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Old multinational from a young transition economy: A case of Gorenje**

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Old multinational from a young transition economy; A case of Gorenje¹

Marjan Svetličič*

Abstract

Outward internationalisation by firms from transition economies is very new in business literature although socialist firms started to invest abroad already before transition mostly to "escape from the system" and get economic freedom and Western image internationally. Gorenje is among most internationalised manufacturing firms from transition economies. The paper evaluates origins of its internationalization, motives, barriers, problems and how firms was able to solve them by more and not less internationalisation. It is a case of indigenous multinational with many ups and downs in its development therefore a good lesson also for others. Management proved to be crucial competitive advantage of the firm even when it was operating in a socialist system. The paper concludes with a summary identifying general development milestones and characteristics of its internationalisation.

Key words: household appliances, outward FDI, socialist firm, transition, competitive advantages, sequential internationalization, system escape investments.

¹ Major Gorenje d.d. data for 2001:

Number of employees: 8,236
Assets: 562 million Euro
Total revenues: 739 million Euro
Net profit: 15 million Euro
Value added per employee: 22.6 million Euro
Activity: mfr. of electric domestic appliances
Number of companies within the same business activity: 24
Type of organisation: Joint-stock company d.d.
<http://www.gorenje.si>

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Introduction

Gorenje is Slovenia's largest multinational manufacturing company with the production of household appliances lying at the core of its business activity. It started its internationalization very early and has achieved a high degree of multinationality. Unlike many other multinationals from transition economies, it is not typical since it is a completely endogenous Slovenian company, with no foreign equity partners involved. Other forms of long-term co-operation with foreign partners have played a more supplementary role in Gorenje's development. Its internationalization through outward investing started in 1965 and in 1978 with the acquisition of the German firm Körting. This was a highly surprising strategic move by a socialist enterprise for that time. Gorenje is not a typical case of gradual internationalization but is more of an example of fast moving internationalization with some downturns as well. This has helped the company consolidate and emerge from crises stronger and better prepared for future challenges.

It is a case that also demonstrates the very strong influence of both the environment in which a company operates as well as the crucial influence of a company's management, its determination, vision and courage to introduce a market-based mentality in a firm still deeply rooted in the socialist system. Today's challenges confronting the company are formidable. Faced with growing competitive pressures in domestic and global markets, the company must decide whether to develop into a real global company and compete with much larger players in its core business alone, or to enter into certain co-operative equity or contractual strategic arrangements with a competitor in the field.

History

The history of Gorenje is marked by four turning points. The first was the setting up of a company that made agricultural machinery in 1950 in a village called Gorenje. The second was when the factory moved to the rapidly growing town of Velenje. The third stage came with the building its own large

manufacturing premises in 1963 producing stoves, then washing machines (from 1967) and refrigerators (in a new factory built in 1970). Lastly, it diversified into kitchen furniture, ceramics, medical equipment, telecommunications, entertainment electronics and TV sets as part of an export-oriented strategy initiated in 1967. Gorenje grew from a local micro company employing 150 people into the leading Yugoslav domestic appliances producer employing 22,000 people in 1978, becoming an important exporter and innovation-driven firm.

Gorenje started its successful growth by entering the domestic appliances sector late in the fifties. During the first half of the sixties, Gorenje succeeded to manage all main programmes of domestic appliances. The number of employees jumped to about 7,000 in 1970. In the early sixties it started exporting Germany, which soon made up some 40 per cent of Gorenje's total sales. In the seventies Gorenje started to open up companies in Germany and France. In this decade, the value of the Gorenje group's exports climbed towards 60 per cent of its total sales.

In the 1980s Gorenje went through a serious crisis. As a result, the company had to restructure and recovery measures had to be introduced. Crisis management was initiated. A number of international consultant companies also participated. By applying a number of market-oriented, managerial, strategic and technological norms, the Gorenje group took a huge stride forward towards greater internationalization and competitiveness. The many companies involved abroad were put into the centre of Gorenje's activities. The Gorenje group succeeded to considerably cut its costs while it improved the performance of its products and services. As a result, productivity in 1984 alone grew by 30 per cent. In the period of Yugoslavia's disintegration, the financial blockade on Slovenian companies was complete and over 700 Slovenian companies were confiscated. Gorenje as a Yugoslav group practically disappeared. It lost more than 40 per cent of its former domestic markets. The battle for survival had to start again.

