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Territorialization of Transnational Corporations as a Form of Intercultural Management. A Review of Theory and Selected Studies

Introduction

The review of literature concerning the growing role of territory (region) in the open economy, in conjunction with the literature on institutional economics lead to conclusion, that today region cannot be perceived only by its physical characteristics in a manner formed by the heritage of location theories. It is not only the "container" of basic resources (land, capital, labor) and cannot be simply interpreted as a place of transport costs' minimization. Today territory should be perceived and analyzed as a form of specific organization that support enterprises' competitiveness by the high level of human capital, social capital and through effective institutional environment.

In this context, the activity of transnational corporations (TNCs), functioning in supra-local and supra-regional space can simultaneously be shaped and shape specific territories (cities, regions). This process is a subject of analyses in the spirit of the concept of territorialization, according to which as well as the processes of globalization and local development are not contradictory, also the aims of corporations vs. cities and regions do not necessarily stay in conflict. The phenomenon of territorialization, interpreted as an example of ability to draw from a variety of resources in specific locations, can be treated as a manifestation of more or less conscious intercultural management.

The aim of this paper is to present the theoretical context for analyzing dependences described above, as well as to present the results of research, conducted by the author in this field of social science. In the first part, the definition of transnational corporations and their impact in regional development were presented. The second part refers to considerations that strategies of corporations – if they stay sensitive to the territorial context – can contribute to strengthening the competitive position of both enterprises and regions as places of their location. These reflections refer to the assumptions of institutional economics, which strongly derives from the belief that history and culture matter in building territorial specificity. Further, this topic is developed by the definitions and characteristics of territorialization, also known as embededdness. The last part of this paper provides an overview of empirical research devoted to the phenomenon of territorialization in Łódź Metropolitan Area.

1. The impact of transnational corporations on regional development

The term "transnational corporation" (TNC) refers to enterprise that conduct its activity in at least two countries. According to UNCTAD[1], TNC can be defined as a company composed of so called parent company and its foreign affiliates. The former is an entity that controls the assets of other companies located offshore, through the participation in their equity, while the latter is a stock company or limited company, where the investor form other country (parent company) posses a long-lasting impact on its management. Typically, the breaking point of the control is considered as at least 10% of shares or voting rights in such a company [OECD, 1996, p. 8]. According to P. Dicken [1992, p. 226], TNC is a complex economic organization, which coordinates the activities on international scale, undertaking strategic decisions from a single center of decisions.

Dependently on the aims of the enterprise, the access to existing or potential markets, possessed resources, the level of risk and the probability of success, TNC can chose from between several ways of commencement of activities on a supra-regional and transnational scale. The process of international expansion of TNCs is made primarily in the form of acquisitions of shares in existing companies in other countries (*brownfield investment*) or in the form of creation of new economic entities (*greenfield investment*). Thus, it should be noted that, although among other equally important areas of economic activity of TNCs there are also cooperative forms of development (joint ventures and strategic alliances) [see: Grzegorczyk W., 2006, pp. 42-63; Nowakowska A., Przygodzki Z., Sokołowicz M.E., 2011, pp. 160-169], to call a given company "transnational corporation", is it should conduct economic activity in at least one country (other than the country of origin), in the form of so-called foreign direct investment (FDI).

[1] United Nations Conference on Trade and Development is a body of General Assembly of United Nations, responsible for promoting economic development though building conducive conditions for international trade and foreign investment.

Undertaking direct economic activity on international scale by TNCs is connected with the need of establishing organizational structures, located in many cities and regions. Today, the globalization processes have led to a growing dynamics of FDI, especially since the half of nimieties of 20^{th} century[2]. Thus, regions became widely open on international capital flows.

