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ENTRY MODES USED IN THE INTERNATIONALIZATION PROCESS OF AUTOMOTIVE ENTERPRISES

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Purpose: The main aim of the article is to identify and describe strategies for entering foreign markets and forms of serving these markets by automotive sector enterprises as part of the internationalization process. The secondary goal is to find links between these strategies, their forms and their importance for the overall course of internationalization of activities of the surveyed enterprises.
Design, methodology and approach: The article uses mixed research methods. The starting point was literature studies to determine the current state of knowledge in the research area and to formulate the problem. The research proper was conducted using a qualitative approach. The core consisted of case studies supported by data from secondary sources.
Findings: It is not possible to design a universal internationalization model for all enterprises in the automotive sector. Strategies adopted depend on many factors: general conditions of the country's economy and its size, level of technological advancement in production, capital resources, product range and vision of development. Therefore, the greatest similarities occur in the geographical layout. Asian, European and North American companies followed different paths of internationalization.
Research limitations and implications: The research expands knowledge about internationalization of automotive companies. It shows the context of the process, which makes it easier to understand the current balance of power and competitive structure in the automotive sector. The main limitation is that the research is not exhaustive. Relevant information and data are dispersed and their form often does not allow for objective comparisons. Therefore, it can be assumed with high probability that not all dependencies have been discovered.
Practical and social implications: Apart from the scientific community, this article can be recommended to management practitioners, especially executives responsible for strategic management. The development paths and solutions described here may help them make decisions on strategies and forms of entering foreign markets.
Originality and value: The originality of the research lies in the attempt to comprehensively describe the internationalization process: entry strategies, forms of serving markets and sequences of individual stages of proceeding on the global market. The conclusions and recommendations contained in the article allow for a better understanding of the mechanisms of building competitive advantage on the global market.

Keywords: internationalization, strategy, management, entry forms, entry modes.

Category of the paper: research paper.

1. Introduction

There are two basic ways of developing an international enterprise (Lee, Lieberman, 2009). The first is internal development, which takes place without involvement of other entities, and the second is external development during which the company engages in various forms of cooperation. In addition to various forms of cooperation with partners that are not direct competitors, an external development strategy may be implemented through cooperation with actual or potential competitors, i.e. a strategic alliance (Albers et al., 2016). It is also necessary to solve a critical dilemma: whether the company will choose the path of specialization or diversification of business (Kaulich, 2012). Another issue is the scale of operations. This means the need to choose whether the company is to operate on a regional, national or global scale (Verbeke, Asmussen, 2016). Choosing how to compete requires adopting an appropriate approach to customers and markets, which often comes down to choosing to compete based on costs or differentiation (Baker et al., 2016).

Yip's research (1996) proved that both the sector and the market in which a company operates may have global and local nature at the same time. Therefore, the strategy must be designed in a way that ensures optimal use of the potential of foreign markets and the potential of the enterprise itself.

The strategy should answer the question of how the company should proceed in order to gain and maintain the desired competitive position on the market (Mintzberg, Quinn, 1996). Strategic management is a response to the growing level of uncertainty in the business environment of enterprises (Baker, Bloom, 2016). It allows them to look for new methods of building competitive advantage because classic management concepts and methods turn out to be insufficient (Binnis et al., 2014; Kaplan, Orlikowski, 2015). A detailed analysis allowed McKiernan (1997) to distinguish four basic approaches to enterprise management: planning, evolution (learning), positioning and resource balancing.

The planning approach focuses on long-term planning in order to match the overall strategy of the company to its environment (Ansoff, 1965; Andrews, 1987; Grant, 1991; Stonehouse, Pemberton, 2002). The disadvantage of the approach is that uncertain and inaccurate input data may lead to wrong decisions (Stonehouse et al., 2001). The evolutionary (learning) approach assumes that the strategy will begin to emerge and develop spontaneously over time and the company will somehow cope on its own (Mintzberg et al., 1995). In fact, companies constantly adapt their strategies to their changing environments. The strategy therefore evolves rationally in response to the changes (Quinn, 1978). The positioning approach is associated primarily with the concepts of Porter (1980), in particular the general strategy, the five forces model and the value chain model. This approach is also called "external-internal" due to the objects of analyses (McKiernan, 1997). Critics of this approach (Rumelt, 1991) point out that it is static in nature, profitability of the sector does not have to determine profitability of the company,

it focuses on competition (not taking into account cooperation), and it puts emphasis more on the environment than on the company's competences. The resource balancing approach focuses on explaining relationships between the company's resources and its competitive advantage (Prahalad, Hamel, 1990; Barney, 1991; Barney et al., 2001; Krupski, 2006). The enterprise is treated as a set of resources and skills that build its strength and distinguish it from others (Obłój, 2007). This approach assumes the need to conduct an external-internal analysis of the company, and in this respect it is not an alternative but rather a complement to the positioning approach.

Nowadays, for an enterprise to be managed effectively, it must increase its strategic flexibility understood as the ability to adapt to changes in the environment (Shimizu, Hit, 2004). This element must be taken into account when choosing a development strategy. Choosing an appropriate strategy is one of the key choices for the enterprise, which determines its future operation. This is because the strategy defines a long-term perspective of activities in the areas of competition and resource management.

2. Research methodology

The study used a mixed two-stage research approach. The first part of the work included studies of the literature on the subject in order to determine the current state of knowledge in this area. The second stage included qualitative research. A research approach consisting of qualitative case assessment was used. The study included the following stages.

- Review of the literature: A thorough review of cohesive data sets items and scientific articles was conducted. Reputable databases were used to collect relevant literature, including Scopus, Web of Science. The literature covered the subject of international development of economies and enterprises, with particular emphasis on issues related to internationalization of business activities.
- Formulation of the research problem: The literature analysis revealed a research gap. It was found that there is a lack of research that describes the internationalization process in a comprehensive way against the background of the entire sector. This allowed for the formulation of the main and secondary goals. The main goal was to describe strategies of entering foreign markets and forms of serving these markets used by automotive sector enterprises in the internationalization process. The secondary goal was to show links between these strategies and forms and their importance for the overall course of internationalization of enterprises.
- Data and information collection: Data was obtained from various sources: international institutions, industry organizations, market reports, enterprise reports, press articles, websites.

- Data analysis: The collected data was carefully triaged and rigorously analyzed, taking into account the criterion of the purpose of the research. Where possible, the data was transposed in order to obtain systems enabling direct comparisons. Then, the classic assumptions of the qualitative research approach were applied.
- Results and recommendations: The article ends with conclusions and recommendations for business and researchers.

Limitations: The data used in the study is scattered. Its form and the method of data presentation often do not allow for objective comparisons. The data is also discontinuous in nature. This makes it difficult or completely impossible to track the development of many phenomena over time. This leads to the obvious conclusion that not all dependencies within the studied problem have been discovered.

3. The essence of internationalization strategies

A strategy can be understood as an integrated and coordinated set of activities undertaken to leverage core competencies and gain competitive advantage (Hitt et al., 1995; Johnson et al., 2010). This approach allows us to distinguish two basic types of strategies (Stabryła, 2000): baseline strategies and functional strategies.

Baseline strategies define in general how companies compete. These may be, for example, strategies based on cost, quality leadership/differentiation, head-on competition or market niches. The cost leadership strategy assumes that it is necessary to achieve higher cost efficiency than the competition (Gehani, 2013). It allows to offer a product at a lower price without compromising profitability. Economies of scale contribute to achieving cost advantage. The quality leadership strategy assumes that a standard product cannot satisfy the needs of many customers (Choon et al., 2000). There is a group of consumers who are ready to pay a higher price to get a product of higher quality, better suited to their needs or having unique features that make it stand out. The head-on competition strategy means competing openly in the company's sector. It involves confronting rivals by bringing a typical product to the market at a typical price. Competing based on this strategy is much more difficult when the company has relatively small resources. In this case, the market niche strategy often turns out to be a better choice. The market niche strategy (Noy, 2010; Schot, Geels, 2008) involves concentrating activities on a selected group of products (production concentration), geographic markets (geographic concentration) or a specific group of buyers (market concentration). It is often used by companies that do not want to directly confront much stronger rivals or compete on a highly competitive market.

