

**“4Cs” PUBLIC GOVERNANCE MODEL
FOR POLICIES STIMULATING
THE INTERNATIONALIZATION OF COMPANIES**

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Abstract: Public governance refers to application of public authority and exercise of public control in society with respect to management of its resources for the sake of its social and economic development. The article presents “4Cs” public governance model for policies stimulating the internationalization of companies. Author puts his attention on so called “good practices” in stimulating the internationalization of companies - collaboration, co-production, cooperation and coordination. The main goal of the article was to determine tools and programs that are perceived by individual EU Member States as best practices in helping companies access and be successful on the US market.

Key words: “4Cs” formula, public governance model, internationalization, EU Member States, good practices.

Introduction

Major goal of the presented research, undertaken by the author during the Polish Presidency in the EU Council, was to identify outstanding programs and instruments implemented by the European Union Member States for their native enterprises interested in expansion on the US market. Author strongly believes that collecting and assessing good practices implemented by the Member States in order to facilitate the exchange of knowledge and the dissemination of good internationalization programs that are currently put into practice can increase European SMEs’ chances to access American market and their competitiveness when already present on it.

The following assumptions have been made to achieve the objective of the research:

- Identification of outstanding solutions in governments’ support of the companies’ internationalization is the competence of EU Trade Counselors, who are stationing in the United States and are responsible for promoting export of their native enterprises on the US market;
- Indicating "good practices" in companies’ internationalization support, Trade Counselors express the consent to the exchange of information to be transmitted between Member States, which contribute to enriching the instruments to promote the internationalization of the companies, which have their headquarters within the European Union territory;

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- The final selection of best practices in stimulating the internationalization of companies by their respective governments is the task of the Polish Presidency, which will propose the concept of research and tools for its implementation.

To achieve the latter (final selection of best practices) a public governance model, based on collaboration, co-production, co-competition and coordination (“4Cs” approach) was proposed by the author and then approved by the EU Member States’ trade representatives who participated in the research.

The survey - based on the electronically distributed questionnaire - aimed to determine tools and programs that are perceived by individual EU Member States as best practices in helping companies access and be successful on the US market.

There were twenty EU Member States which actively participated, through their Trade Counselors in Washington D.C., in the presented survey during a period of September-December 2011 (Austria, Belgium, Cyprus, Czech Republic, Estonia, Finland, France, Greece, Germany, Ireland, Italy, Latvia, Netherlands, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom as well as - on the Presidency’s side - also Polish Ministry of Economy, which supported the project).

In the first phase of the research, a voluntary working Group, consisted of Trade Counselors from Belgium, Germany, France, Netherlands and a representative of the EU Delegation, was established to review the research concept as well as the questionnaire draft designed by the author. The final survey scenario was adjusted to the recommendations and comments proposed by the Counselors during the meeting of the Group organized by the Presidency. Preliminary results of the research were presented at the EU Trade Counselor Meeting on 16th of December 2011 in Polish Embassy by the Head of its Trade and Investment Section.

Good practices in stimulating the internationalization of companies – “4Cs” approach

Collaboration

The term *collaboration*, widely used in the economic literature (also known as joint action), usually refers to the cooperation between parties aimed at achieving a common goal agreed upon in advance (Mazur, 2011). The acquisition of cooperation skills is often mentioned as one of the results of collaboration through direct interaction between companies which compete in specified areas (Romanowska and Trocki, 2002). Such collaboration requires coordinated problem-solving by partners, and the success of the cooperative venture depends on adequate contributions by each of the participants. “Collaboration of various forms can increase profits by improving chances to capture valuable business opportunities, address market demands and share resources and competences in very competitive and rapid changing environments” (Choudhary et al., 2010).

As a baseline definition it can be taken that governance refers to the rules and forms that guide collective decision-making. That the focus is on decision-making in the collective implies that governance is not about one individual making

a decision but rather about groups of individuals or organizations or systems of organizations making decisions (Ansell and Gash, 2008).

One of the key elements of the public governance model for stimulating internationalization of domestic enterprises is the relationship between government export promotion agencies and universities or specialized business support institutions, which possess accumulated knowledge about the processes of internationalization of market entities (Fernhaber, 2013; Ślusarczyk and Kot, 2012; Prashantham, 2005). Given that, the term “collaboration” was used by the author to study the nature of interactions between specialized EU countries’ government support agencies and academic or other business support institutions, both located in the home country as well as those headquartered in the market targeted by the expansion of European companies – in this case, leading American higher education institutions and influenced by the latter incubators and accelerators located – among other places - in San Francisco Bay Area.

