

Competence Center for
Emerging Markets & CEE

Annual Report 2018

WU
WIRTSCHAFTS
UNIVERSITÄT
WIEN VIENNA
UNIVERSITY OF
ECONOMICS
AND BUSINESS



2018 in retrospect: We stayed focused on our mission

The activities of the Competence Center for Emerging Markets & CEE focus on the fields of emerging markets (EM) as well as the economies of Central and Eastern Europe (CEE). Our main goal is to address the rising importance of these markets in the global economy, point to their institutional specificities, and identify the implied challenges for international business and policy-making.

We see our main tasks in informing about topical issues related to emerging and transitional markets, communicating the extensive body of WU research in the area of EM and CEE, promoting interest in EM and CEE among students, researchers and the general (non-academic) public and achieving better interconnectedness of research, education, business practice, policymaking and institutions.

In 2018, we carried on with proven formats such as the EM Talks, the CEE Cercle^{WU} and the Grow East Congress series. With the theme of the 9th Grow East Congress “Globalization vs. Nationalism” we hit a nerve: the congress attracted 200 guests, more than ever before. We are proud to have found a successor program for JOSZEF: WU launched together with the University of Economics in Bratislava and the Warsaw School of Economics the Joint Certificate Program “Central Europe Connect”. This program focuses on business issues in Central Europe, is integrated in the SBWL “International Business” and run together with the Institute of International Business and the International Office.

We continued successfully a long tradition with the 24th Master Class CEE. The program focused in its research project on “Labour shortage in CEE” and led the group to Hungary and Bulgaria. Responding to the rise in Chinese company activities in Europe and under the Belt and Road Initiative, we introduced the China Research Insights to contribute to an informed debate.

We would like to thank all those who contributed to our achievements in 2018 and we look forward to further fruitful cooperation.



Events

Emerging Markets Talks 2018

This event series consists of lectures and panel discussions on economic and business issues in emerging markets. It also picks topics that deal with the effects of globalization and the opening towards emerging markets on Austria's economy, businesses and society. Experts share their experiences or research findings in doing business in emerging markets and discuss current challenges.

Refugees and Migrants: an asset to Austrian business?

The topic of this discussion centered around the stock of skills and knowledge that refugees and migrants bring to the Austrian economy. The representatives of civil organizations highlighted the value of immigration for Austrian businesses and showed how their programs support refugees and migrants in their integration into Austrian society and businesses. Panelists: Katharina Schaal-Mulacek (ÖIF), Margit Kreuzhuber (WKO), Stefan Steinberger (refugees{code}), Nina Poxleitner (MTOP) and Mohammad Hisham Hawat (ÖIF & MTOP Alumnus). Moderator: Jelena Cerar (WU).

Economic dynamics and civil society in the Wider Europe

Prof. Aigner raised the question if the EU neighborhoods are rather areas of dynamic growth or "rings of fire". He envisions a "Wider Europe" including the whole of Europe, Russia, Middle East, North Africa and Sub-Sahara Africa. A massive investment and development program of around EUR 100 bn. p.a. would counter economic stagnation and depopulation in Europe and help the emerging economies in catching-up to higher levels of prosperity. Dr. Vandor showed that the civil sector plays an important role for the development of strong institutions that are prerequisites for sustainable economic development. Panelists: Prof. Karl Aiginger (WU and Policy Crossover Center Vienna Europe), Dr. Peter Vandor (WU), Bistra Kumboroska (Social Impact Award International) and Zoltán Árokzszállási (Erste Bank). Moderator: Hannes Leo (cbased).

Current Challenges for Multinational Companies in the Global Economy - Effects and Responses

The discussion addressed the current trade disputes between the USA, EU, China and other states. It illustrated how a global player in the steel industry, the Voestalpine, deals with the new duties imposed on imports to the USA and how they adapt their global strategy and operations in times of global trade tensions. Panelists: Martin Fuhrmann and Thomas Schanzer (voestalpine/Division High Performance Metals). Moderation: Arnold Schuh (WU).