From the economic point of view, investments are a basic driving force of economic growth. The key impulsion behind this process is the mechanism of multiplier effect[3] which causes that every growth (or decline) of autonomous investment spending will lead to an increase (or decrease) of total production and income in the economy. Investment taken by one economic entity involves, in the place of its realization, development of new economic activities and cooperative linkages with other economic entities (as an effect of increased demand for investment goods). Then, the symptom of the positive impact of new investment on regional economy, is so called multiplier effect, expressed by the growing employment and revenues in firms being subcontractors for the main investor (supply multiplier), and the growing purchase power of employees resulting in growing consumption demand (income multiplier). Moreover, the income and employment growth as a result of new investment entails growing local budget revenues, partly reinvested by public sector (fiscal multiplier) [see: Domański B., 2005, p. 89; Domański R., 2006, p. 97].

Since FDI is usually realized by enterprises operating in more than one country and organizing their structures on international and even global scale, their production and services implemented

in the regions as places of their location are sold primarily in international markets. Thus, FDI despite being an important source of capital and influencing positively structural changes in local economies strengthens also regional economic base by generating international demand (outside regional economy). Among other positive effects of TNCs activity, one can also indicate growing qualifications of the workforce, creating demand for intermediate goods and services (through linkages with local suppliers and subcontractors), and transfer of innovation and new technologies.

[2] According to UNCTAD, the average yearly FDI flows in 70. were reaching the value of 24.0 billion USD. In 80., FDI reached the level of 92.9 billion USD but in 90. it was already 402.1 billion USD. In 2000-2010, the average yearly value of worldwide FDI was 1,160.0 billion USD with its maximum total value of 1.78 trillion USD in 2007 (since 2008, the decline of yearly FDI flows are being observed) [UNCTAD database, http://stats.unctad.org/fdi/ReportFolders/reportFolders.aspx, accessed 20.08.2011].

[3] The term „multiplier effect" was popularized by British economists John Maynard Keynes [Keynes, 1985].

Table 1. Main directions of the impact of TNCs on the countries and regions as the location of their branches and affiliates

The impact of TNCs on the economies	
Potentially positive	**Potentially negative**
– providing new resources of capital to host countries and regions, – new workplaces (income multiplier), – upskilling local workforce (human capital development), – generating demand on intermediate goods and services (supply multiplier), – stimulating growth and economic efficiency by moving resources (re-structuring), – new infrastructure development (fiscal multiplier), – technology and innovation transfer, through: o direct transfer from parent companies to branches and affiliates, o cooperation with local enterprises, o imitation by the competitors, o cooperation with local actors other than the companies (universities, R & D units, local authorities, etc.).	– exploiting host countries' resources (natural resources, workforce) – imposing unfavorable institutional solutions (e.g. in the field of tax law or labor law), – risk of financial crisis (foreign capital appreciates local currencies while its rapid withdrawal from the host country leads to quick depreciation) – acquisition of local companies, – brain drain of skilled workers from local companies, – destruction of the environment through the transfer of "dirty technologies", – contributing to income inequalities (e. g. through labor market bifurcation).

Source: Own composition.

In the considerations on the activity of TNCs undertaken in the form of foreign direct investment, one cannot avoid also critical voices. They refer mainly to the fact that corporations have a possibility of discounting the differences in the prices of factors of production and exploit them without a positive return-impact on the economy of the host countries and regions. TNCs are also often accused of imposing unfavorable institutional solutions (e.g. in the field of tax law or labor law), hostile takeovers of local companies, use of tax differences or the transfer of "dirty technologies" threatening the natural environment. Foreign direct investment influences also significantly balance of payments, where inward FDI can lead to uncontrolled appreciation of local currencies but its rapid withdrawal from the host country leads to its quick depreciation.

Because of the possibility of the emergence of both tangible benefits and risks associated with foreign direct investments, its final effects should be always considered as a balance of cost-benefit analysis. There are many factors that finally prejudge it, e. g. economic policies of states and regions, TNCs' strategies (there are more and more corporations searching their competitive position not in simple resources' exploitation but in maintaining a relatively sustainable competitive advantage) or the level or regions' development as potential attractive place of FDI locations.

