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Co-operation strategies of Polish companies as a response to foreign investors' expansion into the Polish market

Abstract: The issue of a company's expansion into foreign markets is extensively discussed in specialist literature. What deserves more attention, however, is the perspective of the discourse. The problems of internationalisation at the microeconomic level are usually discussed from the viewpoint of a company which is actively internationalising its activity, while issues directly concerning host-country companies (which face the consequences of such an "invasion") stay in the background. In the present paper, theoretical discussion is exemplified with the results of empirical research conducted in 2004 among 77 Polish companies. The paper focuses primarily on the forms of co-operation between Polish and foreign companies – those which have subsidiaries or branches in the Polish market as well as those which are getting into the market through other forms of internationalisation.

Keywords: co-operation, foreign direct investments, firm strategy, competitiveness, Poland.

JEL codes: D2, F2.

1. Introduction

The problems of internationalisation at the microeconomic level are usually discussed from the viewpoint of a company which is actively internationalising its activity, while issues directly concerning host-country companies (which face the consequences of such an "invasion") stay in the background. This is why the authors of the paper first briefly present the strategies which are available to local firms confronting foreign investors' expansion; then they focus on co-operation and its place in the strategy typologies presented.

There is no doubt that foreign companies' entry into the Polish market is viewed by domestic companies with trepidation because of the entrants' greater competitiveness, irrespective of whether the anxiety is justified or not. The threat posed by foreign competition is caused by the following factors, which are perceived either separately or in combination:

- Considerable economic strength resulting from the size and (often global) scale of operations, which far exceed the potential of even the biggest domestic competitors and lead to behaviour in the local market that is typical of an oligopoly or monopoly.
- Advantage arising from the possession of and an internalised access to better products and technologies, a better know-how in management systems and marketing, as well as the skills (inherent in transnational companies) of operating effectively and flexibly in many national markets and their environments.
- Domestic companies' general lack of experience of competing aggressively within a market-economy system. In addition, the need to change the attitude and mentality of Polish management personnel and labour force only increases the negative influence of this factor. Since this process, from the psychological and sociological perspective, comes up against formidable perceptual and cognitive barriers, its time span should be medium-term rather than short-term. This is particularly true of existing state-owned companies (including those "commercialised").

The nature of factors threatening the competitive position of local firms seems to suggest that co-operation is an appropriate strategy in the face of foreign investors' expansion and that the co-operation with other Polish companies could be the right strategy in the face of foreign rivals' invasion into the Polish market. In the present paper, theoretical discussion is exemplified with the results of empirical research conducted in 2004 among 77 Polish companies. The paper focuses primarily on the forms of co-operation between Polish and foreign companies – those which have subsidiaries or branches in the Polish market as well as those which are getting into the market through other forms of internationalisation.

2. Co-operation as one of local companies' strategies towards foreign investors' expansion

Local companies' response to foreign investors' expansion can be analysed using various criteria. In the authors' opinion, the following strategy typologies should facilitate this analysis:

- Dichtl and Issing's strategy classification according to the attitude to competition,
- Dawar and Frost's matrix of local companies' strategies,
- Gorynia and Wolniak's typology of local companies' behaviour,
- Cooper's concept of logistics strategies for global business.

2.1. Dichtl and Issing strategy classification according to the attitude to competition

Every company pursues some strategy towards its competitors. The strategy classification presented here does not differentiate between foreign rivals and domestic competitors, but naturally, the strategy types listed here can in particular cases refer to foreign competitors. The classification is universal in character in that the strategy types can refer both to foreign firms' expansion into the Polish market and to the local firms affected by this expansion.

Table 1. Dichtl and Issing typology of strategies

Strategy type	Description	Target company	Advantages	Dis-advantages
Battle strategy	Trying to dominate market rivals – improving the competitive position or maintaining the present position (then reaching agreement with rivals)	Companies with a great competitive potential, operating in an attractive market	Opportunity to gain a leading position	High costs
Imitation strategy	Imitating selected activities of competitors (creative imitation, early imitation, flexible adaptation, imitation to order, late imitation)	Companies with a limited competitive potential, but operating in attractive industries	Reducing risk and marketing research costs. Learning from the best.	Losing one's identity in the market.
Market-gap strategy	Two types of market-gap strategies: imitation type – entering the segments left by innovating companies which have shifted their interest to the production of more innovative goods. The second type – innovative strategies – looking for, or even helping to create, new customer needs	Companies operating in a market with some opportunities, but having too limited resources to be competitive in it	Survival in the market place as a result of establishing a safe/protected position in a market niche	The niche selected may turn out to be unprofitable.
Strategy of withdrawal from the market	Harvest, disinvestment, leaving the industry	Companies operating in unattractive markets and having a limited competitive potential	Opportunity to recover the investment outlay – sale of the company	Closure of the business

Source: Own study, on the basis of Dichtl, Issing, 1984.

Table 1 presents the Dichtl and Issing classification (1984) of major competition strategies according to the way other firms are treated.

2.2. Dawar and Frost typology of strategies

The classification of local company strategies proposed by Dawar and Frost has diagnostic, prognostic and application qualities – on its basis one can develop specific strategies for companies.

Local firms can choose from several possible strategies towards international corporations' expansion into their markets. Dawar and Frost (1999) put forward a matrix of options available to a local firm considering ways of responding to international giants' expansion into its home market. According to Dawar and Frost, a local firm's response to the expansion of international corporations which are strong in terms of resources and expertise depends on the relationship between two variables:

- globalisation pressure within a given industry.
- suitability of the company's resources for international transfer.

Figure 1 presents four possible strategies.

