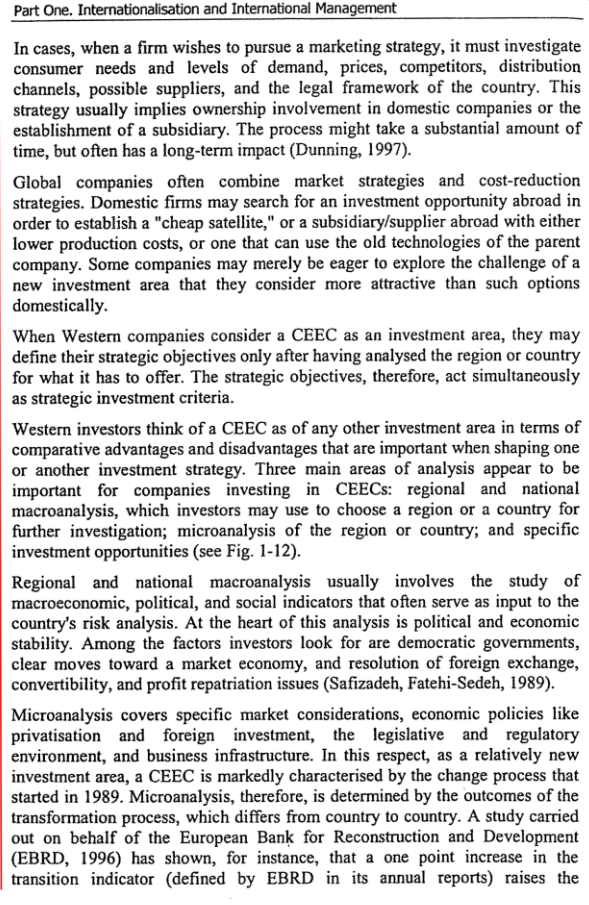
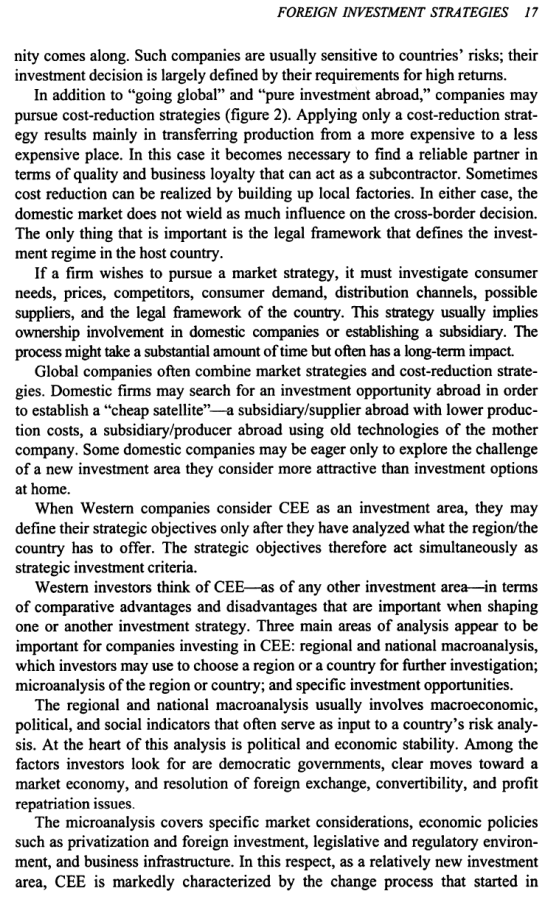


TABLE OF COMPARISON OF PETRAS BARŠAUSKAS’ BOOK “TRANSFER OF INTERNATIONAL MANAGEMENT PRINCIPLES TO CEECS” AND JULIA G. DJAROVA’S ARTICLE “FOREIGN INVESTMENT STRATEGIES AND THE ATTRACTIVENESS OF CENTRAL AND EASTERN EUROPE”¹

Baršauskas, P. 2000. <i>Transfer of International Management Principles to CEECs</i> . 2nd ed. Stralsund: Nordic Academy of Informatization e. V. ISBN 3-00-007003-6. Academic Review: J. Rothlauf, University of Applied Science, Stralsund, Germany; A. Noack, University of Applied Science, Stralsund, Germany.		5 publication: Djarova, J. G. 1999. „Foreign Investment Strategies and the Attractiveness of Central and Eastern Europe“, <i>International Studies of Management & Organization</i> . 1999 (Spring), 29 (1): 14–33.	
