad Group.

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Firm capabilities, internationalization and productivity: an enterprise-level analysis

Objective

Firm capabilities are ‘those elements of the production process that cannot be bought “of the shelf on the market”, and hence must be learned and accumulated by the firm’ (Sutton 2012, Cirera and Maloney 2017). One possible classification of firm capabilities is into production capabilities (related to the optimal use of existing technologies), management capabilities, and innovation capabilities (necessary for the development of new products or technologies). In this paper we devote special attention to the latter two, and we investigate the relationship between firm capabilities, the internationalization of firms and the changes in their productivity. To this end we analyze firm-level data from the 2012 and 2014 editions of the Community Innovation Survey for 14 EEA countries; our sample consists of about 80,000 manufacturing and services firms. We identify firm capabilities by looking at some firm characteristics (such as their size and the share of skilled workers), their innovation activities (R&D, the introduction of new management methods) and the constraints that companies report. Internationalization is measured by the export intensity of firms, and whether they are subsidiaries of foreign companies. In this way we intend to capture the phenomenon of firms being part of vertically integrated production systems, sharing projects, techniques, managerial practices, tools and techniques that may raise productivity.

First we look at the relationship between internationalization and firm capabilities by employing robust regression, probit and Heckman models. While the relationship is found to be positive, it is driven more by exporting than the FDI linkages. In particular, for the two most developed countries in our sample, Germany and Norway, foreign-owned firms do not seem to have a higher level of capabilities than domestic firms. Then, we investigate the relationship between firm capabilities, internationalization and the change in firm productivity (measured by turnover per employee). We find that firms with a higher level of capabilities had bigger increases in productivity, and so did the firms that were more internationalized. Moreover, the influence of internationalization seems to go beyond the higher level of the (observable) firm capabilities.

Methods

Robust regression, probit and Heckman models applied to the CIS data.

Key findings

As for the relationship between internationalization and firm capabilities, we find that the relationship is positive, but it is driven more by exporting than the FDI linkages. In particular, for the two most developed countries in our sample, Germany and Norway, foreign-owned firms do not seem to have a higher level of capabilities than domestic firms. As for the relationship between firm capabilities, internationalization and the change in firm productivity, firms with a

higher level of capabilities had bigger increases in productivity, and so did the firms that were more internationalized. Yet, the influence of internationalization seems to go beyond the higher level of the (observable) firm capabilities.”

Conclusions

Internationalization is an important factor in firm capabilities development and in firm productivity growth.

Key words: firm capabilities; innovation; firm internationalization, firm heterogeneity, productivity.

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Challenges for the Polish government regarding the China's Belt and Road Initiatives in Poland

Objective

The author of the poster will present issues that are raised in front of the Polish government regarding the completion of cooperation in the construction of the China's Belt and Road Initiatives that has an impact on increasing the import and export between Poland and China. The author will also present the possibilities to reduce the trade deficit of imports and exports between two countries. He will discuss the issue related to the construction of a transshipment port in Lodz Poland and the impact of this project on the stronger position of Poland in the European Union and the measurable benefits of creating a "transshipment center and warehouse for Europe". The author will also undertake analysis of the recent political and economic decisions which are having a strategic significance on the prospective development of the China's Belt and Road Initiatives.

Methods

The method of analysis of Polish, English and Chinese sources will be applied, including, in particular, the subjects of literature, as well as legislation, strategies, reports, studies and statistical data. The main research techniques will be descriptive analysis, system analysis and comparative analysis.

Key findings

The cooperation with China must be treated as an opportunity, but very carefully. It must be remembered that some Chinese companies want to take advantage of our markets, by offering disproportionately less profit in return, because they are standing in a relatively stronger economic position during the negotiation. Until we know the Chinese Government's precise intentions regarding the project, we should focus on cooperation, but with a great deal of caution.

Conclusions

It will be a great opportunity for Polish entrepreneurs to take part in tenders and increase Polish exports to China by associating with the creation of the New Silk Road,. However, it must be prepared very well since the European Union companies will have to face the fierce competition of the Chinese enterprises.

Key words: International trade, The New Silk Road, International cooperation, International policy, China, Transportation.

International Standards of Tourism Effects Measurement

Objective

Identification of the scope and conceptualization of effects of tourism and evolution of the approach to their measurement in the context of policies towards tourism development.

Methods

The research method has been founded on the literature review, analysis of relevant documents and working papers issued by World Tourism Organization, OECD, UN, UNESCO and EUROSTAT. The search focused on identification of themes in the policy discourse and development of measurement standards that could meet the information requirements.

Key findings

Tourism is nowadays a mass phenomenon with global reach. Its development generates economic, environmental, social and cultural effects of different intensity and scope. The actual comprehension of the role of tourism as a driver of those outcomes is conditioned by access to credible information enabling international comparisons. This embraces both metrics and analytical tools. The existing practice in this area have shown that the task is difficult in respect to its conceptual, technical and organizational demands because of the nature of tourism which is a subset of migration and as such does not fit measurement systems developed for business, economic nor ecological phenomena. Hence the development of tourism measurement systems moved along three tracks. The first one was focused on defining scope of tourism and then linking it to the concepts used for measurement of economies performance. It started from international tourism and its impact on balance of payments, then the whole tourism was conceptualized in terms of demand and supply and tourism contribution to the economy. The proposed aggregates embrace tourism consumption, tourism supply, tourism employment and direct tourism contribution to GDP. The second track looked for conceptualization and assessment of ecological effects of tourism. The elaboration of the proper approach is still under way. Pioneer works link tourism with greenhouse gases emission and the use of non-renewable resources. The third track embraces attempts to measure the effects of particular types of tourism that might be of interest for economic or sustainable policies. The progress in this area is still rather limited. Conceptualization of the measured phenomena is necessary but only the first step in setting the international standards of measurement of tourism effects. The next step embraces international recognition of the proposed concepts and establishment of metrics to measure them. The process is most advanced as definition of tourism and its contribution to the economy are concerned. Since the 90s the framework for tourism statistics has been established under the UN system of statistics and the work on its reconciliation with other relevant statistical systems have been undertaken, namely balance of payments reporting framework and industrial and products classifications.

Conclusions

Despite significant progress the establishment of international standards of measurement of effects of tourism is still in introductory phase. This is due to the complexity of the issue, its overlapping with many other systems of statistical reporting and the dynamics of tourism and

tourism policies themselves. The turn towards sustainable development, emergence of collaborative economy and outsourcing of some business activities pose new challenge.

Key words: tourism policy, international tourism, economic effects of tourism, ecological effects of tourism, measurement of effects of tourism

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Relocation within GVCs – the effects of Industry 4.0 on the Visegrad countries

There is a discussion recently on stagnating globalisation and the possible regionalisation of global value chains (GVCs). One aspect of this trend can be the reshoring of activities. Based on the existing literature the paper clears the definitions of reshoring, backshoring and nearshoring and enumerates the possible motivations for them (like higher labour or transport costs than previously expected, strategic decision, insufficient quality). A new motivation can be connected to the Industry 4.0 concept, the spreading automation, robotisation in the global production. Regarding the fact that the Visegrád countries are highly integrated into the global production chains, they are concerned by these developments. Advanced robotics allow for the substitution of low-cost labour, thus making the offshoring of certain manufacturing activities less attractive and reshoring can take place from countries with lower labour costs towards developed, previously investor countries. Automation and robotisation is applied most intensively in sectors like automotive and electronic branches where foreign investment is significant in Central Europe. Based on these considerations the paper treats on the one hand the possible backshoring from Visegrád countries. On the other hand, nearshoring towards them from far-East countries also happens in certain sectors (like IT services). Apart from theoretical writings on reshoring, empirical evidence is not abundant, and the proved correlation with robotisation is scarce. The paper summarises these empirical studies in a targeted literature review and recent trends are mapped based on press information and interviews. The major conclusion is that up till now backshoring induced by Industry 4.0 is not a massive phenomenon and largely counterbalanced by inward investments in the region, however certain country-specific characteristics (eg. labour shortage, legal instability) can change this on the longer term.

Key words: industry 4.0, Visegrad countries, relocations

Legal concept of services and legal efforts that intend to implement the freedom to provide services in practice

Objective

- presentation of the freedom to provide services based on the provisions of the TFEU
- presentation of the legal concept and characteristics of services developed by the EU Court of Justice
- indication of legal efforts that implement the freedom to provide services at EU level (including the “EU’s services directive”)
- indication of legal efforts that implement the freedom to provide services in Poland as European Union Member State
- evaluation of efforts and *de lege lata* and *de lege ferenda* postulates

Methods

- analysis of the doctrine of law on the freedom to provide services
- analysis of EU law and Polish law on the freedom to provide services
- analysis of the judgements of the EU Court of Justice on services and the freedom to provide services

Key findings

- freedom to provide services is the most liberal among all the freedoms of the internal market
- the EU Court of Justice created a legal concept of services and developed their characteristics
- the EU and European Union Member States undertake a number of legal efforts aimed at the implementation and effectiveness of the freedom to provide services in practice
- unfortunately, these legal efforts are not effective enough because the freedom to provide services does not work fully as intended

Conclusions

- the freedom to provide services does not function sufficiently effectively
- there are several sources of problems (among others: difficulties in identification of the services, the number of exceptions and exclusions, the formality of regulations and reluctance of the European Union Member States)
- the implementation and effectiveness of the freedom to provide services still requires EU involvement and the will of the European Union Member States and will not be possible without further legislative steps

Key words: services, freedom to provide services, internal market, UE law, Polish law, services directive, characteristics, legal concept, EU Court of Justice, judgements

China's Belt and Road Initiative in the Russian Perspective

Objective

The aim of this poster is to present (from the Russian perspective) the volume and structure of trade between Russia and China in order to highlight the importance of China for Russia's place in global value chains in the context of the Chinese Belt and Road Initiative (BRI), as well as to prove the hypothesis that China's importance as a trading partner of Russia is constantly rising, while BRI implementation will only further strengthen Russian-Chinese trade relations.

Methods

This study includes both a literature review and empirical studies. The analytical part, concerning Russia's trade relations with China, uses data from the United Nations Commodity Trade Statistics Database, as well as OECD classification of product categories according to their technological advancement (high, medium-high, medium-low and low technology goods). Russia's place in global value chains in the context of Chinese BRI was discussed on the basis of the WIOT database.

Key findings

China is becoming an increasingly important trading partner for Russia, as evidenced by its steadily growing share of Russian foreign trade.

Low-technology goods play a major role in Russian exports to China (alongside crude oil), while high-, medium-high and low-tech goods dominate in its imports from China.

The foreign added value of Russian exports is low. Chinese added value in Russian manufacturing is the greatest in the production of textiles, clothing and leather products; rubber and plastic products; and motor vehicles, trailers and semi-trailers.

Conclusions

The implementation of China's BRI in Russia raises certain concerns, including the loss of political and economic influence in Central Asia and the reduction of the importance of alternative transport routes through Russia.

However, it may prove to be an opportunity for the development of the Russian economy, contributing to the further development of trade relations with China through Russia's involvement in the implementation of BRI.

Ultimately, it may also contribute to a gradual change in Russia's place in global value chains.

Key words: Russia, China, trade, Belt and Road Initiative (BRI), Global Value Chain (GVC)

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EU-US trade relations during 2013-2018: from TTIP negotiations to trade war(?)