Gorenje employed some 9,000 people when Slovenia declared its independence in 1991. The domestic market then contracted to about five per cent of total production. Two main factors kept the Gorenje group afloat. The first was the extremely high level of homogeneity, and consensus as one of the linchpins of the group's culture. The second reason appeared to be its successful management, which took advantage of the advanced level of the group's internationalization.

Company profile

Presently the Gorenje group employs 8,236 people² and is the largest manufacturing corporation in Slovenia, with consolidated annual revenues of SIT 160,531 million in 2001. Sales of the Gorenje group have been increasing by 11 per cent annually, while profits grew approximately four-fold in the 1995-2001 period. In the 1997-2000 period alone, investments amounted to € 254 million cumulatively. The group comprises 41 companies, 12 in Slovenia and 29 abroad. Value added per employee grew from 1997 to 2001 from € 10,000 to over € 11,346. In 1998 Gorenje became a public company limited by shares. The ownership share of management and employees (including retired workers) exceeds one-third.

Gorenje divides its product range into four major sectors, namely household appliances (83 per cent), machine construction tools (0.6 per cent), furniture (five per cent), and services (11 per cent). The production of household appliances (produced by Gorenje d.d. Velenje) is the core activity of the Gorenje group. It now sells annually over 2.2 million appliances (refrigerators, freezers, cookers, ovens, cook-tops, washing machines and dryers). Gorenje has been increasing its market share in its main markets. The current market share in Europe is almost four per cent. The share of compatible 'home programme' activities is growing within total sales of the corporation.

² If not otherwise stated, figures are taken from Gorenje's Annual Report 2000 and 2001.

After the collapse of Yugoslavia, the Gorenje programme returned predominantly to the domestic appliances sector. In order to survive, Gorenje had to export close to 95 per cent of its total sales during the nineties. Such a transformation was very demanding due to the high level of market saturation in Europe, which recently was at 97 per cent for refrigerator products (Slovenia 93 per cent), 90 per cent for washers (Slovenia also 90 per cent), and nearly 100 per cent for cookers (Slovenia 97 per cent). This was one reason underlying recent efforts to diversify its production outside of its core to related business in order to achieve necessary synergies and production, logistic and marketing optimization.

In the last decade, domestic appliance companies have been improving their competitiveness through three main approaches: by cutting costs, by raising quality and performance, and through M&A. Gorenje has been trying to do the same. In such a way it has gradually transformed itself from a mostly labour-intensive producer of a mature product to a modern global corporation increasing value added by modernizing mature products and making them more user- and environmentally-friendly.

Internationalization

Gorenje's internationalization has followed certain stages; first by exporting to the main export destination countries, later by establishing sales units abroad and much later production units including in more distant countries. This process was speeded up and even reveals leapfrogging over some stages. Gorenje exports approximately 93 per cent of its total production, 80 percent of which goes to the EU. Gorenje's products are sold in 60 international markets. The biggest customers are in Germany, Croatia, Austria and the Scandinavian countries.

This high degree of internationalization has not been achieved overnight. Up until 1965 Gorenje only sold its household appliances in Slovenia. In 1961 Gorenje exported its first 200 cookers to Germany.

By 1970 exports had increased already to one-third of total production to climb to approximately 50 percent in the 1980s. Since then, exporting has been the major engine of Gorenje's growth.

Initially, exports were driven by the need to acquire foreign exchange to buy raw materials and parts from Western Europe. At that time, Gorenje was arranging exports via large Slovenian trading companies (see Vitežnik, 2000; p. 2). Obviously Gorenje started exporting not only to get foreign exchange but also to be permanently in contact with up-to-date technologies and innovation, and with market needs and norms. In the 1970s Eastern markets became a major export destination, later overseas markets like the USA and Australia followed. In order to overcome its low price competitiveness, co-operation with the Italian company Rex-Zanussi, which provided the basis for technology, know-how and innovation, started in the early period of Gorenje's growth.

