INTERNATIONALIZATION PATTERNS IN THE AUTOMOTIVE INDUSTRY: A CASE STUDY OF JAGUAR LAND ROVER

MSc International Business Economics

Master Thesis

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EXECUTIVE SUMMARY

The following thesis aims to investigate Jaguar Land Rover's (JLR) internationalization process. Before 2008, when the company belonged to Ford, JLR was experiencing financial difficulties and low sales. Export activities represented the only form of international ventures. Tata Motors' acquisition of JLR has radically changed the company. In 2017 JLR was named the largest vehicle and engine manufacturer in the United Kingdom. Furthermore, in the recent years the company has undertaken several international ventures as well.

This research intends to find out the factors, which influenced JLR's decision to choose the specific markets for their international expansion, the market entry modes selected by the company to approach these foreign countries and the pace of JLR's international expansion.

In order to carry out this research, the systems approach was selected in the methodological review. This approach accepts the interconnected nature of the social structures and suggests, that the internationalization patterns of a company can be studied from an objective perspective. Nevertheless, the systems approach also admits, that each individual or group may have their own perception of the reality.

The thesis can be divided into several segments. The brief introduction is followed by the problem formulation and the research questions are proposed. In the literature review, the most relevant internationalization theories are discussed in order to get a better understanding of MNEs' internationalization process. The literature review also discusses the market entry modes companies generally use when approaching foreign countries. The motives for foreign direct investments are discussed as well, since it is important to reflect on the possible drivers of international ventures. Additionally, the literature review also addresses a relatively under-researched field, which is the pace of internationalization.

Subsequently, the methodology is introduced. This chapter deals with the selected methods for data collection and analysis. Moreover, the relevance and applicability of the selected approaches to this thesis are outlined. Afterwards, in the analysis the most important markets for JLR are characterized. Firstly, the home-market (United Kingdom) is described and then the rest of the key markets in a chronological order. In addition, the entry mode and JLR's performance on the particular markets are discussed.

INTRODUCTION

The focal point of this master thesis is to investigate the internationalization patterns, that can be identified in the automotive industry, through examining the case of an iconic British car manufacturer, Jaguar Land Rover.

Jaguar Land Rover is currently the largest vehicle and engine manufacturer in the United Kingdom. In the past the company experienced several difficulties such as severe financial situation or declining sales. In 2008 the company was acquired by an Indian car manufacturer, Tata Motors. Since that time, JLR has managed to gradually improve its sales performance and in the recent years JLR has undertaken several significant international ventures. Compared to the other major car producers, JLR has started to internationalize only recently, before 2011 each of the manufacturing sites were located in the company's home market. The literature that would describe the recent global expansion of the company is scarce, therefore this thesis attempts to analyse the internationalization patterns of JLR by looking at the markets the company has entered.

The thesis is divided into several chapters. The brief introduction is followed by the problem formulation and the main research questions are presented as well. Then the structure of the thesis is depicted. The following part is the literature overview, where the most relevant theories and concepts connected to the internationalization phenomenon are listed. The literature review, among others, includes theories such as the Uppsala model, Transaction cost theory or liability of foreignness. Additionally, it also discusses the motives for foreign direct investments, the modes of market entry and the pace of internationalization.

The theoretical part of the thesis is continued with the methodology. In this chapter the different paradigms are characterized, and the appropriate methodological approach is selected. Furthermore, several methods for conducting research and data analysis are discussed, and a relevant approach is chosen.

The analyses and discussion chapter starts with the introduction of the case company. Additionally, the company's recent performance statistics are listed. Afterwards, the key aspects of JLR's internationalization process are analysed by describing the company's expansion to several foreign markets. In this chapter the motives and the factors which might influence JLR's decision to enter a particular market are discussed as well. The chapter concludes by examining JLR's pace of internationalization. Finally, the limitations of the thesis and the conclusion are presented.

RESEARCH PROBLEM AND DESIGN

Problem formulation

The aim of this thesis is to analyse the internationalization patterns in the automotive industry through focusing on a British car manufacturer which has successfully undergone foreign expansion in the last couple of years. The objective of this dissertation is to interpret the activities the company is performing when expanding its activities to foreign markets. Naturally, the internationalization patterns of the company could be approached from different aspects, however, this thesis is focused on the following problem statement:

What internationalization patterns are used by multinational enterprises in the automotive industry: The case study of Jaguar Land Rover

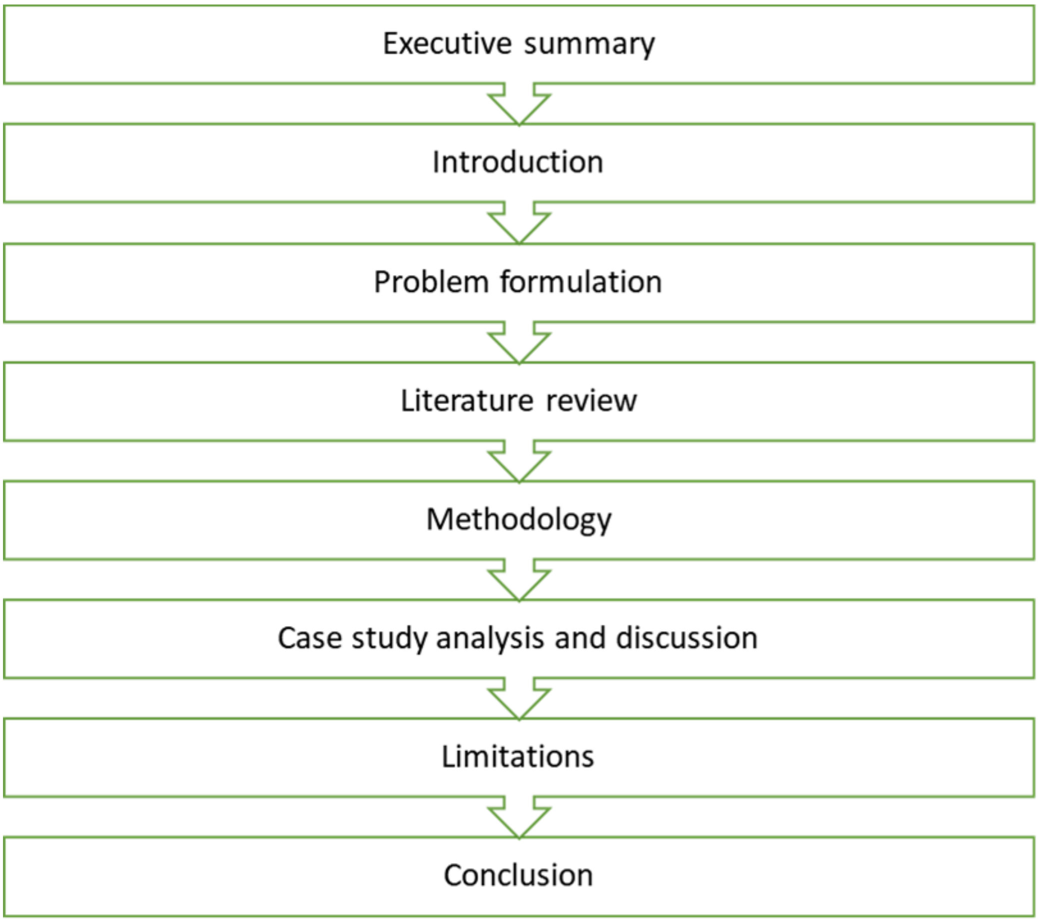
In this dissertation the author will investigate the choice of international markets, the market entry modes selected by the company and the speed of foreign expansion. Since the company has successfully established several manufacturing plants in foreign countries in the recent years, the author would like to investigate the aforementioned attributes of the internationalization process in relation to these foreign markets.

This master thesis seeks to answer the following research questions:

1. What are the main motives behind Jaguar Land Rover's market selection?
2. Which factors influenced the choice of Jaguar Land Rover's market entry mode?
3. What is the pace of Jaguar Land Rover's foreign market expansion?

Structure of the thesis

This short chapter presents the structure of the thesis, which is divided into the following segments:



The executive summary as well as the introduction will briefly familiarize the reader with the content of the thesis. This will be followed by the problem formulation. Subsequently, the relevant literature and theories will be reviewed. Afterwards, the main methodological concepts will be introduced. In the following chapter the appropriate methodological approach is selected in accordance with the reviewed internationalization theories and the author's personal perspective. Later on, the case study analysis and discussion are conducted. Finally, the thesis presents the limitations and the conclusion.

LITERATURE REVIEW

Jaguar Land Rover (JLR) is a British multinational automotive company. In order to fully understand its internationalization process and the reasons behind the market choices, first and foremost, we need to define the multinational enterprise (MNE).

MNEs were described until 1973 as companies which control mines, sales offices, factories and other assets in two or more countries (Bartlett et al., 2003). Veneeva (2006) argues, that since then the definition of MNEs has changed and it requires two determinants:

a) an MNE needs to have a significant direct investment in a foreign country (export activity is not enough) and
b) an MNE actively manages their offshore assets instead of just holding them in a passive financial portfolio.

Hennart (2009) defines MNEs as "private institutions devised to organize, through employment contracts, interdependencies between individuals located in more than one country". According to this definition a local manufacturer who uses domestic distributors in a foreign country cannot be perceived as an MNE, however, a domestic store, which has buying offices abroad without manufacturing facilities in a foreign country can be considered an MNE.

Multinational enterprises can also be defined as corporations which are engaged in foreign direct investments (FDI) and which have created a value adding chain in more than one country (Dunning, 1993).

MNEs differ on many levels and they can be categorized according to several aspects. Bartlett and Ghoshal (1998) defined four strategies a multinational enterprise can pursue in order to balance the needs of global differentiation and global integration. To ensure global competitiveness, the authors suggest, that the MNEs should elect a strategic model which satisfies the requirements of the environment. They differentiate between the following types of organizational models:

1) Multinationals: this model is highly decentralized; the main control, power and operations remain within the local business units. The strategy is driven by the demand of the local market. This organizational type is also known as a "multi-domestic", because the independent business units of the organization are linked together mainly

through the financial and legal reporting. The main drawback of this model is the lack of innovation and knowledge sharing between the business units.

2) Globals: it can be characterized as a highly centralized model, where the control, the operational management and decision-making power reside at the top of the organization's hierarchy; the local business units are viewed merely as channels to the local markets. The subsidiaries almost entirely rely on the know-how and resources of the home organization. Thus, this model is the exact opposite of the Multinationals organizational model.
3) Internationals: in case of this model there is a more balanced approach regarding centralization and decentralization. An essential feature of this model is, that it aims to understand the specific needs of each local business unit and share the knowledge across the whole organization evenly.

Since the above-mentioned organizational models all have their advantages and disadvantages, the fast-paced and multicultural world of today demanded the creation of a fourth model:

4) Transnationals: the business units of the MNE are perceived as a network, where the sharing of knowledge and innovations is considered a vital part of the strategy. The subsidiaries are assigned different roles and specific responsibilities based on their competences.

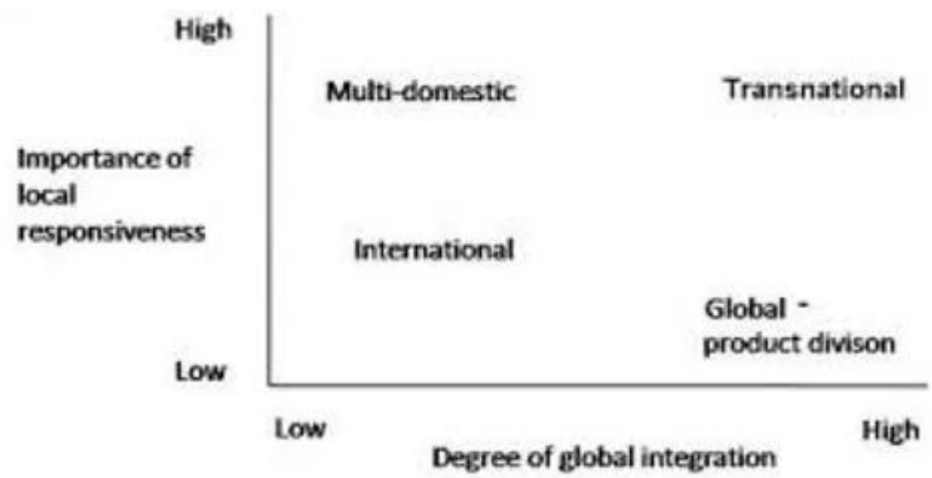


Figure 1 - International Strategies (Source: Bartlett and Ghoshal, 1998)

Internationalization: definition and different aspects

Even though the term "internationalization" has been around for several decades and it has been widely used in countless publications, there is no unified definition that would sufficiently explain the concept.

In the late 50s Penrose (1959) tried to explain internationalization as a process, that emphasized the essential opportunities and competencies of a firm. Several years later Johansson and Vahlne (1977) presented the well-known Uppsala Model. According to this concept, which was based on their study of the behaviour of Swedish companies, they discovered, that internationalization has a gradual character ranging from sporadic exports until the establishment of foreign manufacturing units. Furthermore, they found out that the psychic distance plays a key factor in the companies' internationalization decision. Pieray (1981) defined internationalization as the degree or type of a company's commitment to the business gained from external markets. At first Welch and Loustarinen (1988) roughly described internationalization as an outward movement of a company's international operations. Their modified definition says that internationalization is a "process of increasing involvement in international operations". According to Hollensen (2007) internationalization happens when the company expands its production, R&D, sales and other business activities to international markets.

The above definitions are describing certain aspects of the internationalization process, however, Hanff & Pall (2009) combined it into a single definition which describes internationalization as "a process of cross-national operations' involvement which equally requires the commitment of resources and the adaptation to foreign markets, affecting the current mindset and future internationalization strategies of the company. Furthermore, Hanf & Pall (2009) distinguish between inward and outward internationalization based on the company's international activities and degree of involvement.

In case of inward internationalization, the firm is mainly concentrating on the home market. Additionally, the company utilises all the knowledge and experience gained from foreign markets in order to satisfy the demand and the needs of the home market. As the name suggests, outward internationalization represents an opposite process, the goal is to meet the demands and needs of the foreign market based on the knowledge obtained from operating in the home market. (Hanf & Pall, 2009)

When it comes to foreign expansion, MNEs have different strategies and approaches with regard to scope, pace and rhythm of internationalization. The term scope refers to the geographical location of internationalization. Basically, this dimension refers to the number of countries the company operates in. (Lin, 2012, pp. 48)

The pace of internationalization describes the speed of foreign expansion. This dimension of internationalization indicates, that how many foreign expansions are undertaken by a company in a specific period of time. (Wagner (2014) cited in Lin, 2012, pp.48)

Finally, the rhythm of internationalization outlines the regularity of the foreign expansion process. Some companies establish new foreign subsidiaries on a regular basis, however, other firms' internationalization rhythm is not so consistent, there might be periods of inactivity followed by rapid internationalization. (Lin, 2012, pp. 48)

Internationalization theory

The extent of internationalization theory focuses on MNEs and their interaction with the external environment and internal organizational structure. The aim is to characterize how is a company functioning and discover the motives behind the company's decision to expand their activities to foreign markets. (Rugman, 1981)

Rugman (1981) claims, that internationalization can be interpreted as observable movements of a company's activities.

In today's globalizing economy, many companies are compelled to engage in internationalization, because of their need to seek out new market share, resources, strategic assets or they simply want to improve cost efficiency. The choice of country plays an important role in a company's internationalization endeavours. Companies need to carefully assess where they would like to expand their efforts and limited resources. Whenever a company decides to engage in international activities, there are three main issues that need to be addressed: choice of market, mode of entry and timing. (Hermannsdottir, 2008)

Even though the internationalization theories over the years have examined different aspects of MNEs foreign expansion, according to Rugman (2008), the three main points to consider remain the same:

1) What are the reasons behind a company's decision to go abroad?
2) Which are the factors that allow a company to engage in international activities?
3) What are the reasons behind different types of investments? (Rugman, 2008).

Internationalization is a rather complex process, which involves numerous activities related to the intensity of integration or geographical location. Therefore, several internationalization theories can be identified. For the sake of this thesis the author has decided to focus on the following theories: Modes of market entry, Transaction cost theory, Uppsala model, Liability of outsidership, Liability of foreignness, The eclectic paradigm and the Motives for foreign direct investment.

Modes of market entry

The following chapter will analyse and discuss certain types of market entry modes. The main characteristics of the specific entry mode will be presented along with its advantages and disadvantages.