Objective

Last six years (2013-2018) were eventful for the shaping the transatlantic (EU-US) relations. In 2013 negotiations on TTIP started. After more than ten negotiations rounds they were suspended in 2016. Year 2018 brings mutual imposing of tariffs. The objective of the paper is to answer the research question how the intensity of EU-US trade in goods changed during period 2013-2018.

Methods

Trade intensity indices (e.g. Srivastava and Green index, Grubel-Lloyd index)

Key findings

The intensity of EU-US trade relationships (in absolute and relative terms) was stable during 2013-2018. It refers to total trade as well as trade in selected goods and both to intra-industry and inter-industry trade.

Conclusions

EU-US relations seem to be quite immune to international economic policy provided by EU Commission and US government.

Key words: International trade, EU, US

Changes in the Hungarian occupation structure from 2010 to 2016

Objective

Nowadays industry 4.0 becomes widely known. This goes beyond the industry, because it also has a great impact on services. Technological change and digitization affect the labour market. Labour demand is getting more transformed, and other kinds of skills become important. In the near future, there will be a demand for knowledge that we do not know yet. In the near future many of the occupations are likely to disappear because of technological changes according to some researches. (Frey-Osborn [2013]; Nábelek [2016]; Arntz [2016]; Achemoglu [2017], etc.) For these changes we have to know which occupation would be needed, and which not, and what education system and qualification would help.

Methods

Examining future global changes by using only past data is not always successful, but for the first step we have to do it, to get a clear picture. It can set a direction for further researches or just simply give a picture about the direction of the changes in the occupation structure. The Nemzeti Foglalkoztatási Szolgálat (NFSZ) (Hungarian National Institute of Employment) started to gather data through the National Tax and Customs Office about the relation of occupation and qualification. The Hungarian Bureau of Statistics validate and clear this data, so the final output can be reliable. The datas can be organized in a matrix such as there is two dimensions: 1. the mostly used sectors; 2. occupations: FEOR(o8) codes (Foglalkoztatások Egységes Rendszere – Uniformed System of Employment).

Key findings

In the first step my contribution is to give an overlook about this system, and about what is the shift in the Hungarian occupations from 2010 to 2016. In the changes of the ratio of different occupations in each industry, can have a message. More knowledge intensive or less, more digitalized skills needed or not, etc. It can have a message, if the industry 4.0 has a significant effect yet, or not. It can be seen from the data that in many industry, which should normally be a knowledge intensive industry, in Hungary the ration of the knowledge based occupations and number of workers are less than the expected.

Conclusions

If we want to know about the future changes of employment and occupations, first we have to no clearly the present and recent past. We have to examine if there is a significant shift in occupations or not. It could be one indicator of the presence and effects of industry 4.0. The results could be used in preparing for the changes. The whole education system can get informations for setting the good direction.

Key words: Occupation, Workforce, Technological changes, Employment, Skill demand, FEOR, Labour market, IT sector, Digitalization, Robotization

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Innovation Performance of a Foreign Subsidiary. A proposed conceptual model

Objective

There is a cognitive gap in the knowledge on the relations between factors affecting FS performance and subsequent position within the MNE network from the perspective of FSs established in transition economies. Therefore, this study intends to fill this gap.

Methods

This study involves both literature and empirical studies. The initial literature studies have been conducted and will be further extended. The subsequent empirical research will include: the quantitative research (based on a questionnaire) and the succeeding qualitative case study method. The survey will be conducted among big and mid-sized FSs located in Poland, operating in the manufacturing industries, which started their operations (as a part of MNEs) no later than in the year 2012. The analyzed period encompasses years 2012 to 2017. The primary, FS-level data will be collected with the use of CATIs. The respondents will be FSs' CEOs or other senior managers. Structural equation modeling (SEM), will be used to assess the causal relationships between variables and to verify hypotheses.

Key findings

The authors will contribute to the concepts explaining factors that determine the innovation performance and – subsequently – the position of a FS within MNE network, and interpreting the relations between those factors. An original conceptual model presenting the factors and inter-relations between them will be developed. The proposed empirical research will be based on representative sample of FSs in Poland.

Conclusions

The stronger is the FS position in MNE network, the higher is the probability of its survival and growth. The study is expected to provide a proxy for FSs' embeddedness in the local context with potential important managerial and public policy implications.

Key words: Innovation performance, foreign subsidiary, embeddedness, Poland

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The heterogeneous nature of foreign direct investment in Central and Eastern European countries. The impact of the mode of entry on host country economic growth

Objective

Foreign direct investment (FDI) is considered to have a positive impact on the host country's economic growth as it adds to the existing stock of physical capital and boosts the total factor productivity. However, in the empirical literature there is no consensus about the growth effects of FDI. The paper attempts to answer the question about the growth effects of FDI in case of ten new European Union member states from Central and Eastern region over the period 1995-2017 by distinguishing three different modes of entry of a foreign investor (greenfield, brownfield, mergers and acquisitions).

Methods

Firstly, the paper provides a literature review on the links between growth, foreign direct investment and its components, that is different modes of entry of foreign investors. Secondly, it presents the authors' method to construct new data on greenfield and brownfield FDI based on available statistics. Finally, in the research there are used many panel data econometric techniques (e.g. fixed-effect, instrumental variables, generalized method of moments) to examine the links between FDI and economic growth in the analysed CEE countries over the period 1995-2017.

Key findings

The research does not allow to conclude that FDI inflows to ten EU new member states from Central and Eastern region had a strong and positive effect on economic growth over the period 1996-2017. It is very important to stress that the study does not find a direct effect between inward FDI and GDP growth rate, but the authors think that the influence is indirect and may go through domestic investment measured by the gross fixed capital formation. The Granger causality test indicates that FDI affects domestic investment, which in turn boosts economic growth. This might be the reason, why many studies come to inconclusive results about the existence of a growth enhancing effect of FDI flows.

Conclusions

Unfortunately, the decomposition of FDI into three main modes of entry (greenfield, brownfield, mergers and acquisitions) does not allow to conclude that capital inflows have had a positive impact GDP growth rate in CEE countries during the period 1996-2017. One reason might be that the research is based on annual data in order to make use of the longest possible time series, but it poses the risk of paying too much attention to short-term changes. In the future it is planned to re-estimate all equations using 3- or 5-year averages to capture the medium-term links between FDI inflows and GDP growth rate.

Key words: Central and Eastern Europe, economic growth, FDI, greenfield investment, reinvestment, mergers and acquisitions, panel data regressions, fixed effects estimator

German Tax Consolidation Regimes in International Comparison

Objective

This article is devoted to German tax consolidation regimes that according to the law are applicable for corporate income tax, trade tax and value added tax purposes. It is aimed to outline the requirements for tax consolidation, indicate pros and cons of that consolidation by evaluating the regulations at force. In addition its objective is to compare the German consolidation regimes with the ones implemented in selected countries and analyse some financial aspects of functioning of tax groups in Germany.

Methods

The methodology of this article is determined by the research objectives and the research topic. The requirements for tax consolidation are specified in the law implemented in particular countries. Hence, this article include a legislative analysis and comparison of the regulations comprised in selected national acts. It also reviews literature on the topic analysed, along with the statistical data collected by the German Federal Ministry of Finance in regard to the tax groups and its functioning.

Key findings

The German tax consolidation models may be considered as a prototype for tax consolidation regimes applicable in some other countries, especially new European Union member states. Like every tax regimes, they may have both pros and cons for consolidating enterprises. German consolidation models are characterised by relatively low holding quota and simplicity towards other consolidation models. Among negative aspects of that models one can mention imprecise definition of tax consolidation for value added tax purposes and its obligatory character.

Conclusions

Not all aspects of the German consolidation model are considered to be flawless as a result tax consolidation may have some negative effects on consolidating companies. Certain requirements or selected ramifications of tax consolidation may even discourage potential investors. In particular certain features of tax grouping may be treated by tax authorities as an external risk management area which leads to the increased likelihood of tax audit for the consolidated group of companies.

Key words: tax grouping, Germany, corporate income tax, trade tax, value added tax

Value Added Creation Through A User-centric Context-aware Digital System

Cel

W ostatnich latach media społecznościowe (MS) i aplikacje mobilne przyciągają uwagę przedsiębiorców przede wszystkim jako narzędzie komunikacji marketingowej. Celem artykułu jest przeprowadzenie krytycznego przeglądu literatury poświęconego badaniom społecznościowych aplikacji mobilnych w celu opracowania ram koncepcyjnych wyjaśniających, w jaki sposób one są wspierane przez różne narzędzia i technologie wykorzystujące modele zachowań społecznych. Metoda badawcza Artykuł oparto na krytycznej analizie literatury przedmiotu i wyników dotychczasowych badań oraz na przeglądzie praktycznych przykładów (case studies) zastosowania mobilnych aplikacji kontekstualnych w wybranej branży (turystyka).

Wyniki

Wynikiem opracowania jest prezentacja koncepcji kontekstualnego ekosystemu cyfrowego zorientowanego na użytkownika oraz uzasadnienie zastosowania tej koncepcji w procesie tworzenia wartości dodanej. W artykule przedstawiono pojęcie, cechy i znaczenie kontekstowych aplikacji mobilnych w perspektywie ich zdolności dostarczania wartości dodanej. Następnie dokonano przeglądu wybranych aplikacji turystycznych o różnym stopniu zdolności rozpoznawania kontekstu i dostarczania adekwatnej informacji użytkownikom.

Wnioski

W wyniku przeprowadzonych badań ustalono, że wbrew powszechnej opinii aplikacje mobilne w niewielkim stopniu służą promocji miejsc i regionów (zachowują tę zdolność wyłącznie wtedy, gdy mają charakter społecznościowy), natomiast pozwalają skutecznie dostarczać użytkownikom wartości dodanej i dodatnio wpływać na satysfakcję turystów. Obserwacja ta stanowi wskazówkę dla przedsiębiorców i władz lokalnych zaangażowanych w promocję turystyczną miejscowości i regionów. Wbrew powszechnym praktykom i przekonaniom aplikacje mobilne pozbawione funkcji społecznościowej nie sprawdzają się bowiem jako narzędzia promocji. Ich zastosowanie ma sens wyłącznie wtedy, gdy celem jest dostarczenie wartości dodanej użytkownikom. Ta obserwacja wskazuje też, że znacząca część środków publicznych przeznaczonych na aplikacje mobilne miejscowości i gmin turystycznych nie przynosi spodziewanych efektów (promocja) a jednocześnie jest niewłaściwie projektowana (nie dostarcza wartości dodanej użytkownikom), co jest przejawem niegospodarności.

Słowa kluczowe: Nowoczesne technologie, aplikacje mobilne, aplikacje kontekstowe, turystyka, efektywność narzędzi cyfrowych, wartość dodana

Women in management: conditions for success

Objective

The objective of this article is to present current research concerning women in management and the conditions for their success. The body of research concentrated on obstacles and burdens women are facing while claiming authority on the way to the top management positions. Employment discrimination, organizational policies that favour men, prejudices and phenomena such as glass ceiling, class cliff, labyrinth, queen bee effect – just to mention a few of them - were widely discussed in science. Recently more and more research focuses on the ways how women navigate their way through the labyrinth, overcome the obstacles and barriers and what are the conditions for the success. Those studies emphasise on practical aspects for the leadership development. Therefore, the proposed article will follow those findings too and as well as the practical impacts for designing female paths to leadership while focusing on their actions, abilities and behaviours. This will state the added value of the paper.