On closer examination of the four types of strategy, it can be noticed that co-operative behaviour on the part of local companies is typical of the dodger strategy. Since a strong globalisation pressure and the local nature of resources prevent the development of a strategy restricted to the exploitation of these resources, the local company can choose to establish co-operation with an international corporation (i.e. sell the business) or to expand and achieve excellence in those value-chain links where it has a competitive advantage over international corporations which are entering its home market. An effective exploitation of the first option means

Pressure for sector globalisation		
Strong	DODGER • focuses on the local orientation of value-chain links • sets up a joint venture with the foreign company (MNC) • sells assets to the foreign company	RIVAL • focuses on improving its resources and potential in order to equal the global firm, often by operating in a global-market niche
Weak	DEFENDER • focuses on the strengthening of competitive advantages in those market segments where the foreign company is weak	BUILDER • develops its operation in foreign markets which are similar to the domestic one and exploits its competitive advantages there
	Locally adjusted	Transferred abroad
	Local company's competitive advantages	

Figure 1. Competitive position of local firms in countries undergoing economic transformation

Source: N. Dawar, T. Frost (1999, p. 122) that the company continues to exist, albeit in a different organisational system and sometimes under a different brand. In such a case, however, the company's activity does not stop. The other option involves selecting the local company's value-chain link or links where the company has, or can have, a competitive advantage based on its local resources. A common example of this is having a distribution or servicing network suitable for local needs. A third, supplementary, strategic option is to pursue a strategy of providing goods complementary to international corporations' offer or adapting goods to local tastes. Still another conceivable strategy for the local company is to start making components for a product manufactured by an international corporation. Each of these strategic options suggests that the local firm co-operates with foreign companies in certain areas.

2.3. Gorynia and Wolniak typology of local companies' behaviour

The results of research into Polish firms' behaviour in the face of foreign companies' entry into the Polish market have been used to develop another typology of local companies' strategies towards foreign investors' expansion. Gorynia and Wolniak (2000) suggest that in the case of Polish companies one can identify four dominant types of strategic behaviour.

Table 2. Types of local companies' behaviour according to Gorynia and Wolniak

Strategy type	Target companies/Description
"National leader"	Companies operating in industries with an oligopolistic market structure (involving domestic companies) or in industries experiencing consolidations and mergers which lead to the creation of holding companies and/or strategic alliances
Aggressive defence	Aggressive battle for market share. Strategy components – improving the quality of products and services, changing domestic companies' marketing strategy in order to meet foreign competitors' standards
Co-operation (local co-operator)	Rule of conduct – when you are not able to compete effectively with foreign companies, join them, even if you keep a minority stake and play a marginal role in the company's management, or play the role of only a passive co-owner. Variants: 1. acquiring/purchasing the domestic company; 2. setting up a joint venture between the foreign firm and the Polish one, where the Polish company keeps a minority stake; 3. co-operating with foreign competitors by entering into contracts similar to alliances and coalitions rather than mergers and joint ventures
Lobbying and building non-market barriers to entry (local lobbyist)	Competition strategy of preventing foreign companies from entering the Polish market or restricting their freedom to operate in this market for as long as possible. The strategy consists in trying to exert direct or indirect pressure (through political parties and other pressure groups) in order to create new or keep the existing tariff and non-tariff barriers

Source: Own study, on the basis of Gorynia, Wolniak (2000).

2.4. Cooper's concept of logistics strategies for global business – the influence of international corporations' behaviour on local companies' strategies

A very important aspect of strategies adopted by local companies has been emphasised by Cooper (1993). He examines the issue of local companies' strategies from the angle of their possible participation in global supply chains, whose architects and leaders are firms pursuing global strategies. In Cooper's view, the role of local companies depends to a large extent on the way international corporations organise their production and supply systems. The options which seem available are presented in Figure 2.

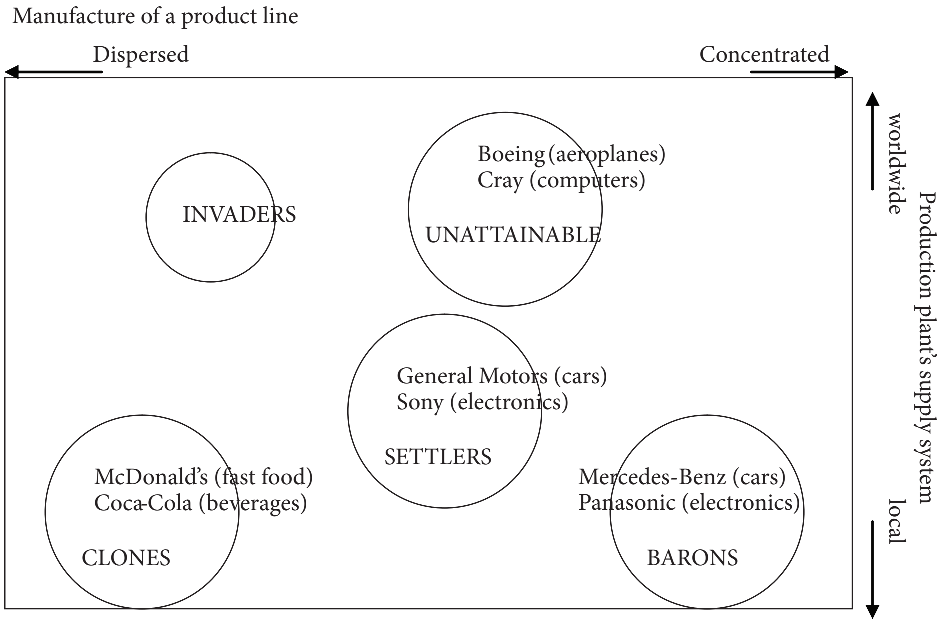

Figure 2. Variants of logistics strategies for global business according to Cooper – the influence of international corporations' behaviour on local companies' strategies
Source: Cooper (1993)

Using the two criteria above, one can distinguish five types of international companies' behaviour (Table 3).