Selected good practices of collaboration in the EU Member States’ export promotion on the US market, are described below.

Collaboration between governments and scientific institutions in supporting SME’s internationalization is widely practiced by the EU Member States. Among others Czech Export Academy provides relevant training and knowledge sharing of managers responsible for internationalization processes in companies. Similar services are offered by the Italian Trade Commission, in conjunction with the major Italian universities. Latvian and UK’s governments support education of international business managers through collaboration between local and American universities (University of Buffalo, Kellogg School of Management at Northwestern University). An interesting G2A (Government to Academia) cooperation instrument is designed by Spain in the form of the Virtual Center of Internationalization Cases, where successful Spanish companies share their international experience as an example to other companies interested in selling in foreign markets, including US market. All experiences are presented by means of "case study" method and they are complemented by discussion forums on the Internet. All cases have been elaborated by professors of top Spanish business schools.

According to the survey, the most popular form of combining innovation and internationalization support in the US market is Member States’ collaboration with business incubators or accelerators located in Silicon Valley (Plug & Play Tech Center and US Market Access Center were mentioned by more than half Member States). The latter (US-MAC is a non-profit business accelerator) hosts “soft landing zones” for Czech Republic, Catalonia and Ireland as well as organizes Start-up Bootcamps in Denmark, Estonia, France, Hungary, Netherlands, Italy, Spain, Sweden and recently in Poland, within a framework of the Polish Silicon Bridge Program of Polish Ministry of Economy, managed jointly by Polish Agency for Enterprise Development and Trade and Investment Section of Polish Embassy in Washington D.C.

Co-production

The term *co-production*, understood primarily as the division of production functions among several entities, has been used primarily in reference to the film industry. Considering the growing importance of co-production with active participation of citizens of socially-oriented services, co-production is also defined as an interactive strategy for design of public services (Alford, 2009). Co-production in the sphere of public services is therefore the planned and coordinated interaction of participants of the network (government, citizens, businesses) aimed at creation of a jointly developed offer for a specific target group of recipients, which can include both citizens and (most importantly for the purpose of this research) – the entrepreneurs. Co-production means also an interdependent relationship between regular producers and ‘consumer producers’. The knowledge and skills of both sides is essential to the development of these systems (Watson, 2004).

For the needs of presented research it is assumed that co-production is the joint creation and operation of programs designed to promote exports and other forms of internationalization, in the framework of cooperation between government agencies and businesses as well as in the latter’s case - their representative institutions like chambers of commerce.

Examples of the programs based on the cooperation between governments and entrepreneurs (*co-production*) can be general in their character like the activity of the Spanish Institute for Foreign Trade (ICEX), which annually develops around 100 sectoral marketing plans with relevant business associations; or the electronic database of demands and offers for the companies developed by the Slovak Investment and Trade Development Agency (SARIO), similar in its goals to the Polish Export Promotion Portal. All activities between Slovak and foreign companies are regularly assessed and evaluated in annual reports published on the website (www.sario.sk). Different in character are programs using G2B (Government to Business) relations which focus on the specific sectors. The example of such an activity is a generic export promotion program for the Greek Wine, within the framework of the Program of the Common Market Organization (CMO) that is developed in close cooperation with Greek business and targets importers and journalists/ media.

The new Polish Ministry of Economy’s (MoE) project “Polish Acceleration Centers” (PACs) will be implemented in *co-production* with the Business Support Institutions (BSI) - such as trade associations and chambers of commerce or agencies (selected by MoE in competitive procedure) – which will provide services facilitating internationalization of the SMEs’ business activity. BSI will be the organizations having appropriate substantive competences and organizational capacity in the selected foreign markets, including the United States, China and Germany. The creation of Centers by the BSI will aim at providing advanced services in the field of internationalization of firms. The PACs will offer co-produced services complementary to the services provided by the Trade and

Investment Sections of the Polish Embassies and Consulates and will work closely with them. The basic range of services for businesses provided by PECs will include:

- access to shared office space for Polish companies for a specified period of time, during which they would be able to conduct market research and establish business contacts to the extent which would allow them to function independently in a foreign market;
- support provided by the staff of the Centers or in cooperation with its partners, including: legal and tax advice, matchmaking services, participation in workshops and trade fairs, PR support, and cooperation with local R&D centers and clusters.