After the company has decided which foreign markets they want to target, the next step is to consider what would be the best way to approach those markets. According to Hollensen (2007) a market entry mode is "an institutional arrangement necessary for the entry of a company's products, technology and human capital into a foreign country/market". The choice of entry mode depends on both internal (e.g. business potential) and external factors (such as business position in the industry or targeted market). Naturally, the entry modes have different levels of efficiency and varying input costs. (Hollensen, 2007)

According to the nature of the business arrangements, the level of control and risk, there are different types of market entry modes:

a) Export modes – exporting: direct & indirect
b) Intermediate entry modes – licensing, franchising, merger, joint venture, strategic alliances
c) Wholly-owned subsidiaries – greenfield investments, brownfield investments, acquisitions (Hollensen, 2007)

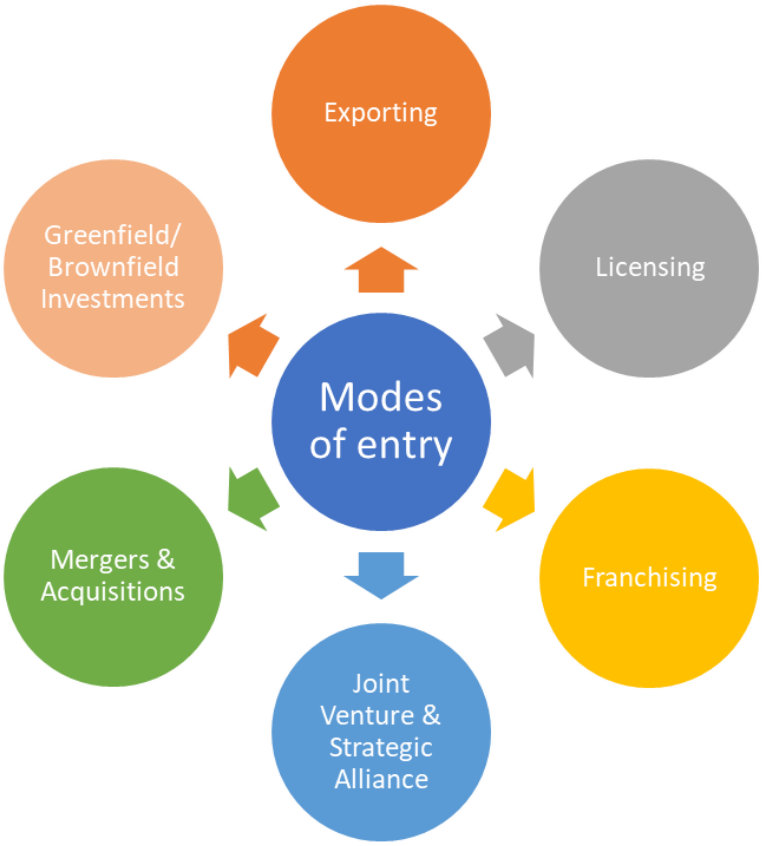


Figure 2 - Market entry modes

Exporting

Exporting describes the process of selling of goods or services which were produced in the home country into foreign markets. Naturally, exporting is limited by certain government tariffs, competition in the foreign market, demand or customs, and transportation costs as well. On the other hand, the exporting company does not have to repackage the goods or develop infrastructure in the foreign country and the firm can gain valuable information regarding the sales or popularity of the goods or services. We can distinguish between two types of exports: direct and indirect exporting. Direct exporting represents the most basic form of foreign activities, when the company capitalizes on economies of scale, the production is located in the home country and the products reach the foreign market through distributors or sales representatives. In case of indirect exports there is a certain intermediary, who ensures that the products are transferred from the home country to the foreign market. These mediators are usually export trading companies, export merchants or export management houses. (Mittal, 2014)

Perhaps the main advantage of exporting is that the foreign market can be accessed in a relatively short time and there is only a minimal risk for the exporter compared to other types of market entry. Moreover, the initial investments are low, and the company has the complete control over the production. On the other hand, there is the possibility of wrong choice of distributor, which might negatively impact the brand image. Another disadvantage is the low control over sales and marketing and the costs of overcoming trade barriers. (Reynolds, 2003)

Licensing

Licensing is a type of market entry mode when the manufacturer in the home country (licensor) gives permission to a producer in a foreign country (licensee) to produce goods or offer services in the name of the home-country based company. A licensing agreement enables a foreign company to produce the proprietor's product in a certain market for a specific period of time. The licensor makes certain resources or rights accessible for the licensee, which usually include some patents, managerial skills, trademarks, know-how or technology. Although licensing has several advantages, such as elimination of many expenses (e.g. avoidance of trade barriers) and time involved with foreign expansion, it has also some drawbacks. Licensing requires constant monitoring, renewal of permits, training and there is the potential for creating a new competitor. The earnings of the licensor can take different forms, for the most part these are royalty payments or expert fees calculated as a certain percentage from the gross revenue. (Mittal, 2014)

Franchising

Franchising is basically a type of licensing. Zimmerer & Scarborough (2002) define franchising as: "A system in which semi-independent business owners (franchisees) pay fees and royalties to a parent company (franchiser) in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system." As part of a franchising agreement the franchiser provides the necessary concepts, expertise and branding to the franchisee. The main difference between licensing and franchising is that the latter tends to be a longer agreement and that the franchisor provides a wider range of rights and resources. Since the franchisor's involvement is greater than the licensor's, the franchising also demands a larger investment. (Mittal, 2014)

Joint venture and strategic alliance

A joint venture is a type of market entry mode, when two or more companies create a new business unit, which is completely independent from the parent company. The formal difference between the two types of entry modes is that a strategic alliance is usually non-equity based, which means that the parties of the strategic alliance do not invest (or commit equity) to the cooperation. The joint venture on the other hand, can be either an equity or non-equity type of collaboration. The key feature of a joint venture is shared risk and ownership. Furthermore, this sort of business partnership is fitting for companies that focus on mutual benefits in the long-term. The key features of the strategic alliance are the development of new products as a result of interaction between different industries. Additionally, strategic alliances challenge the current technological development and they emphasize the creation of new products rather than the distribution of existing ones (Hollensen, 2007)

Mittal (2014) points out, that joint ventures are most favourable when the strategic goals of the partners are similar, however, their competitive goals differ. Moreover, this type of market entry mode also makes sense when the individual market power, size of the company or resources are small compared to other players on the market. In a joint venture they can share the knowledge, resources and become more competitive. Potential issues that might occur in a joint venture include conflicts or mistrust between the partners and a slow decision-making process is often a problem as well.

Mergers and acquisitions

Mergers and acquisitions are two market entry modes, which are often used interchangeably, however, the two terminologies are not the same. Although both can be defined as a combination of two or more companies into a new corporation, there is a significant difference in the process of establishment. In case of a merger, before the combination takes place there are some negotiations between the merging parties which expect certain benefits from this action. Obviously, several difficulties and complications may arise in a merger, but certain synergies are expected: the goal of this long-term cooperation is to increase the revenue, reduce the costs and to enlarge the market share. (Malik, 2014)

Acquisition is the process when a company takes over another one. Normally, such a purchase includes all the assets or ownership equity. Similarly to mergers, the aim of an acquisition is to achieve synergy. Negotiations before the purchase do not always take place. Based on the target company’s listing on the stock market, acquisitions can be public or private. Thanks to the acquisition the acquiring company might obtain the following advantages: get hold of the acquired company's know-how, get control over a certain technology or foreign operations. Acquisitions can also be friendly or hostile. In case of a friendly acquisition a small company may seek out a larger partner, that could provide the necessary resources or investment. (Bartlett, 2006)

Greenfield and brownfield investments

Greenfield investments can be characterized as a rather complex and expensive modes of market entry, where the wholly-owned subsidiary has to be built from scratch. There are certain risks associated with the greenfield investment such as the fact that the new business unit is located in a foreign country and has to comply with the local rules and regulations. Additionally, the construction is usually time-consuming and requires careful planning. However, the primary reason for choosing this market entry mode is that the new facility can potentially offer the flexibility and efficiency to meet the needs and strategic direction of the company.

The clear advantage of a brownfield investment is, that the facility already exists and usually it is already compliant with the local legislative. Possible drawbacks might include the lack of flexibility and the maintenance costs. (Hitt, Ireland and Hoskisson, 2001)

Transaction cost theory

Transaction cost theory (TCT), which is also recognized as Transaction cost economics (TCE) has become an important concept when it comes to the analysis of strategic and organizational decisions in a company. The TCT theory has been widely used to describe companies' boundaries, the justification for conducting an acquisition, vertical integration decisions or characterizing hybrid governance forms. (Martins et al., 2010) Thus, the TCT tries to ascertain the company's internationalization decisions and aims to discover the reasons for foreign expansion.

The term "transaction cost" was coined by Ronald H. Coase – the founder of the transaction cost theory - in 1937, who claimed that there is no market mechanism without costs. He divided the transaction costs into three categories:

a) Search and information costs
b) Bargaining and decision costs

c) Policing and enforcement costs

He stated that the above costs are connected to "transactions through the market and that these costs can be reduced through mechanism other than market". (Coase, 1937 cited in Martins et al. 2010)

Williamson (1985) divided the transaction costs into ex-ante and ex-post costs. Ex-ante costs refer to the costs, which occur before the transaction, these include the costs of: (i) searching and information, (ii) drafting and negotiating an agreement, (iii) costs of safeguarding the agreement. As the name suggests, ex-post costs incur during or after the transaction: (i) evaluation of input, (ii) measuring the output, (iii) monitoring the enforcement.

The rationale behind the TCT is that the company aims to reduce the exchange costs. The transaction cost theory says, that the company will continue to expand its activities assuming that these activities can be implemented at a lower cost within the company than by outsourcing the activities to external actors in the market. (Coase, 1937)

The theory views the company as a hierarchy, which creates value by decreasing transaction costs. Apart from focusing on two governance forms, namely hierarchy and market, the theory considers long-term agreements and hybrid modes as well (Martins et al., 2010). Consequently, we can differentiate between three types of transaction governance: hierarchy, hybrid and market. The latter transaction governance describes a basic exchange mode between independent parties in accordance with the price mechanism. Hierarchy is a more complicated governance form and it delineates transaction between actors with a unified ownership and an already established hierarchy (Williamson, 1981).

According to Williamson (1996), the hybrid governance form includes "long-term contractual relations that preserve [parties'] autonomy, but provide added transaction-specific safeguards as compared with the market" (Williamson, 1996, pp. 378).

The transaction cost theory is built upon several assumptions which try to explain why the company may experience higher costs for market-based transactions and why the companies may carry out transactions more efficiently than markets (Williamson, 1985). The transaction costs depend on several determinants: opportunism with guile; bounded rationality; asset specificity; uncertainty and transaction frequency.

Opportunism with guile

Neoclassical economists view humans as self-interested beings, who would engage in deceitful behaviour. In order to protect themselves from unexpected costs which might occur due to this opportunistic behaviour, the parties involved in business draft contracts. Despite this precaution, it is impossible to anticipate every form of unethical behaviour. Williamson (1985) claims that without the opportunistic nature of humans it would be possible to draw perfect contracts. In that case, no additional costs would occur, since there would be no need for enforcement of the contract; the only governance would be carried out by the market (Martins et al., 2010).

Bounded rationality

In contrast with the neoclassical theory, the TCT perceives humans as "boundedly rational". This means, that people do not always possess perfect information and even though they try to behave rationally, they are limited by the lack of information (Simon, 1961, cited in Williamson, 1985). Since people are unable to process a lot of information they cannot make accurate future predictions (Martins et al., 2010).

Williamson (1985) defined asset specificity as "durable investments that are undertaken in support of particular transactions, the opportunity cost of which investment is much lower in best alternative uses or by alternative users should be original transaction be prematurely terminated". Williamson (1985) believes that "transactions that are supported by investments in durable, transaction-specific assets experience 'lock in' effects, on which account autonomous trading will commonly be supplanted by unified ownership". This suggests, that high asset specificity causes internalization, while low asset specificity encourages the selection of market governance forms.

Williamson (1989) identified the following six types of asset specificity: site specificity, physical asset specificity, human asset specificity, dedicated assets, brand name capital and temporal specificity. Site specificity refers to the natural resources that are accessible only at a certain location and moveable at high expenses. Physical asset specificity can include a special machinery, tool or digital system designed for a specific purpose. Human asset specificity relates to non-transferable experience and highly specialized skills. Dedicated assets can be investments that were acquired for a specific purpose and similarly to physical asset specificity, they cannot be used for other intentions. The brand name capital is connected to the reputation of the investment, for that reason, the transaction cost theory recommends not to outsource activities if they might damage reputation or brand image. (Williamson, 1989) There are certain assets when the coordination and timing of the activities is crucial. Temporal specificity refers to the value lost when the timing or coordination of an open market transaction is not correct, compared to the value of the same transaction when performed within an integrated firm (David, Rawley and Polsky, 2011).

In the neoclassical view it was assumed that people possess perfect information. In the TCT, however, the uncertainty is an important assumption, since it is recognized that no one has flawless information regarding the past, present or future states. It is impossible to foresee if an individual would engage in opportunistic behaviour, therefore contracts are not written or enforced without costs. (Williamson, 1993)

Frequency of transactions tries to determine if certain costs of governance are justified. If the frequency of transactions is low, alternative forms of governance might not be necessary. Thus, the volume and frequency of transactions need to be taken into consideration (Williamson, 1985).

Uppsala model

The Uppsala model is one of the most discussed internationalization models in the Scandinavian literature. The origins of this theory can be traced back to the 1970s, when Swedish academics (Johanson and Vahlne) at the University of Uppsala studied the internationalization patterns of Swedish manufacturing firms (Hollensen, 2007). They were under the impression, that the existing theories at the time did not take into consideration the cultural differences when contemplating the internationalization decisions of the companies. As a result, they developed their own model, based on the data gathered from observing the aforementioned Swedish manufacturing companies' foreign expansion decisions. (Zohari, 2012) The Uppsala model is also known as the stage model, since it distinguishes four different stages of entering a foreign market (Figure 3). During the first stage, which is the initial part of the internationalization process, the companies carry out irregular exports to the neighbouring countries. Subsequently, if the sporadic exports are deemed successful, the company usually proceeds to regular exports through agents, who represent the firm in the foreign country. The next step of the process is, when the company establishes foreign sales subsidiaries in order to meet the increasing demand.