Hill and Jones (2007) explain that functional strategies involve concentration of actions and programs within the enterprise (Sharma, Fisher, 1997), and their effect is the creation of value at lower costs or higher product prices. Adopting these strategies involves the need to modify operations of the enterprise. Functional strategies lead to the achievement of four goals: higher efficiency, better quality, more innovation and better fit to the market needs.

The strategy may be aimed at gaining sustainable competitive advantage for the company on foreign markets. To this end, it may be necessary to decide between differentiation and standardization. Adopting this criterion, Ansoff (1985) distinguished four such strategies: penetration, product development, market development, diversification. The following strategies can be distinguished in the context of international development (Yip, 1996):

- multinational,
- international,
- global,
- transnational.

The multinational strategy involves decentralization of decisions and delocalization of resources (Brock, Birkinshaw, 2004). Activities of foreign branches of the company are based on high autonomy and independent use of key competences and resources transferred from the parent organization. This strategy is based on strong differentiation of foreign sales markets served by individual branches. Their task is to adapt production for host country markets.

The international strategy means diversification in the product and in the country/market array (Hitt et al., 2016). Product diversification involves delivery of different, localized, product ranges by individual foreign branches. Country or market differentiation assumes the use of different locations for individual operational activities (different for supply, production and sales). The autonomy of international branches is much smaller than that of multinational branches. The global strategy is characterized by activities that are integrated and coordinated on a global scale. The products offered are standardized and sold relatively cheaply. This strategy is used in a competitive environment characterized by low requirements for adaptation to local sales markets and by strong pressure to reduce costs. Plants are located in regions with optimal conditions for production (e.g. cheap raw materials and labor, business-friendly host countries). The product is sold on as many foreign markets as possible. Global strategies are difficult to implement and require large financial resources, know-how and highly qualified staff, especially managers. Excessive centralization and standardization may result in slower adaptation to the changing competitive environment. The global strategy leads to poor adaptation of the product to the local context and causes strong pressure on costs (Stonehouse et al., 2001).

The transnational (supranational) strategy integrates the international and global strategies (Donaldson, 2009). It involves an attempt to coordinate and standardize activities both in the product matrix and in the country/market array. Transnational strategies show better adaptation to local requirements than global strategies. The main instruments for implementing

a transnational strategy are decomposition (dismemberment) of the company's value chain and geographical dispersion of functions and organizational units. It is also characterized by multidirectional flows of semifinished products, resources and information, as well as extensive cooperation with other companies (Stonehouse et al., 2001).

Global and transnational strategies are generally referred to in management practice as "global strategies" taking into account various levels of centralization or decentralization of decisions, functions, resources, etc. These strategies basically differ only in the flexibility of adaptation to local markets.

4. Modes of internationalization

Internationalization requires a decision on the adoption of an appropriate form of serving foreign markets. A frequently adopted criterion is the question how the company is supposed to invest its resources abroad. This approach is presented by Meissner (1981), for example. According to many researchers, including Caves (1982), Davidson (1982) and Root (1987), an important criterion for distinguishing forms of international expansion, in addition to the intensity of foreign involvement, is the level of control.

There is no unanimity in the literature on the number of forms of internationalization. For example, Buckley (1996) distinguishes export, non-capital (contract) cooperation and capital cooperation. Otta (1994), in turn, distinguishes export-import, cooperative links (capital, non-capital, strategic alliances) and running business independently. Certo and Peter (1998) point to four methods of foreign expansion: exports, licenses, joint ventures and direct investments, while Hill and Johns (2007) distinguish five: exports, licensing, franchising, joint ventures and direct investments.

The division of forms of internationalization into those requiring and those not requiring institutional location abroad was made by Dülfer (1992). He included in the first group direct and indirect exports, direct imports, barter trade, transfer of licenses, franchising and leasing, in the second group management contracts, delivery and construction of a turnkey plant, sales branches, assembly plants and manufacturing plants. Despite this great diversity of forms, literature often divides them into three basic ones:

- export entry modes,
- contractual entry modes,
- investment entry modes.

Each of these forms may be the best option under certain conditions. The choice of an appropriate variant on a specific foreign market depends, among other things, on the environment of the host country and assumptions of the overall expansion strategy.

4.1. Export

According to the evolutionary model of the internationalization process (Johanson, Wiedersheim-Paul, 1975; Johanson, Vahlne, 1990), the first and simplest form of entering a foreign market is export. It is most often undertaken when the internal market gets saturated and sales decrease. Export activity usually begins with the sale of a product made in the home country on foreign markets (Buckley, 2002). Using an existing distribution network may help reduce expansion costs. Another option is direct sales on foreign markets through a local agency. Taking into account organizational criteria, exports may be divided into indirect and direct ones.

Indirect export involves the company selling its own products to an intermediary or transferring them to a commission agent. A domestic exporter or a domestic branch of a foreign importer may be the intermediary. Foreign distribution channels of another domestic manufacturer may also be used for this purpose. The simplest form of export is that with a distributor (dealer). The distributor acts on its own account and on its own behalf. The risk is greater when exporting on own account but there is more control. Direct export may be effected through a branch or subsidiary. Direct export provides greater opportunities to manage and control the course of transactions and foreign marketing plans (distribution, prices, promotion, service), better brand protection and feedback. However, it involves higher costs and risks. The choice of an appropriate form of export depends on its value, volume, share in global sales, product nature, competitive environment, and host countries' trade policies (Rymarczyk, 2000).

For car companies, export is usually the first form of foreign expansion. It allows to recognize needs and sizes of foreign markets without having to incur high costs and risks. If a bad decision regarding market selection is made, the company may quickly withdraw from it. Exporting, however, means relatively low profit and little control. Indirect export is usually the first choice. It is a good solution for companies that are just entering a specific foreign market and do not have sufficient knowledge about it. It minimizes political and economic risk and allows to start foreign sales without additional expenses. Indirect export channels were used by Fiat, among others. Fiat sold Alfa Romeo cars in the USA through the distribution network of the local manufacturer, Chrysler. Thus, the Italian manufacturer gained access to the US market without having to organize export on its own, which would be unprofitable given small sales. Japanese companies also used distribution channels of local manufacturers on the North American market. Toyota and Suzuki cars were sold by GM, Mazdas by Ford, and Mitsubishis by Chrysler. This form is usually used in the initial phase of internationalization and when the sales volume is small. As knowledge about foreign markets increases, enterprises strive to more actively penetrate them. Indirect export isolates the manufacturer from the target market and prevents it from pursuing its own export strategy. That is why car companies most often choose direct export channels.

In fact, sales systems of automotive companies are very complex. An example of Toyota's distribution channel system is shown in Figure 1.

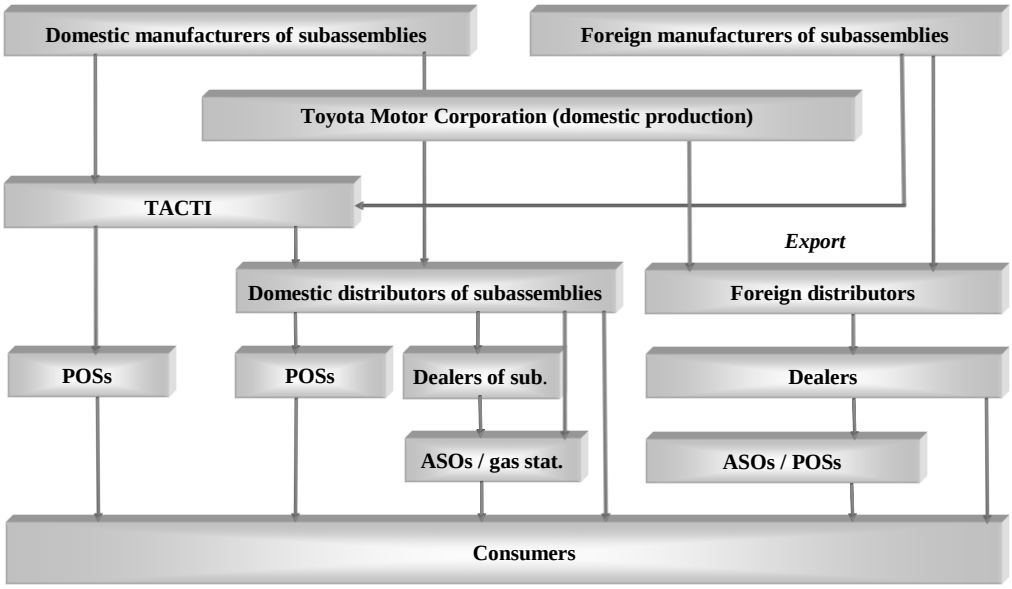

Figure 1. Foreign and domestic distribution channels of Toyota Motor Corporation.