2. Local and regional differences in corporate strategies – an institutional context

International comparisons of corporate strategies conducted over the years reveal undoubted differences in their developmental paths, which are an effect of cultural conditions. Unusually, comparative analyses on TNCs concern their "nationality" with the special emphasis on American, German and Japan models (Zorska A., 2007, pp. 133-138]. In the case of American companies, a strong desire to safeguard shareholders' interests is primarily exposed (board has a strong control over the activities of managers). What is more, American TNCs are often financed on very dynamic markets (where venture capital is well developed).

In the German model, a significant level of control by employees is exposed, as well as important role of banks as sources of corporate financing (mainly by placing their representatives to the bodies of companies). However, the German TNCs are recently a subject of criticism, because the small elasticity of their structures limits more and more their innovativeness and competitiveness.

One of the main features of Japan corporation is an important role of the class of their managers, being however responsible also to the employees, banks and members of formally established supply network (called *keiretsu*). Moreover, Japanese corporations are strongly influenced by the main bank functioning within the *keiretsu*. This model gives more possibilities of concentrating on long-term development strategies than American one (more concentrated on short-term effectiveness). However, more often one indicates on the "Americanization" of Japanese corporate model.

As M. Castells [2010, p. 220] has indicated, in the process of globalization, international enterprises will be undoubtedly transforming their structures into supra-local and supra-national networks. However, the idea of corporations that are completely detached from their cultural context is only a mythical representation of completely hypothetical global firm. In other words, the cultural context must be treated as an important factor that can, at the same time, strengthen or weaken the possibilities of building competitive advantage of enterprises, especially transnational ones. What is important, the cultural dimension of economic activity can be considered not only one the national state level, but also – albeit in a more subtle way – on the level of regions as parts of the territories of the countries. The growing role of the region as a specific economic entity is one of the most important trends in contemporary economic literature. Japan economist and corporate manager, Kenichi Ohmae [1993, p.

78], referring to the example of Italy was writing, that treating this country as an economic entity ignores the fact that it is divided into industrial North and rural South and this situation results in differences in the regional competences and regions' share in national GDP. Among other contemporary economic writings on regions as a sources of competitive advantage, one can mention those of M. Porter [2001] on clusters, A. Saxenian's [1996] on the success of such economic areas as *Silicon Valley* and *Route 128* in United States or consideration of Allen Scott and Michael Storper [2003, pp. 579-593] on the role of regions in the global economy. Also, the works referring to so called evolutionary economic, *path dependency* and institutional economics [Arthur B., 1989; David P. A., 1985; Hodgson G. M., 1988 or Nelson R. R. and Winter S. G., 1982], contribute to the elaborations indicating the important role of (locally and regionally rooted), cultural dimension of economic activity.

The variety resulting from the ability of reconfiguring and joining together resources that are "fixed in localities", can be the source of enterprises' competitive advantage. As far as in the initial analyses of grand enterprises, their internationalization used to be explained mainly by the pure cost and effectiveness aspects, today they concentrate mainly on the role of technological, sociological and cultural ones [see e. g.: Zorska A., 2007, pp. 204-222].

The reflections on the role of regions as places of location of economic activity appear in economic science since the first publication of Johann H. von Thünen [1826]. However, the development of theory and research on the role of places in the economy was usually an attempt to adapt macroeconomic methodology to the regional level. Barely since 80. in 20th century, in the field of urban and regional economics, one can observes the move towards so called endogenous approach, treating regions an important source of competitive advantage. Since then, territory is as a place of building specific resources, shaped by the mutual interactions between its dwellers. In other words, the relational capital and accumulation of knowledge in the region contribute to the rise of such resources that cannot be simply transferred to other places.

The resources described above are, next to traditional and easily measurable ("hard") location factors, some kind of unrepeatable "soft" location factors[4]. From the enterprises' point of view, such location criteria as availability of natural resources, material capital, low labor costs, transport infrastructure, etc. are more and more often supplemented or even replaced by: qualified workforce, R&D potential, professional public administration, high quality of life, presence of business supporting institutions and demanding but rich consumer market [Sokołowicz M. E., 2006, pp. 10-12].