Methods

Literature review basing on the recent research conducted in Poland, Anglo-Saxon countries and in Germany in the field of interest.

Key findings

Women should demonstrate their leadership and communal abilities while combining competences with warmth and friendliness and create social capital with the aim to build networks and seek the guidance of mentors and sponsors. It is important for women to be aware of their worth, assertively seeking demanding assignments and learning to negotiate well and expecting more rewards for their accomplishments. The recommendation for women encompasses taking active ownership of their leadership, building new networks, cultivating successful visibility and embracing a leadership style stating a blend of feminine and male leadership skills.

Conclusions

Clearly, the existing organizational and cultural/societal burdens have to be addressed by organizations and politics. However, women should not wait to seek leadership until the necessary changes happen. Through their actions, women leaders participate in organizational and cultural changes and help to remove the existing obstacles and barriers for authority claims.

Key words: Leadership, women leaders, authority, social capital, networks, sponsoring and mentoring, negotiations, successful visibility

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VIX – hedge or threat? Consequences of the “fear gauge” financialization

Objective

This article examines the evolution of factors determining the value of VIX – the index which is very popular both in finance industry, and academic researches. We show the implications of rapid growth of systematic volatility investment strategies in the last couple of years. We believe, that they may lead to adverse fluctuations of VIX not linked with underlying fundamentals and may pose a risk to financial stability. Our main aim is to show, that the nature of the VIX has changed, so should its perception by industry professionals and academics. We find this topic relevant, as VIX is widely used as an input in many models, including those responsible for macroprudential policy, as well as in many more complex indicators. Consequently, its abnormal behavior makes results of that models misleading. That, in turn, may lead to wrong decisions of policymakers, or at least creates false picture of an economy. This paper contributes to existing literature, by analysing very recent anomaly, that happened on American stock market in February last year.

Methods

On February 5th, we observed one of the most violent intraday moves in US equities in history. With a hindsight, it is evident, that it was not caused by market fundamentals. We present a case study of this event, explaining the role of structured volatility investment products, and showing step by step how they may have led to this adverse plunge in stock market.

Key findings

Our work shows, that the nature of VIX has changed since its inception. It is no longer pure function of implied volatility of S&P 500. Forces of supply and demand on its corresponding markets – futures, options, ETFs and ETN also have meaningful impact on its level. These forces are not driven solely by fundamentals, but also by factors like positioning, flows or liquidity. Consequently, VIX is not always the perfect gauge of the stock market „fear”. In many cases its value may be artificially inflated, due to „technical” factors. Simultaneously, we showed that VIX vulnerability to these factors pose a risk to financial stability. We explained, how collapse in low capitalised ETN market affected, through equity market channel, the real economy. Apart from that, broken relationship between VIX and stock market decreases its efficiency as a hedging tool.

Conclusions

All these findings do not mean, that VIX is no longer reliable or useful. Nevertheless, we must be aware of its new properties, and incorporate them into our models and indices. We may consider adding VIX-like indices, for cross-checking purposes, or introduce some additional filters. When it comes to hedging equity market exposure, we advise considering alternative instruments, such as equity market options, instead of VIX futures. Finally, regulators and market professionals should watch carefully all ETN markets, not only those related to volatility. History shows, that they are prone to rapid price fluctuations, which by spillover effects to its base markets are harming natural price discovery process.

Key words: VIX, XIV, ETN, volatility, financial stability

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Global imbalances from the flow and stock perspective

Objective

The objective of the paper is to identify changes in global external imbalances in flow and in stock and to identify the causes and effects of possible differences in global imbalances in both considered approaches.

Methods

In order to achieve that objective, analysis of current accounts and international investment positions of systemically important economies will be carried out with the use of descriptive statistics techniques and specific analytical indicators. The planned research period covers the years 2000-2017.

Key words: global imbalances, current account imbalances, international investment position imbalances

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Determinants of sovereign credit risk materialisation

The purpose of this study is to analyse the determinants of sovereign credit risk materialisation, i.e. failure of a sovereign state to honour its financial obligations. This may be due to the lack of a sovereign's capacity to timely service debt, as even a strong economic recovery leading to an improvement of the debt-to-GDP ratio only rarely allows the issuer to successfully escape a debt trap. However, the materialisation of the above mentioned risk may also be the result of a conscious decision by an independent state to default on its obligations. Such a decision is followed by certain benefits and costs. In the first part of the study, the commonly used – both in the literature and in practice – definitions of sovereign credit risk are presented. This is followed by the description of the characteristics of key types of credit events – one of the defining features of sovereign credit risk. In the third section, potential reasons behind a decision to cease the servicing of financial obligations are discussed, based on an analysis of the related benefits and costs. The subsequent part of the study evaluates the effectiveness of selected ways in which creditors deal with sovereign debtors who find themselves in default, including the once popular coordination of the process of debt restructuring negotiation. A discussion of Poland's cases of default on sovereign debt is presented in the fifth section, which is followed by a brief summary.

Key words: sovereign credit risk, credit events

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Is Germany a hub of Factory Europe for CEE countries? - sink approach in GVC decomposition

Objective

The aim of the paper is to decompose the gross export for seven selected CEE economies (the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland and Slovakia) to Germany for the years 2000 and 2014, then to analyse a share of domestic value added in CEE exports and its changes over time. We are also interested in inquiring the trade linkages through which the CEE value added reaches a certain market of final destination. Especially we want to identify a CEE downstream linkages: which share of CEE exports is actually consumed in Germany, which is re-exported and where. It all allow us to answer the question: Is Germany a hub of Factory Europe for CEE countries?

Methods

We use a gross trade decomposition proposed by Borin and Mancini (2017), which is the extended version of KWW's methodology (Koopman, Wang and Wei, 2014). Based on input-output tables from the WIOD database this decomposition propose two different ways to account for value added in bilateral trade: the first one takes the perspective of the country where the value added originates (the source-based approach), the second one takes the perspective of the country of final demand (the sink-based approach). We make our decomposition of bilateral trade flows following a sink-based logic. We analyze exports of 7 CEE countries to Germany, which take majority of CEE exports of goods and services. First, we compute domestic VA, foreign VA and pure double-counting embedded in CEE exports to Germany in 2000 and 2014. Then, we further break down the domestic VA into three sub-components: the domestic VA that serves the final demand in the direct importing country (direct absorption), the domestic VA that ultimately comes back to the country of origin to be consumed there (reflection) and the domestic VA absorbed by final demand in third countries (redirection).

Key findings

We observe the increasing share of foreign value added in gross exports and declining domestic value added share in all CEE countries. The direct absorption significantly decreases over time whereas the increasing importance of redirection is observed, particularly for Lithuania. Dividing all other countries into 9 sub-groups (i.e. rest of CEE, EU15, Asia, USA, China) we observe the decreasing role of EU15 that absorb value added indirectly from CEE countries. A similar trend is observed for the US economy. The country that strongly boosts its importance is China and other Asian countries. Decomposing CEE export into two streams: manufacturing and service sectors, we observe that The Baltic countries tend to export indirectly (via Germany) more services than manufactured products. That pattern is similar for almost all analysed recipient sub-group.

Conclusions

Analysis show the deep integration of CEE within the so called 'Factory Germany', but also the overestimated role of Germany as a market of final destination. Germany play most important role for the redirection of CEE export to extra-European destinations.

Key words: global value chains; input-output tables; trade in value added

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Significantly the structure of the FDI inflows to Poland in 2004-2018, with particular emphasis on reinvestment of earnings

Objective

The aim of this paper is to provide an analysis the impact of financial components of foreign direct investment (FDI) inflows on changes in economic growth in Poland in the years 2004:Q1-2018:Q3, with a special emphasis on the role of reinvestment of earnings. The following research hypothesis has been put forward: Changes in GDP depend to a large extent on changes in reinvestment of earnings and the significance of these dependences grow over time.

Methods

CLRM/OLS and VECM.

Key findings

The results of the analysis of the impact of FDI components on GDP changes using the OLS model confirmed that reinvestments of earnings are statistically significant variable and their influence is the strongest. The VECM and impulse response functions and variance decomposition analysis confirm bi-directional relationships between components of FDI and GDP in Poland. The responses to GDP impulses are the strongest from own GDP shocks and weaker on FDI components. The GDP decomposition indicates that among FDI components, equity accounts to the highest degree for GDP changes (57%), next equity (20%), reinvestment of earnings (12%) and debt instruments (11%) during 20 quarters after shocks. It's mean that GDP depend to a large extent on changes in equity of FDI inflows. The impact of reinvestment of earnings and debt instruments on GDP is positive too but weaker.

Conclusions

The scope of empirical research dealt with inter-relationships occurring between GDP and FDI values, split into different financial instruments in Poland in the years 2004:Q1–2018:Q3. Analysis of GDP responses to impulses from its own forecast errors and FDI financial instruments indicates that GDP responds most strongly to its own standard error. In the case of impulses derived from FDI – the GDP response is definitely weaker. However, it was noted that it is at its strongest to impulses from equity, then from reinvestment of earnings and the weakest to impulses from debt instruments. GDP decomposition analysis indicates that the current GDP changes to the largest extent are explained by forecast own errors (57%) next by equity (20%), reinvestment of earnings (12%) ad debt instruments (11%) after 20 quarters from the shocks. The final results of the research indicate only partly positive verification of the research hypothesis. These results confirm that (among FDI components) the impact of equity on GDP changes was stronger than reinvestment of earnings. However the results of the variance decomposition confirmed that the importance of reinvestment of earnings in explaining the changes in GDP increased over time.

Key words: financial structure of FDI inflows, reinvestment of earnings, GDP, OLS, VECM, impulse response functions, variance decomposition

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European Research Infrastructures. Perspective of countries from Central and Eastern Europe

Objective

The aim of this poster is to present the position of CEE countries in research infrastructures (RI), which are important elements of European innovation system. RI offer access to high quality services, assemble a critical mass of people, knowledge and investment, facilitate international cooperation in science. The poster identifies key rationales for common investments in RI like: strong fragmentation of European investments in RI their high technical, scale and costs complexity, the need to create critical research mass to solve key Grand Challenges. The role of RI is analysed through the prism of new institutional economics theory, social capital, innovation system, economic networks, common pool resource approach, and critical mass.

Methods

- Analysis of results of two surveys based on self-designed questionnaires, addressed the coordinators of European RIs (N=150), registered in database MERIL, and to participants financed from FP7 INFRA, H2020 INFRA budgets, referred to as users of RIs (N=400).
- The analysis of financial funds allocated to the projects implemented by RI in FP7 and Horizon 2020 (part INFRA) programs.

Key findings

- High discrepancy in the EU framework programs (part INFRA) spending between Western Europe (EU15) and CEE (EU13), which may increase the innovation gap between member states, negatively affecting European economic cohesion and building of the ERA.
- EU framework programs (part INFRA) spending was successful when it comes to the pooling of financial resources across Europe to build and operate research infrastructures, which indicates substantial leverage effect.
- The results of the survey research showed that development of RIs contributes to networking and cooperation, as the most common type of additionality experienced by all RIs users is network additionality (98% of all RIs users).
- Investments in RIs were successful in stimulating cooperation, and pooling people and resources in order to achieve technological critical mass, thus reducing the fragmentation of European innovation system.

Conclusions

The analysis of financial funds allocated to the projects implemented by RI in FP7 and Horizon 2020 (part INFRA) programs show, that there is a strong discrepancy in EU programs funds allocation between Western European and CEE countries, which may increase the gap in innovation ability between EU member states.