1 image, Example, page 62 		2 image, Example, page 17 	
Page No	Content	Page No	Content
37	CEECs do not differ from the rest of the world, where 25% of international trade consists of bartering and counter-trade, especially when funds are lacking. Sometimes, barter deals can be a complementary activity for partners involved in ownership or joint venture forms, serving as a substitute for money exchange between the partners (Djarova, 1999).	28	CEE countries do not differ from the rest of the world, where 25 percent of international trade consists of bartering and counter-trade, especially when funds are lacking. Sometimes, barter deals can be a complementary activity for partners involved in ownership or joint venture forms, serving as a substitute for money exchange between the partners.
41	Sometimes, the western company might also bring in technologies or equipment. In this way, payment is made only once, and it is very much an investment type of payment. In addition, a new firm is established that gives the western partner more freedom of choice over what kind of labour to employ and which assets to include. The negotiations are carried out directly between the partners.	26-27	In the case of a joint venture, the partners contribute to the new equity in money or in kind. Usually, the East European partner enters into the joint venture with fixed assets and people, and the Western partner with money. Sometimes, the Western company might also bring in technologies or equipment. In this way, payment is made only once, and it is very much an investment type of payment. In addition, a new firm is established that gives the Western partner more freedom of choice

¹ Marking and other notes:

- 1) the table contains the parts of the Monograph of P. Baršauskas (on the left) and the corresponding publication (on the right) in which the coincidences were found. Parts of publications are presented in accordance with the content of the monograph;
- 2) the literal coincidences are unmarked, not highlighted by colours, special font or other means;
- 3) the differences between individual characters, punctuation marks are not indicated;
- 4) the differences that are related to the numbering and the order of the parts of the text, individual and similar words or their combinations are marked in blue;
- 5) parts of texts found only in one of the publications are marked in yellow;
- 6) the references to the texts of other authors in the monograph of P. Baršauskas are marked in red.

	The state (when the eastern partner is still state-owned) has the right to a final check and must first approve the deal. The latter takes time, but in most cases has a positive result (Djarova, 1990).		over what kind of labor to employ and which assets to include. The negotiations are carried out directly between the partners. The state (when the Eastern partner is still state-owned) has the right to a final check and must first approve the deal. The latter takes time, but in most cases has a positive result.
55	Franchising is a relatively new form of commercial involvement by Western companies in CEEC markets. It tends to be primarily applied in the restaurant sector. Companies like McDonald's and Kentucky Fried Chicken have established CEEC units, operated by franchisees. It is important in a franchising arrangement to adapt to the country to be served and the supply infrastructure. The value comes from the formula for success of the international franchising companies, and this is to maintain the quality, wherever in the world they operate. Although the needs for such franchising units in CEECs are very high, their establishment is still limited, because of unreliable supply. This is especially true in CIS countries like Russia, where there is huge consumer demand, but a poor infrastructure to supply it.	28-29	Franchising is a relatively new form of commercial involvement by Western companies in CEE markets. It tends to be primarily applied in the restaurant sector. Companies like McDonald's and Kentucky Fried Chicken have established CEE units operated by franchisees. It is important in a franchising arrangement to adapt to the country to be served and the supplying infrastructure. The value comes from the formula for success of the international franchising companies, and this is to maintain the quality wherever in the world they operate. Although the needs for such franchising units in CEE are very high, their establishment is still limited because of unreliable supply. This is especially true in countries like Russia and the CIS where there is huge consumer demand but a poor infrastructure to supply it.
56-57	Western companies study a region before investing in it. The result is that most of them first approached the countries of Central Europe (Hungary, the Czech Republic, and Poland), which have shown a faster pace in the transition process, and a more stable political environment (see Table 1-6 and Fig. 1-9). These are also the countries that tend to have historical and cultural links with Western Europe. Investors have a country or a regional approach. Companies with a regional approach are interested in finding a country (or more than one) in the region that can be their new production and/or distribution foundation for all the CEECs, and often, also for the former Soviet Union. Such is the approach of auto manufacturers, such as Ford, Volkswagen, and Daewoo. The principle in such cases entailed a search for location throughout all CEECs, and the final selection depended exclusively on the local attractiveness.	31	Western companies study the region before investing in it. The result is that most of them first approached the countries of Central Europe (Hungary, the Czech Republic, and Poland), which have shown a faster pace in the transition process and a more stable political environment. These are also the countries that tend to have historical and cultural links with Western Europe. Investors have a country or a regional approach. Companies with a regional approach are interested in finding a country (or more than one) in the region that can be their new production and/or distribution foundation for the entire CEE and often also for the former Soviet Union. Such is the approach of the car producers (Ford, Volkswagen, Daewoo). In this case, the search is in principle throughout all CEE, and the final selection depends exclusively on the local attractiveness. Investors with a country approach want to enter or expand on any market where the opportunity arises. They start with the fast developers among CEE countries and slowly widen their presence in the entire region. Such an approach is specific, for instance, for producers of food and personal products (Unilever, Nestle, Numico, Danone), oil companies (Shell), restaurant services (McDonald's, KFC), foreign-car distributors (almost all brands), and retailers (Macro, Ahold).