[4] The classification of location factors into "hard" and "soft" ones was implemented by B. Grabow, D. Henckel i B. Hollbach-Grömig [1995]. It is based on the question whether the given location factor influences firms' activity directly or not, and whether it can be quantified. Thus, "hard" location factors affect enterprises directly and can be measured while "soft" ones affect firms indirectly and their quantification is rather heuristic.

Thus, in economic and regional science, the so called institutionalism (especially institutional economics) [5] is the valuable theoretical field supporting such intellectual analyses, as well as the research. This field of economic thought is based on the assumption, that specific social, relational and cultural conditions are responsible for the welfare of enterprises, but also nations, countries and regions. These conditions differentiate the economic output of such entities, despite similar level of basic production factors.[6] Ipso facto, institutionalism can successfully contribute to the explanation of not only the reasons of regional disparities but also the character of processes responsible for these disparities [Amin A., Thrift N., 1994; Cooke Ph. Morgan K.., 1998; Storper M., 1997].

Institutional economics takes into account the social context of economic processes and underlines the evolutionary character of economic growth. Thus, it distances itself from excessive simplification of economic phenomena typical for mainstream economics but also from Marxian determinism and reductionism [Cumbers A., MacKinnon D., McMaster R, 2003, p. 325]. It must be noted, that institutional economy has much to offer to regional science. As P. Healey [1999, p. 118] claims, this field of science can contribute to the development of "place-based discourse", because places are socially constructed, thanks to the relations among their actors and own history.

It appears more and more evident that in grand international enterprises, innovations are the effects of "decentralized specialization", which is an ability of elaborating such corporate strategy, that is able to concentrate on core competences (created within an organization) and at the same time, profit from the cooperation with various regional environments [see: Amin A., Cohendet P., 1999; Nohria N., Ghoshal S., 1997]. Thus, TNCs can strengthen their core competences, functioning as global knowledge pipelines that link different systems of innovation. These systems can exist together with the hierarchical structures of corporation, especially in the field of governing those types of activities which do not belong to core competences' portfolio and thus, can be a subject of outsourcing in the region [Nowakowska A., Przygodzki Z., Sokołowicz M. E., 2011, pp. 172-173], This thesis can be perceived as a quintessence of "marriage" of institutional approach with local and regional development theories, especially if the latter are deepened in theoretical considerations

[5] It must be stated here, that institutional economics is a very wide field of economics. What is more, also many strands of mainstream economics, such as evolutionary economics, with Geoffrey M. Hodgson [1997] as its main representative [see also: Nelson R. R., Winter S. G 1982] or resource-based-view of the firm (RBV) [Barney J. B., 1991].

[6] On the national level, one of well known classifications of institutional systems was introduced by Bruno Amable [2003, pp. 13-15; see also about French school of regulation: Amable B., 2007, pp. 80-86], who differentiated five models of capitalism: 1. Anglo-Saxon (Great Britain, USA, Australia, New Zeeland, Ireland), 2. Social democratic (Denmark, Norway, Sweden), 3. European continental (France, Germany, Netherlands, Austria), 4. Mediterranean and 5. Asiatic (Japan, Korea).

on the role of spatial proximity in economic development in the concept of territorialization (embededdness).

3. Corporate intercultural management and the regions – towards territorialization

The roots of the concept of territorialization (being close to the concept of embededdness) date back to the works of Karl Polanyi [1957] and was developed in the field of "New Economic sociology" [Swedberg R., 1991, pp. 251-276]. Besides, main theses of this approach refers to the basic assumptions of institutional economics claiming that economic relations are *embedded* in conditions that are shaped by both economic and non-economic institutions (e. g. culture) as well as the rules enabling their implementation and effective functioning [Chavance B., 2007, p. 39; Polanyi K., 1957, p. 249]. These institutions are defined as specific self-restrictions adopted in order to create a predictable and clear structure of mutual economic relationships. They are both of formal (rules, laws, constitutions) and informal nature (patterns of behavior, conventions, and beliefs).