Key words: knowledge base, research infrastructures, EU framework programmes

Ewolucja światowych obrotów handlowych po 2007 r.

Międzynarodowa wymiana gospodarcza ciągle ewoluuje pod wpływem globalnego przesunięcia działalności produkcyjnej, zmian konkurencyjności międzynarodowej, powrotu niektórych krajów do polityki protekcji. Z uwagi na złożony charakter współczesnej wymiany międzynarodowej opisujące je teorie muszą się składać z konieczności z kilku koncepcji teoretycznych, ponieważ podział pracy w gospodarce światowej rozwija się dzięki wymianie zarówno produktów standardowych jak i technologicznie zaawansowanych. Rok 2007 r. niesie jakościową zmianę w przestrzeni międzynarodowej, ponieważ zapoczątkował on nie tylko kryzys finansowy, ale również przemiany strukturalne w międzynarodowym podziale pracy. Zmiany te dotyczyły w niejednakowym stopniu poszczególnych sektorów i partnerów handlowych, którzy stopniowo umacniają swoją pozycję w gospodarce światowej. Pojawiające się tendencje wymiany handlowej po 2007 r. są warte zbadania, z co najmniej dwóch powodów: po pierwsze, dlatego że przez pryzmat kryzysu weryfikują teorie handlu międzynarodowego, dając jednocześnie odpowiedź – tezy, których teorie najbardziej odpowiadają współczesnej rzeczywistości. Po drugie, rzucają światło na kształtowanie się przyszłego podziału pracy w gospodarce światowej i nowego bilansu między sektorami i poszczególnymi partnerami. Po 2008r wymiana międzynarodowa rozwija się coraz bardziej dzięki rosnącemu zapotrzebowaniu na produkty technologicznie zaawansowane, na różnorodność, na usługi. Dalszy wzrost pozycji w handlu tzw. nowych krajów przemysłowych i spadek pozycji krajów rozwiniętych wskazuje na duże znaczenie czynnika konkurencyjności, kapitału ludzkiego, dyfuzji wiedzy. Relokacja światowej produkcji odbywa się często w ramach korporacji transnarodowych, które rozwijają produkcję filialną zagranicą opierając się na wymianie wewnątrzgałęziowej. Przemiany w międzynarodowym podziale pracy w po 2007r dotyczą nie tylko struktury obrotów, ale również geografii eksportu i importu w związku z rosnącym znaczeniem Chin i nowych krajów przemysłowych w światowych obrotach. Również kraje Europy Środkowo-Wschodniej nieznacznie poprawiły swoją pozycję w światowym eksporcie, natomiast widoczny jest spadek jego wartości w Rosji, krajach naftowych, m.in. Arabii Saudyjskiej, co wiąże się z przejściową redukcją cen ropy naftowej na rynkach międzynarodowych.

Słowa kluczowe: międzynarodowy podział pracy, globalizacja, handel towarami zaawansowanymi technologicznie, obroty usługami w gospodarce światowej

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Impact of the implementation of the New Silk Road on the role of Polish transport, freight forwarding and logistics companies in handling trade between Europe and Asia

Objective

The New Silk Road (NSR) project, created as part of China's economic expansion policy, is important from the point of view of Poland's national interest. NSR may in fact become an important factor influencing the economic development of the country, in particular the logistics industry. This applies at least to those areas where transshipment terminals are located and there are places for forwarding and customs handling of containerized cargo. The importance of the issue is added by the fact that the main stakeholders of the project are economically and geopolitically the most important for Poland countries, which sometimes have contradictory to Polish national interests. The aim of the study is to present opportunities and threats resulting from the implementation of the NSR project for Polish business entities involved in the transport, freight forwarding, customs and logistics of trade between Europe and Asia. Considerations were focused on the railway part of the NSR transport corridors, and among the business entities of the logistics industry, special attention was paid to the largest Polish carrier – PKP Cargo.

Methods

Desk Research In-depth Interview Statistical description.

Conclusions

The mere transit of goods through Poland as part of the New Silk Road on-land corridor will not guarantee significant benefits for Polish entities from the transport, freight forwarding and logistics sector. In order to achieve them, it is necessary to carry out on Polish territory customs, forwarding and logistics services for goods transported between China and the European Union.

Key words: railway transport, intermodal transport, containerization, transshipment terminals, PKP Cargo, China, New Silk Road, Belt and Road Initiative

Eco-innovation and international competitiveness of enterprises. Results for European Union Member States

Objective

Recent decades of economic growth have been accompanied by growing global environmental problems, such as global warming and the increasing scarcity of natural resources. In this context, the concept of sustainable development and eco-innovation have become a hot issue for both economy and business, forcing them to on solving issues connected with a healthy / green economy. The purpose of this study is to present the review of the issues related to eco-innovation in the EU Member States, as well as, on the micro level to search for interrelation between the introduction of eco-innovation (innovation whose effects are environmentally friendly) and the sales orientation of enterprises to international markets.

Methods

Part of the study is devoted to statistical analysis (looking for interrelation) based on: · data from the Innovation Union Scoreboard 2018, Eco-Innovation Scoreboard survey from 2013-2017 · and data from the Community Innovation Survey 2010-2012, for enterprises from European Union countries in the part concerning eco-innovation and firms market orientation.

Key findings

The results show, that there is interdependence between the level of innovativeness and eco-innovation performance of EU Member States on the macro level. On the other hand the micro level analysis, conducted for enterprises from UE shows, that there is interdependence between the introduction of eco-innovation with the benefits for end user and the level of international competitiveness measured by export intensity. The results of the analysis are not completely unambiguous, however, they indicate that enterprises from countries with a higher overall IUS and EIS index (higher than the EU average) are characterized by higher intensity of introducing eco-innovations that bring benefit the final user and, at the same time, lead in the intensive presence with sales on foreign markets. Enterprises from countries of end of the EIS ranking, including the countries of Central and Eastern Europe, are characterized by a relatively low intensity of introduction of eco-innovations that bring benefits to the final user, which is also accompanied by a relatively low intensity of export.

Conclusions

In the light of the Strategy for European Union, eco-innovations will definitely play one of the most important roles in stimulating the development of economies of the Member States. The proper implementation of the eco-innovation policy should in this context become one of the most important tasks for the Member States. The results of the presented analyzes, especially those concerning the macro level indicate that the Polish economy has a great distance to deal with in terms of ecological solutions used, and the process itself is long-lasting and requires huge financial outlays. The improvement of this state requires, on the one hand, an increase in expenditures on innovations and on the other hand, an increase in the awareness of enterprises regarding the benefits of introducing eco-innovations for building their market position.

Key words: Eco-innovation; International competitiveness, Innovation Union Scoreboard; Eco-Innovation Scoreboard.

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Zróźnicowanie pozycji konkurencyjnej sektora zaawansowanej technologii w krajach UE

Objective

The high technology sector has a particular importance in the development of modern national economies. It affects both, the level of competitiveness and innovation. This was a prerequisite for the study to assess the competitive position of the advanced technology sector in the EU countries. The starting point of the discussion was the definition of the concept of competitiveness, the competitive position of the advanced technology industry and the classification of the high-tech sector. Next, on the basis of the selected indicators, the competitive position and the rank of countries has been established. As for this, the indicators of the export share of the advanced technology sector in the intra export market was, the profitability of the high-tech sector and the degree of export import coverage were used. Based on the adopted indicators, a synthetic indicator of a competitive position has also been calculated which enabled determination of the most competitive country in the European Union in reference to the industry. This enabled the identification of factors influencing the competitive position of the advanced technology sector in the member states of EU.

Methods

Scope of the research was the sector of advanced technology which included the enterprises of high technology and as well the services which are high-tech. To the sector of high technology were included: production of basic pharmaceutical substances and medicines and other pharmaceutical products, computer productions, electronic and optical products, making of the aircrafts, spacecrafts and similar to that machines. High tech services were: the activity connected with the production of the movies, sound and music recordings, telecommunications, software and related activities, information service activities, research and development works. Production position of sector may be considered by the use of many measures. In this article the most common in the literature were used which are: the share of the advanced technology sector export in the intra export market, the profitability of the high-tech sector and the degree of import coverage export. In this study, guided by the possibility of access to the empirical data, the most actual results about analyzed sector were used. The source of such information were data from Eurostat base.

Key findings

Taking into account the contribution The export of the advanced technology sector in the intra export market, the decisive leaders were: Germany and the Netherlands, whose total share amounted to almost 50%. In the Netherlands there was also a significant degree of export import coverage. Significantly less differentiation occurred in the case of the profitability index.

Conclusions

Changes which are occurring in the present world indicates the growth of importance of the fields which are based mainly on the intensive usage of knowledge. Belongs to them at most subjects belonging to the industries and services high-tech. The main factor the competitive level

of the advanced technology sector was the indicators of the export share of the advanced technology sector in the intra export market was.

Key words: Competitive position, industry, advanced technologies, European Union

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Economic Integration on the Example of EU and The Republic of Korea - Effects of the FTA Agreement for Selected Countries of the European Union

Objective

The main goal of the article is practical verification of B. Balassa's theory of economic integration, namely the effects of introducing one of its stages - the free trade area.

Two partial goals of the article are to conduct a research involving the analysis of the effects on trade in goods between selected European Union countries (including Poland) and the Republic of Korea. Between them, the free trade agreement was signed in 2009 – which came into force in 2011. The second objective is to identify the reasons why trade (exports and imports) between some EU countries and the Republic of Korea increased faster than in other countries covered by the agreement.

Methods

The study uses the analysis of changes in the structure and volume of trade. The competitiveness measures and statistical methods in the analysis of the similarity of structures and factors determining trade exchange were used.

Key findings

After researching the analysis of the impact of the signed free trade agreement between the EU and the Republic of Korea, it turned out that for some EU countries there was a greater increase in their exports to the Korean market than in the case of other countries. On the other hand, for some EU countries, there was a greater increase in imports from the Republic of Korea than in other EU countries.

The authors of the article attempted to identify the reasons for such effects of the signed free trade agreement.

Conclusions

The process of economic integration (including the stages of economic integration according to B. Balassa's theory) covers several successive phases. Each phase includes other means and methods of integration, and at the same time is a continuation of the previous one. The authors of the article have verified the introduction of the first stage of economic integration between selected EU countries and Republic of Korea and their impact on the exchange of goods.

It can be regarded as a verification of theory by examining its effects as a solution used in economic practice - in the area of international economic relations and policy.