Table 3. Variants of logistics strategies for global business according to Cooper– the influence of international corporations' behaviour on local companies' strategies

Type of international corporation's (MNC's) strategy	Manufacture / Sale of a product line	Production plant's supply system	Role of local companies – local companies' strategy direction
INVADERS	dispersed / dispersed	Worldwide	Limited role of local companies, e.g. car industry – dealers – car dealerships, providing repair, forwarding and transport services
SETTLERS	concentrated / dispersed	Partly from abroad, partly local	Limited role of local companies – local businesses – suppliers of some components and materials for production
CLONES	dispersed / concentrated	Concentrated	Significant role of local companies – relying on local suppliers
UNATTAINABLE	concentrated / dispersed	Dispersed	Limited role of local companies. Local companies – suppliers of some components and materials for production; rigorous selection criteria for local firms as suppliers
BARONS	concentrated / dispersed	Concentrated	Non-existent or extremely limited role of local companies. Local firms used as suppliers very occasionally

Source: Own study, on the basis of Cooper (1993).

2.5. Table presenting the types of local companies' behaviour in the face of foreign investors' expansion and relations within the industry being invaded

Using the conclusions formed by Dichtl and Issing, Dawar and Frost, Gorynia and Wolniak, it is possible to make an attempt to identify the connection between the strategy typologies put forward by these researchers, which would facilitate the classification of local businesses' actual behaviour towards foreign investors' entry and further expansion (Table 4).

The analysis of strategic options presented in Table 4 points to the conclusion that a co-operation strategy, which the present authors perceive as a strategic solution suitable for local companies facing foreign companies' invasion, can take various forms. It can also be named / characterised in various ways, depending on the factors which are considered the key determinants of the strategy's shape (Table 5).

Table 4. Connection between strategy typologies and competitive relations within an industry

Type of the local company's behaviour / type of relations within the industry	Dichtl and Issing typology	Dawar and Frost typology	Gorynia and Wolniak typology
Battle / Confrontational relations	Battle strategy Imitation strategy	Rival Defender Builder	National leader Aggressive defender
Co-operation / Co-operative relations	Imitation strategy Co-operation strategy	Dodger	Local co-operator
Evasion / Evasive relations	Market-gap strategy Withdrawal	Builder	Local lobbyist

Source: Own study.

Table 5. Potential forms of co-operation strategy of local companies

Key determinants	Form of co-operation strategy
Attitude towards competition	Capital and non-capital co-operation Imitation to order
Globalisation pressure within a given industry, suitability of the company's resources for international transfer	Dodger
Strength of competitive potential, attractiveness of the industry	Local co-operator

Source: Own study.

However, in the Table presenting local companies' behaviour (Table 4) it is difficult to locate strategies which those firms could pursue using Cooper's conclusions. This is why this typology has been omitted. Considering the nature of particular strategic options selected by international corporations and the role local companies have to play depending on international companies' behaviour (Table 3), the local firm may see its place in the market as an international company's co-operator. The situation most conducive to the local business's co-operation with an international corporation is when the latter is pursuing the strategy referred to as "clones", then "settlers", "invaders", "inaccessible" and "barons" at the very end.

3. Co-operation as Polish firms' strategy towards foreign companies' invasion – results of empirical research

3.1. Methodology and study sample

Empirical research into Polish companies' co-operation strategies in the face of foreign investors' expansion was conducted in the first half of 2004 among Polish companies of the food, construction and automotive industries. The majority of the firms under study are based in the provinces of Wielkopolska, Zachodniopomorskie and Pomorskie. The main selection criteria for the sample were the origin of capital, which was crucial for the accomplishment of the goal set, and the willingness to participate in the research (this determines also the method of sample selection). What was most important was selecting those companies which had existed in the Polish market before foreign competitors' entry, and which were forced to adopt some strategy towards foreign rivals.

It was essential that the industries selected for the research should be those with significant foreign capital and with Polish firms displaying fairly typical strategic behaviour towards companies with foreign capital. The targeted selection of companies used in the reasearch consisted in a relatively subjective choice of subjects for the sample in order to ensure that the data obtained was as comprehensive as possible. The method of sample selection has implications for the interpretation of research results. The sample size (77 firms) and selection method show that the representativeness of the sample is low. Hence, the research results cannot be generalised for the whole population – they illustrate only the situation of the companies under study.

Since the sample consists of companies represented by senior managers (subjects of the research), the study involved using the individual in-depth interview method, with the use of a questionnaire as a basic research tool during the interview.

The research covered 77 companies whose representatives (owners, chairmen, department heads) agreed to answer the questions. The largest groups were those consisting of construction-sector (40.26%), food-sector (31.17%) and automotive-sector (28.57%) companies. In terms of employment, the majority of the sample is small and medium-sized companies. Each of the industries is dominated by companies employing up to 100 people; these account for 54.54% of all the firms examined. The largest percentage of the sample (85.71%) are private companies with no public capital. The majority of the companies are Polish firms with a 100% stake of Polish capital in the ownership structure.