Source: Toyota Motor Corporation, 2002, p. 67.

Toyota uses direct export channels to sell products abroad. They are sold to foreign distributors or transferred to foreign branches or subsidiaries. Then, the products are sold to local dealers who sell cars directly to retail customers or place them in their distributed sales outlets.

Toyota Motor Corporation is currently the largest car manufacturer in the world. In 2020, it sold 9 million vehicles of which only 25% on the home market. Toyota is therefore characterized by a very high level of sales internationalization. Figure 2 illustrates this.

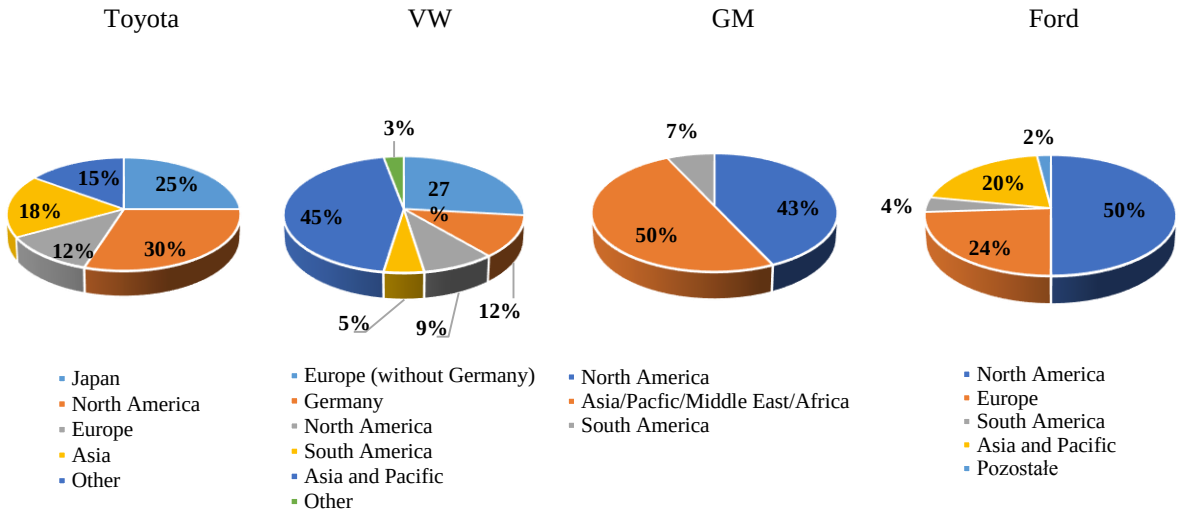

Figure 2. Sales of Toyota Motor Corporation, Volkswagen Group, General Motors Company and Ford Motor Company by region in 2020.

Source Toyota Motor Corporation, 2020a, p. 4; Volkswagen AG, 2021, p. 106; Ford Motor Company, 2022, p. 4.

North America, mainly the US (approx. 90%), is the region with the largest share of sales of Toyota vehicles. Asia, including China with a 62% share in 2021, is the next largest market. Other important Asian markets are Indonesia, Thailand, the Philippines and Taiwan. In Europe, where approximately 18% of Toyota's global sales were made, the largest markets were the UK, Russia, France, Italy, Germany and Spain. The sales in these countries ranged from 67,000 to 114,000 vehicles. In Latin America, the Brazilian market is the most important for Toyota, with sales exceeding 134,000 cars, and the Argentinean market, with sales exceeding 51,000 (Toyota Motor Corporation 2020b).

The direct competitor of Toyota, the Volkswagen Group, the world's second and largest European car manufacturer, has a completely different sales structure. The European market is very important for Volkswagen: every fourth car is exported there and, including Germany, Europe accounts for almost 40% of VW's global sales. VW has a significantly lower share than Toyota in the North American markets, but a very strong presence in the Asia-Pacific markets (44% of the total sales). The data provided in Table 1 allows for a more thorough analysis of the directions of VW's commercial expansion.

Table 1.
Sales of VW passenger cars by region in 2020

Region/country	Number of cars sold
Western Europe, including:	**2,848,861**
Germany	1,065,811
France	222,522
UK	409,064
Italy	239,167
Spain	213,700
Central and Eastern Europe, including:	**652,813**
Czechia	112,589
Russia	221,811
Poland	126,883
North America including:	**784,299**
USA	574,822
Canada	83,531
Mexico	125,946
South America including:	**440,326**
Brazil	336,773
Argentina	57,555
Asia Pacific including:	**4,110,782**
China	3,844,679
India	28,423
Japan	66,935
Other markets including:	**278,104**
Türkiye	121,129
South Africa	64,693
Total worldwide sales:	**9,115,185**

Source: Volkswagen AG, 2021, p. 106.

The most important European markets for VW, apart from Germany, are France, UK, Italy and Spain. This manufacturer's share in the North American market is significantly lower than Toyota's and amounts to 9%. VW has a relatively small share in the South American market

(5%). However, the Asia-Pacific market is of great importance, with the share of VW's global sales amounting to 44%. This is a result of VW's very strong position on the Chinese market, where it sells almost 94% of its production for this region.

Foreign sales are also an important element of the company's international development strategy for the largest American car manufacturer, General Motors (GM). After the sale of Opel, a part of GM's portfolio since 1929, the American car manufacturer has been practically absent from Europe since 2017. It sold only 1,000 vehicles on this market in 2020. GM sold 37% of its vehicles on its home market, and even more in China – 42%. GM sells as much as half of its cars to Asia-Pacific, Middle East and Africa. Meanwhile, the share of South America in the total sales volume is 7%.

Another American manufacturer, Ford Motor Company, made half of its sales on the North American continent in 2020, of which 44% in the home country. Unlike for GM, the European market is very important to Ford, where it sells approximately every fourth car it manufactures. The Asia-Pacific market is also of great importance to Ford. This region accounts for approximately 20% of its global sales, with the Chinese market being by far the most important, accounting for 15% of Ford's global sales volume.

These data from the largest car manufacturers in the world, located on three different continents, show that sales on foreign markets are in each case higher than on the home market. This shows the importance of internationalization in the strategies of these companies and their high level of internationalization of commercial activities.

The sales structure is largely determined by the size of the home market. American companies, whose home market is very large and absorbent, started to export on a large scale relatively late. The small size of domestic European markets forced earlier and more dynamic expansion. Japanese manufacturers turned to exporting because of the relatively small size of their domestic market, but also thanks to their huge potential.

Their export strategies contributed to Japan achieving the status of the third car manufacturer in the world at the end of the 1960s, and in 1971 it was already the second place with over 3.7 million cars. Exporting remained the dominant form of expansion for Japanese companies in the 1970s and 1980s. In 1976, Japan already exported more than half of the vehicles produced in this country, and in 1980 it became the largest manufacturer and exporter of cars. Export was the dominant form of international relations of Japanese companies until the end of the 1980s. In the early 1990s the Japanese were hit by a simultaneous decline in demand on the domestic market and a sharp decline in export sales. This was primarily due to the strengthening yen exchange rate.

4.2. Contractual cooperation

Contractual cooperation is sanctioned by appropriate cooperation agreements between enterprises, during which there is no pooling of capital. This criterion is met by license agreements, franchise agreements, management contracts, turnkey investment contracts, sub-delivery contracts and contractual joint ventures.

One of the most important forms of cooperation is licensing (Stonehouse et al., 2001). Licensing agreements cover a variety of contractual arrangements under which the licensor makes its intangible property available to the licensee for a fee. These may be patents, know-how, technologies, trademarks, names, utility models or decorative designs. The transfer of rights is usually accompanied by services provided by the licensor to facilitate their proper use (Root, 1987). Licenses for the use of technologies are of the greatest importance in international trade.