The final step of internationalization according to the Uppsala model occurs, when the company decides to move the manufacturing to the foreign country. (Johanson and Vahlne, 2009)

Stage 1: No regular export activities (sporadic export)
Stage 2: Export via independent representatives (export modes)
Stage 3: Establishment of a foreign sales subsidiary
Stage 4: Foreign production/manufacturing units. (Hollensen, 2007)

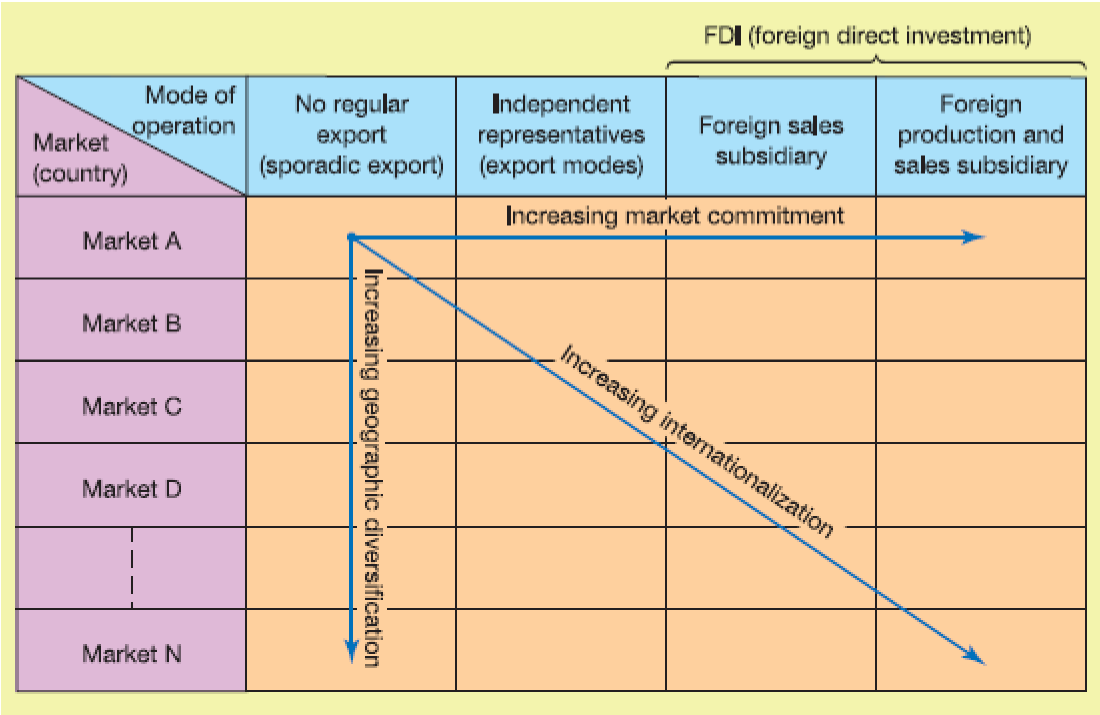


Figure 3 - The Uppsala Internationalization Model (Source: Hollensen, 2007)

The second pattern of the Uppsala model emphasizes the significance of the cultural and psychic distance. This implies that companies in the initial phases of internationalization are more inclined to do business with foreign companies, which are located in markets they can easily understand. (Johanson and Vahlne, 2009)

The authors of the Uppsala model also emphasized the interdependence of market knowledge and market commitment (Figure 4). According to them a deeper knowledge about the market results in a strong commitment to that market. In other words, adequate knowledge and experience gained form the foreign market will assure a strong commitment to conduct business with the particular foreign country. (Johanson and Vahlne, 2009)

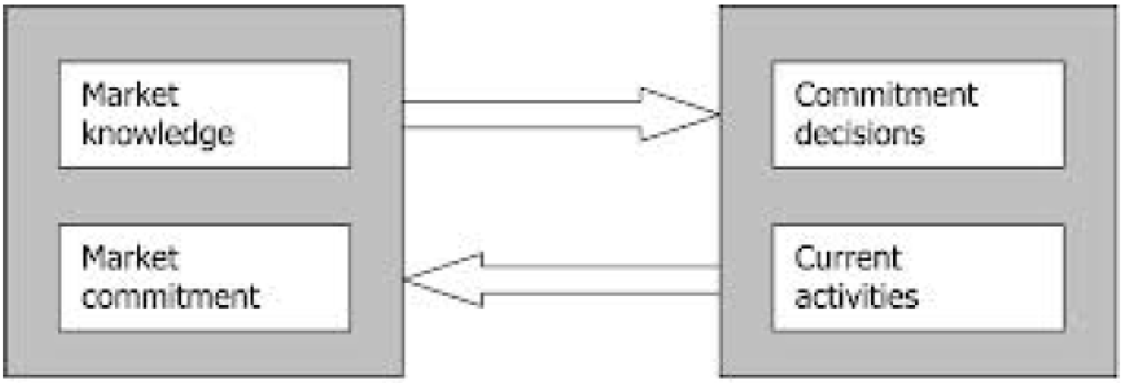


Figure 4 - The Uppsala Process Model (Source: Johanson and Vahlne, 1977)

Revisited Uppsala model

Over the years several limitations of the Uppsala model have been discovered and the theory faced some criticism from other researchers, namely, that the model cannot be applied for the service industry and that it does not take into consideration the increasing interdependency of the foreign markets. Due to the interdependent nature of the markets, it is easier for companies to access knowledge and they can skip stages of the Uppsala model, therefore the whole internationalization process is sped up. (Hollensen, 2007)

In the revised version of the Uppsala model, the authors understand the business environment as a complex system of relationships, which are held together by invisible patterns. In the revised theory authors assume that a company is part of a business network, and in that network the firm is interconnected with the other actors. If a company is able to utilise the knowledge gained from the interaction with another firm, they can expand their area of expertise and even target markets with higher cultural or psychic distance. Essentially, Johanson and Vahlne in the revised theory perceive internationalization as a set of possibilities which could be explored. (Johanson and Vahlne, 2009)

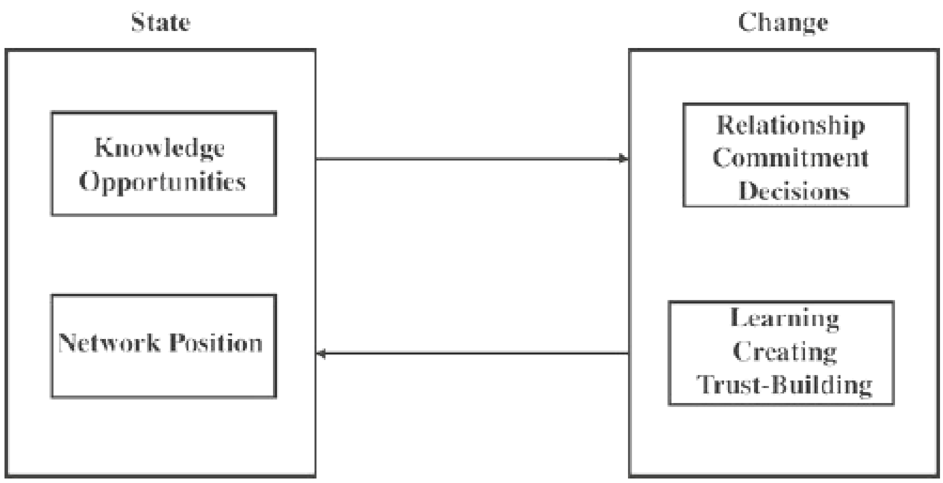


Figure 5 - Revised Uppsala Model (Source: Johanson and Vahlne, 2009)

In the revisited Uppsala model opportunities are presented as the most significant source of knowledge. Further important aspects of knowledge are the company's network, capabilities and strategic decisions. The revised theory emphasizes the importance of networking, since by learning and building trust in a business network, companies may internationalize more effectively. (Johanson and Vahlne, 2009)

Liability of outsidership

Johanson and Vahlne (2009) described the liability of outsidership as several difficulties connected to the entrance to a new foreign market, where the firm does not have a relevant position in the business network. Every foreign market can be understood as a complex web of relationships, where the actors are connected through formal (i.e. contract-based) and informal ties. An outsider might find it difficult to engage in business dealings with the participants of an established network due to the lack of trust, experience and commitment in that particular network. On the other hand, actors who are part of the network (insiders) can take advantage of their position in the network and they can use it as a source of superior organizational performance. (Annushkina, 2012) The revised Uppsala model also indicates that being part of the relevant business network is essential for the company's successful internationalization process, as the company can use the knowledge and experience gained by other participants of the network to strengthen its own position (Johanson and Vahlne, 2009).

Annushkina (2012) recommends four steps to overcome the liability of outsidership:

1) The company needs to acknowledge and assess the relevant formal and informal networks in a new business environment. Only by doing so will the company commit some resources to overcome this liability.
2) It is important for the company to develop a clear strategy on how to enter the relevant network. This can be achieved by improving the company's visibility, participating in different formal events or reinforcing the credibility of the firm.
3) After successfully completing the first steps, the company has to invest in the maintenance and development of the business relationships.
4) Finally, the company can institutionalize the skills and knowledge gained during the transformation from outsider to insider.

Liability of foreignness

Apart from the Uppsala model, the Liability of foreignness has been chosen by the author to illustrate the gradual internationalization process. The theory was first introduced by Hymer in the 1960s. In his concept he explains that the company when entering a foreign market has to deal with several difficulties due to the lack of knowledge regarding the business conditions in that particular market and also the foreign exchange risk. Besides the business conditions, the economic, cultural, political differences and the geographic distance pose additional challenges for the company. (Zaheer, 1995)

Hymer (1960) described four major barriers of which the discrimination by the host country's government and the foreign exchange have a permanent character. The other barriers resulting from the information disadvantage can be resolved in a relatively shorter amount of time. Naturally, the local companies have a much deeper knowledge about the legislation, economy, market. This obstacle can be overcome by a carefully planned learning strategy or as a result of conducting business in the host country for a longer period. (Hymer, 1960)

Hymer (1976) and Kindleberger (1969) in their investigation about multinational enterprises defined the liability of foreignness as "the costs of doing business abroad that result in a competitive disadvantage for an MNE subunit". Furthermore, they identified four sources for the liability of foreignness:

- Costs of transportation, travel and coordination of activities over distance
- Firm-specific costs arising from the lack of knowledge in relation to the host country's environment
- Costs derived from the adaptation to the local country's legislation. Each market has its specific rules and regulations when it comes to conducting business.
- Costs associated with the strengthening of the company's reputation

Additionally, Zahrer (2002) identified three threats which could affect the entrant company significantly:

- Unfamiliarity – as discussed earlier, the lack of knowledge about the market conditions of the host country can create severe disadvantages for a newcomer company. This additional cost might have a temporary character and can be mitigated if the company places a strong emphasis on developing a learning strategy about the host market and environment.
- Discrimination – different forms of discrimination can be identified, however, all of them present an obstacle for the entering company. One of the most common source of discrimination are the consumers, who might mistrust the foreign products and prefer their own. Moreover, the government of the host country can also implement some regulations to protect and promote the local companies and their market position.
- Relational hazards – these are the consequence of internal and external uncertainties in the foreign firm. Internal uncertainties refer to the management of business activities in the foreign market. External uncertainties are a result of unsuccessful predictions about the future conditions and an insufficient knowledge about the host market.

Naturally, each company aims to mitigate the liabilities of foreignness in order to become successful in the foreign country. There are certain methods the firms are implementing to address the challenges. One of the solutions can be to import organizational capabilities form the home country. However, this approach is quite expensive and time-consuming, mainly because of the adjustment of capabilities to the foreign country. Even though it is a complex process Dunning (1977) highlights that if a company wants to overcome the liability of foreignness it has to promote its advantages and transfer the organizational capabilities to the foreign market unit. The source of firm-specific advantages can be a strong brand name, reputation od the company or an innovative product. These advantages can also arise from economies of scale. Dunning (1977)

According to Zaheer (1995) companies can also overcome the liability of foreignness by hiring people who possess in-depth knowledge about the foreign market, or the company can try to replicate the activities of successful companies in the foreign country. Naturally, it is easier to overcome the liability of foreignness for companies with vast resources and previous international experience. (Zaheer 1995)

Pace of internationalization

When considering the internationalization patterns of a company, the pace at which the firm internationalizes is of key importance. The pace is an important strategical decision and it should balance the resources of the company as well as the international opportunities. (Chetty et al., 2014). While Casillas and Acedo (2013) acknowledge that the process of internationalization has been widely researched, they also point out that the pace of internationalization deserves more attention.

In the relevant literature academics use the terms speed and pace of internationalization as synonyms. Chetty and al. (2014) describe the speed of internationalization as the amount of time it takes to go international from the formation of the company. However, this suggestion only takes into consideration the elapsed time between the founding if a company and the beginning of internationalization.

Vermeulen and Barkema (2002) and Wagner (2004) recommends a mathematical approach, they believe that the pace of internationalization should be measured by dividing the number of foreign subsidiaries by the number of years since the company’s first foreign expansion, and change in foreign subsidiary sales-to-total sales ratio (cited in Chetty et al., 2014, pp. 634). An alternative method could be to find out how many markets has the company entered in a given period of time (Karlsen, 2007).

Chetty et al. (2014) characterize internationalization pace as the speed of international commitment and acquiring international experience. Oviatt and McDougall (2005) added, that the speed of internationalization is not only depending on experience and knowledge gathered from foreign markets. The company’s domestic activities and performance play an important role as well. Nordstrom (1991) identified some of the factors that influence the speed of internationalization: degree of international competition, size of the company and international experience. Moreover, Oviatt and McDougall (2005) highlight that the top management's strategical decisions also affect the pace of internationalization.

When it comes to internationalization, the traditional companies usually select a step-by-step expansion process. They prefer to grow gradually and then exploit economies of scale and scope and take advantage of the location advantages and safeguard the company from recurring fluctuations. On the other hand, there are born global companies which aim to achieve a leading position in their field as fast as possible. Their internationalization process is much faster, since they usually target emerging markets, or they have a niche field. Their competitive advantage comes from operating in various markets. (Oviatt and McDougall 2005)

Networks play an important role in the internationalization process of the company, because they help to recognize opportunities in foreign markets. Therefore, they may facilitate the early internationalization attempts of a firm. Oviatt and McDougall (2005) argue that networks are even more important when it comes to the choice of foreign market than the psychic distance. Thus, if a company has strong relationships in a network, it may discover new opportunities easier and this can speed up the internationalization process. (Ibid)

In summary, if one wishes to examine the pace of internationalization, the following factors can be taken into account: the amount of time elapsed since the founding of a company until its first international venture, the number of foreign countries the has entered and the number of new ventures initiated in a specific period of time. The author will try to ascertain whether JLR followed a traditional approach to internationalization or if the company can be characterized as a born global. Additionally, the market choices of JLR will be investigated with regard to the psychic distance and a timeline will be introduced to illustrate the markets JLR has entered. Finally, the author will try to determine the pace of JLR's international expansion.

Motives for FDI

Dunning (2000) has characterized four types of motives for foreign direct investments: market seeking, resource seeking, efficiency seeking and strategic asset seeking.

Market seeking

There are numerous reasons why a company would choose to invest abroad. According to Dunning (2000) a market seeking FDI aims to satisfy a certain market or several foreign markets. By investing in a foreign country, MNEs would like to take advantage of the possibilities offered by that market. The reasons are wide-ranging. The company may want to follow their customers or suppliers, the firm could serve the customers from a closer proximity and save significant costs by doing so or the company simply wants to be present in the foreign market to discourage the competitors from occupying the market. (Franco et al., 2008)

Resource seeking

According to Dunning (2000) by resource seeking the company wishes to get access to raw materials and other natural resources or unskilled labour. Basically, the company is looking for resources which they cannot access in the domestic market or that are available at a significantly lower cost abroad. Franco et al. (2008) however argues, that apart from seeking natural resources or cheaper unskilled workforce, the company is also looking for skilled labour and technological or managerial capabilities.

Efficiency seeking

Dunning (1993) classified the reasons for efficiency seeking into to groups. Firstly, the companies want to "advantage of differences in the availability and costs of traditional factor endowments in different countries". Secondly, they want to exploit economies of scale and scope and profit from differences in consumer tastes and supply capabilities. In other words, the company tries to restructure its current investments in order to achieve an efficient distribution of international economic activity.

Strategic asset seeking

This motive for FDI differs from the rest, because the objective of the investment is to obtain or complement a new technological site rather than take advantage of the existing assets (Franco et al., 2008). MNEs pursue strategic operations through the purchase of existing companies or assets in order to maintain or progress their global competitive position. This can be achieved in different ways such as acquisition of local capabilities knowledge, human capital or R&D, pre-empting market entrance by competitors, acquisition of foreign companies' assets or by acquiring key established local companies. (Dunning, 1993)

METHODOLOGY

A research can be carried out and approached in different ways. The author's standpoint about the perception of reality always plays an important role in every research paper. Thus, it is essential from the beginning to clarify the approaches and methodological aspects that have been selected in this thesis. First of all, the paradigms and the philosophy of science will be discussed. Then, the author's standpoint about the reality will be presented along with some chosen methodological approaches. Finally, in the chapter introduces the methods utilised during the investigation and the data collection process will be characterized as well.

Paradigms and Philosophy of science

In the study of economics two main branches of grand theory can be identified, each of them having their equivalent philosophical foundation. Each of the economic theories can be originated in these grand theories and once we discover the origin of a theory, then these theories can be classified not only by their grand theory, but by their paradigm as well. The two grand theories in question are the Behaviourist theories and the Classical theories.

The main purpose of the Philosophy of science is to recognize the essential ideas of scientist, researchers or authors in general, to understand how their viewpoint affects their research and findings. In other words, philosophy of science characterizes the perception of reality and the world. Moreover, it aims to describe how the knowledge and truth are believed to be achieved. Two main streams exist with their corresponding paradigms: subjectivism (interpretive and humanist paradigms) and objectivism (functionalist and structuralist paradigm). (Morgan, 1980)

Burrell and Morgan (1979) suggest the below concepts to characterize the method of the research:

- Ontology: this concept describes how a person perceives knowledge, truth or how one behaves in a social setting. According to Saunders et al. (2009) ontology can be defined as a certain set of assumptions scientist have about the functioning of our world and their commitment to specific views.
- Epistemology is concerned with the theory of knowledge. This concept contemplates the justification and the nature of the knowledge. One of the key questions epistemology

examines is whether we can gain knowledge from personal experience or other humans, or if it is obtained from other social actors who are involved in the studied social activities. (Burrell and Morgan,1979)

- The human nature concept aims to interpret the relationship between the environment and the actors who are part of it. This includes characteristics such as the feeling, acting and thinking of humans in a social setting (Burrell and Morgan,1979).
- The fourth concept, methodology, establishes how the researcher gathers the data and how one conducts the analysis. In Kuada's perception, methodology presents a framework for the study (Kuada, 2012). On the other hand, Burrell and Morgan (1979) claim that the three concepts, namely ontology, epistemology and human nature result in the methodology, because together they determine how the truth and knowledge have been gathered and reviewed.