3.2. Co-operation as a relationship-competition strategy of Polish companies

Co-operation as one of the options available to local firms involves collaborating with one's competitors. Foreign companies' expansion into particular industries may increase co-operation, but it should be emphasised that local companies' attitude to co-operation may vary according to the background of the other player – a potential co-operator. It does matter, therefore, whether we are dealing with a potential co-operator (another local firm or a foreign company having a branch office or subsidiary in the Polish market) or with a foreign business with no such representation. As for the industries surveyed, the research results indicate that before the appearance of foreign investors food and automotive companies preferred competition, whereas construction firms combined competition with co-operation. A comprehensive analysis of the results (see Table 6.) leads to similar conclusions.

Table 6. Relations in industries before foreign investors' entry

Relations in the industry – before foreign investors appeared	Food		Construction		Automotive		Total number of subjects	
	NR	%	NR	%	NR	%	NR	%
Co-operation	5	2.08	2	6.45	4	18.18	11	14.29
Competition	8	33.3	9	29.03	12	54.54	31	40.26
Evasion	2	8.33	0	0	1	4.54	3	9.68
Co-operation and competition	6	25.00	13	41.94	3	13.64	22	28.57
Co-operation and evasion	2	8.33	0	0	2	9.09	4	5.19
Co-operation, competition and evasion	1	4.16	6	19.35	0	0	7	22.58
No answer	0	0	1	3.22	0	0	1	1.30

NR – number of responses
Source: Own study, on the basis of a questionnaire.

At present, in each of the industries under study one can find co-operative, confrontational and evasive relations (see Table 7.). Co-operation is established first of all with other Polish firms; competition takes place between companies irrespective of the rival's "nationality"; both Polish and foreign companies are looking for market niches, thus evading confrontation with their competitors. If we examine the research results for particular industries, we will notice the interesting nature of co-operation in the food and automotive industries. Companies of the former sector do not establish co-operative relations, while those of the latter just the opposite: they build up co-operation with other companies within the industry irrespective of their "nationality". Such an attitude is conducive to the industry's development because although co-operation with a foreign partner involves the risk

Table 7. Predominant type of relations in industries

Predominant type of relations within the industry		Food		Construction		Automotive		Total number of subjects	
		NR	%	NR	%	NR	%	NR	%
Polish companies establish co-operation:	With others of the same industry, irrespective of “nationality”	4	16.67	11	35.48	10	45.45	25	32.47
	First of all with other Polish companies	7	29.17	17	54.84	3	13.64	27	35.06
	First of all with foreign companies	1	4.17	1	3.23	2	9.09	4	5.19
	No co-operation takes place	12	50	2	6.45	7	31.82	21	27.27
Fierce competition takes place between:	Companies irrespective of competitors’ “nationality”	18	75	19	61.29	16	72.73	53	68.83
	Only Polish companies	6	25	10	32.26	4	18.18	20	25.97
	Only foreign competitors	0	0	1	3.23	2	9.09	3	3.9
Searching for a market-gap and evading competitors is characteristic of:	Only Polish companies	2	8.33	2	6.45	1	4.55	5	6.49
	Only foreign companies								
	Both Polish and foreign companies	14	58.33	19	61.29	11	50	44	57.14
	Companies do not evade their competitors	8	33.33	10	32.26	10	45.45	28	36.36

NR – number of responses
Source: Own study, on the basis of a questionnaire.

of losing one's identity, it creates a good opportunity to acquire key skills and learn from the co-operator. On the other hand, the behaviour of Polish food companies seems to be a reaction to numerous acquisitions by foreign investors. Such a form of foreign companies' entry is often unwelcome by the domestic capital, so the anti-cooperative attitude may be a response to foreign companies' expansion in the form of takeovers. Lack of co-operation with Polish firms may be caused by fears that the company's strategic advantages will be exploited by the partner.

Managers of food and automotive companies stressed that possible changes in the type of relations within their industries were not caused by foreign companies' entry. It is difficult, however, to draw any definite conclusions concerning the construction industry (Table 8.).

Table 8. Foreign investors' entry as the cause of a change in relations within the industry

Foreign investors' entry as the cause of a change in relations within the industry	Food		Construction		Automotive		Total number of subjects	
	NR	%	NR	%	NR	%	NR	%
Yes	9	37.50	15	48.39	9	40.91	33	42.86
No	14	58.33	15	48.39	13	59.10	42	54.55
No answer	1	4.17	1	3.23	0	0	2	1.30

NR – number of responses
Source: Own study, on the basis of a questionnaire.

3.3. Polish companies' co-operation strategies: reasons and forms

The companies surveyed were asked to indicate how significant particular reasons for co-operation are for their competitiveness, considering the fact that they can co-operate with domestic partners (DC), foreign companies having a subsidiary or branch in Poland (FI) or companies with no such representation in this country. The answers available were: unimportant (0), slightly important (1), moderately important (2), important (3), extremely important (4). The mean figures for all the companies combined show a small number of moderately important and important reasons for co-operation (see Table 9.). As for co-operation with Polish firms, only four reasons averaged more than "2", namely:

- taking more advantage of market opportunities (2.34),
- improved competitive position (2.27),
- cost reduction (2.29),
- opportunity for companies to complement each other's activity (2.04).

"Taking more advantage of market opportunities" and "improving one's competitive position" are given the value of more than "2" by all subject categories.