Key words: economic integration, free trade agreement, EU, Republic of Korea, international trade

Własność intelektualna jako wartość w przedsiębiorstwie

Objective

Odpowiednie zarządzanie posiadaną, jak też nieustannie tworzoną, przekształcaną, modyfikowaną, wzbogacaną i optymalizowaną własnością intelektualną jest kwestią niezbędną, jak też kluczową dla efektywnego funkcjonowania obecnych gospodarek i podmiotów, w tym przedsiębiorstw. Z uwagi na otoczenie oraz uwarunkowania rynkowe, a także dla realizacji koniecznej i pożądanej strategii rynkowej, niezbędnym jest zwrócenie uwagi tak na wymierny aspekt własności intelektualnej, na który składają się posiadane przez podmioty prawa wyłączne (w tym patenty), jak i na zagadnienie kapitału ludzkiego zaangażowanego w praktykowanie tej własności intelektualnej oraz znaczenie zasobów ludzkich jako takich dla poszczególnych podmiotów pod kątem posiadanych kompetencji rynkowych. W wyniku analizy literatury przedmiotu dostrzeżono duże znaczenie zdefiniowanej oraz uregulowanej prawnie własności intelektualnej dotyczącej konkretnych, odpowiednio spisanych rozwiązań, wykazując jednocześnie znaczącą rolę zasobów ludzkich posiadanych przez podmioty, oraz wskazując na wzajemne powiązanie oraz oddziaływanie wymienionych składowych, które to nieodłącznie wpisują się w istnienie oraz efektywne funkcjonowanie organizacji, w tym przedsiębiorstw. Dokonana analiza i synteza przytoczonych zagadnień pozwala finalnie stwierdzić, że własność intelektualna, tak uregulowana prawnie, jak i wynikająca z posiadanych zasobów osobowych, jest istotną i kluczową wartością w przedsiębiorstwie. Ponadto, racjonalne zarządzanie własnością intelektualną, z uwzględnieniem oraz w odpowiednim skojarzeniu wszystkich jej aspektów, jest niezwykle istotne dla efektywnego funkcjonowania podmiotów na wielu płaszczyznach, w tym w sposób szczególny przedsiębiorstw.

Methods

Przegląd literatury (analiza, synteza, spostrzeżenia, wnioski)

Key findings

Własność intelektualna, dotycząca tak konkretnych rozwiązań, jak i kompetencji po stronie pracowników oraz wzajemnych relacji tych kryteriów, stanowi istotną wartość przedsiębiorstwa.

Conclusions

Orientacja uwzględniająca zdefiniowaną w niniejszym opracowaniu własność intelektualną, jest niezbędna dla efektywnego funkcjonowania przedsiębiorstw.

Key words: własność intelektualna, kapitał intelektualny, zasoby ludzkie, wartość przedsiębiorstwa, efektywność przedsiębiorstwa.

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Developing and Managing International Research Projects – insights from REPESEA Erasmus+ project

Objective

Poster presents the findings from the project „Assessing and Improving Research Performance at South East Asian Universities" (REPESEA) implemented in the framework of ERASMUS+ Program, Capacity-Building projects in the field of Higher Education (E+CBHE). REPESEA Project aims to: · develop and implement the System of the Assessment of the Quality and Impact of Research at partner higher education institutions in partner countries (Malaysia, Indonesia, Thailand), · develop, implement and accredit transferable research skill training modules at partner higher education institutions, · develop international cooperation among members of the partnership at regional and interregional level. The aim of the training module is to help trainees, PhD students and young researchers, with preparation, application, planning, and obtaining resources to carry out the research, budgeting, monitoring, and management of research projects. Nowadays, participation in research projects and the ability to win research grants, especially international ones, constitutes a key challenge for researchers globally. The module provides information on research funding sources, budgeting. It offers an insight into the communication with stakeholders and the ways of engaging with them for future cooperation. Project cycle management is introduced. Additionally, the attention is drawn to risks related with implementation of research projects and efficient ways of monitoring. Finally, as international collaboration in research is becoming more important, the module discusses the impact of cultural differences on development and management of research projects.

Methods

Literature review, researchers' own international research projects experience.

Key findings

The trainees from South East Asian universities are especially interested in the practical aspects of writing research grant proposals such as budgeting, writing tips in terms of emphasizing key research problems, successful delivery of research outcomes, cooperation with international research project partners and cooperation and communication with research project stakeholders.

Conclusions

The success of research project depends on good planning of research activities, including formulation of good research objectives and questions, building alliances and selecting partners, finding appropriate source of financing, successful management of research projects, and

delivery of research outcomes. As it could be observed during the trainings, in a culturally diversified and multidisciplinary environment, sessions where the example of best practices, exchange of experience and focus on practical usage of research project related theory were provided, constituted an actual platform for mutual learning.

Key words: Research project, project management, international research project

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The Results of Georgia-EU Trade Liberalization Through the Prism of Export Similarity

Objective

The process of the world economy globalization is accompanied by the changes in the world trade, in positions of its participants and manifestation of new development trends. Along with this context, small economies particular problems should be also taken into account. The present condition of Georgia's foreign economic complex cannot provide for a sustainable economic growth. The issue is closely related to investigation of the export potential and opportunities for its expansion. The aim of the work is investigation of opportunities for diversification of Georgia's export markets and commodity structure in the context of liberalization of Georgia-EU trade policy, perfection of Georgia's export policy and estimation of expected results of closer integration with the EU.

Methods

The research period covers the years 2010-2015. On the one hand, Georgia's export in the world and, on the other hand, the export of EU countries being Georgia's partners in the world was analyzed for the mentioned period. 30 largest exported commodity items were revealed within this period. The basis of the research is the data of the National Statistics Office of Georgia and UN Comtrade's international trade statistics data at the level of SITC three-digit classifier. Georgia's export similarity research with the EU countries' export was conducted, based on Finger-Kreinin (FK) index. The index dynamics is given according to the time series and the results are presented with diagrams. An economic analysis of the obtained results includes general methodological basics of analysis and synthesis, abstraction, induction-deduction and dialectics. The result of Georgia-EU liberal trade policy is assessed through the prism of particular countries' export similarity.

Key findings

Based on the analysis of dynamics of export similarity Finger-Kreinin (FK) index, an increase and decrease of the mentioned indicator in the group that includes Georgia and Georgia's trade partner EU countries was revealed. Within the given group the highest FK index value was revealed with Spain, Lithuania, Poland, Romania, Belgium; the average FK index indicator with the EU countries is not high, but it is characterized by a growth trend.

Conclusions

Taking into account generalization of the research results we conclude that Georgia, on the way to economic integration with the EU, will have an opportunity of cooperation with developed and developing countries having more or less similar export structure. It should be taken into consideration that countries having a similar export structure are, at the same time, Georgia's competitors on the world market, though specific "behavior" of Georgia's national export flows gives us an opportunity to suppose that a conflict of economic interests will be avoided. At the same time, there is a basis for cooperation in production of complementary commodities and technologies. This outcome is expectable as a result of intensification of partnership with the EU, which is expressed in reduction of the existing barriers with the EU countries.

Key words: Export similarity index, Trade liberalization, Economic integration, EU-Georgia trade.

Sustainable development and quality of life in Poland compared to other OECD member countries

Objective

The aim of the publication is to analyze the concept of sustainable development in the member countries of the Organization for Economic Cooperation and Development (OECD) with particular emphasis on the quality of life of Polish citizens against the background of member countries of this organization.

Methods

The article uses a research method based on literature studies in the field of macroeconomics and economic policy as well as descriptive-static analysis in relation to the OECD's index of country's well-being in the form of the Better Life Index (BLI).

Key findings

Analysing selected measures of the sustainable development of the OECD member countries in the period 2000-2017, the increase in social and individual well-being of the inhabitants and the harmonious arrangement of the relationship between man and the human environment were revealed. The progressive degradation of the natural environment was stopped, the effectiveness of using natural resources was increased and the comfort of life of the inhabitants was improved in the conditions of growing economic growth. Considering the total value of Better Life Index, it was found that Poland was in this respect in the third tenth of all 35 OECD member countries. Poland achieved better results than the average in the areas of "personal safety", "education", and "balance between work and home life". However, for the remaining eight criteria ("housing", "life satisfaction", "civic engagement", "work and pay", "society", "quality of the environment", "income and wealth", "health") Poland achieved much worse results than the average for OECD countries.

Conclusions

Extremely resistant to the global economic and financial crisis of 2009, Poland is still developing dynamically, catching up with other OECD countries in terms of GDP per capita. Productivity increases relatively fast, but this process must be continued in order to maintain convergence with other OECD economies, as the level of productivity is still relatively low, as is the share of technology in Polish exports. In addition, Poland is facing severe demographic pressure due to the low rate of birth rate and the negative net migration rate. Demographic problems may in future cause problems with maintaining dynamic economic growth, limiting Poland's ability to finance adequate pension and health care expenditures. At present, Poland achieves such a high level of prosperity and quality of life in the OECD that it has not recorded in its history so far. Poland achieves better results than the average OECD country in terms of personal safety, education, skills and the balance between work and private life. However, jobs, housing and health outcomes are less favourable than in other OECD member countries. The main environmental problem in Poland is the low air quality reflected by the high level of air pollution in cities. This is related, among others, to the strong dependence of the Polish economy on the poor quality of hard coal and the country's heavy dependence on road transport.

Key words: sustainable development, quality of life, OECD

Development Gap between the New and Old EU Member States and its Determinants in the period 1996-2017

Objective

The purpose of the paper is first to examine how the individual new Member States reduced the development gap between them and the countries of the “old fifteen” in the period 1996-2017. Secondly, the aim of the study is to investigate whether the convergence process in the EU occurred and whether all the new Member States participated in it. Thirdly, the study attempts to determine the effect of traditional and deep determinants on the rate of economic growth and convergence of new EU members.

Methods

The study uses statistical methods to conduct a simulation forecast of the pace of closing the development gap between the new and old UE countries. Econometric methods, especially the cross-sectional and panel growth regression models were used to assess the new UE members' convergence process and its determinants.

Key findings

In the period from 1996-2017 the majority of the new EU members experienced a high GDP per capita growth rate compared to the group of the old member states. They were significantly diversified in terms of their “speed” of moving towards the average GDP per capita value in the UE-15 group. Moreover, Cyprus and Malta grew at a rate lower than the average for the UE-15 area. Consequently, they were not able to reduce income disparities, and their development gap increased. Despite the presence of divergence trends in Cyprus and Malta, the evidence on the existence of the β and σ convergence process in the EU-13 and EU-28 group was found. Convergence process was mostly shaped by human capital resources and the degree of countries' openness (mainly trade liberalisation and technology flows).

Conclusions

Economic growth of the “new” EU members resulted from traditional determinants like the accumulation of physical and human capital, as well as from deeper growth factors, i.e. the increase in the quality of institutions and the gradual liberalisation of international trade, also in the field of technology transfer. The dynamic and predominantly positive changes of the above factors in that group were undoubtedly largely a consequence of the gradual economic integration with the wealthier EU states. They resulted also from the dynamic implementation process of the necessary system and institutional changes “forced” by the preparations to the accession and then by the membership in the European Union. Convergence process in the entire UE-28 group was mostly shaped by the above mentioned factors, mostly responsible for a rapid growth of the “new” EU members. The above hypothesis seems to be correct especially considering the fact that the mentioned traditional and deeper determinants had much smaller impact on the growth of the relatively richer 15 UE members and Cyprus and Malta, where divergence tendencies were proved.

Key words: economic growth, development gap, convergence process, traditional and deep determinants of economic growth, growth regression model, the new UE member states

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Poland on the Single European Market - Changes in the Similarity of Import and Export Structures Against the New Member States

Objective

The eastern enlargement of the European Union is still one of the most important problems that researchers in this region are dealing with. Most often, it is emphasized that the adoption of new rules binding on the Single European Market (SEM) connected with accession is one of the most important factors affecting changes in the structure of their exports and imports. It seems that an important complement to previous publications on this subject may be the presentation of the results of the analysis of changes in dynamics and transformations in the structure of Polish foreign trade in relation to New Member States (EU-10) and EU-15 countries during the past 15 years of membership. The analysis presented in this article attempts to answer the question: whether as a consequence of the eastern enlargement, the markets of the EU-10 and EU-15 countries were treated by exporters and importers from Poland more and more as a single market. It was assumed that an important element of this analysis may be the identification of the essence of the studied phenomenon against the background of the main trends occurring in Poland against the background of the New Member States, which became full members of the EU after 2004 and 2007 Enlargement.