Subjectivist approach to social sciences				Objectivist approach to social sciences
Nominalism	←	Ontology	→	Realism
Anti-positivism	←	Epistemology	→	Positivism
Voluntarism	←	Human nature	→	Determinism
Ideographic	←	Methodology	→	Nomothetic

Figure 6 - Subjective-objective nature of the social sciences (Source: Burrell and Morgan, 1979)

In the next segment we shall take a more detailed look at the objectivist and subjectivist approaches.

Objectivism

Objectivists perceive the world as a concrete, solid and factual place which is external to the understanding of an individual. The objectivist philosophy is called realism (Burrell and Morgan 1979). The realists believe, that the world consists of solid, factual and unchangeable structures and it cannot be created or changed by the individuals. The actors of the environment can merely assign names or labels to these objects, however they existed long before the actors' recognition. Burrell and Morgan (1979) point out that the paradigm pursues the Positivistic Epistemology. Instead of just trying to understand, it also aims to explain what happens by looking for relationship and irregularity amongst its essential entities.

The human nature (also referred to as anthropology) is described in the objectivists' perception as determinism. The human nature and their actions are predestined by the environmental or situational factors (Burrell and Morgan 1979). Bryman (2003) explains determinism through a metaphor. He says that if a button was pushed, individuals would react in a certain way because of the environmental and natural laws that define them. Objectivism uses a nomothetic methodology, which means quantitative methods and a deductive approach to theory. Nomothetic methodologies usually observe a relatively larger sample and have a more general outlook. They aim to find a general truth that can be applicable to related entities. This method is generally applied in natural sciences and is considered to be a more traditional approach. (Bryman, 2003)

Subjectivism

According to the subjectivists, the reality is the result of personal perception of the individuals. Subjectivism is usually characterized as a view which is built upon meanings, interpretations, motivations, social and cultural patterns connected to the actors' interaction in the social environment. (Eriksson, 2007) In Burrell and Morgan's (1979) view, nominalism and conventionalism are synonyms, they describe conventionalism as concept that classifies entities and tries to make sense of the world. Furthermore, they say that conventionalism aims to understand the reality which surrounds the social actors. Anti-positivism is the epistemology of subjectivism. In case of anti-positivism instead of just observing the reality, the actors try to interpret it based on their own perceptions (Burrell and Morgan 1979).

The anthropology of subjectivism is called voluntarism and as the name indicates, the concept believes that humans are autonomous, and they have free will. Similarly to the above-mentioned metaphor, if a button was pushed, according to the voluntarist view, the actors would react in a certain way because of their free will and own perception of the environment. Subjectivists generally follow an ideographic methodology, which is more focused on a singular case (i.e. cases studies) and qualitative methods are used. Ideographic approach suggests, that information can be gathered only by first-hand and its goal is to understand a phenomenon. (Burrell and Morgan 1979).

The aforementioned concepts are however only some general characteristics of the two main paradigms. There is a more detailed classification which incorporates four paradigms: functionalist, interpretive, radical humanist and radical structuralist.

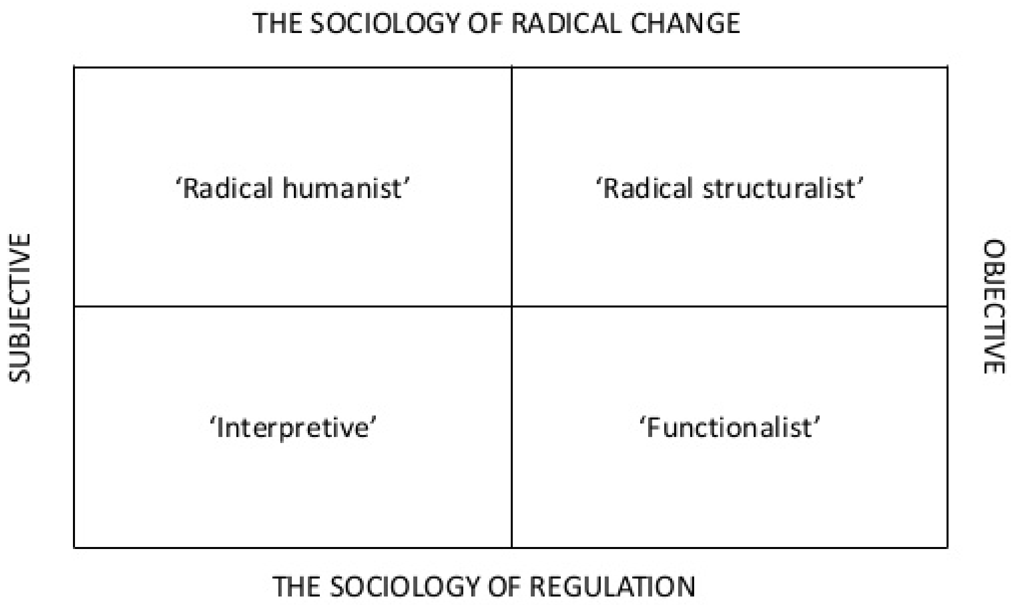


Figure 7 - Four paradigms for the analysis of social theory (Source: Burrell and Morgan, 1979)

The functionalist paradigm represents a perspective which has its origins in the sociology of regulation. It tries to approach a study or research in an objective manner. The concept analyses consensus, social integration, solidarity, satisfaction of needs et cetera. The fundamental dimensions of this concept are: realist, positivist, nomothetic and determinist. This concept attempts to explain social affairs in a rational way. In other words, this is a very pragmatic paradigm, trying to identify pragmatic solutions for pragmatic problems. Furthermore, it is trying to highlight the importance of equilibrium, stability and order in the society. (Burrell and Morgan 1979)

The interpretive paradigm suggests that the researchers' values are inherent during the whole research process. The concept suggests, that it is important to comprehend the essentials of the existing world through subjective experience. New discoveries and knowledge is developed during the research process. Basically, new findings appear thanks to dialogues in which opposing opinions are discussed between individuals of a society. Therefore, it is crucial to promote discussion between the respondents and the researchers. The focal point of this paradigm is to understand the everyday world. The philosophical dimensions are anti-positivist, nominalist, ideographic and voluntarist. From a methodological point of view, the interpretive paradigm utilises naturalistic methods such as observation, interviewing and analysis of existing documents. (Burrell and Morgan 1979)

The radical humanist paradigm evolves around establishing a radical change from a subjective viewpoint. It has the same philosophical concepts as the interpretive paradigm, namely, anti-positivist, nominalist, ideographic and voluntarist. Radical humanists perceive the existing dominant theories as ideologies which separate people from their true selves. Radical humanism mainly consists of anti-organization theories, their supporters believe that the reality is socially created, and they concentrate on how the actions describe life in industrial societies. They also presume that actors of an environment are influenced by the ideological superstructure. (Burrell and Morgan 1979)

Finally, the radical structuralist paradigm, as its name suggests is concerned with radical change and it has an objective standpoint. Radical structuralists believe, that there are deep-rooted conflicts within the society and as a result of which there is continual change due to political and economic crises. A typical theory on the radical structuralist paradigm is the network theory. In terms of ontological concerns, it has the same as the functionalist paradigm, that is realist, positivist, nomothetic and determinist. (Burrell and Morgan 1979)

Arbnor and Bjerke's paradigms

According to Arbnor and Bjerke (2009) the philosophy of science and the methodology should be clearly distinguished. In their standpoint the theory of science contains the ultimate presumptions in the social sciences (from both ontological and epistemological perspective). There is also a difference between methodological approaches and paradigms. Paradigms characterize the connection between the researcher's ultimate presumptions and the functional use of different methodological approaches. On the other hand, methodology is connected to the understanding of how methods are formulated in a certain research area (Figure 7). (Kuada, 2012)

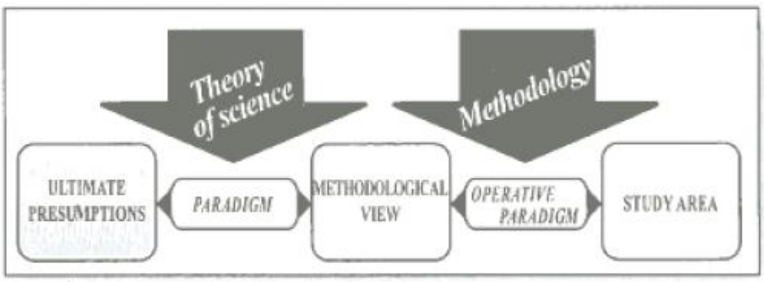


Figure 8 - Arbnor and Bjerke's perception of methodology and theory of science (Source: Arbnor and Bjerke, 2009)

Arbnor and Bjerke (2009) proposed the below paradigms:

- Reality is a specific phenomenon that corresponds with the law and it is not dependant on the researcher. In other words, reality is tangible, concrete and objective, therefore it can be measured.
- Reality as a concrete determining process. Based on this paradigm the society is a developmental series of actions where each component can have an impact on the process. Consequently, it is important to understand the relationships between the segments of society.
- Reality as mutually dependent fields of information. Similarly to the previous paradigm, society is viewed as a developmental process, however, in this case it is based on information exchange. Since one change can trigger or influence other changes in the society, reality is not considered to be stable.
- Reality as a world of symbolic discourse. This paradigm assumes that the reality is built upon the subjective interpretations of individuals. Reality can be interpreted by individuals, throughput the interaction process.
- Reality as a social construct. According to this paradigm the reality is constructed via the encounter of elements and it is a regular process. Reality is subjective rather than objective.
- Reality as a manifestation of human intentionality. Reality consists of the reflections of individual's behaviour or imagination. (Kuada, 2012)

Based on the aforementioned six paradigms, Arbnor and Bjerke have introduced three methodological approaches that can be used in a research to create knowledge:

- Analytical approach
- Systems approach
- Actros approach

Analytical approach can be described by the assumption that reality is objective, and it does not depend on the observer. Reality as a whole consists of smaller units. Therefore, a researcher can break down a phenomenon to smaller parts and analyse each unit separately. Then, they can assemble the small units and build a complete picture. In terms of epistemology, the ultimate presumption which determines this approach is that the knowledge is based on facts. Consequently, the scientists can assume a neutral position in the research and they can distance themselves from the observed people. Thanks to this approach, knowledge is generated by formal logic and it is not biased by the individuals' subjective experience. (Kuada, 2012)

According to Kuada (2012), in the systems approach, the social entity, which can be an organization, group or community is perceived as a system that incorporates several elements. Moreover, there are certain relations between those elements. The social entity as a system comprises of several subsystems and each of them have their specific characteristics (based on the constituent elements) and mutual relations. Researchers seek to discover how will the changes in one element affect the other elements of the system. Therefore, we cannot merely observe a phenomenon as a separate part of the reality.

Arbnor and Bjerke (2009) claim that the world depends on the individuals who are involved in the building of reality via knowledge creation. The actors approach proposes that the reality is subjective, and it is a result of the interaction between individuals' experience and the experience of others who surround them. Additionally, Kuada (2012) says that reality is built throughout the knowledge sharing and negotiation process. There are certain similarities in terms of methodology between the actors' approach and Burrell and Morgan's interpretive paradigm. In both cases the actors focus on individuality, subjectivity and interaction (Kuada, 2012).

Selected methodological approach

The selection of appropriate methodological approach is essential if we want to conduct a successful research, since the selection of the methodology influences the outcome and the conclusion of the study. Naturally, when selecting a research methodology, it is important to consider the problem formulation and the whole purpose of the research. In this master thesis the author would like to investigate the internationalization patterns of JLR and to discover how did the conditions in the host market as well as the company's factors influence the internationalization decisions of JLR, namely the selection of foreign markets, the choice of market entry modes and the pace of internationalization.

In order to achieve this goal, the author chose Arbnor and Bjerke's systems approach. The author also believes that the world comprises of interdependent elements, thus, it can be perceived as a system. Furthermore, an MNE cannot isolate itself from the influences of the external environment, because it is a part of a larger system. As mentioned earlier, the systems approach aims to comprehend and explain the relation between different elements via following an objective perspective.

The literature review suggests that there are several motives that affect the selection of foreign markets. In the author's opinion, the internationalization decisions of JLR are a result of thorough market analyses, therefore the different conditions in the host market influence the entry strategy of JLR. The aim of this research is to discover the motives leading JLR to enter the specific foreign markets and to find out the relationship between the internationalization decision JLR selected and the market factors in the particular country. Furthermore, in this thesis, JLR's pace of international expansion will be investigated as well.

In summary, the goal of the thesis is in correspondence with the systems approach, since it suggests that the conclusion is achieved through the combination of several conditions (Arbnor and Bjerke, 2009). During the data analysis and while making conclusions, the author will attempt to be objective. Naturally, the author is aware that it is impossible to be completely objective, since the author's own experience, knowledge and values all have an influence on the data collection and analysis as well as on the conclusions. However, this also coincides with the systems approach, because the concept is aware that people may perceive the reality in a subjective manner.

Case study research method

This chapter focuses on the description of the case study research methods and the process of the data analysis. The thesis is built upon the case study of a single company. It is important to understand the types of data gathered in this research, the data collection ways and the different techniques used in the thesis.

Yin (2009) argues that case studies help to understand complex social phenomena. Case studies enable the researcher to retain meaningful and comprehensive features of real-life events, such as the organizational or managerial processes, performance at school, behaviour of small groups or international relations. Case study is a particularly useful method when the research question wants to explain how and why an event happened, when the researcher's level of control is low. Case studies are also preferred when we wish to investigate contemporary issues and the relevant behaviours cannot be influenced. Case studies generally have several sources of evidence and they apply both quantitative and qualitative methods. (Yin, 2009)

METHOD	(1) Form of Research Question	(2) Requires Control of Behavioral Events?	(3) Focuses on Contemporary Events?
Experiment	how, why?	yes	yes
Survey	who, what, where, how many, how much?	no	yes
Archival Analysis	who, what, where, how many, how much?	no	yes/no
History	how, why?	no	no
Case Study	how, why?	no	yes

Figure 9 - Relevant situations for different research methods (Source: Yin, 2009)

Figure 8 contains the most common research methods and the question which are generally associated with those methods. As we can notice the "how" and "why" questions are mostly utilised in case of case studies since these have an explanatory nature (Yin, 2009).

Sources of case study data

Case studies are not restricted to only one source of data. Good and reliable case studies usually gather data from several sources. Yin (2009) identified six common sources of information:

1) Direct observations: this is one of the most frequent methods, which includes the observation of the physical environment, human actions or real-life events. To collect observational data, we can simply use our five senses. To record these data, we might consider field notes or eventually a creation of a narrative based on what we have seen, heard or sensed otherwise.
2) Interviews: the most frequently used interviews for case studies are the open-ended interviews or non-structured interviews. The advantage of this data collection source is that we might obtain extensive and rich data. Additionally, open-ended interviews can reveal how the respondents construct reality.

3) Archival records: these refer to some information stored in libraries, in form of electronic records or paper files. However, information published in newspapersor appearing in mass media also belongs to this category.
4) Documentation: this is a widely used data source for case study research. The reason is, that these documents usually contain rich, detailed data and also references, which could prove to be useful in order to discover new aspects of the study.
5) Participant-observation: the researchers have the opportunity to place themselves in the subject's position, so the researchers also become part of the world they study.
6) Physical artefacts: these can include for example computer downloads of an employee's work.

Utilization of several sources of information has certain advantages. The researcher can carry out a more detailed investigation. The following table contains the above-mentioned sources of data and it briefly outlines the advantages and disadvantages of each method.

Source of evidence	*Strengths*	*Weaknesses*
Documentation	-can be reviewed repeatedly -contains exact names, references, and details -broad coverage	-can be difficult to find -biased selectivity -access can be limited
Archival records	-same strengths as documentation -usually very precise	-same weaknesses as documentation -accessibility
Interviews	-focus directly on case study topic	-bias as a result of bad articulated questions -interviewee gives want he/she wants to hear
Direct observations	-reality contextual	-cost -time-consuming -selectivity
Participant observation	-insightful into interpersonal behavior	-bias due to participant-observer's manipulation of events
Physical artifacts	-insightful	-selectivity -availability

Figure 10 - Six sources of evidence - Strengths and weaknesses (Source: Yin, 2009)

When it comes to data collection we can differentiate between primary and secondary data. Primary data is usually defined as some new information which has been gained directly from the source. Primary data is often described as original data as well and it is intentionally collected for a specific study. The most common methods for collecting primary data are: interviews, surveys, focus groups or social media monitoring. (Wolf, 2016)

On the other hand, secondary data is already existing information, that has been collected by others. Common types of secondary data include: industry associations, government statistics, trade publications, company websites, market research reports or annual reports (Wolf, 2016).