Coopetition

In the sphere of internationalization of enterprises, one has to take into account the fact that there is an area in which the competitive relationships between market actors are supplemented by cooperative projects, such as pooling of resources, including knowledge and experience, in order to gain better access to innovation; achieving economies of scale; or the use of support instruments offered by the governments (joint participation in trade missions, national pavilions at the trade fair events, or - in the case of young technology companies - the acceleration programs). This is why within the study of "good practices" the concept of *coopetition* is used. In the literature, coopetition is defined as the type of the relationship between competitors within which there are simultaneously streams of cooperation and competition (Cygler, 2009). "Coopetitive" relationships are complex as they consist of two diametrically different logics of interaction. Actors involved in coopetition are involved in a relationship that on the one hand consists of hostility due to conflicting interests and on the other hand consists of friendliness due to common interests. These two logics of interaction are in conflict with each other and must be separated in a proper way to make a coopetitive relationship possible" (Bengtsson and Kock, 2000).

Despite the ongoing cooperation, the parties do not cease to compete with each other. Such a situation occurs in particular when the coopetition parties are also close competitors. In this case trust is a prerequisite for effective cooperation, alongside common interests, sharing of resources and coordination of activities (Brito, Costa de Silva, 2009).

The possibility of creating "coopetitive" relations between enterprises is determined strongly by the technological advancement of the sectors in which they operate (Cygler, 2014), and the impact of the exchange of knowledge and experiences between companies on the ease of entering new markets (Witek-Hajduk, 2010). Therefore, it is assumed that coopetition between market actors and chambers of commerce or other business organizations is a crucial component of the bottom-up activation of internationalization processes investigated in this study.

In short, cooptation is “a mindset, process, or phenomenon of combining cooperation and competition. It means cooperating to create a bigger business pie, while competing to divide it up” (Luo, 2005).

B2B (Business to Business) *coopetition* is based in most cases on the chambers of commerce activities. In Cyprus Chamber of Commerce & Industry and the Employers & Industrialists Federation organize seminars, presentations and training on overseas markets for their members. German companies wanting to do business in the US are supported by the German American Chamber of Commerce (GACC). The GACC is closely connected to the Chambers of Industry and Commerce in Germany. Similar scheme is presented by British agency UKTI. French-American Chambers of Commerce have 19 Chapters in the US in the most important cities from the business perspective.

A Polish example of *coopetition* on stimulating US-Poland trade relations with special focus on SMEs' cooperation are the annual Polish American Business Workshops, which have started on May 19th, 2012 by signing the Chicago Declaration. All Polish American chambers of commerce and other business organizations, with the leading role of Polish American Congress/Polish National Alliance, Polish American Chamber of Commerce in Chicago and Trade and Investment Section of Polish Embassy in Washington D.C. decided to join forces and declared to cooperate on projects supporting Polish companies expansion on the US market. The last 3rd Polish – American Business Workshop took place in Chicago on October 17, 2014. The event titled: New Technologies as a Catalyst of Poland's Economic Standing Internationally was focused on the chambers of commerce business cooperation, with special focus on their promotional activities boosting US-Poland economic relations.

Coordination

Coordination of activities related to the promotion of exports within governmental entities plays a special role in public governance of internationalization policy for market actors. The creation of strategy for coordination of government-level initiatives and activities undertaken by public institutions for the internationalization of domestic enterprises is becoming more common in the EU member countries.

This study defined coordination as an integrated approach of the government aimed at maximizing the effects of the activities of all public institutions responsible for the stimulation of the internationalization of enterprises.

Due to the large number of the agencies dealing with export promotion and internationalization of the companies in each EU country, there is a need to efficiently coordinate G2G (Government to Government) activities. In the case of Germany coordinator's role belongs to the web-based central gateway (iXPOS), which functions as a billboard where the different agencies, institutions and associations offer information, services and other support to the companies seeking to export their products abroad. In Ireland Foreign Trade Council, chaired at

Cabinet level, coordinates export promotion across Government, while in the UK Minister for Trade and Investment chairs a cross-government committee which seeks to help coordinate and push a "whole-of-government" approach to supporting export promotion. France's export team is supervised by Ministries of Economy, Finance and Industry. One of the team's elements is UBIFRANCE, an independent agency created in 2004 to simplify the previously scattered structures promoting exports.