57	Investors with a country approach want to enter or expand on any market, wherever an opportunity arises. They start with the fast developers among CEECs, and slowly widen their presence in the entire region. Such an approach is specific, for instance, for producers of food and personal products (Unilever, Nestle, Numico, Danone), oil companies (Shell), restaurant services (McDonald's, Kentucky Fried Chicken), foreign-car distributors (almost all brands), and retailers (Macro, Ahold).		
62	<p>In cases, when a firm wishes to pursue a marketing strategy, it must investigate consumer needs and levels of demand, prices, competitors, distribution channels, possible suppliers, and the legal framework of the country. This strategy usually implies ownership involvement in domestic companies or the establishment of a subsidiary. The process might take a substantial amount of time, but often has a long-term impact (Dunning, 1997).</p> <p>Global companies often combine market strategies and cost-reduction strategies. Domestic firms may search for an investment opportunity abroad in order to establish a "cheap satellite," or a subsidiary/supplier abroad with either lower production costs, or one that can use the old technologies of the parent company. Some companies may merely be eager to explore the challenge of a new investment area that they consider more attractive than such options domestically.</p> <p>When Western companies consider a CEEC as an investment area, they may define their strategic objectives only after having analysed the region or country for what it has to offer. The strategic objectives, therefore, act simultaneously as strategic investment criteria.</p> <p>Western investors think of a CEEC as of any other investment area in terms of comparative advantages and disadvantages that are important when shaping one or another investment strategy. Three main areas of analysis appear to be important for companies investing in CEECs: regional and national macroanalysis, which investors may use to choose a region or a country for further investigation; microanalysis of the region or country; and specific investment opportunities (see Fig. 1-12).</p> <p>Regional and national macroanalysis usually involves the study of macroeconomic, political, and social indicators that often serve as input to the country's risk analysis. At the heart of this analysis is political and economic stability. Among the factors investors look for are democratic governments, clear moves toward a market economy, and resolution of foreign exchange, convertibility, and profit repatriation issues (Safizadeh, Fatehi-Sedeh, 1989).</p>	17	<p>If a firm wishes to pursue a market strategy, it must investigate consumer needs, prices, competitors, consumer demand, distribution channels, possible suppliers, and the legal framework of the country. This strategy usually implies ownership involvement in domestic companies or establishing a subsidiary. The process might take a substantial amount of time but often has a long-term impact.</p> <p>Global companies often combine market strategies and cost-reduction strategies. Domestic firms may search for an investment opportunity abroad in order to establish a "cheap satellite" – a subsidiary/supplier abroad with lower production costs, a subsidiary/producer abroad using old technologies of the mother company. Some domestic companies may be eager only to explore the challenge of a new investment area they consider more attractive than investment options at home.</p> <p>When Western companies consider CEE as an investment area, they may define their strategic objectives only after they have analyzed what the region/the country has to offer. The strategic objectives therefore act simultaneously as strategic investment criteria.</p> <p>Western investors think of CEE – as of any other investment area – in terms of comparative advantages and disadvantages that are important when shaping one or another investment strategy. Three main areas of analysis appear to be important for companies investing in CEE: regional and national macroanalysis, which investors may use to choose a region or a country for further investigation; microanalysis of the region or country; and specific investment opportunities.</p> <p>The regional and national macroanalysis usually involves macroeconomic, political, and social indicators that often serve as input to a country's risk analysis. At the heart of this analysis is political and economic stability. Among the factors investors look for are democratic governments, clear moves toward a market economy, and resolution of foreign exchange, convertibility, and profit repatriation issues.</p>
62-63	Microanalysis covers specific market considerations, economic policies like privatisation and foreign investment, the legislative and regulatory environment, and business infrastructure. In this	17-18	The microanalysis covers specific market considerations, economic policies such as privatization and foreign investment, legislative and regulatory environment, and business infrastructure. In this

	respect, as a relatively new investment area, a CEEC is markedly characterised by the change process that started in 1989. Microanalysis, therefore, is determined by the outcomes of the transformation process, which differs from country to country. A study carried out on behalf of the European Bank for Reconstruction and Development (EBRD, 1996) has shown, for instance, that a one point increase in the transition indicator (defined by EBRD in its annual reports) raises the probability and the success of the investment project by 2.7 times (Djarova, 1999).		respect, as a relatively new investment area, CEE is markedly characterized by the change process that started in 1989. The microanalysis therefore is determined by the outcomes of the transformation process, which differs from country to country. A study carried out on behalf of the European Bank for Reconstruction and Development (EBRD, 1996) has shown, for instance, that one point increase in the transition indicator (defined by EBRD in its annual reports) raises the probability and the success of the investment project by 2.7 times.