The main markets are in Northern and Central Europe, with a 30 per cent share (in 2001). The share of Slovenia's market is very modest but, together with the recovering markets of successor states to the former Yugoslavia, still represent an important part of total sales (27 per cent). South-west Europe (France, Italy etc.) has gradually increased its share from ten to 12 per cent (1999-2001), Eastern Europe increased its share in 2001 to 12 per cent, while overseas markets hold a six per cent share. Real internationalization in terms of establishing firms abroad started in the 1970-80 period when Gorenje was still a socially-owned company. In order to hide its socialist origins and resulting poor image, the firm started to establish subsidiaries in the countries of highest importance for its exports. The first one was established in France in 1965, the year of a major market-oriented reform in the then Yugoslavia, following by a second in West Germany (1971). Today, Gorenje has 29 subsidiaries located in 18 countries and six agents (located in Greece, Ukraine, Russia, Hungary, BiH, Czech Republic) involving over 600 employees or eight per cent of Gorenje's total employment.

Gorenje's subsidiaries abroad are registered trade companies with sophisticated sales networks, warehouses, and transport and product maintenance facilities. Most foreign affiliates are supervised by the Vienna-based Gorenje Beteiligungs GmbH which took on this role in 1986.

(Put Figure 1 here)

There are three primary reasons for outward FDI: (i) market potential; (ii) improving buyer-seller relations and gaining access to new technological solutions; and (iii) responding to the very restrictive foreign trade and foreign exchange regulations of the then Yugoslavia (see also Vitežnik, 2000; p. 29) in order to overcome the many foreign exchange limitations and achieve a certain freedom in business operations.

After the first firm was established in Munich, the real push came with the establishment of the holding company Gorenje Beteiligungs GmbH in Vienna. Equity shares of all Gorenje's firms abroad were transferred to this firm, which became the centre for Gorenje's international operations. Initially, the role of this holding was very different to today. At that time, it was to ensure the financial stability of Gorenje within the volatile regulatory framework of the SFRY, whereas today it is managing and financing all of Gorenje's investments abroad, including optimizing organization and tax burdens (see Vitežnik, 2000; p. 29).

(Put Table 1 here)

In order to reduce costs and the role of labour-intensive programmes as well as to invest and technologically upgrade its programmes, in 1978 Gorenje's management decided to buy the troubled Bavarian electronics company – Körting. The idea was to concentrate technological and research efforts and information technologies within Körting. Targets were not met largely due to strong opposition to the reduction of unqualified labour by trade unions. In such an environment it was impossible to organize and install the planned high-technology centre to generate, acquire and transfer

strategic technologies for the Gorenje group, or to create an efficient globally-oriented information system (see Sočan, 2001; p. 21).

The collapse of Körting resulted in Gorenje's most serious development crisis thus far, manifested finally in the resignation of Gorenje's General Manager, Mr. Ateljšek, after having led the firm for 28 years.

(Put Box 1 here)

On the basis of financial support from the Slovenian government, Gorenje succeeded to decentralize its system, reduce its wages, improve its information system, streamline its management, and enhance the role of its R&D. During the second half of the eighties, Gorenje's management strengthened strategic relations with large production and trading multinational companies in Europe and the USA. In the 13-year period (1987 to 1999) over € 46 million was invested abroad.

(Put Table 2 here)

Gorenje still sees room to expand, based on further cost cuts and improved performance, and regaining its market share in the new countries emerging from former Yugoslavia. The saturation level of domestic appliances in these countries is low. The long-running business experience in these markets coupled by a very positive brand image, familiarity with their business culture, languages, buying psychology and other factors are Gorenje's advantages. Units in these countries could serve as a springboard for expansion to other countries in the region as well.

The roles of most affiliations abroad are to promote sales of household appliances and provide service to customers. Recently however, as part of the diversification strategy, some other sectors have moved to the fore. Furniture production started abroad in 1977 in Austria. The main goal is to produce complete kitchens and kitchen elements paying attention to the individual needs of consumers and the environmental friendliness of the production process combined with the highest quality products.

Initially, kitchen parts were imported from Slovenia and assembled in Austria. Gorenje Freistadt now produces 350 kitchen parts a day or 7,000 kitchens a year, realizing a net sales revenue of € 14.5 million which makes Gorenje the sixth biggest producer of furniture in Austria by the number of products sold (see Duris, 2002; p. 17).

Gorenje's other production site abroad is Gorenje Kuchyne CZ, which produces kitchen furniture. Its production amounts to about 2.5 per cent of the Czech market, generating net sales revenue of € 2.31 million and selling 85 per cent of production in the domestic market and exporting the rest mainly to Slovakia.