Methods

The study is based on foreign trade data published by Eurostat, according to the homogeneous trade classification of exports and imports of the analyzed countries in the years 2004 - 2017 on the CN 4-digit level of aggregation. The analysis focuses on determining the distance between structures using the chosen similarity measure. The "Euclidean distance" measure was used, the main measure from a group of indicators based on absolute differences of individual structure indicators.

Conclusions

The whole of the presented analysis is closed by conclusions and final remarks.

Key words: foreign trade, European Union, effects of integration

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Business models and internationalization patterns in the software industry. The case of Polish B2B IT firms

Objective

There is discrepancy between early studies on born global companies in the software industry and other studies which show that internationalization of companies from the software industry is often either delayed or when carried out then regionally. To address this gap we aim to answer a question of how business models used in the context of software industry affect internationalization patterns in this industry.

Methods

We combined in-depth case studies of 3 medium sized software companies from Warsaw Stock Exchange with secondary sources on other software companies from WSE. Case companies have been selected in such a way as to represented diverse business models and diverse internationalization patterns.

Key findings

Based on obtained data we formulated three hypotheses: 1. The complexity of a software product/service adversely affects (a)the precocity, and (b) the speed of internationalization. 2. Clients' switching costs, in particular related to severity of implementation requirements associated with value proposition will be negatively related to the pace of international expansion 3. IT service companies display relatively higher degree of and faster pace of internationalization if they apply subscription based revenue models instead of license-based revenue models.

Conclusions

The timing, pace and eventually the degree of internationalization among IT service companies is related to their business model and specifically to their value proposition and value delivery methods.

Key words: Business models, IT industry, internationalization

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Udział Polski w globalnych łańcuchach wartości: przypadek działalności badawczo-rozwojowej

Objective

Celem badania jest ustalenie, w jakim stopniu branża B+R w Polsce uczestniczy w globalnych łańcuchach wartości (GVC), oraz określenie miejsca tej branży w tychże łańcuchach (górne kontra dolne części łańcucha).

Methods

Narzędziem badawczym jest wskaźnik udziału w globalnych łańcuchach wartości (participation in GVC index) będący sumą udziałów w tych łańcuchach jako odbiorca komponentów (półproduktów) zagranicznych wykorzystywanych w produkcji w kraju (participation index, backward), oraz udziału jako dostawca (producent) półproduktów do wytwarzania za granicą wyrobów finalnych (participation index, forward). Pierwszy wskaźnik częściowy jest równy sumie udziałów zagranicznych nakładów w krajowym eksporcie brutto. W uproszczeniu można zatem uznać go za udział w dolnych częściach globalnych łańcuchów wartości. Z kolei drugi udział częściowy pozwala mierzyć udział krajowych nakładów używanych w produkcji krajów trzecich w krajowym eksporcie brutto i może być określony mianem udziału w górnych częściach GVC. Analiza obejmuje lata 1995-2011, a statystyki wykorzystane w analizie pochodzą z bazy danych OECD – WTO Statistics on Trade in Value Added.

Key findings

Wykazano, że branża B+R w Polsce uczestniczy, ale wciąż w niewielkim zakresie w GVC, chociaż w badanym okresie wskaźnik udziału zwiększył się około dwukrotnie.

Conclusions

W porównaniu do całej gospodarki polskiej, gdzie ponad połowę eksportu odbywa się w ramach GVC, w branży B+R udział ten jest około dwukrotnie niższy. Wyraźnie przeważa udział jako odbiorca, który kształtował się na poziomie maksymalnie około 15%, co oznacza, że w przypadku B+R dominuje udział w postaci przetwarzania importowanej wiedzy i technologii oraz dalszy ich eksport. W przypadku udziału jako dostawcy komponentów do produkcji międzynarodowej wskaźnik kształtował się na poziomie kilku procent i tylko w trzech badanych latach przekroczył wartość 10.

Key words: GVC, B+R, Polska

Sustainability of public debt in light of fiscal policy coordination in European Union

Objective

Maastricht Treaty created the fundamentals of economic policy coordination in European Union. The first area of coordination was a monetary policy. Fiscal policy was coordinated in much smaller scale. Debt crisis enlighten the role of the policy in stabilization of Euro Zone. To strengthen the European Union new acts of European law was prepared. Reform of Stability and Growth Pact, undertaken after debt crisis, increased the level of fiscal policy coordination. The aim of the paper is to analyse the influence of fiscal policy coordination on sustainability of public debt in European Union.

Methods

The analysis performed by the Author is based on the TOPSIS method. Key indicators of public debt in area of its level, dynamics and structure together with indicators of budget balance were selected to present the sustainability of public debt. Then the correlation between the sustainability of public debt and the fiscal policy coordination was analysed.

Key findings

The analysis undertaken in the paper reveals that fiscal policy coordination based on Stability and Growth Pact and its reform increased sustainability of public debt in most of analyzed countries. Unfortunately, during the analysed period economic growth accelerated in most of countries. Nowadays, the first signals of slow-down and changes in parliaments (for example in Italy) shows that improvement can be temporal.

Conclusions

The conducted analysis enables drawing the conclusion that fiscal policy coordination should be based on instruments motivating to increase sustainability of public debt. The instruments should take into account the phase of business cycle and its influence on budget balance. The reform of Stability and Growth Pact increased sustainability of public debt in most of countries but problems with Italian budget shows that next crisis will verify the sustainability of the coordination.

Key words: fiscal policy, public debt, stability and growth pact

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Business inequality as a result of the concentration of corporate wealth and economic power

Abstract

Economic data show an increasing income and wealth disparity as regards private individuals in the majority of countries. This phenomenon can be explained by the general rule of increasing return to capital versus labour. Additionally, the technological change favours capital over labour, and within labour, skilled labour over the unskilled one, thus making social inequality an inherent aspect of capitalism. The problem which we want to elaborate on in this paper is finding an answer to the question whether a similar rule of growing disparity refers to the business area. And if so, what are its prerequisites? The aim of this paper is to examine the process of corporate concentration and find the main drivers of business inequality from international perspective. In particular, it is essential to identify crucial assets which ensure an unproportionate competitive edge to a relatively small number of corporate giants. Ownership of crucial assets seems to be the most important differentiating factor throughout economic history. Those assets, however, change over the years, from land in the agrarian era, iron and steel during the Industrial Revolution, financial capital in the beginning of XXI century, to intellectual property rights and consumer data in modern time. Companies use monopoly and intellectual property rights to skew the market in their favour, forcing out competitors and driving up prices for the consumers, which in turn increases their economic power. The pattern that can be observed here is the growing role of intangible assets over tangible ones in securing the privileged position in the competitive rivalry. Other forces entrenching business inequality include favourable regulation, tax avoidance schemes as well as mergers and industry consolidation in all phases along the value chain. The main hypothesis that we want to raise in this article is that the increasing market concentration and the accumulation of wealth and economic power in the hands of a relatively small number of transnational corporations is in fact detrimental to innovation, deranges fair competition and hampers progress. The analysis is based on vast literature studies, content analysis of economic blogs and live discussions of economic experts registered on Youtube. Its additional aim is to provoke the discussion on the remedies aimed at tackling the problem of unfair market competition for a large number of enterprises.

Key words: Market concentration, business inequality, intangible assets, tax havens

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New Tendencies in the Contemporary Foreign Trade Policy

Abstract

The main aim of the article is indication of the new tendencies in contemporary foreign trade policy. The subject of the discussion and theoretical contribution in the undertaken research program is presents the rise of global supply chains, the impact of the rise global supply chains on the political economy of trade and countries motivations for cooperating on trade policies and the rise of global supply chains and increasing importance of bilateral agreements in the foreign trade policy. It is important to underline that a few multinational firms are responsible for a major share of world trade and for the rise of global supply chains. On the one hand, these firms should support regulatory harmonization across different Preferential Trade Agreements (PTAs) in order to lower trade costs. On the other hand, they might also resist harmonization – and encourage certain non-tariff measures – in order to prevent new competitors from entering markets. This may partly explain the persistence of regulatory divergence, and suggests that the political economy of regulatory convergence, especially in the conditions of the rise global supply chains, may be more important and more complex than is sometimes suggested.

Key words: foreign trade policy, global supply chains, new tendencies, cooperating on trade policies, bilateral trade policy.

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How to optimize innovation management processes in open innovation era

Abstract

Management of innovation processes in dynamically changing and digital environment is challenging for both entrepreneurs and corporations. The open innovation model creates both massive opportunities and risks. The proper adoption of new knowledge sourced from the outside of the organization is challenging. Only a small part of new projects realized in open innovation model is successful. This explains why there is a need to examine the reasons behind a success or failure of that kind of innovation activities undertaken within the organization.

To identify the determinants of effective innovation management processes in present economic environment the following research activities were undertaken. Four examples of companies which successfully integrated externally created knowledge to increase its innovation capacity were analyzed. The analysis of the most common innovation management strategies were identified. Later, a comparative analysis of successful cases of open innovation models and the common rules of innovation management were conducted. Comparative analysis and logical reasoning has allowed to identify the key elements of the effective innovation management process in the open innovation era. The result of that analysis is the set of rules which are ready to be implemented in organizations. That rules can help innovation managers to better navigate in very competitive digital economy, mostly led by disrupting start-ups.

Key words: innovation processes, innovation management, open innovation

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US-China trade war: decoupling of Chinese-American supply chains, polarizing global economy and acceleration of building Belt and Road Initiative?

Objective

To determine whether the increasing trade dispute between USA and China will lead to the long-term divorce of supply chains and as a consequence will give more impetus to realizing the Chinese Belt and Road Initiative

Methods

Relevant literature and secondary data comparative analysis, including Chinese written governmental reports

Key findings

Uncertainty about the resolution of Chinese-American trade dispute leads to China choosing to hasten the building of the Belt and Road Initiative to offset losses from decoupling of supply chains with American companies

Conclusions

The global economy will become multi-polar - the situation will have impact on the business environment of the Central and Eastern European countries, the region which is halfway between Washington and Beijing

Key words: Trade war, global economy, belt and road investment, Chinese corporation

The role of self-regulation in adopting corporate governance mechanisms – a case of Polish independent directors

Objective

The advancing diffusion between models of corporate governance leads to adoption of corporate governance mechanisms stemming from countries of distinct economic and legal tradition. One of methods of implementing such mechanisms is self-regulation of capital market participants, usually in form of corporate governance codes binding on the comply-or-explain principle. The aim of this poster is to present the approach of public companies from country of a given corporate governance model towards the changes in self-regulation, aimed at diffusion of mechanism that originated in another corporate governance model. The case of independent directors in Poland was chosen as a subject of this study mainly due to significant changes of regulatory environment pertaining to them. Until 2016 there were only two recommendations regarding independent directors in the Polish corporate governance code (“Best Practices for GPW Listed Companies”). Since 2016 recommendations were notably developed (up to eight) and many of them have become a part of statutory law in 2017. Analysis of reactions of Polish public companies to such changes may be helpful in assessing the role of non-binding self-regulation in promoting certain corporate governance mechanisms of Anglo-American origin in a country representing continental corporate governance model.