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65	<p>Foreign Direct Investment and Business Expansion in CEECs. Example - Lithuania</p> <p>In preparation for a potential expansion to CEEC markets, foreign investors tend to consider two reasons early on. First, a CEEC location may offer the potential to recover former economic relationships within the region, including one with the former USSR. Second, manufacturing and labour capacities at CEECs tend to be at lower costs, which are ultimately reflected in product prices. Thus, Western companies have an opportunity to enter CEEC markets with low price strategy, combined with an offer of Western-quality products. Cost-reduction objectives were already factors in East-West business relations prior to the changes in CEECs since 1989. Forms of co-production had ranked first in business relations since 1973. For Western partners, the reward lay mainly in cost advantages, while for the CEEC partners, a co-production operation was a means to adapt new products and implement new technologies. There was, however, another side to this coin, as well. At the time of investment, some of the CEEC partners were in relatively poor condition, and co-production operations were no more than a means for survival. Nonetheless, some such companies did survive, and continue operations among the best exporters to CEECs. Problems inherent to centrally planned economies were a real headache for Western partners, involved in East - West co-production. CEEC counterparts were restricted in their marketing strategies, which seriously curtailed any chance that they would become international. In the period of liberalised investment conditions in the CEECs, some Western companies moved on to forming joint ventures with their former co-production partners (Baršauskas, Schafir, Šarapovas, 2000b).</p>	22-23	<p>CEE can be a "springboard" to third markets for two main reasons. First, CEE may offer the potential to recover former economic relations within the region, including with the former Soviet Union. Second, the countries of CEE offer manufacturing and labor capacities for lower prices, and these are reflected in the prices of products. As a result, Western companies have the opportunity to enter third markets with low price strategy combined with Western-quality products. For instance, VW/Skoda opened up new low-price markets such as Greece and the rapidly expanding Eastern markets.</p>
		23	<p>Cost-reduction objectives of Western companies toward CEE countries</p> <p>Although still not so popular, cost-reduction objectives were already factors in East-West business relations before the changes in CEE countries since 1989. Forms of coproduction ranked first among the range of East-West forms of cooperation since 1973. Certainly, for the Western partners, the reward lay mainly in cost advantages, while for CEE countries, the coproduction operation was a means to adapt new products and to implement new technologies. This development had another effect: The CEE partners in coproduction agreements of that time are one of the most desirable enterprises for takeover by Western investors. Some of them are even in a condition to survive on their own. Some are also among the best exporters in CEE.</p> <p>East-West coproduction in the times of the centrally planned economies was not such a threat for the Western partners involved. The CEE counterparts were restricted in their marketing strategies, which seriously curtailed any chance that they would become international competitors. In the period of liberalized investment conditions in the CEE countries, some Western companies moved to joint ventures with their partners in coproduction activities. The transition process in CEE made a number of Western companies consider what kind of strategic move to take with regard to their coproduction partners.</p>
90	5. As the CEEC emerged as an attractive market for investment, many Western firms have tried to forge various business relationships with local partner firms, including strategic alliances and joint ventures. Such investments can have a variety of purposes. Western firms may seek local production in order to reduce production costs and/or develop new markets. Or joint ventures may be formed to meet local regulatory requirements, where restrictions or local-content rules apply.	14	There has been a surge of academic interest in investment in Central and Eastern Europe (CEE). As the region emerged as an attractive market for investment, many Western firms have tried to forge various business relationships with local partner firms, including strategic alliances and joint ventures. Such investments can have a variety of purposes. Western firms may seek local production in order to reduce production costs and/or develop new markets. Or joint ventures may be formed to meet local regulatory requirements where restrictions or local-content rules do apply.