License agreements are concluded when the target market is protected by high entry barriers. This is also an appropriate approach to markets with high economic or political risk. Since selling licenses is generally less profitable than selling one's own products, licenses are granted when the following obstacles are faced (Rymarczyk, 1996):

- trade barriers (tariff and non-tariff),
- high transport costs,
- host country's risky political environment,
- host country's reluctance,
- no economies of scale due to market size,
- high costs of product adaptation,
- product maturity on the home market,
- lack of capital for other forms of expansion.

The advantages of licensing include low employment and capital requirements, which reduce expansion costs. This form offers a faster return on R&D expenditure and generates additional income when, for any reason, the company cannot manufacture locally. Important benefits include the ability to access risky or highly protected markets.

The sale of licenses also involves certain limitations. There is, among other things, the danger that the licensee could supply products of inferior quality. This is particularly important when they are manufactured under the licensor's brand. Another unfavorable result is that the licensee, after acquiring knowledge and experience, may become a major rival of the licensor in the future. For this reason, licensing agreements often contain clauses that define markets in which licensees may operate and areas in which product improvements may be made.

Cooperation agreements in the automotive sector are most widely represented by license agreements. They have been concluded since the very beginning of the automotive industry. For example, Daimler granted as many as 1,900 licenses to European and American

manufacturers for the engine it designed at the end of the 19th century. These rights were used, among others, by Armand Peugeot and Panhard-Levassor to introduce their own gasoline engines. Large-scale licenses for the manufacture of complete cars were granted to Japanese companies by American manufacturers. Examples include licenses for Nissan (Austin A40), Isuzu (Hillman Minx), Hino (Renault 4CV) and Mitsubishi (Jeep under the license from Kaiser).

Licensing is important in the initial phase of internationalization. It enables acquisition of essential competences. For example, Isuzu did not have sufficient technological experience in manufacturing cars, so it had to rely on licenses. Licensing agreements allowed this Japanese company to use the licensors' technologies, patents, know-how and other intangible assets for a certain period of time. Using the learning effect, Isuzu achieved a level of skills and know-how sufficient to design and make passenger cars. The company also used this acquired knowledge to improve the process of manufacture of trucks and diesel engines. Interestingly, Isuzu does not have a policy of selling licenses.

Fiat initiated its presence on the Polish market with licensing in 1931. It was also the first time in the history of the Italian manufacturer that a license to manufacture cars abroad was granted. Also under license agreements, passenger cars were manufactured in Poland in the 1970s and 1980s under the "Polish Fiat" brand. At the same time, Fiat granted licenses to companies in Spain (Seat), Turkey (Tofas, Otobus Karoseri), Yugoslavia (ZCZ, TAM) and Egypt (El Nasr Automotive Manufacturing Company), and previously for Yugoslav Zastava and Russian Lada. Romanian Dacia manufactured cars under license from Renault.

The international expansion of Fiat's Iveco truck brand largely involved establishing joint ventures with, and licensing of, local entities. In this way Fiat marked its presence in China, Turkey and India. Iveco cars in Turkey were manufactured under license by Tofas, a company affiliated with Fiat. In India, Ashok Leyland, a company related to Iveco, manufactured and sold over 30,700 cars in 2000. Additionally, licenses for trucks were granted to countries in Eastern Europe, Asia, Middle East, Africa, Latin America and Australia. Acquiring rights (licenses) to use Fiat's trademarks required paying license fees. The fee for the Fiat brand was 0.5%, and for Iveco 0.2%, of the sales value.

In 1995, South Korean Samsung Heavy Industries Co. Ltd. established Samsung Motors Inc., thus entering the automotive sector. Because the company did not have any experience in building cars, it purchased a license from Nissan. This ended in failure and in 2000 Renault Samsung Motors, a company established especially for this purpose, bought 70.1% of the shares of the Korean company. This is how Renault acquired a modern factory, R&D center, national distribution network and rights to use the Samsung brand, which has a very good reputation in Korea, for 10 years.

When the license expires, cooperation may take another form. The alliance between British Leyland (later Rover) and Honda was a consequence of the license agreement concluded between the companies in 1979 for manufacture of Japanese Honda Ballade in the UK, called Triumph Acclaim there.

4.3. Foreign direct investments

Foreign direct investments (FDIs) are considered the most advanced form of internationalization. They involve investing capital in business entities outside homeland in order to obtain full and lasting influence on management as well as earnings and distribution of profits. This form is characterized by the highest degree of control among those discussed. FDIs are a channel for moving company resources across borders in order to use them effectively. The transfer of financial, technical and physical resources and „knowledge assets" of an enterprise to a foreign host country in the form of a self-controlling venture enables a fuller use of competitive advantage on this market.

When entering a foreign market, the investor may choose between a greenfield investment, joint venture, merger or acquisition. This means expanding the company externally through acquisition of, or merger with, other entities in the host country.

One of the most important motivations for undertaking FDIs in the automotive sector is access to cheaper means of production and new markets. This thesis is confirmed by observation of investments made by Japanese, European and American manufacturers. In the automotive sector, due to the high share of fixed costs and expenditure on R&D, there is a need for strong concentration of production. A typical plant is profitable only when making approximately 100,000 vehicles per year. The choice of foreign investment as a form of entry is often determined by the host country's regulations. The import of cars and components is strongly limited in many developing countries, so the only form of presence there is direct investment. In some cases, the organizational form and/or ownership structure is also a consequence of state interventionism. For example, in Mexico and China foreign car manufacturers were not allowed to set up solo ventures and majority shares in joint ventures had to be held by local owners.

FDIs of automotive companies take two basic organizational forms: an independent fully controlled branch (solo venture) and cooperation with partners (joint venture). A solo venture gives the owner full control but carries greater risk. The strategic success of a joint venture depends on the selection of the right partner for cooperation, clear specification of goals and proportional distribution of risk among the partners. The most important benefits of a joint venture include lower transaction costs, economies of scale and bypassing barriers to entry to blocked markets.

The automotive sector often uses joint ventures to internationalize. This is usually the case where one partner has a specific product and is trying to introduce it to a foreign market, while the other has privileged access to it. For this purpose, Renault entered into a joint venture

with Mexican semi-truck manufacturer Diesel Nacional SA (DINA). The Renault Mexicana company was established, the purpose of which was to assemble and sell jointly produced Renault R5 and R12 cars on the Mexican market. The joint venture was for the French company an alternative to exporting and running the business independently. The choice of the joint venture instead of a solo venture was due to the lack of knowledge of the realities of the local market and cultural barriers, among other things. For the Mexican partner, the manufacture of passenger cars without cooperation would not be possible because of insufficient technical competences and resources. Toyota also often uses joint ventures as a form of foreign direct investment in its expansion (Table 2).

Table 2.
Organizational forms of Toyota Motor Corporation's direct investment on foreign markets

Region	Country	Company	Form
North America	Canada	Canadian Autoparts Toyota, Inc.	●
		Toyota Motor Manufacturing Kanada, Inc.	●
	USA	Bodine Aluminium, Inc.	●
		Nwe United Motor Manufacturing, Inc.	▲
		TABC, Inc.	●
		Toyota Motor Manufacturing, Alabama, Inc.	●
		Toyota Motor Manufacturing, Kentucky, Inc.	●
		Toyota Motor Manufacturing, Indiana, Inc.	●
		Toyota Motor Manufacturing, West Virginia, Inc.	●
Latin America	Argentina	Toyota Argentina S.A.	▲
	Brazil	Toyota do Brasil Ltda.	▲
	Columbia	Sociedad de Fabricacion de Automotores S.A.	▲
	Wenezuela	Toyota de Venezuela Compania Anonima	▲
Europe	Czechia	Toyota Peugeot Citroën Automobile Czech	▲
	France	Toyota Motor Manufacturing France S.A.S.	●
	Poland	Toyota Motor Manufacturing Poland Sp. z o.o.	●
	Portugal	Salvador Caetano	▲
	UK	Toyota Motor Manufacturing Ltd.	●
Africa	Kenya	Associated Vehicle Assemblers Ltd.	○
	South Africa	Toyota South Africa Motors Ltd.	▲
Asia	China	Sichuan Toyota Motor Co., Ltd.	▲
		Tianjin Toyota Motor Engine Co., Ltd.	▲
		Tianjin Fenjin Auto Parts Co., Ltd.	▲
		Tianjin Toyota Forging Co., Ltd.	●
		Tianjin Toyota Motor Co., Ltd.	▲
		Tianjin Jinfeng Auto Parts Co., Ltd.	▲
	Indonesia	P.T. Toyota-Astra Motor	▲
	Malaysia	Assembly Services Sdn. Bhd.	●
		T & K Autoparts Sdn. Bhd.	▲
	Philippines	Toyota Autoparts Philippines, Inc.	▲
		Toyota Motor Philippines Corporation	▲
	Taiwan	Kuoziu Motors Ltd.	▲
	Thailand	Siam Toyota Manufacturing Co., Ltd.	▲
		Hino Motors Thailand Co., Ltd.	▲
		Toyota Auto Body Thailand Co., Ltd.	▲
		Toyota Motor Thailand Co., Ltd.	▲
	Vietnam	Toyota Motor Vietnam Co., Ltd.	▲

Cont. table 2.