Case study data analyses

After we have identified and discussed the most common sources of data for case studies, we can take a look at the next stage of the process, which is data analysis. Yin (2009) has described several analytical strategies which can help us examine the data we have gathered:

- Relying on theoretical propositions: it is important to follow the theoretical propositions, since they stimulate the case study. These propositions determine the data collection plan and afterwards the appropriate analytical methods are selected.
- Developing a case description: a descriptive framework helps to systematize the case study and provides a structured overview.
- Using quantitative and qualitative data: as mentioned earlier both sources of data are often used in the analysis of case studies.
- Examining rival explanations: this entails the search for alternative patterns or themes. This can be achieved by finding other ways to organize the data.

Types of case studies

Three types of case study research methods will be discussed in this chapter: descriptive, explanatory and exploratory.

Descriptive case studies are usually focused and detailed. The researched phenomenon is carefully analysed. The main purpose of a descriptive case study is to evaluate a sample in detail according to the articulation of a descriptive theory. Descriptive case studies want to uncover some patterns or connections with regard to theoretical constructs in order to improve the development of theories. The research proposition is well-defined and serves as a stepping stone in the farther development of the research. In case it is not possible to develop a descriptive theory before the commencement of a case study, one should consider if it is not more prudent to use an exploratory case study. (Mills et al., 2010)

Explanatory case study research is open to new discoveries during the process of the study. The goal of this approach is to understand why a certain thing happened. In this case the researchers often explore alternative or rival explanations and they try to determine whether this alternative is in accordance with their own findings or not. In other words, the investigators are open to all explanations at hand and indeed they try to explore all the available sources of data. However, the main purpose of the explanatory approach is to explain rather than explore the phenomenon. The explanatory research depends on both quantitative and qualitative methods. (Mills et al., 2010)

Exploratory case studies are often used as a preliminary step to explanatory research method, when the investigators are discovering a relatively new field or concept in which the research questions have yet to be identified or some data has yet to be gathered in order to formulate hypotheses. Thanks to the nature of this approach, the researcher has a high degree of freedom and flexibility when it comes to the data collection or research design. (Mills et al., 2010) Yin (2009) defined exploratory case studies as "a means to define the necessary questions and hypotheses for developing consecutive studies." To sum up, exploratory case study approach generally begins with data collection about the studied object, and the distinction between relevant and non-relevant data is put off until there is a explicit picture about the object in focus.

Quantitative and qualitative research

Qualitative research is mainly an exploratory research. It is focused on the comprehension of underlying opinions, motivations and reasons. Qualitative investigators inspect the situations in their natural environment and they try to also determine if the environmental factors have an influence on the studied phenomenon. This research method is also used to reveal new trends or to conduct a more in-depth analysis of the problem. Unstructured o semi-structured techniques are generally used in the qualitative data collection process. These can include interviews, focus groups or observation (DeFranzo, 2011). Creswell (2003) described the stages of the qualitative research design: theoretical overview, introduction to the study, collection and analysis of data, report writing and verification.

As the name suggests, quantitative research usually tries to quantify the problem and generate numerical data that can be converted into practical statistics. The main characteristics of this approach is that it utilises measurable data which helps to uncover patterns and develop facts. The methods for quantitative data collection incorporate different forms of surveys, online polls, telephone or face-to-face interviews and systematic observations. (DeFranzo, 2011)

The chosen data collection and research methods

In this thesis the author aims to describe the internationalization patterns of the British car manufacturer Jaguar Land Rover in various locations in the world through a single case study. "How?" and "Why?" are the core questions of the case study. The author wants to discover why has JLR chosen those specific foreign countries during their internationalization endeavours and investigate the market entry strategies selected by JLR (how did JLR enter those foreign countries?). Furthermore, this research also seeks to characterize the internationalization pace of JLR.

For the sake of this thesis the author opted for the explanatory case study research approach, since the goal of the research is to explain the internationalization process of JLR. When conducting the research, the author will adopt an objective epistemological viewpoint. As a result, the author assumes that the collection of primary data is not essential, however, secondary data will be examined. Naturally, the author is aware that primary data might provide a deeper understanding of the internationalization process of JLR. However, after several unsuccessful attempts at contacting the company to get hold of first-hand data, the author decided to carry out the research by using secondary data sources.

For the investigation the author will collect information from various documents such as annual reports, organizational records, articles and research papers that have been previously published. Even though the secondary nature of the gathered data might limit the validity of the research, the author tries to overcome this obstacle by data triangulation to minimize research bias. Several sources of secondary data will be used in order to verify the credibility of the obtained data.

In summary, the thesis focuses on the analysis of JLR's internationalization patterns and tries to uncover various factors that might affect the foreign expansion decisions. As a consequence, the study will have a qualitative nature.

ANALYSIS AND DISCUSSION

Description of the case company

Jaguar Land Rover is a British car manufacturing company that brings together two iconic and prestigious brands. The origins of Jaguar can be traced back to the 1920s, when the company began to produce sidecars for motorcycles under the name Sallow Sidecar Company. Later, in the 1930s the name was changed to SS Cars Ltd. and they started to concentrate on luxury cars in Coventry. The Jaguar name was adopted after the Second World War. At that time the company was manufacturing sports cars and premium saloons, including the fabled XK120. Back in those days, the British government offered incentives to companies which exported their products to foreign countries with a strong currency, therefore Jaguar started to sell cars in the USA. The brand was becoming more famous thanks to their success in the well-known 24 hours Le Mans race. (Jaguarlandrover.com, 2018)

Around this era, Rover launched a brand new all-terrain vehicle, which was inspired by the American Jeep. The car was quite revolutionary for its time, since it was rustproof and lightweight and due to the post-war shortage of steel, it was covered in aluminium alloy. Another innovative feature was its 4x4 capabilities, and a short while later the car was also adopted by the military. (Jaguarlandrover.com, 2018)

The 1960s proved to be an extremely successful period for Jaguar. It was in the beginning of the 1960s when the legendary E-type was introduced. This period is also significant in terms of growth, the company acquired Daimler and Coventry Climax. After this acquisition the company started to manufacture limousines as well, and the brand started to be associated with the luxury car image. At the end of the decade Jaguar merged with British Motor Corporation (BMC) which later became known under the name British Leyland that also included Rover. In 1970, the increasing demand for off-roaders lead to the introduction of yet another iconic car of the JLR family which is still produced nowadays, the Range Rover. The popularity of this off-road vehicle was so immense, that British Leyland decided to make Land Rover a standalone company in 1978. (Jaguarlandrover.com, 2018)

Due to financial matters and the diminishing brand image of British Leyland cars, Jaguar became once again independent in the 1980s. Only a couple of years later, in 1989 Jaguar was bought by Ford. With this purchase Ford intended to enter the heavily expanding luxury car market. Furthermore, the company wanted to increase its already significant market share in Europe (Ford was the biggest US car manufacturer on the European market). However, the Ford-era for Jaguar was quite unsuccessful. Ford only wanted to take advantage of Jaguar's high-profile image to compete with BMW and Mercedes and their strategy was to launch cheaper "luxury" cars. An ineffective attempt was the launch of the X-type, which was based on the Ford Mondeo. This strategy by Ford only harmed Jaguar's brand image and reputation. (Jaguarlandrover.com, 2018)

Rover was purchased in 1994 by BMW. During this period, a new model was introduced, the Freelander. However, the BMW-Rover partnership was rather short-lived and mostly unsuccessful. In 2000, Rover was bought by Ford as well. Since both Jaguar and Rover belonged to Ford, they gradually became quite closely linked, started to share facilities and engineering know-how. The Ford-ownership proved to be unsuccessful in case of Rover as well. From Ford's point of view, the ownership of these two brands ended up to be their costliest and least effective ventures in their history. The exact numbers describing Ford's losses are not known, however, it is estimated that they have lost around 35-50 billion USD. Due to the heavy losses and fruitless cooperation Ford decided to sell both car manufacturers. (Ciceri, 2013)

2008 marks the beginning of a new era for both Jaguar and Land Rover, since they were purchased by Tata Motors, India's largest automotive manufacturer for around 2.3 billion USD. Furthermore, in 2013 the two companies joined together and become known under the name Jaguar Land Rover Automotive PLC. Thanks to Tata Motors' ownership and investment strategy, JLR has heavily invested in research and development. As a result, the engineers have developed a technically advanced aluminium vehicle architecture and a high-tech "ultra-low" emission engine. Consequently, the sales and profits have been increasing each year since 2008 and the company has undertaken several foreign ventures, by establishing new production facilities in different regions of the world. (Ciceri, 2013)

After Tata's acquisition JLR has transformed its business significantly over the past couple of years. The company is targeting new markets and investing in the development of new products in order to become more successful. In an interview, the former chairman of the Tata Group, Ratan Tata mentioned, that he sees the enthusiasm in the company and that the people working for JLR have the faith and confidence that the company is going in the right direction.

When Tata purchased JLR, the company was in a serious financial condition as a legacy of the Ford-era. In order to survive and become successful once again significant changes were needed first of all in the financial management. In 2009 JLR initiated a finance transformation, which also included system automation and integration. In addition, a new enterprise resource planning (ERP) project was launched as well. Naturally, the goal was to get rid of the large number of manual tasks and increase the effectiveness in the organization. In 2011 JLR intended to create an integrated solution to collect and consolidate actual, budgetary and forecast data. The ultimate objective was to create a so called "living business plan", where there is a strong connection between target setting and integrated business planning. Since finance has been the main driving force behind JLR's business planning in the last few years, we can see why it was so important to make the necessary changes almost immediately after Tata's acquisition. Thanks to the transformation in their financial management the company has a better understanding of their current performance, and they can make more informed decisions regarding their future strategies. (Wyles, Fraser and Bell, 2013)

Naturally, financial matters are only a part of the company's recent success story. Since, JLR is a car manufacturer, constant innovation, research and development are immensely affecting the company's performance. The company has become the UK's largest investor in terms of manufacturing R&D. The main focus is on the powertrain development, the usage of hybrid technologies, electronics and entertainment units. Additionally, the company has also future plans for autonomous vehicles. JLR is currently the world-leader in the aluminium technology, which means that they can produce a lighter, stronger bodyshell than the competitors and it is more sustainable as well. Since taking into consideration the environmental issues is part of every major car manufacturer, JLR is no exception either. The company has already introduced a fully electric car and it is constantly working on the reduction of CO2 emissions. (Fleet-business.jaguarlandrover.com, 2018)

Currently, JLR is the largest UK car manufacturer, directly and indirectly the company supports around 275 000 jobs in the country through service providers, R&D businesses and the supply chain. JLR is responsible for a significant increase in the workforce in the recent years, around 20 000 people gained jobs thanks to the company. A further 60 000 people were employed in the supply chain. Approximately 80% of the production is exported from three UK plants, this figure represents around 8% of the country's manufacturing exports.

When it comes to sales, JLR divides the world into five regions: United Kingdom, North America, Europe, China, Overseas (the main markets of this region include Brazil, South Africa and Russia). The world map below illustrates the percentage of the retail sales by region in the 2016/2017 fiscal year. The map also reveals which are the most significant markets for JLR. The total sales for the last fiscal year were 604 009 units, which represents a 16% increase from the previous year.

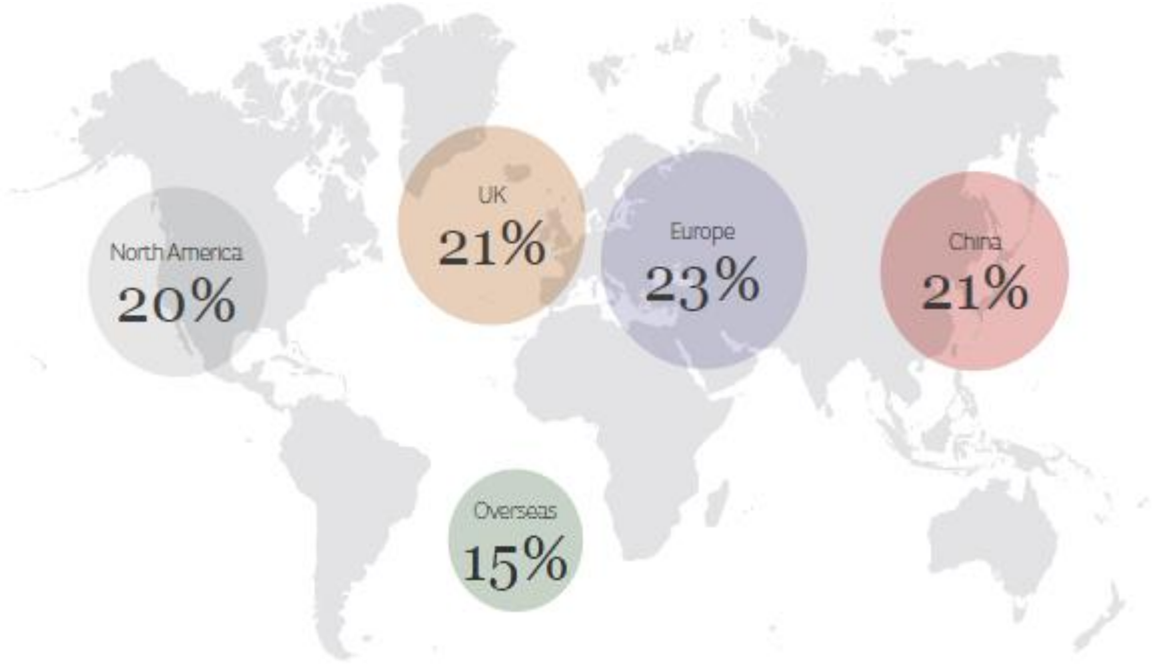


Figure 11 - JLR's sales by region (Source: Annual report, 2016/2017)

With the exception of the overseas market sales volumes were higher in 2016/2017 than in the previous fiscal year (Figure 11). One of the reasons for the increased sales was the introduction of a new model (F-PACE), which is a sports utility vehicle (SUV) and in the whole automotive industry the demand for these types of vehicles is increasing. The biggest increase was identified in China, where the brands popularity has been growing year-by-year.

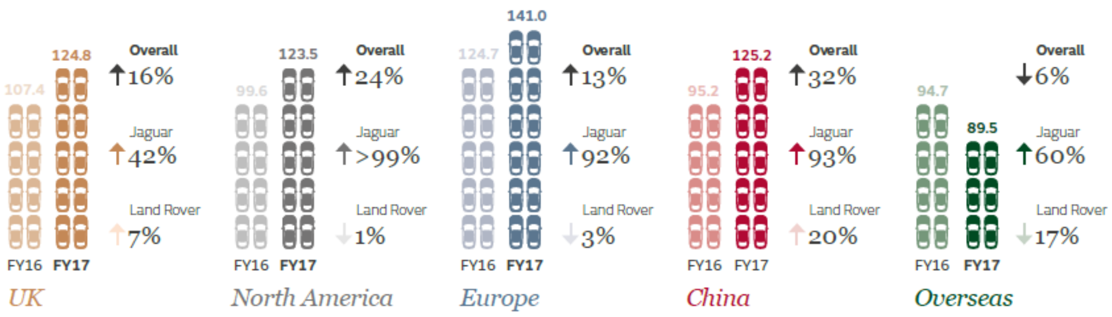


Figure 12 - Change in sales FY16 - FY17 (Source: Annual report, 2016/2017)

Internationalization process

Now that we have discussed the history, provided a brief overview of the case company and identified the most important markets for JLR, we can move forward and start analysing the internationalization process. Apart from its home-market, the United Kingdom, JLR has established several production plants across the world in the recent years. The map below depicts the location of these facilities. In this chapter the author is going to describe each of these markets and try to identify the reasons for choosing that particular country. The brand-new manufacturing facility in Slovakia is JLR's first wholly-owned subsidiary in Europe. Although the production has not yet started, JLR is expecting a fruitful and long-term cooperation. Therefore, the author believes that it is important to investigate what were the reasons that draw JLR to this particular country.