Table 9. Selected reasons for establishing co-operation and their importance for the competitiveness of all the companies surveyed

Reasons for co-operation	DC			FI			FC		
	NR	M	SD	NR	M	SD	NR	M	SD
Taking more advantage of market opportunities	73	2.34	1.26	67	2.04	1.38	67	2.25	1.32
Improved competitive position	73	2.27	1.24	68	2.10	1.35	68	2.24	1.36
Cost reduction	73	2.29	1.31	68	1.84	1.37	68	1.91	1.37
Improved innovativeness	74	1.89	1.30	69	1.94	1.39	67	2.12	1.32
Increased product range	72	1.93	1.33	68	1.99	1.43	67	2.01	1.39
Distribution network development	68	1.51	1.41	65	1.54	1.46	65	1.71	1.47
Achieving economies of specialisation	72	1.57	1.29	67	1.55	1.27	68	1.62	1.27
Improved position in relation to suppliers	73	1.64	1.21	68	1.54	1.24	69	1.75	1.25
Improved position in relation to buyers	73	1.89	1.30	68	1.69	1.42	68	1.94	1.37
Achieving economies of scale	72	1.81	1.32	67	1.60	1.35	67	1.84	1.38
Easy way of obtaining information about the co-operator – former competitor	72	1.63	1.20	67	1.55	1.28	67	1.72	1.26
Product improvement	73	1.89	1.39	69	1.94	1.44	67	1.97	1.40
Improved organisation and management	73	1.73	1.40	69	1.68	1.42	67	1.78	1.40
Improved marketing effectiveness	73	1.90	1.38	68	1.84	1.42	67	1.96	1.40
Opportunity to make desirable changes in the size and quality of the company's resources	73	1.51	1.30	69	1.59	1.29	68	1.71	1.31
Chance to survive, defence against a company closure	72	1.67	1.54	68	1.57	1.58	68	1.65	1.60
Acquiring finance	72	1.71	1.36	68	1.63	1.38	68	1.81	1.41
Opportunity for companies to complement each other's activity	72	2.04	1.23	69	1.51	1.23	67	1.66	1.24

Source: Own study, based on a questionnaire.

Co-operation with foreign companies present in Poland is perceived as the least important for the competitiveness of the companies surveyed. Only five of the eighteen reasons examined were valued more highly than in the case of co-operation with domestic companies. Much more favourable results can be attributed only to co-operation in the areas of improving innovativeness and increasing the product range. In the case of foreign companies not represented in our country, it is these two areas of co-operation whose mean values exceed "2".

Food and automotive companies value nearly all the reasons for co-operation more highly than construction firms do, which is reflected in the above data concerning the range of existing and planned co-operation in particular industries (see Tables 10, 11, and 12). The results obtained concern the number of responses (NR), arithmetic mean (M) and standard deviation (SD), calculated for particular industries and for the whole research population.

Of all the companies examined, the largest percentage co-operate with other domestic firms. Co-operation usually covers:

- raw material and component supply (72.22%),
- supply logistics (60.56%),
- marketing and sales (56.67%),
- distribution logistics (56.52%),
- human resources management, e.g. temporary employment, staff leasing, training (51.35%).

The percentage of co-operation agreements found in the two groups of foreign companies is similar. Also here, the highest percentage of the firms surveyed co-operate in:

- raw material and component supply (41.67% and 41.10%),
- technology development (36.23% and 37.68%),
- marketing and sales as well as distribution logistics (approximately 33%).

What is particularly valuable is co-operation in technology development because the companies under study, like the majority of Polish firms, are considerably behind in the area of research and development.

The preference for co-operation with domestic companies proves the thesis advanced by the authors at the beginning of the paper that Polish firms' attitude to foreign entrants is sceptical or even mistrustful. The companies surveyed prefer co-operating with domestic firms, which is undoubtedly caused by fears that co-operation with a foreign partner may end in acquisition by the foreign partner[1].

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[1] The experiences of some Polish firms show that without their active attitude an alliance often ends in the acquisition of a Polish business by its foreign partner. "Alianse strategiczne z partnerami zagranicznymi jako szansa restrukturyzacji polskich przedsiębiorstw" (Strategic alliances with foreign partners as an opportunity for the restructuring of Polish companies), in: *Strategie i konkurencyjność po dziesięciu latach transformacji*, Moszkowicz M. (ed.), Materiały z II Ogólnopolskiej Konferencji Naukowej Polanica Zdrój 2001, part II, Politechnika Wrocławska, PAN, Wrocław.

Table 10. Selected reasons for establishing co-operation and their importance for the competitiveness of the food-industry companies surveyed

Reasons for co-operation	DC			FI			FC		
	NR	M	SD	NR	M	SD	NR	M	SD
Taking more advantage of market opportunities	24	2.38	1.31	22	2.18	1.56	22	2.27	1.42
Improved competitive position	24	2.50	1.22	23	2.39	1.37	23	2.39	1.34
Cost reduction	24	2.54	1.38	23	2.00	1.57	23	2.04	1.52
Improved innovativeness	24	2.08	1.35	23	1.96	1.40	23	2.00	1.28
Increased product range	24	2.00	1.38	23	1.78	1.44	23	1.78	1.44
Distribution network development	22	2.50	1.37	22	2.23	1.51	22	2.14	1.55
Achieving economies of specialization	24	1.58	1.35	23	1.52	1.27	23	1.43	1.31
Improved position in relation to suppliers	24	1.71	1.33	23	1.52	1.44	23	1.57	1.44
Improved position in relation to buyes	24	1.88	1.33	23	1.57	1.50	23	1.65	1.47
Achieving economies of scale	23	1.70	1.43	22	1.64	1.47	22	1.50	1.54
Easy way of obtaining information about the co-operator – former competitor	23	1.52	1.24	22	1.45	1.26	22	1.50	1.30
Product improvement	23	2.00	1.41	22	1.86	1.39	22	1.86	1.46
Improved organisation and management	24	1.75	1.42	23	1.65	1.37	22	1.59	1.44
Improved marketing effectiveness	24	2.13	1.42	23	2.09	1.44	22	2.05	1.50
Opportunity to make desirable changes in the size and quality of the company's resources	24	1.71	1.49	23	1.74	1.42	23	1.65	1.47
Chance to survive, defence against a company closure	23	1.48	1.70	22	1.45	1.63	22	1.45	1.71
Acquiring finance	24	1.67	1.49	23	1.74	1.45	23	1.78	1.48
Opportunity for companies to complement each other's activity	23	1.87	1.18	23	1.26	1.29	23	1.26	1.29

Source: Own study, on the basis of a questionnaire.