Oceania	Australia	Toyota Motor Corporation Australia Ltd.	●
S-E Asia & M. East	Bangladesh	Aftab Automobiles Ltd.	○
	India	Toyota Kirloskar Motor Ltd.	▲
	Pakistan	Indus Motor Company Ltd.	▲
	Türkiye	Toyota Motor Manufacturing Turky Inc.	▲

● – 100% Toyota capital ▲ – *joint venture.*
○ – 100% local capital.

Source: Toyota Motor Corporation, 2002, p. 25.

Joint venture is sometimes treated as a means of sharing non-obvious or difficult to codify skills. These premises underlay the idea of cooperation between GM and Toyota: the New United Motor Manufacturing (NUMMI) company. The agreement was concluded in order to jointly manufacture cars developed by Toyota under two brands. This joint organizational unit was supposed to absorb competences (knowledge, skills, experience) of the Japanese partner. Solo ventures do not have such merits. Instead, they offers a higher degree of control. They are not used on markets where there are constraints from host country policy, or where there is a concern that market knowledge is too scarce. The choice of the form of a direct investment is therefore determined by various factors.

When locating an investment on a selected market is not possible, strategically similar markets become an alternative. The Chinese government's ban on new joint ventures prompted GM to invest in India together with a local partner, Hindustan Motors. Fearing that GM would become too strong on the Indian market, German companies also made direct investments: Daimler-Benz established a joint venture with Tata Engineering and Locomotive, VW allied with Eicher Motors, French PSA with Premier Auto Mobiles, and Renault SA with Mahindra & Mahindra Limited (The Economist, 1994).

Most decisions on the location of investments in the automotive sector had two basic motives. Investments are made in developed countries to tap into their absorbent markets, as well as in countries with low production costs, to take advantage of their comparative advantages. Fiat's investments were primarily driven by the latter motive. It placed its production facilities in the form of solo ventures in Brazil, Argentina, India, Turkey and established many joint ventures in these and other countries. Its investments in Poland were of a similar nature.

Isuzu's investments in South-East Asian countries were also associated with obtaining cheap means of production. The company's investments in Thailand, China, Indonesia, Philippines and Taiwan were intensified in the late 1980s and the choice of locations, in addition to cheap labor, was also determined by short distance from the home country and negligible cultural differences (Sitek et al., 2000).

Faced with increasing competition and high saturation of mature markets, manufacturers are looking for new ones. They recognize the need to be present on markets that will become crucial for their global competitive position in the future. In this case, decisions about the placement of plants in specific countries may be made even if they are not yet economically rational. For example, none of the eight foreign car companies investing in China made a profit in 1997, and only half of the 1 million cars manufactured locally were sold there. This figure represented only one fifth of the German market at that time (The Economist, 1997).

Toyota decided to use foreign investments to intensify their expansion onto global markets. At the end of the 1990s, the most ambitious investment project in the history of the global automotive industry was implemented, with the total expenditure planned at $ 16 billion. In the USA, the popular light truck segment was attacked because the market share of 8% was considered too low. Toyota also decided to intensify investments in Europe where it had just a 2.5% market share. The company began to develop B segment cars in this region together with French PSA. Czechia was chosen as the investment location.

The best measure of FDIs is the size of investment flows. In the absence of such data, it seems that the next measure is the value of assets located outside the home country. The scale of a company's FDIs may also be evidenced by the number of manufacturing and R&D units located outside its homeland. For car companies, they always involve a huge capital commitment and are associated with high risk. Decisions to make such investments have a long-term impact on the capital, production and employment structure and are always based on in-depth analyses. Toyota's FDI scale is shown in Table 3.

Table 3.
Locations of manufacturing plants and R&D units of Toyota Motor Corporation

Units in Japan		**Units outside Japan**		
Manufacturing	***R&D***	***Region***	***Manufacturing***	***R&D***
16	8	Asia	26	4
		Europe	7	3
		North America	13	5
		Other	7	-

Source: Toyota Motor Corporation, 2020a, p. 4.

The table shows that Toyota has more than three times as many manufacturing plants outside its home country as in Japan (53 and 16, respectively). Toyota also has more other units outside Japan (12 and 8, respectively). The usefulness of this type of information for analyzing the level of internationalization of a given company is, however, limited, because it does not say anything about the scale of capital involvement, production potential or employment level.

Therefore, such an analysis should be supplemented with these values. For example, for Toyota, whose total production volume in 2020 was over 7.5 million vehicles, the production structure is shown in Figure 3.

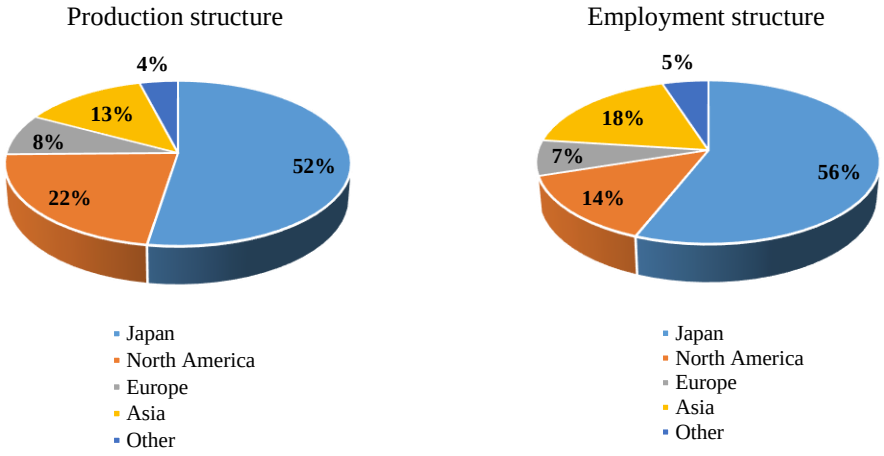

Figure 3. Production and employment structures of Toyota Motor Corporation in 2020.
Source Toyota Motor Corporation 2020a, p. 4.

The analysis of the data contained in Table 2, supported by the analysis of the production structure presented in Figure 3, justifies the conclusion that, on average, the manufacturing plants located outside Japan have a much lower production potential than the domestic ones. All Toyota's foreign units make fewer cars than the three times smaller number of domestic units. The FDI analysis can be enriched with an analysis of the employment structure. FDIs require a lot of employees, especially in manufacturing sectors. Toyota had over 366,000 employees in 2020, most of them in Japan (56%). The proposed method of analyzing the employment structure, in connection with the analysis of the production structure, from a methodological point of view, enables formulating hypotheses about higher or lower efficiency of foreign manufacturing plants (also on a regional basis) and efficiency of the use of human resources.

4.4. Mergers and acquisitions

A company's growth strategies can generally be of two types: internal growth or external growth (Lee, Lieberman, 2009). Internal growth consists primarily in expanding the company's potential. An alternative to internal growth is external growth, for example through mergers and acquisitions.

A merger occurs when two (or more) companies combine by contract to create a new company. A feature of merger is the voluntary cooperation of partners, usually similar in size, with the aim of achieving synergy. In business practice it is more frequent that one entity takes over ownership of, and management control, over the other.