While Gorenje Freistadt is practically not involved in export activities, it was involved in the process of setting up Gorenje Kuchyne CZ. Gorenje Freistadt provided the production system, information technology solutions, know-how and personnel. Gorenje Kuchyne produces kitchen furniture in lower price segments for the home market and exports some 15 per cent of its output, mainly to Slovakia.

Why did Gorenje locate this low value-added production of furniture in a 'more developed economy' and higher value-added production of white goods in a less developed economy (Slovenia)? The explanation of this value-added paradox is the new idea of combining the production of household appliances with kitchen furniture. Production started in 1977 and quickly substituted the initial low value-added assembling. In both cases, Gorenje produces household appliances in Slovenia and furniture in Austria with relatively high value-added levels (see Duris, 2002; p. 20).

In addition to its own network of companies abroad, Gorenje has also been developing high quality business relations with some large international distributors. Gorenje has developed a co-operative network with about ten technologically leading global producers in order to link its supply programme to the needs of specific markets. In 2000 a joint venture with the Italian design studio Pininfarina was

born. In 1999 new offices in Moscow were opened, while the construction of a logistics centre in Prague started (which opened in 2000) as well as a warehouse facility in Sarajevo.

Through the above network of own companies, Gorenje has succeeded to expand its exports and increase its market share, to observe consumption trends, quality characteristics of these markets, and to stay in touch with their technical standards and logistics. The network of foreign companies has played an important role in achieving Gorenje's strategic targets: during the seventies to expand exports and upgrade technologies, during the eighties to internationalize, and during the nineties to enable growth, improve competitiveness, and diversify risk.

In view of the maturity seen in household appliances, higher growth is planned till 2002 for related activities (76 per cent compared to 23 per cent for household appliances). Regionally speaking, highest sales growth is planned for Eastern Europe (44 per cent). In terms of internationalization new acquisitions are planned there. The target market share in Europe is 3.5 per cent. Although concentrating on Europe, new opportunities will also be sought in the emerging Asian and Latin American markets.

Competitive advantages

Gorenje's competitiveness is reflected by its high market shares: three per cent of the European market, in Germany up to 29 per cent, Croatia 14 per cent, France 10 per cent, BiH five per cent, Austria 4.9 per cent, Denmark 3.6 per cent, and the USA 3.2 per cent. This has not been achieved without difficulty. At first, low wages were an advantage yet this is losing its importance given the gradual wage convergence between Slovenia and other more developed countries. What is perhaps the most distinctive characteristic of Gorenje is that it emerged from crises stronger, that its response was not defensive but offensive leading to creating and enhancing competitive advantages and not just concentrating on cost cutting. The crises in the 1980s was overcome thanks to high quality products

appreciated by customers and which are friendly to the environment and, secondly, by the already high internationalization with well-organized distribution networks abroad which was instrumental in promoting sales globally. All of this could not have been achieved without highly trained people, good management and dedication to the company. The company started its life as 'a family' and is continuing its successful business mission as one of the larger multinationals in the domestic appliances industry with the highest possible 'consensus' in the corporation. The above business culture has created a constant and intense feeling of belonging to Gorenje during both good and bad times (see Sočan, 2001; p. 12). There have been no strikes at all during the whole half-century history of this company.

Another very unique approach or strategy of the Gorenje group in times of concentration on core business and outsourcing trends is the main strategy: 'Everything for the home'. This means not only the continuation and expansion in white goods production but also an expansion to all related areas (see Duris, 2002; p. 22).

Unlike many other companies that downsized R&D efforts in times of crisis, Gorenje has been constantly strengthening these efforts in-house and also in co-operation with institutes and universities in Slovenia and abroad. Early on the company started its own R&D institute. It thereby gradually transformed from a labour-intensive producer into an innovation-based firm. The result was the development of its own trademarks. Today, 70 per cent of Gorenje's total production is sold under its own trademarks - Gorenje, Sidex, Korting (Italy, Greece) and Gorenje Pacific - and the rest under intermediary buyers' trademarks. Gorenje is the dominant brand employed in the main Gorenje markets: Germany, Austria, Northern Europe, and CEECs, Slovenia and the countries of former Yugoslavia. Sidex has been used first of all in retail chains in France, while the brand Korting is applied in 'German image' countries like Italy and Greece, and partly Germany. Another brand name being used in Germany is Galant. That is chiefly used for the distribution of cooking studios. Gorenje earmarks some two per cent of its revenues to promote its brand names. The share of sales through its

own brands has been constantly growing, and presently encompasses more than 80 per cent of Gorenje's total sales. The identity of Gorenje's brands has recently focused on the corporation's image, 'simple and logical', 'Pininfarina design' etc. In such way, Gorenje is succeeding to climb the ladder of relative prices in relation to its main competitors.