9th Grow East Congress

"Nationalism versus Globalization: What are the consequences for Central and Eastern Europe?"

The tensions arising from the contradicting forces of globalization and nationalism in CEE and their implications for the economies and businesses in the region were the theme of the Grow East Congress 2018. Keynote speaker Prof. Leszek Balcerowicz of Warsaw School of Economics, master mind of the successful transformation plan in Poland in 1989, made a case for globalization and capitalism by referring to the unprecedented successful catching-up process of the reforming countries of CEE. Prof. Anton Pelinka from CEU Budapest pointed out that nobody can stop globalization, but very well nationalism can be stopped. Birgit Rechberger-Krammer, CEO of Henkel CEE, named regionalization strategies as a way to cope with these tensions. Oktay Erciyaz, CEO of Trenkwalder Group, addressed the dramatic labor shortage in the region and showed how under this pressure from the labor markets recruiting has become more regional.



Events

CEE Cercle^{WU}

The CEE Cercle^{WU} aims at strengthening interest in Central and Eastern Europe as well as encouraging careers and doing business in CEE. The range of offerings includes lectures, workshops, cultural activities as well as invitations to CEE events among others. The Erste Group kindly supports the activities. The CEE Cercle^{WU} has more than 1,100 registered members. Everyone interested in Central and Eastern Europe is welcome to join the CEE Cercle^{WU}.

Die digitale Zentrale

The “Digital Headquarters” was an event organized in cooperation with Headquarters Austria. Digitalization is not only changing business models but also how corporate groups are managed. The impact of digitalization on value-adding will become more important than cost cutting. The recruiting of highly qualified staff is regarded as the major bottleneck. To reap the benefits of digitalization multinational firms need to have a clear idea and vision for the “digital headquarters”. Panelists: Vladimir Preveden (Ronald Berger), Phillip C. Nell (WU), Gottfried Gassner (Binder Grösswang), Anna-Sophie Sailer (Universität zu Köln) and Stefan Krauter (cargo-partner group). Moderator: Leo Hauska (HQ Austria and Hauska & Partner Group).

The Role of Central and Eastern Europe for Multinational Firms – An Austrian Perspective

The discussion focused on the current role of the region of CEE in the strategies and performance of Austrian multinationals. Austria was one of the biggest beneficiaries of the fall of the Iron Curtain. Erste Bank, TPA Group and Beiersdorf CEE were pioneers in entering the region and later grew to regional players in their respective industries. These firms still see a big growth potential in the region. Panelists: Klaus Bauer-Mitterlehner (TPA Group), Stefan Kukacka (Beiersdorf CEE Group) and Daniel Rath (Erste Group Bank AG). Moderator: Arnold Schuh (WU).



Vienna meets Balkan – Die andere Tour durch Wien Ottakring

In this tour of a different sort, CEE Cercle^{WU} members visited the most important and symbolic Balkan places in Vienna’s 16th district, Ottakring. Our local guides Jochen Müller and Adi Omeragić told us about the history of Balkan immigrants in Vienna and how Ottakring became the trendsetter for multicultural living in Vienna. We also visited “Tayban” the store for oriental sweets at Thaliastraße founded by Hisham Hawat, a Syrian refugee who worked in 2017 as a trainee at the Center.

Creating Convincing Presentation

In this workshop Rita Propstmeier taught CEE Cercle^{WU} members the “Pyramid Thinking Method”. This method guides one in creating convincing presentations and structuring them in the most logic and comprehensive way.



Teaching

Members of the Center teach several courses and manage study programs related to emerging markets and CEE at bachelor and master level as well as in further education and advanced training programs.