Mergers and acquisitions have been used in the automotive sector as a development strategy almost from the very beginning of its existence. Car manufacture was initially artisanal in nature. Many car manufacturing companies were established in Europe. World War I gave a strong stimulus for the development of the sector. After the war, due to drastic lack of capital, an intensified process of concentration began in the sector, as a result of which weaker

enterprises were taken over by larger ones. The concentration of capital was necessary to defend the European sector against Ford whose mass production system allowed them to offer cheaper cars. One of the first acquisitions in the UK was made by GM who took over Vauxhall in 1925. Apart from the British market, concentration was very strong in France. Using Ford's experience, French companies were the first in Europe to start the process of product standardization, which allowed for a significant reduction in production costs and thus car prices. Citroën was the pioneer of this approach. For example, Citroën's production in 1919 was 100 cars a day, and in just 7 years it increased fivefold. Three French companies – Citroën, Peugeot and Renault – accounted for over 50% of the total car manufacture in this country already in the 1920s.

Italian industry suffered from a deep technological gap at that time. Under these conditions, completely integrated production was necessary, carried out on a mass scale and based on huge capital. As much as 80% of the domestic market was controlled by only one company, Fiat, already in the early 1920s.

In the mid-1920s there were as many as 86 companies on the German market manufacturing almost 150 different models, a total of approximately 30,000 vehicles per year. Car production in Germany was very dispersed then. Strong competition resulted in bankruptcy of many weaker companies, as well as numerous mergers and acquisitions. The merger of Daimler and Benz in 1926 is an example. A significant increase in German production occurred only after the stage of market concentration, which allowed achieving economies of scale and offering clients cheaper, and therefore more accessible, products. Opel already had an established position at that time, while BMW and DKW were starting their operations.

Despite dynamic development of the European sector in the late 1920s, its global production accounted for only 12% of the output of American companies. This example shows the different levels of maturity of the American and European industries at that time. The examples presented clearly show that strong concentration of capital and production was a prerequisite for development of the sector. This sector is highly capital-intensive, which necessitates mergers or taking control of weaker rivals in order to acquire new markets and take advantage of the economies of scale.

The young European car industry was further changed by the Great Depression of the 1930s. That period marked the end of their existence for a vast majority of French companies. However, starting from 1936, enterprises that survived the recession began to gradually increase their output. The crisis severely undercut the domestic production also in Germany. The market's defensive reaction was mergers, an example of which was the establishment of Auto Union AG which acquired Audi, Horch, Wanderer and DKW in 1932. The crisis caused significant changes in the competition structure also in Italy. Smaller and weaker companies were taken over by Fiat or, like OM, by Alfa Romeo, while Isotta Fraschini came under state control. The Italian market, protected by high customs barriers, offered favorable conditions for Fiat to strengthen its position.

The next stage of concentration in the sector took place at the end of the 1950s. The four largest manufacturers then had a 90% share in the domestic production. Mergers and acquisitions that had previously taken place in other European markets also reached the UK with some delay. The dispersion of production in this country (in the mid-1940s there were over 30 different brands) was the direct cause of low competitiveness of British companies, especially in comparison to French and German ones.

The primary goal of mergers and acquisitions is to improve competitiveness as a result of achieving synergy. It seems that the economic dimension is the most important one in this context. However, such situations, apart from economic problems, often also trigger emotions in society. The reason for the failure of the merger between Citroën and Fiat, prepared in the 1960s, was the protest of Citroën's French shareholders. However, the candidacy of domestic Peugeot was accepted six years later.

The concentration of the automotive sector accelerated significantly in the 1970s. For example, almost all Italian car companies came under Fiat's control in Italy: Autobianchi in 1967, Lancia in 1968, Ferrari in 1968, Alfa Romeo in 1986, Maserati and Innocenti in 1996. Ford, on the other hand, took over British Aston Martin Lagonda (1987) and Jaguar (1989). Seat was taken over by VW in 1986 and Czech Škoda followed the pattern five years later. Ford took over the passenger car division of Swedish Volvo in 1999 (currently the brand is owned by a Chinese concern).

There is high operational risk associated with mergers. For example, the merger of Daimler-Benz and Chrysler heralded the beginning of the world's great automotive power, the fifth largest global player in terms of production. The partners had complementary contributions and a complementary market offer. The merger ended in failure in 1998. The reason was strategic mismatch and inability to achieve the intended goal. Chrysler was purchased from DaimlerChrysler by Cerberus Capital Management, one of the largest American investment companies, in 2007.

For the American industry, as for the European one, the crisis of 1929 had very serious consequences. It triggered the process of capital concentration. As a result, a vast majority of the seventy companies operating at that time went bankrupt or were taken over by stronger rivals. After the crisis and a period of relatively steady growth in the sector, demand dropped again during World War II. Only after its end the sector started to grow – on a scale unprecedented in the global economy. Production increased from approximately 2.15 million vehicles in 1946 to 6.6 million in 1950. The motorization index in the USA reached 226, which is more than five times higher than in the UK (46), the most motorized European country at that time. Demand in the US stabilized at 5-6 million per year in the 1950s and 1960s. The market was dominated by GM, Ford and Chrysler.

The Japanese car industry started to develop much later than the American and European ones – in the late 1940s, from a very low level. The first strong increase in production occurred in the late 1950s, mainly owing to Subaru, Suzuki and Mazda. Then, good economic situation

of the Japanese market allowed for significant investments in new technologies. That was reflected in a dynamic growth of the productivity index which reached a level higher than that of the West in a short time.

The automotive sector is subject to constant and very dynamic changes, especially in terms of control. A huge number of agreements (contractual and strategic), bankruptcies, takeovers and mergers are intra-sector factors responsible for these changes. However, changes in control are also, to a large extent, a result of changes in the balance of economic forces on individual local and regional markets and, ultimately, on the global market.

As a consequence of these changes, some brands disappeared from the market, including Mercury, Oldsmobile and Pontiac, some changed hands, for example Jaguar, Volvo, and others were created, for example Cupra and DS. The until recently Swedish Volvo is now owned by a Chinese company. Jaguar, the British prestigious manufacturer of luxury and sports cars, was acquired by American Ford in 1989, and in 2008 it was sold to Indian Tata Motors. Cupra, in turn, is a sub-brand of VW, which covers cars from Seat. It is positioned as a sports brand. DS is a French concern, manufacturer of premium cars in the PSA group. It was founded by Citroën in 2009 and then served as a sub-brand tasked to introduce more luxurious models of this manufacturer's cars. It has been an independent brand since 2015.

Many brands changed ownership many times as a result of mergers and acquisitions. In order to illustrate the current situation, Table 4 summarizes the most important car corporations and the brands they own.

Table 4.
Selected car corporations and their key brands

Corporation	Brand
BMW Group	Alpina, BMW, Mini, Rolls-Royce
Ford Motor Company	Ford, Lincoln
General Motors Company	Buick, Cadillac, Chevrolet, GMC
Honda Motor Corporation	Honda, Acura
Hyundai Motor Group	Genesis, Hyundai, Ioniq, Kia
Mazda Motor Corporation	Mazda
Mercedes-Benz Group	Mercedes-Benz, Mercedes-EQ, Mercedes-Maybach, Smart (with ZGH)
Nissan Motor Corporation	Infiniti, Nissan
Stellantis N.V.	Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS Automobiles, Fiat, Fiat Professional, Jeep, Lancia, Maserati, Mopar, Opel, Peugeot, Ram, Vauxhall
Subaru Corporation	Subaru
Tata Motors	Jaguar, Land Rover, Tata
Tesla, Inc.	Tesla
Toyota Motor Corporation	Daihatsu, Toyota, Lexus
Volkswagen Group	Audi, Bentley, Bugatti, Cupra, Lamborghini, MAN, Neoplan, Porsche, Volkswagen, Scania, Seat, Skoda
Zhejiang Geely Holding Group (ZGH)	Lotus, Polestar, Smart (with Mercedes-Benz Group), Volvo

Source: Own study.