Methods

The study presented in the poster was prepared using the literature study method, the analysis of corporate reports of public companies and descriptive statistics. Empirical part of the study covered 108 public companies listed on Warsaw Stock Exchange that were included in the WIG20, mWIG40 or sWIG80 indices thorough the period 2015-2017. For each year the statement on application of corporate governance code principles was reviewed to obtain responses of companies regarding recommendations on independent directors. In case of non-compliance, presented explanation was recorded and analysed. Moreover, declarations of companies were confronted with information on a number and other characteristics of independent directors presented in annual activity reports of supervisory board. The review period was selected to cover responses to recommendations regarding independent directors that were limited (2015), expanded (2016) as well as expanded and underpinned with the statutory law (2017).

Key findings

- Very limited changes in approach of companies confronted with expanded recommendations on independent directors (especially those non-complying with the limited recommendations).
- Underpinning expanded recommendations with statutory law induced wider compliance, although still substantial part of non-complying companies did not change their approach.
- Explanations of non-compliance presented by companies were of vague and repeatable nature, with single cases of plagiarism.
- Scarce information regarding independent directors presented in activity reports of supervisory boards hindered confirmation of companies’ declarations.

Conclusions

- Self-regulation, due to the comply-or-explain principle, clearly revealed approaches of companies towards the independent directors.
- Confined possibilities of self-regulation to induce wider compliance.
- Even underpinning self-regulation with statutory law is still not sufficient for certain group of companies to adopt certain corporate governance mechanisms.

Key words: Corporate governance, independent directors, self-regulation, corporate governance codes

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Corporate Sustainability in the 21st Century: introducing the “Business In Nature” (BInN) framework

Corporate sustainability needs a rethink. We have entered the human-influenced Anthropocene age, and we are witnessing accelerating changes in earth system processes that compromise life as we understand it. Businesses’ current initiatives, such as pollution reduction, product innovation or the commonly used Triple Bottom Line are not enough to combat the accelerating social-ecological challenges facing us. Since we crossed the millennium, there have been intensifying warning voices from the scientific community as well as from United Nations to redefine our Sustainable Development (SD) pattern. The 2030 Agenda for SD, adopted by all UN Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, under the Call for action of 17th Sustainable Development Goals (SDGs). In this way, we need to “improve social well-being (SDGs 1-to-6) and economic prosperity (SDGs 8-to-12) while maintaining the integrity of natural systems and its potential for the provision of ecological goods and services (SDGs 13-to-16)”. Following this, businesses must “create a significant positive impact in societies as well as increasing the resilience of social-ecological systems”. A new framework for Corporate Sustainability that because people live in societies and societies inhabit nature we called it “Business In Nature (BInN)” (Sardá & Pogutz, 2019). As a path to operationalize this move and “walk the talk.” four practical implications are offered. Extending the boundaries of intervention. Firms should go beyond traditional corporate boundaries to encompass all phases of its value chain (from extraction and cultivation of resources to the end of life of products) and internalize the interdependences with the social-ecological systems in which they act. Life cycle thinking is an essential competence for business organizations. Moving from a focus on environmental impacts to a focus on environmental effects. Firms must not only sharply reduce the impact they generate, but also to stabilize or, better, reduce their targeted negative effects on the “states of nature” by preserving good states of ecosystems that allow them to maintain their integrity, functionality and resilience. Maintaining the state of nature is paramount for individuals, societies, and companies to be resilient and to flourish. Innovating new products, services and business models. Firms must innovate. We need to decouple prosperity from the material consumption of nature to deal with the great acceleration of our times. This is more than bringing a new generation of sustainable products and services into markets, it is about the development of new and sustainable business models. Developing collaborative approaches. Due to the planetary scale of the social-ecological challenges, we must understand that this crisis cannot be solved with the effort of merely few actors. It is not about optimizing or maximizing outcomes in isolation. Hence, the role of companies lies in influencing others and pushing transformation at the level of industries. A move from the dominant focus on competition to collaboration among peers and with stakeholders.

Sardá, R. & Pogutz, S. (2019). *Corporate Sustainability in the 21st Century: increasing the resilience of social-ecological systems*. 392 pp. Routledge. London (UK).

Key words: Corporate Sustainability

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4IR and the altering engines of catching up – observations from Hungary

Objective

The objective of our study is to reveal whether the engines and driving forces based on foreign direct investments are about to change by the new conditions of digitalization and technological development in general. Our aim is to see whether the threats mentioned in theoretical literature match the experiences/evidences from the “field”, or not? Do they show the same tendencies or rather they come up with different outcome compared to projections?

Methods

Our research starts with the analysis of theoretical literature, focusing especially on the evaluation of economic effects and impacts of digital transformation in the manufacturing sector. The basic findings of the literature will be expanded by the mapping of Hungarian readiness in adapting and using digital technologies. Later the findings of literature and the relevant indicators will be matched with a practical point. In the comparison of theory and practice we use ten interviews made with representatives of Hungary-based companies or affiliates of multinationals, experiences of earlier case-studies and other descriptions of situations and challenges that local companies have to face.

Key findings

Our results show that the spread of new technologies and solutions has started, even at Hungarian-owned companies, and that according to several indicators the effects of their investments already appear – knowledge-intensive activities are getting more important and an upgrading may happen in the value production chain – moreover the threats mentioned in the literature – technological unemployment, re-plantation of certain activities into the headquarter economies – are not visible yet.

Conclusions

The findings based on the interviews are promising, even so we cannot project the above-mentioned experiences until now to the macro level. And there are some signs from the interviews that accord with the forecasts of the literature: which say that the engines and driving forces of Hungarian catching-up process is about to change and, without the appropriate policy-level answers which would enforce locational advantages, it may interrupt the development process of Hungary.

Key words: FDI, local advantages, catching up, Industry 4.0, digitalization, GVCs, upgrading

How globalization makes democracies erode and can economists fight back this process?

Objective

The paper attempts to list down and elaborate on global economic antecedents of national political turmoils that make democracies prone to demise. Globalization and democracy are related, but their mutual influences are still not fully recognized as to their causality and direction. In this article we do hold the position that globalization, as compound economic, social and technological phenomenon, produces a number of both positive and negative results, one of the latter can be a democracies' erosion due to some economic side – effects. Either underestimated or overlooked by many in academia and governance structures, these side effects led (or served as fuel) to the global swipe of populism, endangering not only relatively new democracies (such as Poland, Hungary or Turkey), but also those well-established ones (such as US).

Methods

The article is of conceptual nature. The compilation of economic (mainly agency and institutional/governance) and political (rational choice theory) theories was used to list down and justify the arguments showing the impact of globalization on the tendency of democracies' erosion. Empirical studies showing mutual influences and effects (both positive and negative) of globalization and development (decline) of democracy are also critically examined. The article develops the thread of the negative consequences of globalization on the development of state democracy; not only these young but also mature and stabilized ones.

Conclusions

Social capital in the form of socially responsible politicians and economists and citizens: conscious of various (political, social and economic) consequences is the most important remedy for the survival of democracy in the conditions of progressive globalization.

Key words: Globalization backlash, democracies' erosion

Znaczenie doświadczenia współpracy międzynarodowej dla zasobów relacyjnych firmy

Objective

Celem posteru jest zaprezentowanie wyników badań dotyczących zależności pomiędzy posiadanym przez firmy doświadczeniem współpracy międzynarodowej a poziomem ich zasobów relacyjnych, w tym zwłaszcza kompetencji decydujących dla zdolności komunikacji i tworzenia więzi międzyorganizacyjnych.

Methods

Badanie ilościowe na próbie 253 firm polskich różnych branż, w poszukiwaniu badanych zależności wykorzystano analizę korelacji, analizę regresji hierarchicznej oraz analizę dominacji.

Key findings

Nie tyle doświadczenie współpracy z zagranicznymi partnerami, co doświadczenie udziału w różnych typach międzynarodowej kooperacji niekapitałowej decyduje o poziomie zasobów relacyjnych badanych firm. Firmy o bardziej zróżnicowanym doświadczeniu dysponują wyższymi kompetencjami sprzyjającymi tworzeniu więzi z partnerami.

Conclusions

Decydując się na wchodzenie w relacje niekapitałowej współpracy międzyorganizacyjnej firmy powinny mieć na uwadze również możliwość rozwijania własnych kompetencji relacyjnych dzięki partnerstwu. Umiejętne budowanie portfela relacji ma znaczenie nie tylko dla osiągnięcia celów biznesowych firmy ale także może przyczynić się do rozwijania kompetencji sprzyjających skuteczności w międzynarodowej współpracy gospodarczej.

Key words: doświadczenie relacyjne firmy, kompetencje relacyjne firmy, międzynarodowe relacje międzyorganizacyjne

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Poland's integration into the EU internal market for services

Objective

Fifteen years of Poland's accession to the European Union raises a question about the current state of integration, particularly with regard to one of basic elements of economic integration, namely free movement of services. The purpose of this research is to examine the changes occurred in Poland's market integration into the EU internal market for services in the light of adopted legal regulations, especially the Services Directive aiming at realising the full potential of services markets by removing legal and administrative barriers to trade.

Methods

There has been assessed Poland's, when compared to other EU countries, implementation of legal regulations aimed at deepening integration into the EU market for services, particularly the Services Directive and its economic impact. There has been evaluated how successful Poland (as compared with other EU countries) has been in introducing new laws and modifying or abolishing existing legislation not complying with the Services Directive, and to what extent the simplification measures have increased transparency and made it easier for businesses and consumers to trade in services on the EU internal market for services.

Key findings

From this analysis, there has emerged a picture of a Polish economy more integrated into European production chains and more willing to open its services markets to EU partners over the last 15 years as one of the EU members. However, the evaluation of the regulatory framework applicable to services activities in Poland (as well as other EU countries) following the implementation of the Services Directive reveals that there have still been barriers, such as a wide use of reserved service activities for certain operators, restrictive legal form, as well as shareholdings requirements and insurance obligations. By contrast, most compulsory barriers seem to have been abolished.

Conclusions

Although much progress has already been achieved in integrating Poland into EU market for services, some barriers to the cross-border trade of services not only in Poland but also in other EU countries still remain in place posing obstacles to a fully functioning internal market for services. Therefore, more actions are needed to further integrate Poland as well as other EU members to the EU market for services and further develop the internal market for services improving the effectiveness of the delivery of the Services Directive.

Key words: Poland, EU, internal market, Services Directive

Is Fair Trade a market initiative or an opposition to the market? New trend in the global economy

Objective

The Fair Trade movement is a new phenomenon in the global economy, which is dynamically developing in the last few decades. It influences more and more the economies of less developed countries, but it has also the impact on the functioning of the markets of the most developed economies. In the literature and in the political debates there is however no consensus about, what Fair Trade constitutes from the economic theory point of view, in particular, whether it is a pure market driven phenomenon or a social action against the free market. That is why the main aim of this paper is to answer the question, whether the Fair Trade movement constitutes a market driven initiative or rather an opposition to the market mechanism.

Methods

In order to answer the question the analysis of the Fair Trade phenomenon will be divided into three parts. First the author will focus on the evolution of the movement, trying to identify forces and factors being responsible for its appearance and dynamic development. Then the current state of the Fair Trade movement will be presented, which will enable identifying the nature of current initiatives undertaken within the Fair Trade. In the third part interviews with managers of the most important Fair Trade organizations in Europe will be used as a source of information about the attitude of different Fair Trade actors towards the market mechanism and the role of Fair Trade in the global economy.