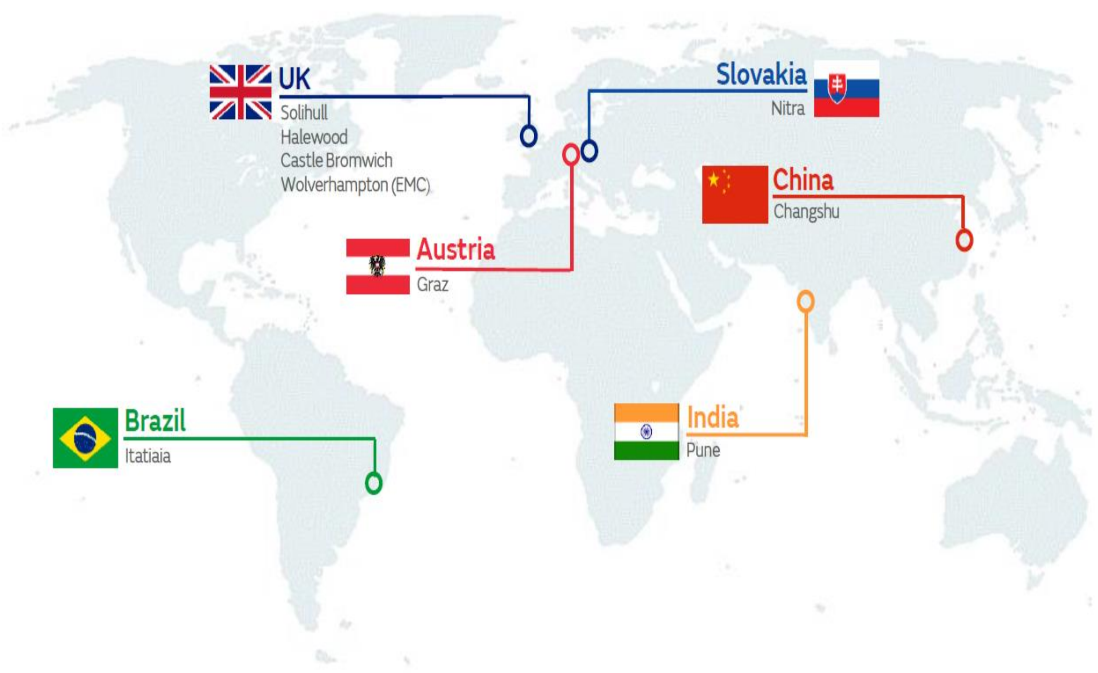


Figure 13 - Global footprint of JLR (Source: Annual report, 2016/2017)

Home-market of Jaguar Land Rover – The United Kingdom

In a 2016 research carried out by Lloyds Bank it was stated that the UK automotive sector was very strong in spite of some potential issues and uncertainties presented by the global economy. In 2016 the UK automotive industry produced around 1.7 million cars, from which the majority (1.3 million) were exported. The industry employed approximately 169 000 people, making it one of the most productive sectors in the UK. (Hawes and Davies, 2017)

Currently, JLR has eight operating facilities in their home-market, most of them received in the last few years significant investments in order to modernize the facilities and increase production. The Halewood facility originally belonged to Ford, but in the year 2000 it was given to JLR to produce the X-Type. The plant went through a significant development in 2011, around 1500 more people were hired, and new deals were made with suppliers to ensure the production of the range Rover Evoque. Nowadays, it's a bodywork and assembly plant and its mostly used for the production of Land Rovers. The Solihull centre is primarily a Land Rover assembly plant, which was originally a World War Two aircraft engine facility. In 2011, thanks to an investment the workforce was increased by a quarter. (Jaguarlandrover.com, 2018)

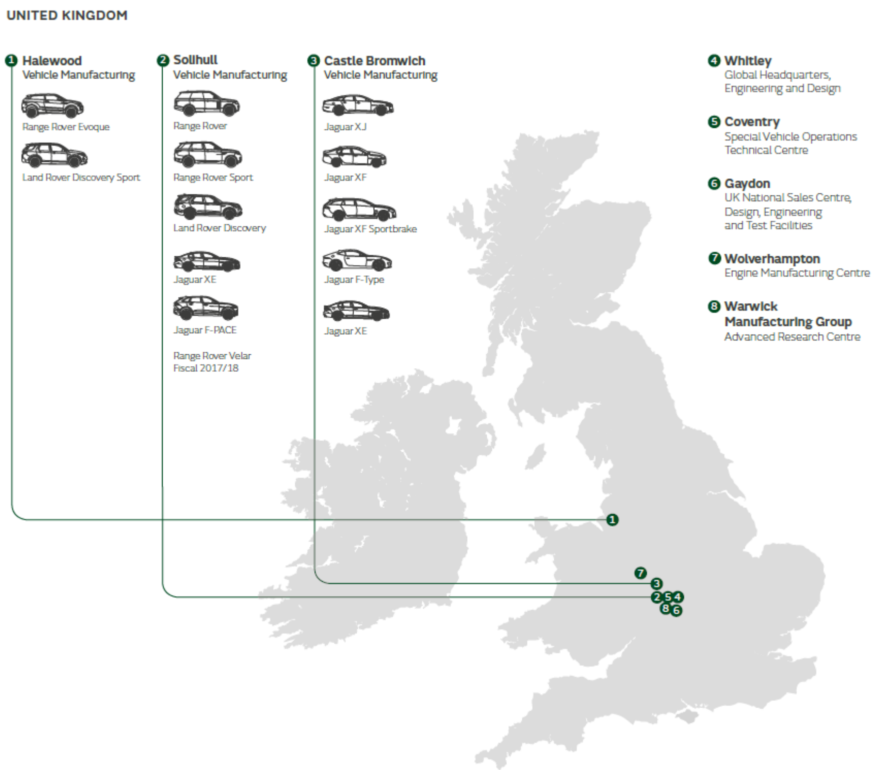


Figure 14 - JLR in the United Kingdom (Source: Annual report 2016/2017)

In 2013 the Solihull plant received another significant investment (£1.5 billion), the aim of which was to focus on the research and design of aluminium chasses for future production. Castle Bromwich is the next important vehicle manufacturing site. This production site focuses mainly on the assembly of Jaguar cars and it is one of the oldest plants the company owns, Castle Bromwich belongs to Jaguar since the 1960s. Whitley in Coventry is a development and engineering centre, and currently it is the official headquarters of JLR. As the majority of JLR's production sites, this used to be a World War aircraft facility acquired by the company in the 1980s from Peugeot. Gaydon I also an engineering and R&D facility, Furthermore, another renowned British car manufacturer's (Aston Martin) headquarters can be located here. Wolverhampton is a very important engine manufacturing facility, which was opened in 2014. It produces mainly modular petrol and diesel engines. The facility in Warwick is mainly a research institution, it is located close to Warwick University. (Jaguarlandrover.com, 2018)

2017 proved to be an excellent year for JLR, it has been named the largest automotive and engine producer in the UK. In total, JLR produced 532 107 cars in the previous year and the Wolverhampton plant manufactured 305 907 engines. The company has invested 15 billion pounds in the last five years. Despite the aforementioned success, the market share of the company hasn't increase significantly since 2014, only by 0.88 percent. The three main German competitors, namely Mercedes-Benz (6.84%), Audi (7%) and BMW (8.84%) have still a higher market share in the UK market. (Media.jaguarlandrover.com, 2018)

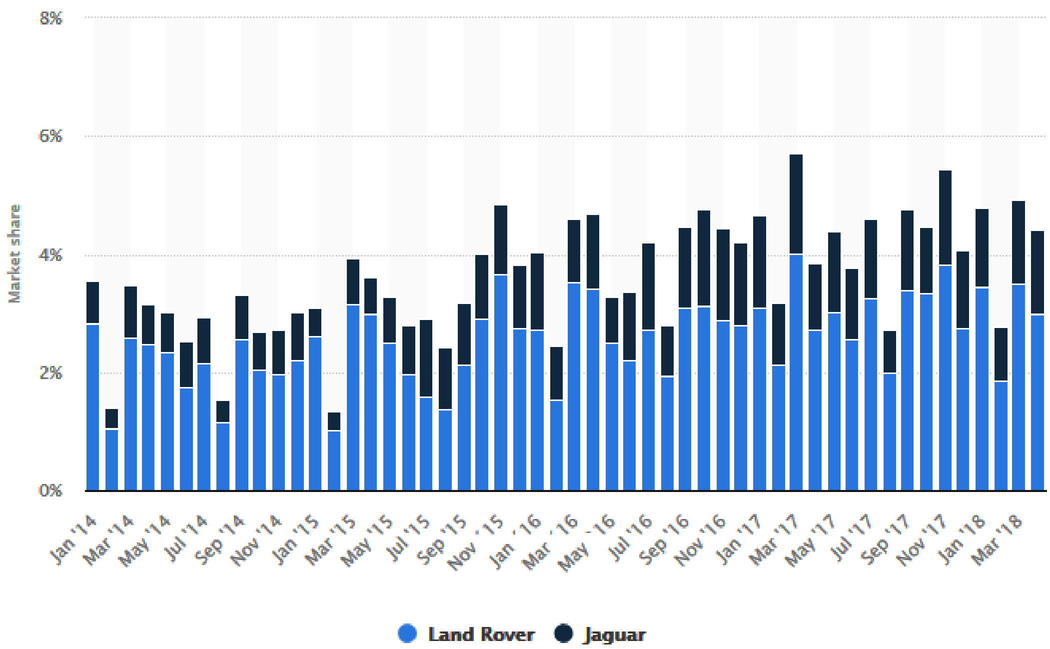


Figure 15 - JLR's market share in the UK since 2014 to 2018 (Source: Statista, 2018)

Since Tata's acquisition, JLR has gone through a significant development process. The company has managed to create a strong brand image and increase its popularity across the key markets. In the last couple of years sales have been increasing, and market share also showed similar tendencies in the most important markets. Thanks to Tata's attitude the brand could remain quintessentially British, and exactly this feature makes JLR vehicles so attractive for their customers. In the recent years, JLR has heavily invested in R&D, which is crucial for each car manufacturer if they wish to remain competitive. Thanks to the increasing sales and overall success, JLR started to expand its international activities and managed to launch several new production facilities across the globe. (Bhasin, 2018)

However, the company needs to exercise caution and perhaps increase their product range, since their main rivals from Germany (Mercedes-Benz, Audi and BMW) still outperform JLR in terms of sales and market share (Bhasin, 2018). The company should also work continuously on their brand image, because there are still some customers who associate JLR with financial difficulties and a lack of innovation, which was characteristic for the Ford-era. From a financial point of view the Brexit and a certain degree of uncertainty might cause difficulties for JLR mainly in the European market.

Now that we have gained some overview of the company and its home-market, the United Kingdom, we shall explore the internationalization process in the recent years. JLR is pledged to "follow its markets", therefore the foreign expansion activities are focused on the markets, where the company has been performing well or the markets, which could guarantee an access to a new and vast customer base (Leahy, 2016). The following segment will present the key markets for JLR and discuss how did the company made its footprint in those markets.

Jaguar Land Rover - India

Tata Motors Limited (TML) acquired Jaguar Land Rover in 2008. The purchase of JLR had several effects on Tata Motors:

- The acquisition more than doubled TML's revenues and the passenger cars revenues nearly quadrupled
- The acquisition meant a huge step towards diversification from TML's point of view, since suddenly, the company had access to a completely new market segment thanks to JLR's high-end SUV and other luxury vehicles. Whereas TML until that point was more focused on the low-cost small cars.
- Before the acquisition of JLR, Tata Motors had only limited exports in their passenger cars division, and after the purchase they immediately became a significant global player

When JLR entered the Indian market, it faced a crowded market with lots of competitors, since the three main rivals of the company (the German manufacturers: Audi, Mercedes-Benz and BMW) had already been present and they had established distribution networks or assembly plants. This meant, that JLR had to work hard in order to catch the competitors who had at least a five-year headstart.

On the other hand, JLR was in a very lucky situation, since the brand was very well-known and highly desirable. To satisfy the huge demand JLR had to establish a production facility, because in India there is a heavy tax on imported cars. In 2011 the production facility in Pune was opened. In a four-year period, from 2009 to 2013 JLR managed to increase the sales by a staggering 3100 percent. This huge percentage is due to the fact, that in 2009 only 91 units were sold, and this has increased in 2013 to 2913 units. Although this may seem like a huge jump, we have to note, that the German competitors' sales volumes were much more superior (Figure 18). Another opportunity for the company was India's low car density, at that time it was merely 17 cars per 1000 people. In fact, it was the lowest from the BRIC countries (Brazil, Russia, India, China). (Forbes India, 2018)

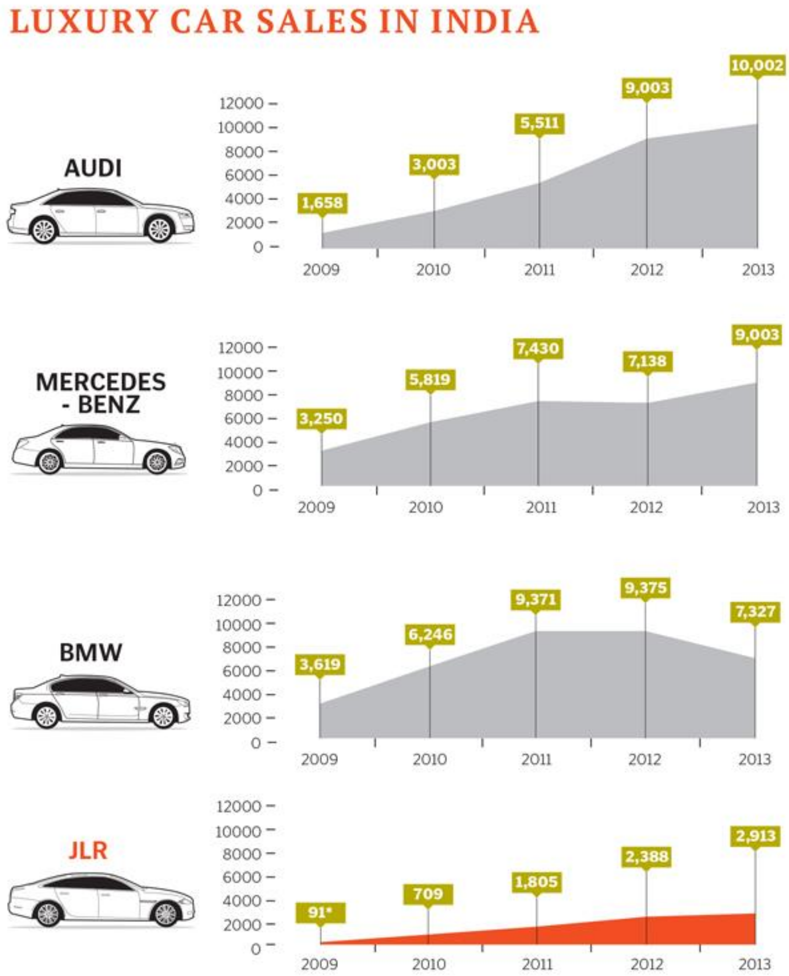


Figure 16 - Luxury car sales in India between 2009-2013 (Source: Forbes, 2015)

Although in the last couple of years JLR has grown a lot in India, and it managed to increase its sales even more, it has not yet surpassed the German rivals. In 2017 Mercedes was the most successful luxury car seller in India with 11 869 units sold. BMW and Audi occupied the second and the third place respectively. The biggest improvement can be identified in case of JLR. In 2017 they managed to sell 3954 units which represents an incredible 49 percent growth from the previous year. Base on the above-mentioned we can suggest that JLR's strategy to establish a production plant in India has so far been successful. The company is gaining more and more market share in the luxury car sector.

From the aforementioned discussion we can deduct that the main motive for JLR to enter the Indian markets was to reach new customers and take advantage of the possibilities offered by this emerging market. Compared to the German rivals JLR can be described as a latecomer to India, which is reflected in the company's sales; these are increasing year-by-year, although they are still not on the same levels as the three leading competitors.