The Master Class CEE 2018 (MC)

In 2018, we ran the 24th cohort of the Master Class CEE. The MC is a compact and practice-oriented complementary one-year study program on CEE management for WU master and doctoral students. The program is designed for students who plan to start a career in the CEE region. The MC 2018 consisted of 25 students from eleven countries and eight master programs. The program encompassed courses, field trips to Hungary (Budapest, Győr) and Bulgaria (Plovdiv, Sofia) and company visits to our corporate partners Erste Group, Henkel CEE, Mondj, Siemens and VIG. With the topic of the research seminar “Labor shortage in CEE” we covered an issue that is at the top of the management agenda in CEE.

Central Europe Connect (CEC)

The CEC was launched in the winter semester 2018 at WU and is the first specialization (“SBWL”) that includes mandatory courses abroad. The CEC is a joint certificate program for bachelor students offered together with the University of Economics in Bratislava and the Warsaw School of Economics. All three universities developed this program together with focus on business in Central Europe. 60 students from all three universities have the chance to learn more about Central European economies, markets and business strategies and strengthen their expertise on Europe’s fastest growing region. The program is run together with the Institute of International Business and the International Office at WU.

Executive MBA Bucharest

In 2018, Phillip C. Nell was nominated as new academic director of the Executive MBA Bucharest, the leading executive education program in Romania.

Global Business Practicum

Arnold Schuh designed and led the “Global Business Practicum” that was jointly organized with the Carlson School of Management, University of Minnesota. The course encompassed a consulting project for Hormel Foods International, a Minnesota based multinational, and field trips for market research purposes to Cologne and Budapest.



Research & Information

EMCEE Insights

The EMCEE Insights series covers topical issues and evidence on emerging markets and Central and Eastern Europe (EMCEE). The series aims at communicating latest research results to practitioners in the field and other interested people.

Disentangling Resource and Mode Escalation in the Context of Emerging Markets. Evidence from a Sample of Manufacturing SMEs by Desislava Dikova

How do Western SMEs approach fast-growing emerging markets? To what extent do they have to adapt and revise modes of operation in these markets? WU-Professor Desislava Dikova, Deputy Director of our Competence Center and editor-in-chief of the Journal of East-West Business, comments on her recent co-authored publication about this topic.

Die Forschung zum Wirtschaftsraum Mittel- und Osteuropa: Welche Rolle spielt die regionale Perspektive für die Unternehmensführung? by Arnold Schuh

Arnold Schuh, Director of the Competence Center, describes the benefits of area studies using the example of Central and Eastern Europe. Regional insights lead to a better understanding of commonalities and differences between countries and current developments. Multinational firms are interested in reaping synergies across local markets and operations, for instance, when adapting global strategies to a region. The knowledge about local potentials facilitates the optimization of regional structures.



China Research Insights

China's Belt and Road Initiative is the biggest investment and development initiative in recent history spanning more than 70 countries on three continents. Under this umbrella, Chinese companies have enhanced their expansion into Europe and now became major investors and lenders too – in addition to their already existing position as a leading importer. A better understanding of their motivations, strategies and management shall contribute to an informed debate on China's global expansion. With the China Research Insights series, we want to address this gap in knowledge and invite researchers and experts to share insights from their current research on developments in Chinese business and management.

EU-China FDI: Imbalances challenge bilateral investment relations by Jelena Cerar, Phillip C. Nell, Arnold Schuh

One quarter of the largest Chinese EU takeovers between 2000 and 2017 could not have happened the other way. The example of EU - China FDI shows that an imbalance in market access and direct investment opportunities in addition to a huge merchandise trade deficit is politically hard to defend. Mixed signals sent by the Chinese side are not helping in building mutual trust. The authors underline that, at this point, the actors have to be aware that their actions may trigger negative reciprocity causing a downward spiral that eventually threatens economic cooperation between EU and China.