The company's high quality orientation was sparked off very early on. In 1974 a Quality Control system was introduced. The ISO 90001 certificate, which guarantees that Gorenje's appliances sold in the market place meet their design and performance specifications, was acquired in 1995. The company's 'user-friendly' strategy has also paid off. In 1997 Gorenje's washing machines Simple and Logical were declared the most user-friendly ones in Europe (Gorenje Annual Report, 2000; p. 64). A year earlier, an Excellence Award was received from Icograda.

This was enabled by extensive training (languages, computer skills, marketing and management). In 1999, close to three-quarters of all employees underwent various types of training. Gorenje spent close to ten times more than the average company in Slovenia on training. Gorenje has recently turned from the external towards the internal organization of its human-resource upgrading in order to bring training closer to the corporation's needs (Sočan, 2001; p. 23).

The strengthening of ecological awareness and environmentally-friendly production and products has become a competitive advantage in this otherwise mature industry. Gorenje therefore decided in 1996 that by 2000 at least in the parent company the environment management system should be adapted to the requirements of the ISO 14001 standard (the certificate was awarded to it in 2000) so as to minimize environmental risks and to improve the firm's image.

Gorenje identifies its advantages in the following areas:

- Flexibility and ability to adapt to market requirements
- Well-positioned and developed sales network in Europe

- Recognized brand name in key markets, particularly in South-east Europe
- Good relations with customers
- Skilled staff with strong corporate loyalty
- Strong internationalization

Most companies from former socialist countries, and today's transition economies, can hardly escape the image of an enterprise from a low-wage economy. Gorenje has succeeded in considerably reducing or even eliminating its image of a low-wage company through its successful long-term process of internationalization. This was the way it escaped any bad image as a socialist firm.

One very important factor of Gorenje's success is the combination of kitchen furniture and household appliances. There is no single player in the Austrian market that offers and markets this integrated solution. Just-in-time supplies and production are also part of Gorenje's policy of minimizing storage time.

Problems, weaknesses and threats

The first problem yet simultaneous 'blessing' a company like Gorenje faces is the very tough competition seen in the household appliances industry which is a relatively standardized, mature industry dominated by a few large multinationals. The only way to survive in such a tough market is to reduce costs, to offer better, more friendly and appealing products; in short, to innovate products and technologies and to become more customer-friendly, to come in to consumers' homes. Although Gorenje is giving a lot of attention to innovations, management is aware that efforts to draw closer to its competitors in terms of knowledge, consumer satisfaction and managerial efficiency are still insufficient. Gorenje's position in the global market is weaker than it should be also because of the lack of state support for internationalized companies compared to other countries.

Globalization is introducing many additional problems involving risk management. Gorenje's response was, after deciding for a core business in household appliances in order to reduce costs, to also diversify to some related fields like marketing Polish Zetor tractors (since 1993) in Slovenia and BiH, producing tools for the automotive industry (Volkswagen, Revoz/Renault and Mercedes-Benz in particular)³ and producing furniture. Diversification in services is another effort to reduce risks. Gorenje GTI trade and agency services have become the exclusive importer of Hyundai automobiles in Croatia. Diversification has been going on at home and abroad. In Slovenia, several companies were acquired. The most important diversification involves acquisition of the furniture factory Marles and the establishing of furniture production in Austria and in CZ, which later became integrated with Gorenje Interieri (1999).

The high level of Gorenje's internationalization means this corporation has already done most of its adaptation 'homework' regarding accession to the European Union. And yet the new 'domestic' market will impose additional competitive pressures on Gorenje as a much smaller producer of 'white goods' than its competitors.

One possible source of problems for Gorenje could stem from the common price policy within the EU, where goods have to be sold at the same prices across the whole market. This might cause difficulties in adjusting the price policy and could negatively effect sales especially in regions with lower purchasing power (see Duris, 2002; p. 22).