Embededdness means that every character of economic relations is not an effect of fully rational decisions of independent entities. In fact, no economic entity is completely independent, because every economic decision is influenced by social relations that form patterns of behavior and ways of reactions to changes. The essence of this phenomenon is well illustrated by Mark Granovetter [1985, p. 481] claiming all economic relations are rooted into networks of social relations.

Along with the progress of work on the phenomenon of embededdness, its sociological dimension was enriched by other aspects. P. J. DiMaggio [1990; 1994] pointed out, among others, that economic processes depend not only on social factors but also cultural ones. With S. Zukin [DiMaggio P. J., Zukin S., 1990], he also differentiated four types of the factor of embededdness: 1. Cognitive; 2. Cultural; 3. Political; 4. Structural (shaped by interpersonal relations).

One of the variants of embededdness is also a concept of territorialization which is based on the assumption that what significantly contributes to the strengthening the institutional environment of economic activity (interpreted as form external economies[7]) is a territorial proximity [see: Rallet A., Torre A., 2005; Revue, 1999]. Thus, even in the age of the growing role of other types of

[7] The advantages of the location of enterprises in a geographic proximity can be interpreted in the category of external economies, defined as benefits that a single company obtains by the mere fact that it operates in the space of concentration of many other economic actors [Marshall A., 1920]. Location of similar types of economic activity (including direct competitors) in one place is the example of external economies, where the success of one company cannot remain unnoticed by the others [Maskell P., 2001]. This assumption refers to the notion of so called spill-over effects treated as an intangible but very important source of external economies [Marshall A., 1920].

proximity[8], territorial proximity is still a key factor reducing transaction and communications costs, mainly through enhancing the process of developing common codes and a common business language (see: Oinas P, 1990; Ghemawat P., 2001]

The review of a broad literature devoted to the phenomenon of the growing role of territories in the economy of global capital flows, combined with the literature on institutional economics lead to a conclusion, that region today cannot be perceived only by its physical characteristics in a manner formed by the heritage of location theories. It is not only the "container" of basic resources (land, capital, labor) and cannot be simply interpreted as a place of transport costs' minimization. Today region (territory) should be perceived and analyzed as a form of specific organization that support enterprises' competitiveness by the high level of human capital, social capital and through effective institutional environment. It is a form of organization that reduces uncertainty and risk, is a source of information and accumulated specific knowledge and competences that strengthen the innovativeness (Pietrzyk I., 2006, p. 34].

The notion of territorialization appears also in the field international management. In the literature one can identify some evidence that in many cases, transnational corporations' affiliates locate in host countries and region such activities, which are strongly rooted in the specificity and regional systems of new knowledge creation [Sokołowicz M. E., 2008, pp. 62-69]. Transnational enterprises are these players in the market economy, which are able to introduce market resources of the region on the international markets. Thus, they can not only exploit the basic regional resources but also participate in creation of regional specificity if they permanently link their strategies with business location site. From the territories' point of view, what can really decide about their competitiveness in the global economy, it is the ability to actively participate in international economic processes. The capacity of responding to the global challenges is expressed by the possibilities of adapting regional resources to transnational enterprises' needs. In this context, territorialization can be defined as the effect of process in which these enterprises, at the same time, use and contribute to regional specific resources[9]. The latter decide about

[8] A. Rallet and A. Torre distinguish two types of proximity: organizational and spatial one, analyzing the interdependencies between them [Rallet A., Torre A., 2005]. In contrast, R. A. Boschma [2005] distinguishes five types of proximity: cognitive, organizational, social, institutional and geographical one [see also: Nowakowska A., Przygodzki Z., Sokołowicz M. E., 2011, pp. 183-189].

[9] When interpreting regional resources as a base of building competitiveness, regional science refers to one of the strands of management science, namely Resource-Based View of the Firm – RBV. Its main representative, J. B. Barney claims that enterprises in the same branch or strategic group, even if they are similar in terms of basic resources, can differ substantially because of specific resources. The latter must posse four essential characteristics [Barney J. B., 1991, pp. 106-112]: 1. Be strategically valuable, 2. Be rare when compared to competitors; 3. Be imperfectly

the long-term competitiveness, since their reconstruction in other territories id too costly or even impossible (Sokołowicz M. E., 2008, p. 69].