EU-China merchandise trade: The huge deficit as a cause for concern by Jelena Cerar, Phillip C. Nell, Arnold Schuh

The value of EU-China merchandise trade in 2017 almost doubled compared to ten years ago. This expansion in trade is accompanied by a continuous deficit on the EU's side, amounting lately to EUR 176 bn. The authors show that the trade deficit is mainly the result of comparative advantages, exchange rate constellations, trade barriers and demand patterns. That means that any solution to the trade deficit has to consider the underlying developments and structures in the economic relations between the EU economies and China in a global trade context.

Research & Information

Selected WU publications on EMCEE

WU faculty is increasingly addressing emerging market issues in its research. This compilation highlights a selection of EM publications by WU researchers.

Akbar, Yusaf, Balboni, Bernardo, Bortoluzzi, Guido, Dikova, Desislava, Tracogna, Andrea. 2018. Disentangling resource and mode escalation in the context of emerging markets. Evidence from a sample of manufacturing SMEs. *Journal of International Management*

Becker, Joachim. 2018. Divergent political-economic trajectories - Russia, Ukraine, Belarus. In: *Crises in the post-Soviet space - From the dissolution of the Soviet Union to the conflict in Ukraine*, Eds. Felix Jaitner, Tina Olteanu, Tobias Spöri, 61-80. Abingdon: Routledge

Chen, H., Gong, Y. R., Miska, C. 2018. Avoiding the pitfalls of responsible leadership. *Tsinghua Business Review*, November, 56-62.

Jaklic, Andreja, Raskovic, Matevz, Schuh, Arnold. 2018. Examining the Contextual Richness of Central and Eastern Europe. *AIB Insights*, 18, (1), 3-6.

Kolar, Petr, Schramm, Hans-Joachim, Prockl, Günter. 2018. Intermodal transport and repositioning of empty containers in Central and Eastern Europe Hinterland. *Journal of Transport Geography*, 69, 73-82.

Nell, Phillip C. 2018. Prof. Phillip Nell: Globalization myths in times of Trump and Brexit. www.business-review.eu, 25.01.

Selected case studies

Last year the Center started to post short case studies on its homepage. Our aim is to stimulate discussion on emerging markets and CEE topics in the classroom and to build up a base for teaching material.

Managing a Severe Crisis: PharmaCorp in Ukraine, Phillip C. Nell, Renate Kratochvil, Patricia Klopf, 2017. IVEY Publishing, Product Number 9B17M085

ESET: From a "living-room" firm to a global player in the antivirus software industry, Schuh, Arnold, 2017. WU Competence Center for Emerging Markets & CEE

DeliverMeal Ivory Coast: Addressing Headquarters' Demands, Benoit Decreton, Phillip C. Nell, Alison E. Holm, 2017. IVEY Publishing Product No. 9B17M048

Tria Pharmaceuticals in the Baltics: Making a Regional Structure Work, Renate Kratochvil and Phillip C. Nell, 2016. The Case Centre, Reference no. 316-0437-1

Pharma Luxur and Institutional Change in Croatia, Phillip C. Nell and Renate Kratochvil, 2016. The Case Centre, Reference No. 316-0392-1

IKEA's Ethical Controversies in Saudia Arabia, Christof Miska and Michaels Pleskova, 2016

Lenovo-IBM: An Audacious Deal, Günter K. Stahl, Kathrin Köster, 2013. WU Case Series 2013

Lenovo-IBM: Integration Challenges, Günter K. Stahl, Kathrin Köster, 2013. WU Case Series 2013

CEE Quiz

Do you know the percentage of the total population which has emigrated Central, Eastern, and Southeastern Europe since the early 1990s? This question and others are part of a quiz that allows participants to test their knowledge about business and institutional conditions in CEE. When you want to try it out, please click [here](#) to get to the CEE Quiz.

Journal of East-West Business

Desislava Dikova, WU professor and deputy director of our Center, is editor-in-chief of this quarterly journal.

The journal deals with contemporary and emerging aspects of business studies, strategies, development, and practice as they relate to the Russian Federation, the new republics of the Commonwealth of Independent States, and Eastern/Central Europe-and business relationships with other countries of the world.



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