The analysis of the Fair Trade phenomenon will be preceded and then confronted with the current theoretical concepts of the market, which will enable to answer the main question of the paper and to draw conclusions about the nature of Fair Trade phenomenon.

Key findings

On the one hand Fair Trade movement constitutes a market driven initiative, depending on the market and needs and expectations of the consumers. On the other hand Fair Trade is addressing problems, which occur in the market economy and international trade, confronting consumers with information about global income inequalities and living conditions of producers in the Global South countries and proposing alternative business and consumptions models, which can e.g. constitute a tool of sustainable development policy.

Conclusions

That is why Fair Trade can be perceived as a market initiative or even more – as a kind of prove for the ability of the market to repair some problems occurring in the economy. However it may turn out that this initiative will not be sufficient to remedy these problems and it would be necessary to support it in order to enhance its positive impact it may have in the global economy.

Key words: Fair Trade, market mechanism, new trends in the global economy, sustainable development, income inequalities

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The evolution of the globalization model

Objective

The aim of the article is to conceptualize the model of the factors determining globalization in the economic dimension, which enables the analysis of fundamental changes in this process that may form the basis for the further evolution of the globalization model.

Methods

Research of secondary sources and the induction with the deduction.

Key findings

Five areas of the globalization model were identified as the key factors determining the globalization process. These are new technologies, international balance of power, the role of the state, key resources and demographic changes. The added value of the model built in the relation to the hitherto achievements of the national and the international literature is the conceptualization of the model and the identification of the five most important determinants of the globalization process while maintaining their universal character, independent of the previous stages of globalization identified by various researchers. The construction of the model of the determinants of the globalization process made it possible to analyze this process and the changes taking place after 2008, crucial for the change of the political and economic power structure shaping the globalization.

Conclusions

The globalization process has not stopped, as some researchers suggest, but it is developing quite dynamically but in other dimensions. The created model and conclusions resulting from the factors determining the globalization process on the one hand allow to predict the shape of globalization processes in the near future, and on the other hand they have important implications for the further research on this process and should also interest academic fellows, managers and governments.

Key words: Globalization, the globalization model, the evolution of the globalization process

Business Cycle Synchronization and the Adequacy of the ECB's Monetary Policy – analysis in the Perspective of Poland Joining the Eurozone

Objectives

Business cycle synchronization is a real convergence criterion for countries joining the euro area. Furthermore, this is the key criterion from the perspective of the “one-size-fits-all” monetary policy of the ECB. This article has three goals. The first is the assessment of the impact of the global financial and economic crisis on the business cycle synchronization. The second is to attempt to assess the adequacy of the ECB's monetary policy to cyclical situation of the countries. The third goal is to attempt to assess the potential costs of losing independent monetary policy by Poland in the perspective of joining the Eurozone.

Methods

Firstly, time series decomposition was used to separate the cyclical component. Secondly, Hodrick-Prescott and Christiano-Fitzgerald filters were used to decompose time series. Thirdly, analysis of correlation of cyclical components of GDP was used to measure the degree of business cycle synchronization between Poland and the Eurozone from 1995q1 to 2018q3.

Key findings The assessment of the adequacy of the ECB's monetary policy can be carried out from the perspective of the impact of the global financial and economic crisis on the economic situation of EU countries.

Conclusions

Firstly, the author has proved the significant increase of the degree of business cycle synchronization between Poland and the Eurozone after the outbreak of the global financial and economic crisis compared to analysis from 1995 to 2007. Secondly, business cycle synchronization can be recognized as a good measure of the adequacy of the ECB's monetary policy to cyclical situation of the countries. Thirdly, the degree of business cycle synchronization between Poland and the Eurozone was relatively strong in almost the entire analysed period (1995-2018).

Key words: Business cycle synchronization, the Eurozone, global financial and economic crisis.

Non-tariff barriers and challenges for Georgia within the framework of DCFTA

Objective

Georgia's foreign trade relations, including the ones with the EU countries, are regulated by the World Trade Organization's agreements. At the same time, the agreement on the Deep and Comprehensive Free Trade Area (DCFTA) is a chiefly important regulatory framework for trade with these countries. Membership in the WTO and signing of the DCFTA agreement have provided opportunities for expansion of the Georgian export, though the issue of nontariff barriers' effect arouses interest since this kind of restrictions have multiplied worldwide and the mentioned agreement contains an essential number of nontariff restrictions. The aim of the research is to identify new opportunities for Georgia, as a small economy, as to optimal integration in the world trade system and within the framework of DCFTA agreement with EU.

Methods

The paper has been prepared by applying deduction, induction, analysis and synthesis, abstraction and statistical methods of research. Georgia's export-import database released by National Statistics Office of Georgia was used for ascertainment consistent patterns between analytical and statistical assessments. Taking into account the specificity of the researched issue-identification of non-tariff barriers inhibiting the export of Georgian companies' against the background of trade liberalization, the method of semi-structured interview was selected.

Key findings

Besides examination of the restrictions (market entry price, anti-circumvention mechanism, etc.) imposed under DCFTA, the researches revealed a number of nontariff barriers impeding companies to export produce to the EU market, for example: problems and double standards related to determination of the country of origin, shortage of the respective laboratories, low recognition of Georgian products, unregulated activities of mediators, imperfection of modern legislative and food quality and safety standards monitoring system, lack of information, etc. Within the framework of DCFTA, Georgia can optimally apply the diagonal cumulation principle included in the agreement and, in case of its activation, raw materials imported from the countries which do not have a free trade agreement with the European Union (such as many large Asian countries, including Turkey) of which final products will be made will be considered as products of Georgian origin and will be exported to the EU according to the free trade regime. However, all products that will be exported from Georgia to the EU should comply with the origin rules existing in the EU.

Conclusions

Conclusions are made on the basis of the research as to how free trade agreement assist small countries in entering markets of developed countries; what benefits can be derived from the engagement in these agreements, which translate into increased trade indicator, boosted confidence of investors and the establishment of more predictable legal environment; how customers benefit from better quality products at lower prices, the development of market, benevolent effects on innovations (protection of intellectual property), the reformation and modernization of the country, et cetera.

Key words: nontariff barriers, DCFTA agreement, Georgia's export.

Do free trade agreements promote sneaky protectionism? A political economy perspective

Objective

With the halt of the seemingly moribund WTO Doha Development Round bilateral and multilateral preferential trade agreements (PTAs) have become an increasing popular vehicle to foster international economic cooperation and integration. The default view held by many economists is to regard these arrangements favourably as a step closer to free trade by reducing trade obstacles. At the same time criticism of free trade agreements is rising. Commonly articulated from critics of globalization it is referred to the alleged downsides of free trade, such as the destruction of jobs, lowering wages and the erosion of consumer protection, health, social and environmental standards. Not much attention has been paid in the debate to an alternative interpretation of PTAs that point to possible protectionist traits of these agreements. Rather than promoting genuine free trade PTAs can be viewed as instruments to protect as much as possible special interests in the countries involved and advocate merely a managed trade. Indications for this is the ever-growing negotiation time and length and complexity of the agreements. The paper examines this view of PTAs. It analyzes recent proposed and realized trade agreements like the Trans-Pacific Partnership (TPP), the Trans-Atlantic Trade and Investment Partnership (TTIP), NAFTA 2.0. and the debate surrounding them to figure out to what they really promote free trade or rather stifle it and how this outcome can be explained.

Methods

For this it applies a public choice perspective in particular on the median voter and interest group approach. It utilizes a combination of primary legal sources, media reports, web-sources and descriptive official statistics.

Key findings

It will be argued that recent free trade agreements actually foster a sneaky sort of protectionism that benefits special interests both on the import-competing and export side.

Conclusions Trade agreements have an ambiguous nature. They may result in freer, mutually beneficial trade through improved market access. But they may just as likely be stuffed with protectionist measures that produce purely redistributive outcomes under the guise of “freer trade.” The latter seems increasingly be the case.

Key words: Trade policy, preferential trade agreements, political economy

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Growth through connectivity. The role of Africa in the Road and Belt initiative

Objective

This paper aims to investigate the influence of Maritime Silk Road on the African economies and its possible opportunities for African countries directly involved in the initiative. Study focuses on two out of the five dimensions of Belt and Road Initiative, connectivity and unimpeded trade, to evaluate how practically and potentially they are influencing the development of African economies.

Methods

Particularly, authors take into consideration Kenya and Ethiopia as those countries are playing a central role in Maritime Silk Road project in Africa. Authors combine comprehensive literature review in tandem with analysis of data on Kenyan and Ethiopian economic development, with focus on infrastructure development, technological advancement of economy, import and export structure and trade linkages with countries from and from outside Africa.

Key findings

Chinese involvement in Africa through Maritime Silk Road has potentially significant influence on its development thanks to the infrastructure projects that will facilitate import to and export from Africa. However, the potential impact varies between countries.

Conclusions

The Maritime Silk Road is a geopolitical project that will stimulate trade flows in African countries and will increase the role of China in the international flow of goods.

Key words: Belt and Road Initiative, Maritime Silk Road, China, Africa, Economic development, Ethiopia, Kenya

Diversity of Education Systems in the European Union

Objective

The paper explores Bruno Amable's Diversity of capitalism approach (DoC) in order to analyse educational systems in European Union (EU28). The main goal is to identify main clusters of educational systems with regard to their institutional characteristics. Those clusters are to be collated with Amable's and his successors' main models of capitalism (Anglo-Saxon, continental, Mediterranean, Scandinavian and post-communist). Second goal of the analyses is to evaluate the impact of several EU policies and initiatives (Bologna Process, Copenhagen Process, European Qualifications Framework) on the institutional structure of European educational systems. Contrary to some other researchers (in particular B. Farkas) I focus explicitly on education (on all levels, from pre-primary to adult education) and exclude R&D or innovation institutions.

Methods

I perform analyses (Principal Components Analysis and cluster analysis) on the basis of Eurostat data on various institutional aspects of educational systems (e.g. expenditures on education, structure of teachers, fields of study, compulsory ages etc., altogether over 90 variables were taken into consideration). The separate analyses are performed for the VET and higher education, in order to check, if variety of community initiatives, most notably Copenhagen and Bologna Processes lead to a convergence of higher education systems in EU member states. In the second step the identified clusters are linked to the research on a diversity of capitalism in European Union, to show the differences between education system and other institutional areas (Amable, Mykhnenko, Farkas, Rapacki et al. etc.). Final chapter compares the results of analyses with a comparative education literature in order to identify factors, that may explain the differences and find possible path dependencies that may stay as an obstacles in convergence processes.

Key findings

The clustering shows, that European education systems have similar structure to other institutional areas, in particular it confirms the existence of post-communist (in terms of Farkas) or patchwork (in terms of Rapacki et al.) capitalism. The effect is the strongest in case of continental model countries (Germany, Austria, Netherlands). The most important exceptions are significant differences between UK and Ireland models, as well as the case of Belgium, that does not fit any cluster at all, however this country needs to be treated separately, due to differences between Flemish and French communities. Analysis of the convergence of the systems due to EU policies leads to ambiguous conclusions, however the intuition, that the effect is the strongest in case of higher education is confirmed.

Conclusions

The paper proves that educational systems are integral parts of the model of capitalism in given countries. There exist various inter-dependencies between education and other institutional areas. However, the diversity of educational systems in European Union appears to be more complex than in other institutional areas, therefore it requires further research, in particular in case of post-communist economies.

Key words: diversity of capitalism, education, institutional analysis, cluster analysis.

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