

This project aims at exploring the antecedents of legitimacy and market entry success of post-transition country firms in a more advanced country in terms of economic and institutional environment. While German firms have long invested in Central Eastern Europe, particularly in Poland, the reverse trend is quite recent. Thus, relatively little attention has been paid to market entries of Polish firms in Germany. Recent examples include the office furniture producer Nowy Styl Group which acquired three local companies in Germany at different occasions or the fashion group Reserved which opened own operations in a number of German cities. While this may be a sign of dynamic and entrepreneurial expansion, it is also a signal that firms need to recur to different tactics rather than solely relying upon their origin and own brand reputation in the upmarket context. Indeed, there is evidence that the success of Polish firms' subsidiaries in Germany, may actually be problematic due to the still relatively limited international experience of Polish firms as compared to mature corporations from advanced countries, as well as their still limited managerial capabilities. It is these challenges that the present project seeks to address, with the ultimate goal to identify the success factors of Polish firms' market entry and growth in Germany.

For Poland, on the one hand, successful market entries in advanced countries can help fostering the competitiveness of national firms. Germany, on the other hand, aims to attract foreign firms to generate jobs, increase employment on a domestic level and improve the efficiency of the economy. Bearing in mind the significance of Polish-German economic cooperation, the main objective of this project is to explore the strategies and boundary conditions of gaining legitimacy in a foreign market by firms from post-transition economies and how this translates into sustained performance. This general aim will be achieved by addressing the below specific research questions:

- (1) How do (the perceptions of) formal and informal institutional differences between home and host countries influence management decisions related to subsidiaries in the context of a more advanced economy?
- (2) Which role do foreign subsidiary network relationships with local firms play for the legitimacy and performance of foreign subsidiaries in a more advanced economy?
- (3) What recommendations can be made for management boards and for policy makers in order to assure the success of Polish foreign subsidiaries located in Germany and to foster value-creation in Polish-German business cooperation?

Two large representative surveys will be realised in order to get a distinctive overview of the topic. On the one hand side, subsidiaries of Polish companies in Germany will be addressed with a questionnaire. The method of computer assisted telephone interviews (CATIs) will be used. On the other hand, a questionnaire will be sent to the respective company headquarters in Poland. The questionnaire will be addressed to the CEOs of subsidiaries and the headquarters, respectively. The same questionnaire-based survey should be done in the same way in the subsequent years (2023 and 2024) in order to gain a dynamic picture about the developments in the field. To gain more in-depth knowledge into the antecedents of competitiveness and sustainability of Polish subsidiaries in Germany, 10 company case studies will be conducted. This will include both the company headquarters in Poland and the subsidiary sites in Germany.

In order also to obtain insights into the dynamics of the firms' operations in Germany, and especially the subsidiary development, the case studies will span over the whole project duration. The case studies will be conducted by the researchers from respective countries. The impact of the project results on the development of the research field and scientific discipline will be of both conceptual and empirical nature. The project will provide insights and explanations on the legitimacy and market success of upmarket investments by post-transition country firms, which is still an under-investigated issue. Moreover, the impact of top management composition of the subsidiary, the use of expatriates as opposed to host country nationals as subsidiary managers on the success of Polish subsidiaries in Germany will be investigated. Also, the construction of network relationships with German partners and their relevance for legitimacy-building will be explored extensively, in both the quantitative and qualitative part of our project. The project will therefore essentially contribute to the discussion on leveraging subsidiary capabilities in order to develop new ones and grow in a challenging upmarket context, which is characteristic for the Polish business operations in Germany.