Jaguar Land Rover – China

Since 2010 JLR has noticed a growing demand for their luxury vehicles in China. Gradually, sales increased, and China became JLR's third largest market after the UK and US (Figure 16). The company had to react in order to take advantage of this highly potential market. China's own automotive industry had gone through an immense development process. Just to illustrate, the country produced in 2000 a total amount of 2 million cars. Eleven years later, this figure increased to 18.5 million vehicles. Despite the fast growth, there was a strong demand for European cars, which were considered to be superior and technologically more advanced as opposed to their Chinese counterparts. JLR was aware that their competitors such as Mercedes, BMW or Audi were exploiting the possibilities offered by the Chinese market. (Wachman, 2018)

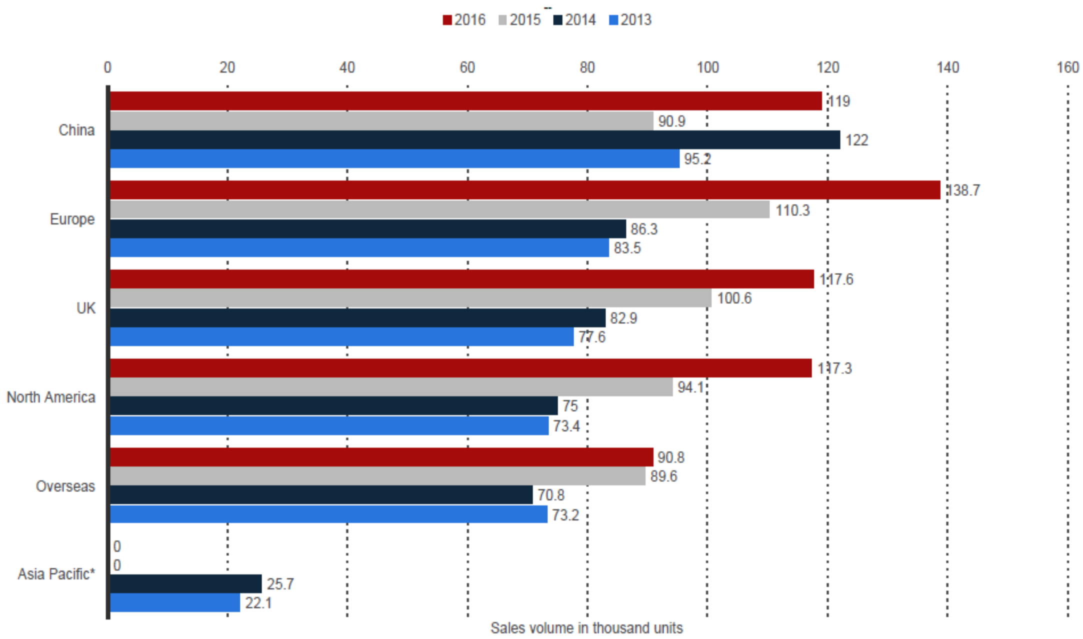


Figure 17 – Number of cars sold by JLR globally between 2013 and 2016 by regions (Source: Statista, 2018)

In November 2012, as part of their internationalization strategy, the company established Chery Jaguar Land Rover Automotive Co., Ltd., which is a 50:50 joint venture between JLR and the Chinese car manufacturer Chery Automobile Co., Ltd. It was China's first Sino-British automotive joint venture. The Chery jaguar Land Rover established in Changshu was the first full-scale automotive production facility of JLR outside of UK. The plant was eventually opened in 2014 with the original production capacity of 130 000 vehicles per year. (Cheryjaguarlandrover.com, 2018)

The joint venture has proved to be successful so far and the president of the joint venture in one interview said that “Our growth is the result of our business strategy which focuses on product quality, accelerated localization and continuously enhanced operational efficiency.” The whole plant, including the paint, trim welding and press workshops is equipped with high the latest technology. 90 percent of the press workshop is automatic, and it has the fastest mechanical press line in China, which can produce a body panel in three seconds. In addition, thanks to the manufacturing simulation system, they managed to lower production time and foresee possible errors. As a result of this advanced manufacturing and efficient production, last year JLR announced that they are going to increase the production capacity by 50 percent. As a cost saving measure the company has introduced a build-to-order approach which wards off overstocking and helps to meet the buyers’ personalized requirements. (Chinadaily.com.cn, 2018)

Chery Jaguar Land Rover claims that its success also depends on its operational system, a well-developed procurement system, the global quality standards, and a solid research and development platform. During the last couple of years, the joint venture has managed to create good relationship with more than 300 Chinese and international suppliers, which have also profited from its development in the past years. In addition to its rapid growth, the company has built up a professional team of approximately 6,000 employees. Naturally, it is important to look towards the future development opportunities. In order to be ready, the joint venture is investing heavily in resources each year and enhancing the skills of its workforce with a series of training programs. The vice-president of the joint venture summarized the past couple of years in the following way: "From 2013 to 2015, we started from zero and went to level one. From 2016 to 2018, we are improving what we have, with effective and efficient procedures. And from 2019, we will go for faster development." (Chris Chen in Chinadaily.com.cn, 2018)

Despite the recent success and increasing sales on the Chinese market, JLR has still a long way to go if the company wants to catch their main competitors, the sales of who are significantly higher (Figure 17).

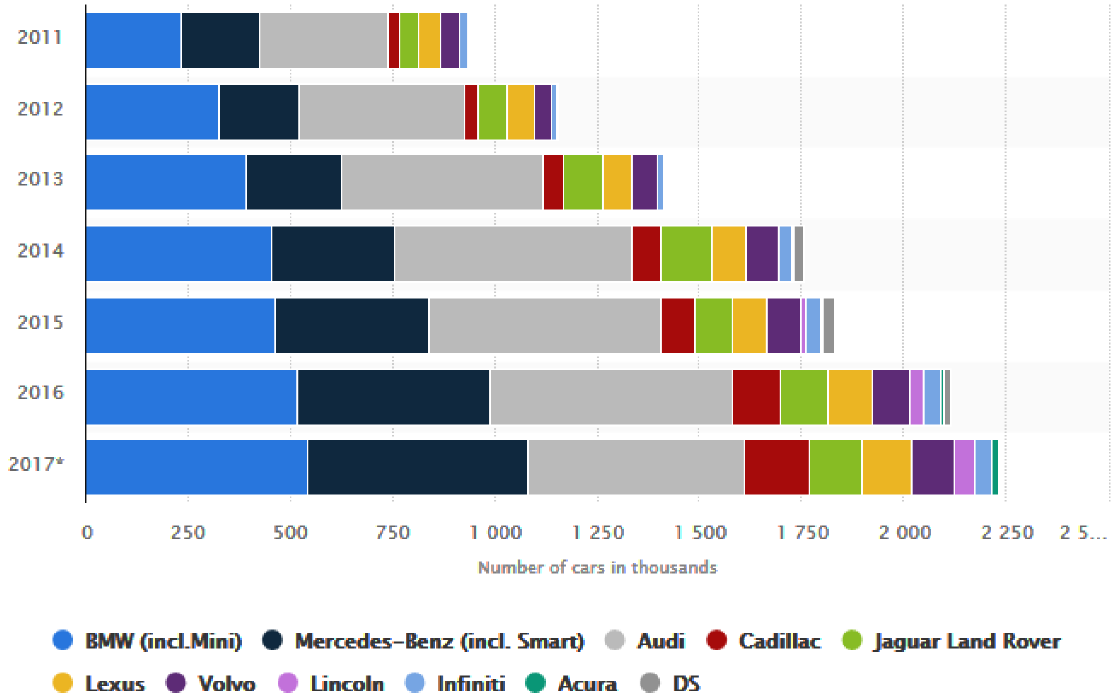


Figure 18 - Number of vehicles in high luxury segment sold in China from 2011 to November 2017, by brand (in 1,000s), Source: Statista, 2018

Year	BMW (incl.Mini)	Mercedes-Benz (incl. Smart)	Audi	Cadillac	Jaguar Land Rover	Lexus	Volvo	Lincoln	Infiniti	Acura	DS
2011	232,9	193,3	313	30	42,8	56,3	47,1	-	19,1	4	-
2012	326,4	196,2	405,8	30	73,3	64	42	-	16	2,3	-
2013	390,7	235,6	492	50	95,2	74	61,1	-	17,1	4,6	4,1
2014	456	299,4	578,9	73,5	122	85	81,2	-	30	5	26,7
2015	463,7	373,5	570,9	79,8	92,5	86,9	81,6	11,6	40,2	4,2	27,4
2016	516,4	472,8	591,6	116,4	119	109,2	90,9	32,6	41,6	8,1	16,1
2017	542,4	539,7	528,7	158,2	130,8	119,8	104,3	51,7	42,6	14,1	5,5

As we can see in the table and chart above, the German car manufacturers are still the key players on the Chinese market. Naturally, JLR has increased its sales volume significantly since 2011, however it is only the 5th most important foreign car producer in the country, which suggests that there is plenty of space to grow.

Jaguar Land Rover – Brazil

In 2016, JLR opened a new manufacturing facility and Education Business Partnership Centre in Brazil. The facility in Brazil represents the first time in the history that a UK-based car producer opened a production site in Latin America. This venture is the company's first wholly-owned overseas facility and it is part of JLR's foreign expansion strategy following the joint venture agreement in China 2014. Thanks to these new international facilities JLR is able to offer their customers new exciting models, the company is protected by currency fluctuations. Moreover, the company is even more global which improves the competitiveness. In his inauguration speech Wolfgang Stadler (executive director of manufacturing) proclaimed that "the opening of Jaguar Land Rover's new world-class facility in Brazil marks the latest exciting milestone in our global expansion." (LexisNexis Academic, 2016) The cars that will be manufactured in the Brazilian plant will primarily serve the demand of the local market. However, in the long-term, there is the possibility that JLR can access other Mercosur markets, which is South America's trade association consisting of Argentina, Uruguay, Paraguay and Brazil. (Ft.com, 2016)

The Brazilian market is not an unknown territory for the company. JLR had been present for 25 years in the Brazilian market and one of the 15 top markets for the company. Even before 2016 the Land Rover brand was Brazil's market leader for mid-sized premium SUVs, responsible for approximately 30 percent of all sales in that segment. (LexisNexis Academic, 2016)

To ensure a long-term fruitful operation in the Latin American market JLR also established an education centre, since the company is aware that Brazil might not have the necessary amount of skilled workforce. As a sign of strong commitment to the Brazilian market, JLR tried to source essential components such as exhaust, seats, powertrain, chassis from local suppliers. In order to include the local suppliers and to develop a strong network, JLR also invested in technical assistance to increase the level of localisation in the future. (Ft.com, 2016)

Initially, around 400 people started to work at the facility and approximately a 1000 people were employed in the supply chain. The sales increase in the first five months of 2016 by 70 percent, which made JLR the fastest growing premium car manufacturer in the country. Keeping in line with JLR's rigorous environmental policies, the production facility in Brazil has the most advanced emissions conformity and certification facility in South America. (Pleskot, 2016)

Jaguar Land Rover – Slovak Republic

If we would like to determine why JLR has chosen Slovakia as the location for their latest internationalization decision, we need to take a closer look at the situation on the Slovak market in terms of the automotive industry. Since Slovakia was not even amongst the initial candidates for JLR's new plant, first, we shall take a brief look at the background and the process of the site selection.

In 2015 the Polish deputy prime minister was indicating that a major automotive manufacturer will be shortly arriving to the country with a significant investment. He claimed that the factory will create around 5000 jobs and it would be a significant boost for the Polish economy. However, a few weeks later the announcement form JLR arrived, that they for the location of their new production facility they chose Slovakia instead of Poland. JLR was back then the fastest growing car producer in Europe thanks to the strong UK market, the increasing Chinese demand and the successful introduction of several new models. All this success meant that the existing production facilities could not keep up with this growing demand and JLR needed new manufacturing sites as soon as possible. Initially, the company wanted to set up a plant in Saudi Arabia, which would have provided good access to the relatively small but very lucrative Middle-Eastern market. Eventually, this initiative did not go through, so JLR needed to decide where would they set up their new facility instead. They draw up two major projects to investigate the possible markets: Project Oak (which was supposed to examine the market in North America) and Project Darwin (which focused on Eastern Europe, where other key European car manufacturers have already operated). Eventually, Project Darwin became the favoured option, and in the spring of 2015 three candidates remained: Hungary, the Czech Republic and Poland. From these three countries Poland was the strongest candidate, because it offered several advantages: an already well-developed and strong cluster of automotive suppliers, a large and skilled workforce and a favourable financial assistance program along with competitive tax rates. (Ft.com, 2018)

Slovakia's bid for this investment opportunity came quite late in comparison with the other countries, however, the Slovak government managed to coordinate the bidding process very effectively. The Slovak investment agency created a designated group who would work solely on this project, a new law was introduced in order to permit the offering of certain financial incentives and the prime minister was personally involved in the negotiations as well. However, this was merely the tip of the iceberg when it comes to the analysis of reason why Slovakia was chosen as the preferred location. To get a better understanding we need to take a look at the history and performance of the automobile industry in Slovakia in the last couple of years.

Slovakia has become one of the leading automobile manufacturers in Central Europe, thanks to the presence of three international car manufacturers: Volkswagen, PSA Peugeot Citroën and Kia Motors. Slovakia's progress among the most important car producers in the world began in the early 90's when the German automobile company, Volkswagen decided to build a car production plant near Bratislava. Since then, Volkswagen has become the largest export-oriented manufacturing concern. In May 2007, this company exceeded a significant milestone in the number of VW cars produced in Slovakia. Since production started it has produced more than 2 million VW cars. Seeing Volkswagen's successful entry to the Slovak market other companies decided to open manufacturing facilities in the country as well, contributing to the significant growth of the automotive sector. Another stimulus for the growth of the automotive industry and the development of the supply sector connected to this branch in Slovakia was supported by the arrival of the French PSA Peugeot-Citroën and KIA Motors from South Korea, both of which began production in 2006. PSA Peugeot-Citroën entered Slovakia in 2003 after signing an investment agreement with the Ministry of Economy of the Slovak Republic.

Currently, there are approximately 129 000 people directly employed by the three car manufacturers, VW, PSA, Kia and Tier 1 suppliers. Indirectly around 250 000 people work in the automotive industry. The automotive sector represents a 44% share of the country's total industrial production. In terms of export a similar number can be observed, since automobiles are responsible for 40% of Slovakia's exports. The Slovak Republic is considered as one of the key players in the global automotive industry currently occupying 15th place as regards to number of cars produced (Oica.net, 2018). The arrival of JLR is expected to strengthen its position even more. The following chart provides an overview of the development of car production since 2005.

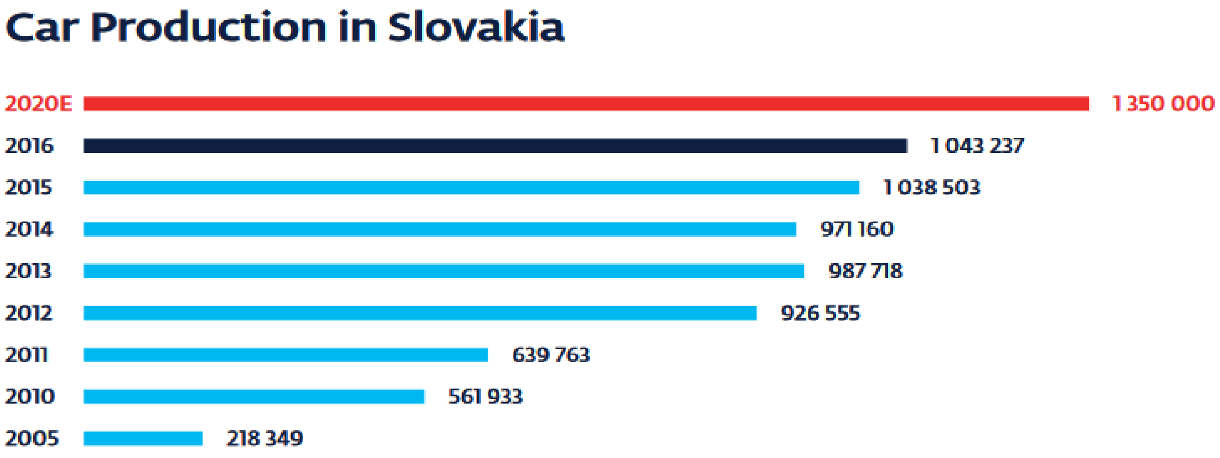


Figure 19 - Car production in Slovakia (Source: Automotive Industry Association of the Slovak Republic, 2018)

If we take into consideration the number of cars produced per 1000 inhabitants, the statistics are even more impressive. The Slovak Republic is the world leader in these charts as the below graph indicates.