Transnational corporations, regardless their development path, in order to sustain competitive advantage, must become knowledge-based organizations. In other words, the key motive of functioning on the international scale is to build strategic resources on the base of specific competences and knowledge. According to B. Kogut and U. Zander [2003], foreign direct investment and creation of new affiliates are to much bigger extent driven by the need of effective knowledge exploitation that the need of reducing transaction costs. Thus, knowledge management within TNC, especially in the context of relations between parent company and affiliates, must be interpreted by not only technological, but also sociological, cultural and institutional aspects.

Knowledge transfer within TNC is accompanied by the processes of developing cooperative linkages between affiliates and their local economic environment [Zorska A., 2008, p. 158]. Contemporary TNCs' activity is more and more a subject of simultaneous internationalization and decentralization, when the latter leads to higher level of affiliates' autonomy that allows enhancing their local competences and innovativeness. Moreover, more and more often, corporations search for innovations outside their organizational structures, creating a space for cooperation with the local environment of their affiliates [Zorska A., 2008, p. 251-269]. In other words, searching for locally and regionally embedded strategic resources is a way of building TNCs' competitiveness. However, this kind of strategy demands a high level of intercultural competences which can be defined here as the capabilities of anticipating innovative potentials derived from local knowledge resources and skills.

This approach also allows for finding that there is never only one model of TNC's success, because there are almost endless business solutions arising from the exploration of cultural or social diversity in different locations. This thesis is close to findings of the five-years-research of 500 corporations made by S. Berger [2006]. It led to conclusion that if there was only one correct model of competing, one product or only one way satisfying customers, then in every industry, only one global company would operate. This vision is obviously far from the economic reality.

4. Perspectives on the TNCs' territorialization in the region if Łódź in qualitative research

The quantitative analyses of the activity of foreign owned companies operating in Polish cities and regions contribute effectively to depict the general economic situation in terms of the structure and the level of FDI inflows (static dimension).

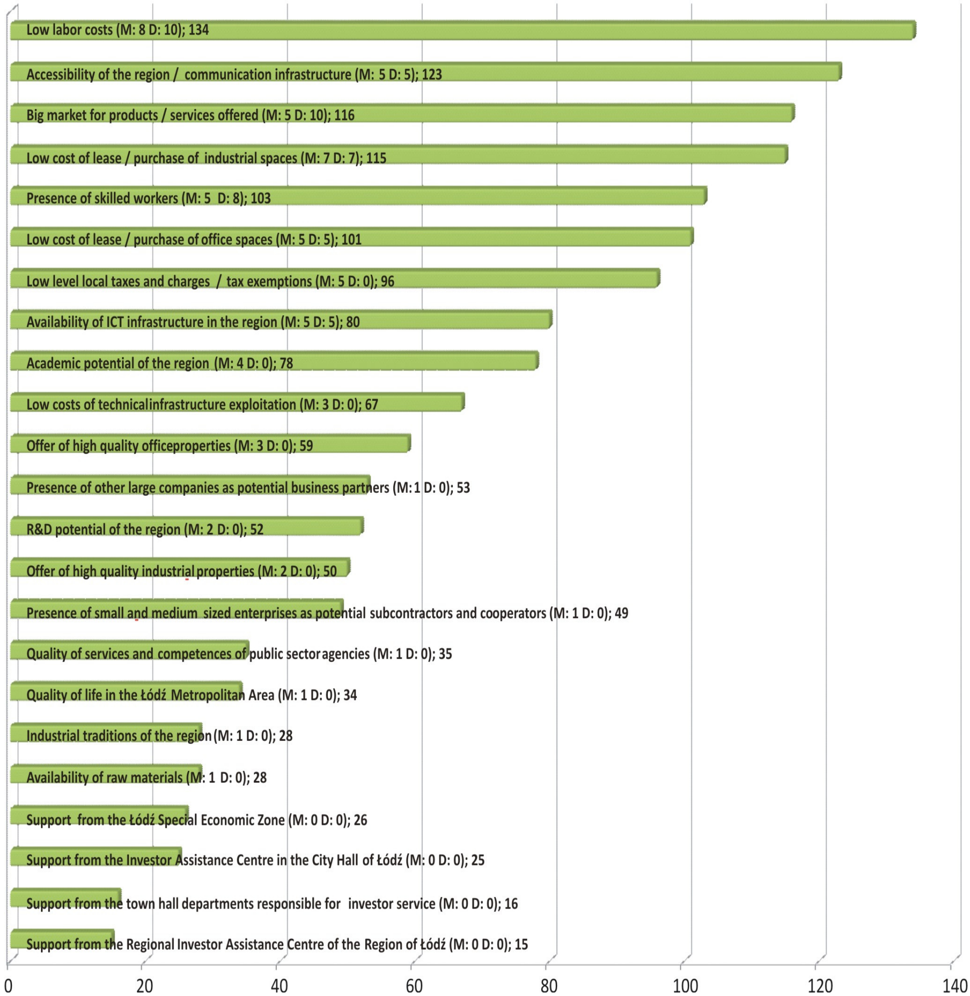
imitable (as a combination of historical conditions, casual ambiguity and social complexity of the process of their creation) and 4. Be non-substitutable by other resources. Although RBV refers to the enterprise, it can be implemented also in the field of regional science.