One of the largest mergers in the history of the sector took place recently. In early 2021, PSA Group[1] and FCA[2] decided to join on a fifty-fifty basis in a project that resulted in the emergence of a new entity: Stellantis N.V. based in Amsterdam (The Wall Street Journal, 2020). In terms of global sales, Stellantis was the fifth manufacturer in the world in 2021, behind Toyota, VW, Hyundai and GM. At the time of the merger Stellantis had over 300,000 employees, more than 130 national markets and manufacturing plants in 30 countries.

Initially, this merger was to include other partners. FCA sought to merge with the French Renault Group. However, the position of the French government (holding over 15% of the shares in Renault) and the stance of Nissan controlled by Renault (holding 15% of the shares based on an exchange of shares with Renault) made FCA abandon this concept, treating it as a harbinger of future problems (The Economist, 2019). Given these facts, FCA proposed a merger with another French concern – the PSA Group. The aim of the merger was to create the fourth largest player on the global market in terms of production volume and to achieve a reduction in overall costs by EUR 3.7 billion as a result of the economies of scale. This amount was later increased to EUR 5 billion (Wayland 2020). It was also declared that there was no intention to liquidate any of the 14 brands of the proposed organization. The name "Stellantis" would only be used to identify the corporate entity, while the existing brand names and logos would remain unchanged. The European Commission approved the merger in December 2020, imposing minimum restrictive measures to preserve competition in the sector (European Commission, 2020). At the same time, in accordance with applicable law and International Financial Reporting Standards (IFRS), which require identification of the acquirer and the acquiree, it was recorded for accounting purposes that these were PSA and FCA, respectively.

4.5. Strategic alliances

The internationalization strategy may also take the form of a strategic alliance. The concept of "strategic alliance" is not clearly defined in the literature on the subject. Some authors call it a type of cooperation between enterprises that cannot be implemented in the form of contractual agreements combining contractors and subcontractors into an "extended enterprise" or "constellation of enterprises", but this term is also used to describe "friendly" buyouts and mergers. The definition of "alliance" as a joint venture in which one of the partners aims to obtain a better competitive position in the partner's country was used in their research by Harrigan (1988); Lyles (1988); Doz, Hamel, Prahald (1989); Bleeke, Ernst (1993); Romanowska (1997). Strategic alliance is often called an agreement between two or more enterprises established in order to implement a common project or conduct a specific activity

[1] PSA (Peugeot Société Anonyme) was established in 1976 as a result of Peugeot taking over Citroën after its bankruptcy.

[2] FCA (Fiat Chrysler Automobiles) was established in 2014 as a result of the takeover of the American Chrysler by the Italian Fiat. FCA's brands include Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Lancia, Maserati and Ram.

(Garrette, Dussauge, 1996). Currently, there is no such strong emphasis on the need for competition between alliance partners. Cygler (2002) showed in her research that agreements between entities that are not direct rivals may also have the nature of strategic alliances.

The work adopts the definition by Garrette and Dussauge (1996), according to which strategic alliances are agreements between enterprises that are actual or potential competitors, which aim to jointly implement a project or conduct a specific activity while coordinating competences, means and necessary resources in order to provide a better competitive position to each partner participating in the agreement, merger, assignment or acquisition of an area of activity.

Terpstra and Simonin (1993) showed in their research that the automotive sector is characterized by the largest number of alliances, after the computer hardware sector. They are established to achieve a certain common strategic goal, so competition in this area is suspended. However, the cooperation agreement strictly defines the scope of information and technology transfer, because the alliance partners still remain competitors outside the cooperation area and act independently when implementing their own projects. Alliances in the automotive sector are most often established to achieve synergy (Krzyżanowski, 1994). The best result is achieved when weaknesses of one ally are made up for by strengths of the other.

In the automotive sector there are two basic types of strategic alliances. One of them involves connecting the same or different links in the value chain. Connecting the same links in the chain, for example R&D or manufacturing, is done to enhance the economies of scale. Alliances were established to jointly manufacture cars between Toyota and General Motors (New United Motor Manufacturing, Inc. – NUMMI) and between Fiat and Peugeot (manufacture of the Ducato semi-truck), for example. The main advantage of such an alliance is shortening the time needed to develop new technologies and products. Another feature is the faster joint achievement of the potential necessary to take action to increase combined market share at the expense of competitors. Connecting distribution channels and services serves a similar purpose. In addition to the benefits of increasing the market share, this strengthens the position of one customer over another.

The second type of alliance involves combining different links in the chain and various competitive advantages of allies, allowing the use of the partner's key competencies. An example of such alliance logic is the cooperation of a company with skills and experience in the manufacture of a specific product range with a company with key competences in the area of sales and service. These were the characteristics of the Fiat-Chrysler alliance. The cooperation involved importing Fiat's sports brand, Alfa Romeo, to the USA and selling it through Chrysler's distribution network. Fiat avoided costs associated with building its own network, and Chrysler expanded its commercial offer.

Research on alliances in the automotive sector has shown that they are formed primarily for the following purposes (Badaracco, 1991):

- cost reduction,
- risk reduction,
- increasing market share,
- increasing flexibility,
- observing competitors' behaviors,
- quick transfer of skills,
- weakening competitors.

Cost reduction is the basic goal of concluding alliances in the field of R&D and manufacturing. The benefits of GM's alliance with Korean companies included the American company's acquisition of low-cost manufacturing capacity. A similar task was fulfilled by the GM-Toyota alliance, under which NUMMI was established.

In order to reduce risk in its operations, GM established many alliances with Asian manufacturers. They were intended to constitute a security buffer that would increase their own bargaining power and weaken the negotiating position of the partners. These were the consequences of the alliance established in 1981 between GM and Suzuki. It was a counterweight to the previously concluded alliance between GM and Isuzu.

Alliances allow car companies to have a stronger impact on one of the instruments of internationalization – increasing participation in the global market. Car companies pursue this in two ways: increasing readiness to cover growing demand through joint production with partners and expanding the distribution network, taking advantage of opportunities offered by strategic cooperation.

In some cases, the purpose of establishing alliances is to increase operational flexibility. Enterprises participating in joint ventures may develop their technologies faster and access markets more effectively.

Alliances allow for close observation of competitors' behaviors. GM's alliance with Toyota enabled the American company to acquire know-how and experience. GM's adoption of the Toyota Production System (TPS) allowed it to achieve a level of productivity previously available only to Japanese companies in the 1990s.

Alliances create environments facilitating rapid transfer of skills between partners. A company entering the sector does not have to gain experience over many decades to acquire the ability to manufacture cars. Alliances allow to significantly accelerate the learning process and bridge technological and organizational gaps. Korean manufacturers soon mastered global car manufacturing technology thanks to alliances with Japanese and American companies.

An important feature of alliances is the ability to use them to weaken a competitor's market position by weakening its negotiating power due to the dispersion of skills.

What is characteristic of the automotive sector is that cooperation agreements are usually not limited to one partner or one type of activity. The need to incur huge expenditure on R&D, technological advancement of the product and, in particular, its high degree of complexity are reflected in agreements concluded with many partners and in a wide range of operations.

Toyota has entered throughout its history into strategic alliances with all of its most formidable rivals in both the European and North American markets. This example clearly shows that even very direct competition does not rule out the possibility of cooperation in certain areas. In this way, car companies participate in costs by implementing projects that are desirable on the market or forced by regulations, for example in the area of environmental protection. Then, these solutions are implemented in the products of all alliance partners. As a result, achieving the alliance's goal does not increase the advantage of any of the partners. As long as all the partners have the same degree of control over it, it is neutral to their competitive positions. Toyota also entered production alliances with GM and French PSA, owner of the Peugeot and Citroën brands. The alliance has the form of a joint venture in Czechia where the manufacture of small cars (segment A) began in 2005. Almost identical cars, differing only in their brands, finish and equipment details, leave the factory: Citroën C1, Peugeot 107 and Toyota Aygo. Thus, by reducing product development costs, companies have expanded their product portfolios.

It seems that the problem of alliances was often oversimplified in research. There were two basic groups, some of which were supposed to be agreements between partners completely suspending competition. In this case, the most important goal of the alliance was to strengthen the position of all its participants in relation to the world at large. The remaining alliances were characterized by strong competition between partners who were still competitors. The motive for concluding this type of alliances was to weaken the partner's position or strengthen one's own. In fact, the problem turned out to be much more complex, as demonstrated by French researchers Garrette and Dussauge.