In spite of the very high emphasis on R&D and training, Gorenje still faces difficulties in acquiring suitable personal for firms located abroad. Slovenian expertise, no matter how able, has to be supplemented by local experts since this is a must in such highly demanding international business operations. Secondly, the relatively good standard of living and high quality of life in Slovenia makes

³ At the international Forma Tool 99 exhibition, Gorenje Orodjarna received the Gold Medal award for a tool manufactured for Mercedes-Benz (Gorenje Annual Report, 2000; p. 72).

even younger experts reluctant to work abroad in spite of the higher pay offered. Problems with schooling of children or jobs for partners also hinder such internationalization.

The main challenge ahead is whether to grow as an independent company, or to form a strategic alliance with one of the largest players in the industry in the world or to find an equity partner. Being a public joint-stock company, all options are naturally open but the firm's emphasis is to remain an independent player with strong international contractual international co-operation.

Summary

Today, Gorenje is a global producer that has achieved a relatively high level of technological expertise and innovation. By exporting more than 93 per cent of its total production, Gorenje competes more through its innovation and brands within a 'simple and logical' design.

After a long, not always trouble-free, development Gorenje has become a flexible, dynamic and modern European, even global, corporation. This has been achieved largely thanks to restructuring as a response to the crises it met in the past. Unlike many companies that in times of crisis seek to reduce R&D and training, Gorenje sought a solution in greater internationalization and a stronger reliance on its own innovations and capabilities. This orientation has been facilitated by its business philosophy and culture based on a consensus-supported decision-making process, high respect of its customers, the market, and its own employees.

The very early internationalization helped Gorenje overcome two major crises and enhanced its capabilities to face up to global challenges. Firms it established abroad have played a pivotal role in transforming the company from a small labour-intensive producer to a large and modern multinational company.

The evolution of Gorenje's marketing confirms its mature internationalization. It started to penetrate Western European markets through retail chains, continued through its own network of companies abroad and is today also trying to seize the advantages of the Internet.

Future priorities are to enhance internationalization by focusing on household appliances and business with the highest growth potential (like machine construction and tool-making) and integration with Gorenje's core activities to produce synergetic effects and continuing its long-term orientation of maximizing consumer satisfaction and environment-friendly products.

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Box 1: Gorenje Körting Electronics

Gorenje's acquisition of the entertainment electronics company Körting from Bavaria in 1978 was for a long time a hot political and business issue in Slovenia. From one point of view, that decision seemed quite reasonable since signs of the broader use of electronics in domestic appliances were then clear enough.

Gorenje acquired Körting just at the time this company, like many others in Europe and the US, collapsed in entertainment electronics under the weight of Japanese competition. Gorenje's own potential was too weak for a quick shift of its production programme away from entertainment electronics to some more advanced segments of electronics, or to quickly adapt Körting to its own strategic needs. Ultimately, it also did not heavily reduce the number of mostly unqualified workers. As a result, losses quickly piled up and after some years started to threaten the whole Gorenje group. Therefore, Gorenje sold Körting in 1983.

Based on: Sočan, 2001; p. 22.

Figure 1: International business network of Gorenje group in 2002



Table1: Dynamics of Gorenje's international network by year of establishment

Country	Year	Name
France	1965	Gorenje France S.A.
Austria	1975	Gorenje Austria Handelsgesellschaft GmbH
Germany	1971	Gorenje Vertriebs GmbH
Italy	1976	Gorenje Körting Italia S.r.l.
Denmark	1976	Gorenje Skandinavien A/S
Australia	1976	Gorenje Pacific Ltd.
Austria	1986	Gorenje Beteiligungsgesellschaft GmbH
Belgium	1988	Gorenje Belux S.a.r.l.
United Kingdom	1988	Gorenje UK Ltd.
Czech Republic (CZ)	1991	Gorenje Spol.s.r.o.
Hungary	1991	Gorenje Budapest Kft.
Poland	1991	Gorenje Polska Sp.zo.o.
Croatia	1991	Gorenje Zagreb d.o.o.
Croatia	1991	Gorenje Split d.o.o.
FR Yugoslavia	1991	Gorenje Novi Sad d.o.o.
Macedonia	1991	Gorenje Skopje d.o.o.
FRY	1991	Gorenje Novi Sad
CZ	1991	Gorenje Spol s.r.o.
Bulgaria	1992	Gorenje Bulgaria EOOD
Slovakia	1993	Gorenje Slovakia Spol.s.r.o.
United States	1994	Gorenje USA Inc.
CZ	1995	Gorenje Kuchyne Spol.s.r.o.
FRY	1995	Gorenje Podgorica d.o.o.
Sweden	1996	Gorenje Sverige S.A.
FRY	1996	Goretrade d.o.o.
BiH	1998	Gorenje Commerce d.o.o.
Croatia	1999	Hyundai Auto d.o.o.
Austria	2001	Gorenje Küchen GmbH
Hungary	2001	Gorenje Real Kft.
BiH	2001	Dukanpromet, d.d. Sarajevo
Finland	2001	Gorenje OY, Finland
Austria	2001	Gorenje Freistadt GmbH
Finland	2001	Fingoren OY, Helsinki