Finish FinNode USA, being an umbrella organization – has four main partners: Finpro, Tekes, the Ministry of Employment and Economy, and the Ministry of Foreign Affairs. Interestingly, till 2007 two Finish agencies (Finpro and Tekes) had been in Silicon Valley for many years, but operating separately. Then they established joint office under the FinNode brand, which have contributed to greater coordination of incubation (technologies/R&D) and acceleration (products and services) processes on the US market.

The Polish Ministry of Economy (MoE) has recently made a decision to build a "bridge organization" that will link Polish small and medium-sized enterprises with global value chains, through the U.S. market. The establishment of POLSKA Silicon Valley Acceleration Center, within a framework of the MoE Silicon Valley Initiative, links young Polish technology companies with the innovative Silicon Valley eco-system. In terms of entrepreneurial eco-system, Silicon Valley has very unique combination of leading technology corporations, world-class universities and research organizations, vibrant social and professional networks as well as high density of business support institutions, especially those specializing in young technology companies' mentoring and market launching. Therefore, the coordination of Polish government activities in Silicon Valley, by establishing MoE field acceleration office in San Francisco was needed to ensure optimal public resources' usage as well as to avoid overlapping of acceleration programs offered to young Polish technology companies like "10 Days for START", "Ready to GO" or the latest "Polish Silicon Bridge".

In summary, proposed by the author the public governance model for policies stimulating the internationalization of enterprises (so-called "**4Cs**" formula) should be based on (Pietrasieński, 2014):

- **Collaboration**, that is joint action of government institutions and academia or specialized business support institutions - often being a part of universities - aimed at working together on incubation and acceleration programs, focused on supporting the expansion of European companies in the U.S. market (G2A - Government to Academia/Government to Accelerators);
- **Co-production**, meaning the cooperation of the government with enterprises and their representative trade organizations, the objective of which is the joint development of programs supporting exporters; and sometimes also the application of other, more advanced forms of internationalization (G2B - Government to Business);

- **Cooperation** between companies and their representative chambers of commerce or other types of business organizations, within the framework of the government support programs encouraging the expansion of their members in the area of the United States (B2B - Business to Business);
- **Coordination** of activities of government agencies, the aim of which is to maximize the effects of stimulation of exports or other forms of international activity - in the case at hand - expansion of European companies in the U.S. market, with special focus in this research on Silicon Valley (G2G - Government to Government).

Model approach to public governance stimulating the internationalization of enterprises ("4Cs" formula) is shown at the Figure 1.

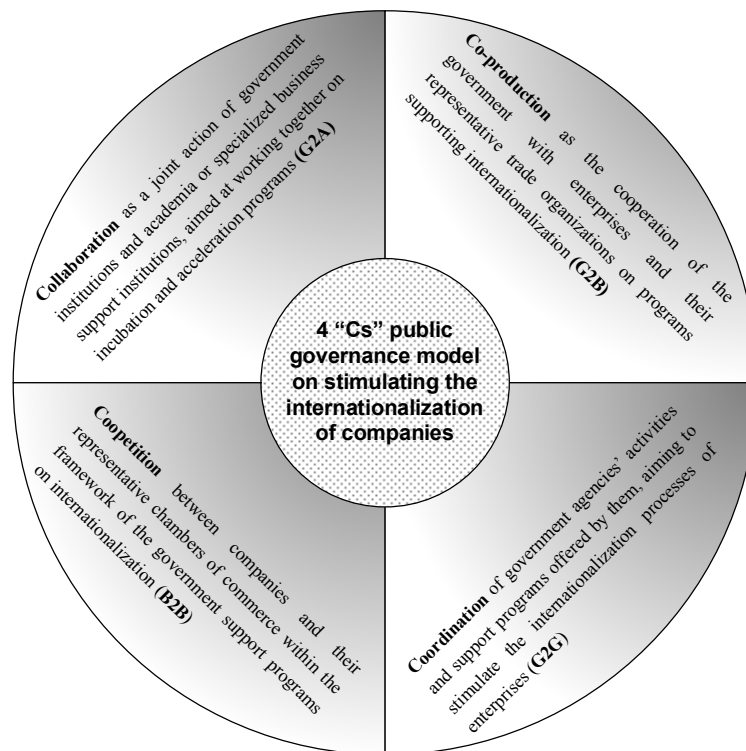


Figure 1. Model approach to public governance aiming to stimulate the internationalization of companies

Implications for further research

The presented research offers practical case studies on programs that support businesses in different internationalization phases and the added benefit is that the study looks at programs based in the respective Member States, which are designed to support companies in their expansion on the US market. Active participation of twenty EU Trade Counselors in the survey has indicated that this kind of cooperation in export promotion practices is considered an added value by all respondents to the Presidency's research.