Table 11. Selected reasons for establishing co-operation and their importance for the competitiveness of the construction-industry companies surveyed.

Reasons for co-operation	DC			FI			FC		
	NR	M	SD	NR	M	SD	NR	M	SD
Taking more advantage of market opportunities	29	2.62	1.29	25	1.92	1.38	25	2.16	1.43
Improved competitive position	29	2.31	1.28	25	1.92	1.35	25	2.08	1.53
Cost reduction	29	2.28	1.39	25	1.84	1.46	25	1.84	1.52
Improved innovativeness	29	1.79	1.42	25	1.80	1.50	24	2.04	1.46
Increased product range	28	1.57	1.35	25	1.68	1.46	24	1.75	1.48
Distribution network development	26	.96	1.18	23	.96	1.26	23	1.17	1.34
Achieving economies of specialization	28	1.46	1.32	24	1.50	1.32	25	1.60	1.35
Improved position in relation to suppliers	29	1.48	1.27	25	1.36	1.22	26	1.62	1.30
Improved position in relation to buyers	29	1.83	1.42	25	1.52	1.50	25	1.84	1.49
Achieving economies of scale	29	1.72	1.39	25	1.24	1.33	25	1.72	1.43
Easy way of obtaining information about the co-operator – former competitor	29	1.76	1.24	25	1.64	1.44	25	1.84	1.37
Product improvement	29	1.76	1.43	26	1.62	1.42	25	1.64	1.38
Improved organisation and management	29	1.76	1.53	26	1.58	1.50	25	1.72	1.49
Improved marketing effectiveness	29	1.72	1.31	25	1.48	1.36	25	1.76	1.39
Opportunity to make desirable changes in the size and quality of the company's resources	29	1.34	1.34	26	1.38	1.27	25	1.56	1.33
Chance to survive, defence against a company closure	29	1.62	1.52	26	1.31	1.44	26	1.42	1.50
Acquiring finance	28	1.82	1.44	25	1.60	1.47	25	1.84	1.52
Opportunity for companies to complement each other's activity	29	2.38	1.27	26	1.50	1.27	24	1.71	1.30

Source: Own study, on the basis of a questionnaire.

Table 12. Selected reasons for establishing co-operation and their importance for the competitiveness of the automotive-industry companies surveyed

Reasons for co-operation	DC			FI			FC		
	NR	M	SD	NR	M	SD	NR	M	SD
Taking more advantage of market opportunities	20	1.90	1.07	20	2.05	1.19	20	2.35	1.09
Improved competitive position	20	1.95	1.19	20	2.00	1.34	20	2.25	1.21
Cost reduction	20	2.00	1.08	20	1.65	.99	20	1.85	.99
Improved innovativeness	21	1.81	1.08	21	2.10	1.30	20	2.35	1.23
Increased product range	20	2.35	1.14	20	2.60	1.23	20	2.60	1.05
Distribution network development	20	1.15	1.18	20	1.45	1.36	20	1.85	1.39
Achieving economies of specialisation	20	1.70	1.22	20	1.65	1.27	20	1.85	1.14
Improved position in relation to suppliers	20	1.80	0.95	20	1.80	1.01	20	2.15	.88
Improved position in relation to buyers	20	2.00	1.12	20	2.05	1.19	20	2.40	.99
Achieving economies of scale	20	2.05	1.10	20	2.00	1.17	20	2.35	.99
Easy way of obtaining information about the co-operator – former competitor	20	1.55	1.15	20	1.55	1.15	20	1.80	1.11
Product improvement	21	1.95	1.36	21	2.43	1.47	20	2.50	1.28
Improved organisation and management	20	1.65	1.23	20	1.85	1.42	20	2.05	1.28
Improved marketing effectiveness	20	1.90	1.45	20	2.00	1.45	20	2.10	1.33
Opportunity to make desirable changes in the size and quality of the company's resources	20	1.50	1.00	20	1.70	1.17	20	1.95	1.10
Chance to survive, defence against a company closure	20	1.95	1.39	20	2.05	1.67	20	2.15	1.57
Acquiring finance	20	1.60	1.10	20	1.55	1.23	20	1.80	1.24
Opportunity for companies to complement each other's activity	20	1.75	1.16	20	1.80	1.11	20	2.05	1.00

Source: Own study, on the basis of a questionnaire.

Co-operative behaviour found within the industries under study is not orientated towards the reduction in competition between Polish and foreign firms; on the contrary, such behaviour may escalate the confrontation between Polish firms and foreign companies operating in the Polish market.

Of the three industries studied here, it is automotive companies that have the highest co-operation indicators. In most co-operation areas, the diagnosed percentage of automotive companies which co-operate with domestic companies and the two groups of foreign firms under study exceeds the figures for the whole research population, in some cases by 10 or even 20 percentage points. However, the companies examined declare their intention to significantly increase the number of co-operation agreements within the next three years. Such changes will occur in twelve of the fifteen fields of potential co-operation researched here. The research results are presented Tables 13 and 14. The answers available are: we are carrying out / planning to take / intensify such an action (I/P), we are not implementing / planning any initiatives of this kind (NI) and we are carrying out / planning to take / intensify an opposite action (OA). The other symbols used in the tables are: the number of responses (NR) and the percentage of all the responses within a given industry or responses within the whole research population (%).