However, it has limited utility for detailed analysis, devoted to the influence of TNCs on regional competitiveness and regional economic base in terms of dynamic approach. This situation justifies the qualitative analyses, concetrating on detailed regional case studies. However, in Poland analyses of this kind stay fragmentary. Among few research, one can mention those of B. Domański [2001; 2005; Pavlinek B., Domański B., Guzik R., 2010] and in the region of Łódź A. Kukliński *et al.* [2000] and lately M. E. Sokołowicz [2008; 2010a; 2010b].

Last of authors made his first deep analysis of the phenomenon of territorialization, based on standardized in-depth interviews among managers of 12 TNCs' affiliates from the agglomeration of Łódź, conducted in 2005. The results have revealed that most of surveyed companies treated the region mainly as a place of the location of industrial activity and what is important, showed no inclination to implement cooperating strategies or strategies based on the development of innovative solutions (technology transfer to the region was limited) [Sokołowicz M .E., 2008, pp. 118-119]. Among dominating location factors, the companies mentioned those that were not "territorially tied" and could be accessed also in other Polish regions (low labor costs, relatively low land prices, communication availability, tax exemptions offered in Special Economic Zones). In consequence, the region of Łodź was perceived as a place that offered mainly lower costs of economic activity but not valuable strategic resources that are based on specific culture, social relations, skills or knowledge [Sokołowicz M .E., 2008, pp. 102].

The strategies of TNCs' affiliates operating in the agglomeration of Łódź as well as the techniques of the organization of production is strongly affected by their relations to regional resources, mainly in terms of linkages with local firms and institutional environment. It was expressed i. e. by the fact that few of surveyed companies declared cooperation with local small and medium sized enterprises (SMEs), as well as with research and development (R&D) entities. These observations led to the conclusion that at this stage of development of Łódź agglomeration, enterprises' territorialization processes did not take place.

Figure 1. Business location factors in Łódź Metropolitan Area, as indicated by the respondents



Letters in brackets refer to significance of a given location factors, rated on 1-10 scale, where M is a median and D is a dominant. The number at the end of each indication shows the sum of the responses rated on a 1-10 scale.

Source: Own study.

Unfortunately, similar conclusions appeared in case of subsequent research conducted between 2009 and 2010. The project was based on the realization of computer assisted personal interviews addressed to the managers of enterprises with foreign capital employing more than 50 workers. From 85 entities from Łódź metropolitan area meeting the preliminary criteria, 21 entities agreed to participate in the project.