The proposed "4Cs" (Pietrasieński, 2011) formula, referring to the concept of public governance was the basis for identifying within the study the distinguished practices based on collaboration, co-production, co-competition and coordination of the internationalization support activities.

Regarding "good practices" in the public governance approach, EU Trade Counselors most often were giving the examples of collaboration between Member States and top academic institutions (U.S. universities/schools of business or national higher institutions in member countries) as well as examples of co-production of support services between their respective government and businesses, mostly represented in the United States by offices or branches of national Chambers of Commerce or other professional business support organizations. In particular, the last case of co-production, based on the programs jointly prepared or even offered in partnership between Member States and business organizations (business accelerators and incubators among others), shows very positive tendency of adopting market orientation by European governments in offering support and - as a result of it - treating supported companies as clients, what constitutes the main principle in the concept of marketing. Therefore, promoting internationalization of innovative European SMEs through the collaboration with the leading Silicon Valley accelerators and incubators is a highly recommended "good practice" in the US market.

In regards to co-production of support services between governments and business organizations, a new Polish Ministry of Economy's systemic project "Polish Acceleration Centers", which is now in development stage, has been shown as a "good practice" focused on cooperation with the Business Support Institutions, such as trade associations and chambers of commerce.

Survey results have also clearly shown that a more systematic and coordinated approach is necessary towards the support of European companies in their activities on third countries market, including the United States, and more support measures based on collaboration between the EU Member States' governments and the US institutions specializing in acceleration of young technology companies in global marketplace should be introduced.

The presented results support the notion that is more advantageous for Member States to collaborate on export promotion, e.g. by encouraging "best practices" exchanges or by organizing joint trade and study visits outside the EU, then to compete with each other. Having in mind the Silicon Valley's system of incubating

and accelerating innovations, the possibility that export promotion tools are calibrated more to encourage cross-border collaboration between the EU Member States should be discussed and explored further.

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MODEL ZARZĄDZANIA PUBLICZNEGO (“4C”) W POLITYCE AKTYWIZOWANIA INTERNACJONALIZACJI PRZEDSIĘBIORSTW

Streszczenie: Zarządzanie publiczne to proces sprawowania władzy oraz zarządzania gospodarczymi i społecznymi zasobami kraju na rzecz jego rozwoju. Artykuł przedstawia model zarządzania publicznego dla polityk aktywizowania internacjonalizacji przedsiębiorstw. Autor zwraca szczególną uwagę na tak zwane „dobre praktyki” we wspieraniu przez rządy internacjonalizacji rodzimych podmiotów rynku, czyli współpracę, koprodukcję, kooperację (współpracę połączoną ze współzawodnictwem) oraz koordynację. Głównym celem artykułu jest określenie narzędzi oraz programów, postrzeganych przez poszczególne państwa członkowskie Unii Europejskiej jako najlepsze i rekomendowane sposoby wspierania europejskich firm w wejściu oraz osiągnięciu sukcesu na rynku amerykańskim.

Słowa kluczowe: formuła "4C", model zarządzania publicznego, internacjonalizacja, państwa członkowskie UE, dobre praktyki.

公共管理模式（“4C”）啟動政策國際化企業

摘要：公共管理是治理和經濟資源和社會資源的管理，為國家的發展進程。本文介紹了激活企業的國際公共管理政策的典範。筆者在支持國內市場的參與者，也就是合作，合作生產，合作結合競爭和協調國際化的政府特別重視所謂的“良好做法”。這篇文章的主要目的是識別工具和方案，認為歐盟的成員國，建議以支持歐洲企業在美國市場的進入和成功的最佳途徑。

關鍵詞：“4Cs”的公式，公共治理模式，國際化，歐盟成員國，好做法