The largest percentage of all the companies surveyed co-operate with other domestic companies, usually in the fields of raw material and component supply (72.22%), supply logistics (60.56%), marketing and sales (58.67%), distribution logistics (56.52%) and human resources management, e.g. temporary employment, staff leasing and training (51.35%). The percentages of co-operation agreements found among the two groups of foreign companies are similar. Also here, the highest percentage of the firms under study co-operate in the fields of raw material and component supply (41.67% and 41.10%) and technology development (36.23% and 37.68%). The next most widespread co-operation areas are marketing and sales as well as distribution logistics (approximately 33%).

By observing economic realities, we can identify particular Polish companies which try to respond to foreign companies' invasion with pro-cooperative attitudes, which implies the implementation of the DODGER strategy presented in the Dawar and Frost typology. The cases mentioned below concern companies whose behaviour is consistent with the logic of the DODGER strategy. Several years ago, WSK Rzeszów was privatised/acquired by a foreign company, namely an American aerospace concern. Now there is a talk of an "aerospace valley" forming around WSK Rzeszów with real prospects of achieving the status of a European aerospace centre. The Polish company Transsystem, by developing world-standard expertise in technology and management, has attained a strong position as a supplier to international automotive corporations. The firm has found a highly specialist niche which is automatic conveyor systems for car assembly plants. Much of Transsystem's competitive advantage comes from the relatively low cost of employing highly

Table 13. Current co-operation activity of all the companies researched

Activity	DC						FI						FC					
	I/P		NI		OA		I/P		NI		OA		I/P		NI		OA	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
Raw material and component supply	52	72.22	19	26.39	1	1.39	30	41.67	41	56.94	1	1.39	30	41.10	42	57.53	1	1.37
Supply logistics	43	60.56	28	39.44	0	0.00	23	33.82	45	66.18	0	0.00	20	28.99	49	71.01	0	0.00
Production operations	32	45.71	37	52.86	1	1.43	14	20.59	53	77.94	1	1.47	19	27.94	48	70.59	1	1.47
We commission production under our brand / accept a commission to produce under another company's brand	17	23.61	53	73.61	2	2.78	16	22.86	53	75.71	1	1.43	13	18.31	57	80.28	1	1.41
Technology development	30	42.25	40	56.34	1	1.41	25	36.23	44	63.77	0	0.00	26	37.68	43	62.32	0	0.00
Human resources management (e.g. temporary employment, staff leasing, training)	38	51.35	36	48.65	0	0.00	18	25.00	54	75.00	0	0.00	15	20.55	58	79.45	0	0.00
Company infrastructure / Management support systems	30	41.67	40	55.56	2	2.78	14	20.00	55	78.57	1	1.43	16	22.54	54	76.06	1	1.41
Distribution logistics	39	56.52	30	43.48	0	0.00	23	33.82	45	66.18	0	0.00	23	33.33	46	66.67	0	0.00
Marketing and sales	44	58.67	31	41.33	0	0.00	24	33.33	48	66.67	0	0.00	25	34.25	48	65.75	0	0.00
After-sales service	16	26.67	41	68.33	3	5.00	9	15.52	46	79.31	3	5.17	8	13.11	50	81.97	3	4.92
Buying / selling a licence or know-how	8	11.59	57	82.61	4	5.80	6	8.96	57	85.07	4	5.97	6	8.82	58	85.29	4	5.88
Joining / creating a franchising network	3	4.35	61	88.41	5	7.25	3	4.48	59	88.06	5	7.46	2	2.99	60	89.55	5	7.46
Strategic alliance (to carry out a project, usually without establishing a new company)	21	30.00	48	68.57	1	1.43	10	14.49	58	84.06	1	1.45	12	17.39	56	81.16	1	1.45
Joint venture (partners set up a new company)	4	5.63	62	87.32	5	7.04	4	5.71	61	87.14	5	7.14	3	4.23	63	88.73	5	7.04
Losing independence and being taken over by another company	1	1.39	63	87.50	8	11.11	2	2.82	61	85.92	8	11.27	2	2.82	61	85.92	8	11.27

Source: Own study, on the basis of a questionnaire.

Table 14. Co-operation activity planned for the next three years by all the companies under study