In the opinions of surveyed companies, similarly to the previous research, the predominance of cost-based location factors was observed. Efficiency-based location factors that could decide about such important elements as R&D potential, local competences and know-how, strong and efficient linkages with local SMEs, were assessed as relatively less important [more broadly: Sokołowicz, M. E., 2010b, 2011]. Although representatives of TNCs' affiliates positively evaluated the level of education of local workers, the R&D offer of the region remained almost unnoticed, despite theoretically strong potential of local universities'. In other words, among competitive advantages of Łódź metropolitan area, the cost advantages continue to dominate, to the detriment of regional R&D potential (see Figure 1).

5. Conclusions

The phenomenon of territorialization of enterprises may be perceived as a way of linking together TNCs' activity and the struggle for enhancing competitiveness of the regions. This idea derives from the fact that companies can both benefit and participate in the creation of region-specific resources. In this process, these are the corporate strategies, especially in the context of the ability to manage in diverse cultural environments, which can decide about the capacities to derive from the specific resources of the region. Resources of this kind can be treated as a specific rent and as those, they cannot be delocalized or reproduced in different territories. However, they cannot be interpreted as simple generic resources (availability of land, capital and labor), since "the prosperity of firms depends on region-specific intangible assets embodied in a knowledge and competence base with a high degree of tacitness, which is sustained and reproduced by interaction patterns that are firmly rooted in a particular institutional setting" [Boschma, R. A., 2005, p. 1012]. Therefore, contemporary ability of corporations in the field of intercultural management lies in the ability to benefit from the intersection of two levels: the global and the local one and refers to the notion of glocalisation – a semantically rich oxymoron introduced by R. Robertson [1995] to depict the idea "think globally act locally".

The studies conducted so far in the field of economics and management reveled, that on the current stage of economic development, Polish regions are attractive places of foreign direct investment location. In terms of quantitative approach, the activity of companies with foreign capital brings about more positive than negative effects (growth in employment, a multiplier effect, modernization of the economy, etc.). However, today it is too early to recognize the universality of processes of territorialization of TNCs in Polish regions, which is expressed, among others, by the results of research carried out in the Łódź metropolitan area, where cost location factors dominate to the detriment of innovative potential of is economy. This conclusion should be a signal to evaluate pro-investment policy of Poland hitherto realized. It seems that this policy should concentrate, inter alia, on the balancing with the policy of SMEs support, mainly by promoting networking and helping in building relationships between TNCs' affiliates and the regional environment. Moreover, pro-investment policy addressed to big transnational enterprises should be more selective and should be based on the monitoring of the corporate strategies, especially in the field of enterprises' relations with regional environment. Striving for more sophisticated strategy (i. e. based on sustainable relationships with the local environment), can be perceived as a higher form of intercultural management and thereby contribute to strengthening the competitiveness based on the strategically valuable resources – both for TNCs and the regions.

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Abstract

This paper presents the concept of territorialization as a form of embededdness – the phenomenon that underlines an active role of local of regional business environment in the processes of building long-term competitive advantage of both enterprises and territories. Although this idea derives from economic sociology, putting accent on social relations between economic actors, it is also becoming more popular in the field of regional economics, supported by the intellectual heritage of institutionalism. The thesis about important role of spatial proximity, in terms of its contribution to building regional specific resources, based on the cultural and economic history, is especially interesting in the analyses of transnational corporations. The latter, when are able to build long term effective relations of their subsidiaries with local environment, can become a knowledge-based innovative organizations, and thus, draw from the relational rent which is territorially rooted. This kind of corporate strategy should be perceived as a form of high intercultural competences and be a manifestation of combining a success of the corporation with the success of the region.

According to the research conducted in Łódź and Łodź Metropoiltan Area, this Polish region is still far from such a model of management. It is still a place attracting foreign direct investors mainly by low prices of land and labor as well as tax exemptions. This situation is an effect of both strategies of corporations, locating their affiliates here, and strategies of territorial units attracting foreign investors. In order to start building a long term (sustainable) competitive advantage, this region should concentrate more on identifying and valorizing specific resources as location factors. Among the latter, one should indicate strong linkages with local suppliers or universities, but also a knowledge and competence base, residing, among other things, in the cultural conditions.