Table 2 : Affiliates abroad by number of employees and turnover in 2002

Company/Country	No. of employees	Company/Country	Turnover in Euro
1. <i>Gorenje Austria Handels GmbH</i>	138	1. <i>Gorenje Vertriebs GmbH Germany</i>	180,477,222
2. <i>Gorenje Zagreb d.o.o. Croatia</i>	114	2. <i>Gorenje Zagreb d.o.o. Croatia</i>	68,196,789
3. <i>Gorenje Spol.s.r.o. CZ</i>	93	3. <i>Gorenje Austria Handels</i>	54,403,81

		<i>GmbH</i>	4
4. <i>Gorenje Vertriebs GmbH</i> <i>Germany</i>	64	4. <i>Gorenje France S.a.</i>	53,945,710
5. <i>Gorenje Commerce d.l.j. BiH</i>	32	5. <i>Gorenje Skandinavien A/s</i> <i>Denmark</i>	35,154,103
6. <i>Hyundai Auto Croatia</i>	30	6. <i>Gorenje Commerce d.l.j. BiH</i>	30,350,748
7. <i>Gorene Polska So. Z.o.o.</i>	30	7. <i>Hyundai Auto Croatia</i>	30,015,783
8. <i>Gorenje Skandinavien A/s</i> <i>Denmark</i>	29	8. <i>Gorenje Spol.s.r.o. CZ</i>	25,621,345
9. <i>Gorenje France S.a.</i>	24	9. <i>Gorenje Koertnig Italia S.r.l.</i>	24,948,299
10. <i>Gorenje Slovakia Spol. S.r.o.</i>	18	10. <i>Gorenje Polska So. Z.o.o.</i>	13,241,631
11. <i>Gorenje Skopje, d.o.o.</i> <i>Makedonia</i>	12	11. <i>Gorenje UK Ltd.</i>	8,927,014
12. <i>Gorenje Budapest Kft.</i> <i>Hungary</i>	10	12. <i>Gorenje Slovakia Spol. S.r.o.</i>	8,247,113
13. <i>Goretrade d.o.o. Yugoslavia</i>	9	13. <i>Gorenje Skopje, d.o.o.</i> <i>Makedonia</i>	7,362,155
14. <i>Gorenje Koertnig Italia S.r.l.</i>	7	14. <i>Gorenje Budapest Kft.</i> <i>Hungary</i>	5,817,451
15. <i>Gorenje Beteiligungs GmbH</i> <i>Austria</i>	4	15. <i>Gorenje Bulgaria EOOD</i>	4,026,829
16. <i>Gorenje Bulgaria EOOD</i>	4	16. <i>Gorenje Sverige AB</i>	3,816,523
17. <i>Gorenje Sverige AB</i>	3	17. <i>Gorenje Belux S.a.r.l. Belgium</i>	1,859,747
18. <i>Gorenje UK Ltd.</i>	2	18. <i>Gorenje Beteiligungs GmbH</i> <i>Austria</i>	1,109,300
19. <i>Gorenej Belux S.a.r.l.</i> <i>Belgium</i>	2	19. <i>Goretrade d.o.o. Yugoslavia</i>	523,204
20. <i>Gorenje USA Inc.</i>	1	20. <i>Gorenje USA Inc.</i>	31,889
21. <i>Gorenje Pacific Pty. Ltd.</i> <i>Australia</i>	0	21. <i>Gorenje Pacific Pty. Ltd.</i> <i>Australia</i>	0

Source: Quoted from Duris, 2002.