Activity	DC						FI						FC					
	I/P		NI		OA		I/P		NI		OA		I/P		NI		OA	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
Raw material and component supply	54	73.97	19	26.03	0	0.00	35	48.61	37	51.39	0	0.00	37	51.39	35	48.61	0	0.00
Supply logistics	45	64.29	25	35.71	0	0.00	30	44.12	38	55.88	0	0.00	29	42.65	39	57.35	0	0.00
Production operations	30	43.48	37	53.62	2	2.90	18	26.47	49	72.06	1	1.47	22	32.35	45	66.18	1	1.47
We commission production under our brand / accept a commission to produce under another company's brand	22	30.99	47	66.20	2	2.82	23	32.86	47	67.14	0	0.00	24	34.29	46	65.71	0	0.00
Technology development	37	54.41	30	44.12	1	1.47	29	42.65	39	57.35	0	0.00	29	42.65	39	57.35	0	0.00
Human resources management (e.g. temporary employment, staff leasing, training)	40	54.79	32	43.84	1	1.37	27	37.50	45	62.50	0	0.00	21	29.17	51	70.83	0	0.00
Company infrastructure / Management support systems	37	51.39	33	45.83	2	2.78	24	34.29	45	64.29	1	1.43	22	30.99	48	67.61	1	1.41
Distribution logistics	36	52.17	33	47.83	0	0.00	24	35.29	44	64.71	0	0.00	24	35.29	44	64.71	0	0.00
Marketing and sales	45	60.81	29	39.19	0	0.00	29	40.28	43	59.72	0	0.00	28	38.89	44	61.11	0	0.00
After-sales service	15	25.42	41	69.49	3	5.08	13	21.67	45	75.00	2	3.33	8	13.79	47	81.03	3	5.17
Buying / selling a licence or know-how	12	17.39	52	75.36	5	7.25	12	17.65	52	76.47	4	5.88	15	22.06	49	72.06	4	5.88
Joining / creating a franchising network	6	8.82	57	83.82	5	7.35	7	10.45	55	82.09	5	7.46	7	10.45	55	82.09	5	7.46
Strategic alliance (to carry out a project, usually without establishing a new company)	27	38.03	43	60.56	1	1.41	21	30.43	47	68.12	1	1.45	20	28.57	49	70.00	1	1.43
Joint venture (partners set up a new company)	10	14.08	56	78.87	5	7.04	13	18.31	53	74.65	5	7.04	12	16.90	54	76.06	5	7.04
Losing independence and being taken over by another company	5	6.94	57	79.17	10	13.89	6	8.45	55	77.46	10	14.08	8	11.27	53	74.65	10	14.08

Source: Own study, on the basis of a questionnaire.

qualified specialists in Poland. Another company, Inter Groclin, by focussing on the production of car upholstery for international automotive corporations, has gained a 5% share of Europe's market. Likewise, PLL LOT's strategic moves show that the company has adopted the DODGER strategy. In October 2003, PLL LOT became a full member of Star Alliance, an alliance of 15 airlines whose leading carrier is Lufthansa (Romański 2003, pp 66-67). It was also then that a contract with America's United airline and Spain's Spanair for the joint exploitation of air connections came into effect. Another firm pursuing the DODGER strategy is Polar, a Polish domestic appliance manufacturer. The first investor, who bought a majority stake in the company, was the Brand Moulinex group. At present the company is owned by Whirlpool, an international concern. Polar's brand image was so strong in the Polish and Central European markets that, although the company was acquired by foreign capital, Polar products (washing machines and refrigerators) are still present in the market. Wrozamet S.A., which sells domestic appliances under the brand of Mastercook, is developing dynamically thanks to two Spanish firms, Fagor Electrodomesticos and MCC Inversiones S. Coop, its strategic investors since 1999. The company's products (washing machines, cookers, refrigerators, ventilation hoods and dishwashers) are sold abroad under the brands of Fagor, Partick Fagor, Edesa, Aspes and Saccol, but in Poland they are sold under the brand of Mastercook (http://www.mastercook.com.pl/informacje_prasowe., 25 June 2004). Last but not least, Solaris Bus & Coach Ltd., a manufacturer of modern city buses, intercity coaches, tour coaches, trolleybuses and special buses. The origins of Solaris Bus & Coach go back to 1994, when Krzysztof Olszewski, its founder and president who for many years had worked for Neoplan's German arm, set up Neoplan Polska Sp. z o.o., a sales agency with a 100% stake owned by the Olszewski family. A successful bid for the supply of several dozen buses to the city of Poznań prompted the establishment of a bus factory in Bolechowo near Poznań. When the plant opened in the spring of 1996 the company changed the nature of its activity, becoming a manufacturer of modern city buses. Its high sales resulted in further investment and growth. The company opened its own technical office, as well as frame-construction, body-work, finish and prototype departments. In 2001, a merger of two international giants, MAN and Neoplan, created the opportunity to buy Neoplan's stake in the company. Solange and Krzysztof Olszewski made this transaction to become the owners of the firm, which changed its name into Solaris Bus & Coach Ltd. Since then, the company has been developing at an unprecedented pace. It has a 65% share of the domestic market and a nearly 5% share of the European market of low-floor buses, frequently introducing new models and winning numerous national and international awards.

4. Recapitulation and conclusions

The analysis of literature concerning domestic companies' behaviour in the face of foreign investors' expansion suggests that there are many possible behaviour patterns which can be classified according to three main categories: confrontation, co-operation and evasion. Co-operation strategies, although they could endanger one's identity, seem to be a crucial factor in improving Polish firms' competitiveness. This is because they provide a good opportunity to emulate the co-operator's key skills and learn from him. Recommended forms of co-operation strategy depend on a number of factors, the most important of which are: attitude to competition, globalisation pressure in a given industry, suitability of the company's resources for international transfer, strength of competitive potential and attractiveness of the industry.

The empirical research that has been carried out suggests that Polish companies covered by the research co-operate first of all with other Polish firms. The anti-co-operative attitude of some Polish companies towards foreign investors, especially common in the food sector, is probably a reaction to their expansion in the form of takeovers and results from the fear of being acquired by the foreign partner. However, if we attempt to identify the most popular areas of co-operation with foreign companies, we will find that the largest proportion of the firms under study co-operate in the fields of raw material and component supply (41.67% and 41.10%), technology development (36.23% and 37.68%), marketing and sales, as well as distribution logistics (approximately 33%). What is particularly valuable is co-operation in technology development because the companies under study, like the majority of Polish firms, are considerably behind in the area of research and development. Among the most popular co-operation areas, both for the present and for the next three years, the companies declare only a limited interest in buying/selling licences or know-how, joining/creating a franchising network, entering into a strategic alliance or setting up a joint venture. Yet it is these more advanced forms of co-operation that seem to be especially helpful in rapidly globalising competition.

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