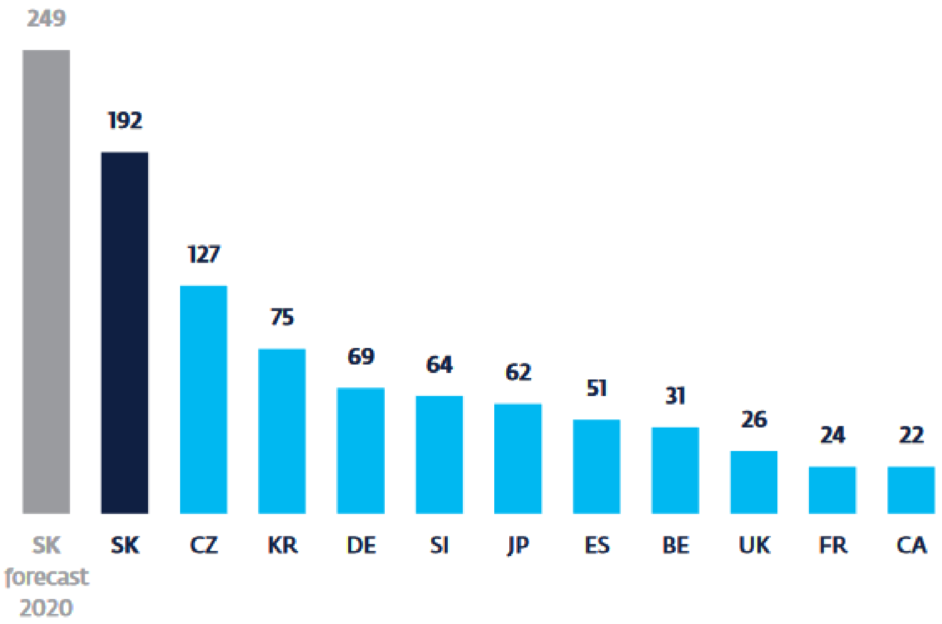


Figure 20 - Car production per 1000 inhabitants (Source: Automotive Industry Association of the Slovak Republic, 2018)

Earlier we have mentioned the existing car manufacturers in the country. Now we shall take a closer look at them, since the performance of these producers can indicate the possible scenario for future players on the market.

Volkswagen Slovakia was the first major car manufacturer to establish a production facility on Slovakia in 1991. Its current production is around 390 000 vehicles per year. The number of employees is approximately 12 500 and the turnover is 7.6 billion EUR according to data from 2016. The Slovak plant is unique in the world since there are 5 different brands which are produced under the same roof. Kia Motors Slovakia was established in 2004. It is Kia's first and so far only factory in Europe. Around 340 000 cars are built each year by the 3800 people the company employs. It is not only an assembly plant, however, it plays an important role in research and development as well, since Kia has also an engine production unit there. The third car producer PSA Peugeot Citroen employs a similar number of people as Kia and the production statistics are similar too. The Slovak plant represents the most profitable facility in the PSA group. From this brief overview we can deduct that the vehicle producers that have so far established production facilities have made the right choice and managed to set up a highly successful subsidiary. Naturally, this a positive sign for JLR, which initially intends to produce only one type of vehicle in Slovakia. The expected production amount will be around 150 000 units in the beginning, however, in case of a positive experience this number can be twice as much. (Sario.sk, 2017)

At the core of Slovakia's automotive sector are not only the three established car producers, however, also a well-developed and high-quality supplier network consisting of Tier 1 and 2 suppliers. The majority of these suppliers is located in the western and central regions, where the new JLR plant will be located as well. Currently more than 300 suppliers are operating in the country and as the previous experience suggests more will join with the arrival of JLR. Jeakins (2015) point out, that according to Michael E. Porter, the areas of intensive cooperation and competition form clusters which can be described as "Poles of innovation". Thanks to Slovakia's location, the country is part of a cluster, which produces around 3 million vehicles a year (Slovakia, Czech Republic, Hungary and Poland combined). By expanding into this region, JLR will become a part of this huge industrial cluster, a location with intense cooperation and competition and it can gain a lot from this potential second "pole of innovation" outside the United Kingdom.

Furthermore, Jeakins (2015) identified two potential opportunities for the suppliers who choose to establish subsidiaries somewhere in this region:

a) A “soft entrance” with a new subsidiary in this region as an already existing supplier for JLR
b) A possibility to provide products or services to other car manufacturers, which might not even be present in the United Kingdom (Jeakins, 2015).

If a supplier could have subsidiaries in both “poles of innovation” meaning the UK and Slovakia, it would definitely provide them several advantages: the supplier would be closer to its customers, the supplier could offer some knowledge from the UK and in return receive innovative ideas from the CEE region (and vice versa), the supplier could exploit business synergies and develop new partnerships, thus enhancing the innovation process (Jeakins, 2015).

Another factor we need to take into consideration is the workforce that is available in the country. As a result of steadily increasing productivity in the Slovak automotive industry, the labour is no longer qualified as low-cost. However, the wage-system is still attractive for foreign investors. Considering that the workforce is usually characterized as highly skilled, very productive and flexible, the slightly higher salaries are more than acceptable for foreign car companies. Thanks to the increasing quality of technical universities, there are numerous graduates each year who possess the necessary skills and knowledge to find a suitable engineering or R&D position. Although there have been some concerns from JLR’s side that there would not be enough qualified workforce, the analysis carried out by the Slovak investment and trade development agency have invalidated these worries. Additionally, it is expected, that once the production begins, lots of workforce will be drawn from the surrounding countries.

As mentioned earlier Slovakia is no longer attractive just because the reasonably cheap workforce. Thanks to the growing pool of qualified experts and engineers, foreign companies are more eager to outsource even their R&D divisions to Slovakia. This relocation decision is not merely due to cost-saving, however, it increases the companies’ flexibility to be more responsive to their customers’ needs.

The government incentives also play a fundamental role in attracting foreign investors to the country. Slovakia is supporting the investment with a state aid of €130 million as well as with the development of grounds and buildings for the facility and road construction. In return, the positive impact of the investment is expected to create around 2800 jobs directly and many more indirectly. In addition, new entrepreneurial opportunities will be created for local companies.

Based on the above discussion, the following chart summarizes the possible reasons behind JLR's decision to establish their first European manufacturing facility outside the UK in the Slovak republic.

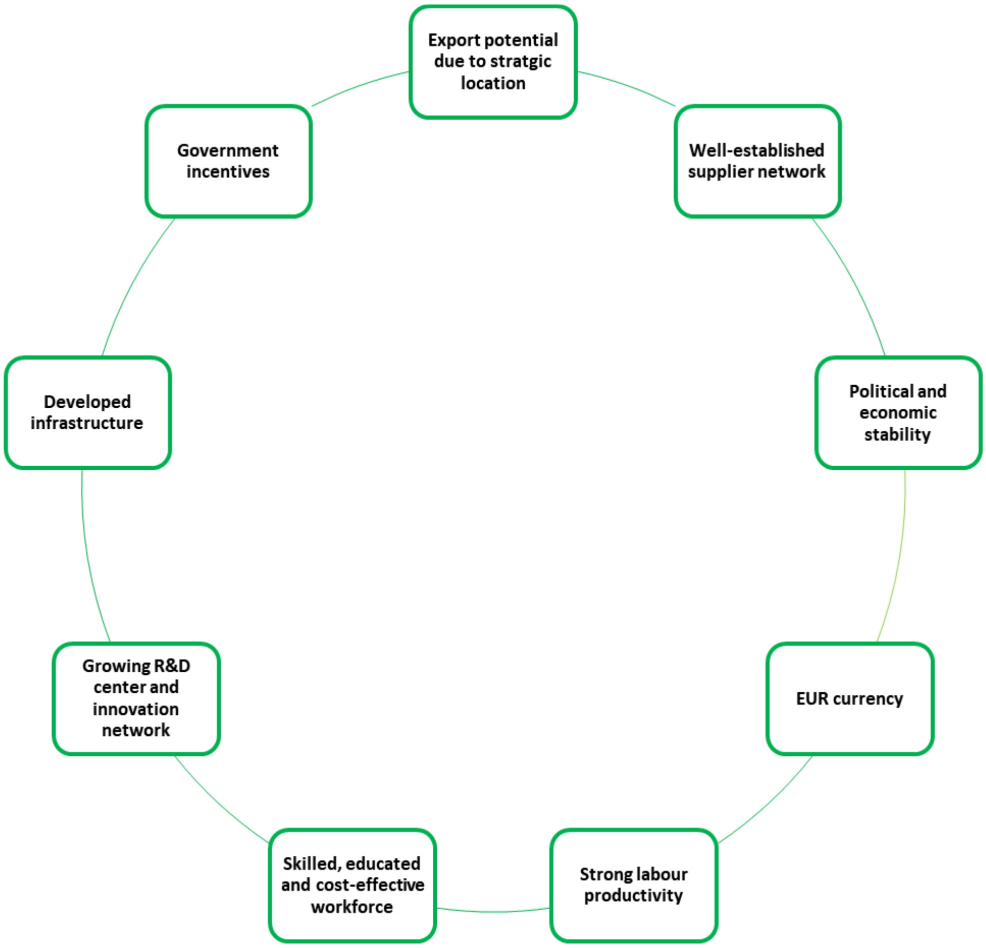


Figure 21 - Possible reasons for choosing Slovakia

Jaguar Land Rover – Austria

As a form of cooperation, JLR is using the Magna Steyr company in Graz to produce the Jaguar E-Pace and more importantly the I-Pace, which is the company's first full electrical vehicle. The production if the E-Pace began last year and from 2018 the manufacturing of I-Pace will commence as well. The reason to move the production of these vehicles to Austria is, that the company is already close to its full capacity in the UK manufacturing plants. Magna Steyr has the necessary knowledge and experience in car production, since Mercedes, Mini or Peugeot all had certain models produced by this Austrian manufacturer. JLR's plans for Magna Steyr are long-term, in the future the number of models produced in Graz might increase. (Campbell, 2017)

Pace of internationalization

The following chapter will analyse JLR's pace of internationalization by presenting the foreign expansions the company has undertaken. The author will also keep in mind the psychic distance and try to determine if the countries JLR has entered were culturally similar to the UK market.

JLR started to expand its international activities quite late compared to other car manufacturers. Until 2011 the only form of international engagement were the exports. Before that, for long years the company was mainly focusing on the domestic market, and all the production facilities were located in the United Kingdom. A change did not come when Ford acquired the company, since Ford's gaol was to concentrate on the European market, but only through exports and leave all the manufacturing sites in the UK. The financial problems also prevented JLR to engage in serious international ventures.

The situation changed when Tata purchased the company in 2008. This marked the beginning of a new era for the company in many aspects, an accelerated internationalization is a part of it as well. Since the home market of Tata is India, and there was an increasing demand for JLR's vehicles in the country, it seemed logical to establish a manufacturing facility in the country. However, India can also be considered as a home-market for JLR, therefore most of the literature does not consider this venture as Jaguar Land Rover's first international plant.

The next significant step in the global expansion was the establishment of a manufacturing facility in China in 2014. This was the result of a 50:50 joint venture between JLR and the Chines Chery Automobile. Most commonly this is considered as JLTR's first international plant outside of the UK market. The new technologically advanced plant is a greenfield investment, because it was built from the scratch.

Two years later in 2016, JLR established its first wholly-owned foreign subsidiary in Brazil in form of another greenfield investment. After 25 years of experience in form of exports to this country, JLR deemed it a good strategic decision to invest in this huge South American market. JLR is counting on a long-term cooperation with the possibility of accessing other Mercosur markets in the future.

Due to the manufacturing capacities of existing plants being on the limit, the decision was made in 2017 to move the production of two new models (E-pace and the electric I-pace) to Austria. The construction of these models will be carried out by Magna Steyr based in Graz.

The latest foreign expansion is the establishment of another wholly-owned subsidiary in Slovakia. The production should commence in 2018 and it is expected when the factory is up and running it will produce initially around 130 000 vehicles per year. Similarly to the Brazil plant, this has been a greenfield investment and in case of a successful operation there are plans for further development and increase of production.

If we take into consideration the psychic and geographic distance, we can discover that all the above markets the company has entered are located far from the UK and the psychic distance is high as well. The only exception might be the Austrian market. However, JLR has stated that they are following their markets. As a result, the main factors they consider when deciding to establish a new foreign venture are not the psychic distance or the proximity to the home market. They intend to be close to their customers and tap into the potential of emerging markets. Since they have the necessary resources to carry out this strategy it seems that the psychic distance and geographical location will not play an important role in their future foreign expansion decisions either.

Traditional companies follow more of a gradual internationalization model as the Uppsala concept describes this process. Based on this model traditional companies first engage in sporadic exports, then regular exports via independent representatives follow. After successful activities on the targeted market the company might establish a sales subsidiary or eventually a manufacturing unit. If we take a look at JLR's approach we can discover that indeed, in the beginning the export was the main channel how they targeted the foreign markets. After Tata's acquisition the situation however, changed dramatically. Suddenly the company had the financial resources, and in case of the Indian market also the valuable network relationships, to skip some of the stages of the Uppsala model and go from exports immediately to the establishment of manufacturing facilities. This type of approach is mostly adopted by born global organizations which want to gain competitive advantage by expanding relatively fast in several foreign countries.

LIMITATIONS

In case of every research there are various limiting factors we have to take into account if we would like to provide a certain degree of quality and reliability. In case of this thesis, the author admits there were certain limitations regarding the data collection. Secondary data forms the basis of this thesis and therefore there is a risk of subjectivity, since the secondary data has already been interpreted by other authors. Primary data would perhaps provide some new information or insights which could help to understand the internationalization decisions, motives for choosing a specific market and the market entry modes from another perspective.

Most of the secondary data used in the analysis of this thesis originated from annual reports of the company and the information disclosed on JLR's website. Although these sources of information contain lots of relevant data, the annual reports often did not provide satisfactory data regarding the strategy or future course of the company. They were mostly focusing on the social responsibility or the environmental matters. Therefore, the author had to consult statistical data from other sources as well in order to validate the data necessary for the analysis.

Another barrier that occurred during the theoretical review was the lack of clear explanation or precise definition regarding the pace of internationalization. The topic is relatively under-researched, and it could be further explored in the future.

Despite some of the above-mentioned limitations, the author believes that relevant information was gathered from the secondary sources and it helped to analyse the internationalization process of the selected company.

CONCLUSION

The main purpose of this thesis was to investigate the internationalization patterns in the automotive industry via focusing on a British car manufacturer, Jaguar Land Rover. In the beginning, this rather complex and broad research was subdivided into more specific parts thanks to the proposed research questions. The analysis part was constructed around three main topics and it attempted to answer the research questions established during the problem formulation part. In order to carry out the investigation, secondary data were gathered form annual reports, and different articles and publications. The conclusion is divided into three segments according to the research questions.

First of all, the author wanted to find out "*What are the main motives behind Jaguar Land Rover's market selection?*"

According to the analysis carried out by the author, there are several motives for JLR to enter foreign markets. The company has proclaimed that it is pledged to follow its markets. This means, that whenever the available data, relevant indicators and the export experience indicate that there is a huge potential in a certain country or region, JLR aims to develop a strategy to enter that particular market. In the last couple of years, after Tata acquired the company, JLR has noticed a strong increase in the demand towards their vehicles. Until 2011 JLR had production facilities only in the UK. Even though these manufacturing sites have gone through immense innovation and development, they are nearing their operational capacity and cannot keep up with the rising demand. This was another reason why the company has decided to open new facilities in foreign countries, ideally in regions which have a strong strategic position and offer long-term cooperation in the future. These motives are actually in accordance with Dunning's findings, who suggested that companies engage in foreign direct investments to find new markets, resources, increase efficiency and acquire strategic assets.

The next question the author wanted to investigate was: *"Which factors influenced the choice of Jaguar Land Rover's market entry mode?"*

In the analysis the following market entry modes used by JLR were identified: joint venture, wholly-owned subsidiary, manufacturing partnership. In case of their first international expansion attempt, JLR formed a 50:50 joint venture with the Chinese Chery Automobile. Since

China is a specific market with huge potentials, where the networks and good business relationships in those networks significantly influence the companies' performance, a joint venture is a good strategic choice for foreign car manufacturers. Thanks to this strategic partnership, JLR can benefit from Chery's already well-developed network of partners, logistics and infrastructure. In case of Brazil and Slovakia, JLR opted for a wholly-owned subsidiary in form of a greenfield investment. Naturally, this has several advantages for the company, because it can control the production and since both are long-term cooperation projects, there is opportunity for future growth providing the demand increases. With Magna Steyr the company has signed a manufacturing partnership agreement, since JLR urgently needed production facilities which could assemble their new models.

Finally, the third research question wanted to determine the pace of JLR's internationalization. During the research, it was discovered, that until Tata's acquisition the only international activities JLR undertook were in form of exports. All the manufacturing facilities were located in the UK market. Only after the unsuccessful Ford-era ended, had the company at disposal the necessary resources to expand internationally. In 2011 the first foreign production plant was established in India, however, since Tata is an Indian company, mostly this venture is not considered as a foreign expansion. The opening of a manufacturing plant in China in 2014, however was definitely an international activity. This was followed by the opening of a wholly-owned subsidiary in Brazil (2016). The latest international venture is supposed to start production this year (2018) and it is another wholly-owned subsidiary in Slovakia. In summary, we can state that before the Tata acquisition, JLR's international expansion was rather slow and focused on exports, however, since 2008 the company has experienced a rapid global expansion.

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