Strategic alliances concluded in the automotive sector can be classified using the approach of Garrette and Dussauge (1996). The division is based on two criteria: contributions made to the alliance by each of the allies and the alliance's "output". Allies' contributions to the alliance may be identical or different. If they are different, partners with complementary assets are desirable. This criterion was used to distinguish the so-called "complementary alliances". The second criterion is the problem of critical production volume. If an alliance covers only one form of activity, it is further called a "joint integration alliance". If it extends to the entire activity and results in the introduction of a common product to the market, it is a "pseudo-concentration alliance". Examples of these alliances are presented in Table 5.

Table 5.
Typology of alliances between competitors

Joint integration alliances	Pseudo-concentration alliances	Complementary alliances
▪ Renault-VW (V6 engine, gearboxes) ▪ Toyota-VW (recycling, navigation systems) ▪ Toyota-VW, Toyota-DaimlerChrysler (exhaust gas treatment system) ▪ Toyota-Renault, Toyota-Ford, Toyota-GM (wireless communication between car components)	▪ VW-Ford (vans: VW Sharan, Seat Alhambra, Ford Galaxy) ▪ Toyota-PSA (small passenger cars: Citroën C1, Peugeot 107, Toyota Aygo) ▪ Fiat-Peugeot (Ducato van)	▪ GM-Toyota (NUMMI) ▪ Isuzu-Subaru (model exchange) ▪ Fiat-Chrysler (Alfa Romeo sales in the US)

Source: Own study.

Joint integration alliances are the most common in the automotive sector. In addition to strengthening the economies of scale, the motive for concluding an alliance is also the desire to isolate a certain stage of the production process. For example, VW and Renault jointly developed and manufactured automatic transmissions which were then used in products that were directly competitive with each other (VW Golf and Renault 19). These alliances do not suppress competition on the market level but they carry the risk of excessive product unification and loss of brand identity. There is also concern about transferring (deliberate or unintentional) technology, experience and skills to a partner. Therefore, R&D work is usually done out by alliance participants within their native organizational units.

The motive for concluding pseudo-concentration alliances is to obtain the same benefits as in the case of a merger, but without making it. The advantage of this type of agreements is the distribution of fixed costs of a joint project and the expansion of the sales market. The agreement concluded between VW and Ford in 1991 is an example of such an alliance. The subject matter of the agreement was joint manufacture of large-capacity limousines (multi-purpose vehicles, MPV), commonly called vans. The Autoeuropa-Automóveis Lda company was established in Portugal for this purpose in the form of a joint venture. Under the agreement, the German side was responsible for product development and the Americans dealt with factory equipment and the technical side of the production process. As a result, the manufacture of cars under three brands began in 1996: VW Sharan, Seat Alhambra and Ford Galaxy. In fact, it was the same design – the vehicles differed only in some external elements and interior furnishings. Even though VW took over 100% of the company's shares in 1999, the manufacture of cars with the Ford logo continued until 2006. In that year Ford began manufacturing an independently developed vehicle, which meant the final dissolution of the alliance. Another example of a pseudo-concentration alliance is the previously described agreement between Toyota and PSA regarding the manufacture of small cars in Czechia.

Complementary alliances occur when one of the allies sells a product through the partner's distribution network. For example, in the US, GM distributed Toyota and Suzuki vehicles, Ford distributed Mazdas, and Chrysler distributed Mitsubishi cars. These alliances are less often

related to production activities. However, the initial balance resulting from the complementarity of contributions may be disturbed over time when one of the allies acquires competences previously typical of the partner. After achieving the goal for which they were established, complementary alliances are sometimes renewed, but more often they end with one of the partners making a decision to terminate the previously joint activity. The initial complementarity between partners gradually vanishes. When one partner takes over competences of the other, the existence of such an alliance ceases to be rational. This is how the alliances of Japanese car manufacturers with American partners functioned. The Japanese formed alliances to commercialize their models in the USA and then used them to create their own distribution networks there. The strategic consequence of the alliance between Toyota and GM was a significant improvement in the strategic position of the Japanese company (own retail network), but it did not change GM's position.

The latest trends in cooperation between enterprises in the global environment involve the evolution of alliances from classic forms of cooperation between two enterprises towards the so-called "alliance networks". An interesting example is the network of alliances comprising GM, Toyota, Isuzu, Suzuki and Saab, or the competitive network of Ford, Nissan, Mazda and Kia. The basic premise for creating such networks is, as in the case of classic alliances, to obtain a competitive advantage unavailable to individual enterprises or traditional alliances.

To sum up, alliances offer benefits similar to concentration but without its limitations. For example, an alliance partner may benefit from economies of scale and accumulated competences without losing autonomy. Because car companies strongly protect their brands, they prefer this method of growth. The alliance also has the advantage of being "reversible".

Research shows that alliances concluded in the automotive sector have little impact on the competitive positions of the partners. However, they can significantly reduce costs. This applies in particular to alliances concluded for the purpose of implementing environmental protection projects. Production alliances involve greater risk. As a result, the weaker or less efficient alliance partner may lose a part of the market or, in an extreme case, be taken over by the stronger partner.

5. Conclusions and recommendations

The entry of an enterprise into a foreign market involves the need to choose the optimal organizational form. Entry modes can be defined as institutional arrangements that enable companies to introduce goods or resources and capabilities into another country. Due to the wide variety of forms of internationalization, different criteria may be the basis for their classification. For example, it may be the scope of organizational control, management involvement, resource involvement, risk, profit potential. The transition from less to more

advanced forms of internationalization requires a change in the mechanism for coordinating transactions and operations: from market (exports, sub-supplies) through inter-organizational (agreements, joint ventures) to intra-organizational (subsidiaries, mergers). The choice of the entry method should be preceded by an analysis of available methods and factors determining the current and future position of the enterprise and the entire sector.

Entry strategy is a comprehensive program covering tasks, necessary resources and business policy of the enterprise, the aim of which is to gain and maintain a share in a foreign market. Choosing an entry strategy requires making a number of decisions (Root, 1987). These include: choosing a product/market matrix, determining tasks and activities on this market, choosing a method of entering the market, developing a marketing plan for market penetration, developing a control system to monitor market performance.

The most frequently cited concepts in the literature on the subject are the choice of entry form developed by Root (1987) and Yadong (1999) – factorial and the eclectic ones by Kim and Hwang (1992). The choice of the entry method is only one of the components of the entry strategy but it seems to be the most important. In addition to selecting the product/market array, setting tasks and choosing the entry method, the entry strategy also consists of a draft marketing plan. Only such a comprehensive approach allows to make the final decision about entering a specific foreign market.

According to the evolutionary model, an enterprise begins its international development with exports, followed by various forms of cooperation, and only then foreign direct investments (FDI). This concept has been criticized in the literature and has not been confirmed in these studies. For example, FDIs, considered the most advanced form of entry, were used by Japanese manufacturers in early stages of development and were subordinated to export strategies. These investments were located in South-East Asian countries. Short distance from the home country and cheap means of production allowed Japanese companies to gain cost advantages, thanks to which effective expansion into other markets, especially the USA, became possible.

Research has shown that the international development paths of Japanese, European and American companies were completely different. But within this division they already show great similarity. This allows us to formulate the thesis that the course of internationalization strategy and the sequence of adopted forms of serving markets depend to the greatest extent on the conditions, i.e. factors that shape the overall course of internationalization. These are politics-, market-, cost- and competition-driven factors. In each of the economic areas – Asian, European and North American – these factors develop differently. The conclusions presented in this article allow for a better understanding of the current balance of competitive forces and the structure of competition in the sector.

The limitations of the study include its fragmentation. This is a result of unsatisfactory quality of the data obtained. It is dispersed, discontinuous and presented in different layouts. This makes it significantly difficult to accurately track a specific phenomenon and conduct objective comparative analyses. The research is therefore fragmentary. However, despite these limitations, the study expands knowledge in the discussed area.

Further research may be aimed not only at discovering and describing insufficiently studied areas in the selection of strategies and forms of serving foreign markets. For some time now, the economy has been observing the phenomenon of returning production to home countries due to the depletion of the comparative advantages of host countries. The working name for this phenomenon could be "deinternationalization".

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