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Network approach and its benefits on the example of Group Auto Union Polska

Abstract

Membership in the network is not an end in itself, but is used by the company as a specific strategic tool to achieve specific goals. The fast pace of changes makes the traditional image of an entrepreneur who independently overcomes the barriers created on his way is goes down in history. However, new solutions connected with the idea of a business network come to the rescue. Belonging to such a network generates many benefits for companies which, through changes in the way they think and act, improve their financial condition, acquire new knowledge, and also record increased credibility on the market.

Keywords: network approach, examples, Group Auto Union Polska

Introduction

Progressing globalization processes have a positive impact on the flow of production factors, and thus contribute to changing the strategy of companies on the market. Expanding the reach of economies and modern communication technology allows to remove spatial barriers and enables entrepreneurs to cooperate with many partners around the world. Changes in the macroeconomic scale contribute to the creation of new types of connections (business networks) to improve the competitiveness of entities that associate. The purpose of the article is to explain the network approach, as well as to show the benefits of cooperation between enterprises in the selected network.

1. Network approach and its benefits

According to the definition, networks are a specific form of relationships between entities, which is based on interdependencies, trust and cooperation (Brodzicki, Szultka 2002). The network is also defined as a set of long-term formal and informal relationships that occur between two or more entities (Håkansson, Snehota 1989). Network definitions can be divided into three main groups. The first indicates mutual, two-way relationships between two or more companies, while the second focuses on the importance of social relationships in networks. The last group of definitions shows the network as a model of relationships between many enterprises, for which the best way to achieve the goal is to coordinate their economic systems (Przybylska 2005). The cooperation network includes the following elements: ties, structure, position and process (Gorynia 2007).

Five pillars have been identified in the literature on which the network should be built. The foundations of cooperation are shown in the figure below.

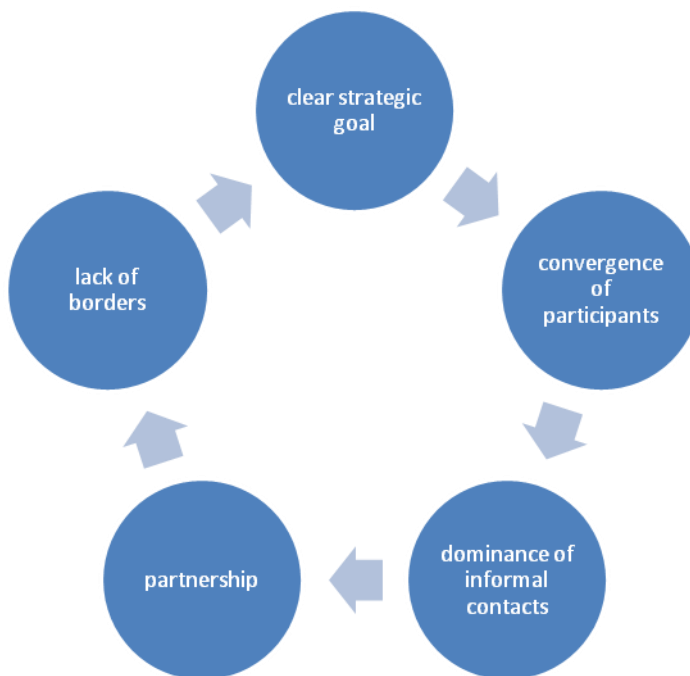


Figure1. Foundations of cooperation in the network

Source: own elaboration based on: Rosińska. (2005); *Sieci biznesowe jako forma integracji w celu optymalizacji warunków działania narynku globalnym –ujęcie teoretyczne*; [w:], Wydawnictwo Akademii Ekonomicznej w Poznaniu; Poznań

The clear strategic goal of the network relates to the mission being implemented. This goal concerns the continuous development of the network as an organized form of relationships adapting to the changing environment. Another foundation of the network is the convergence of participants, i.e. the need to subordinate own activities to the implementation of the mission. This is due to the belief that achieving the goal through the network will improve the competitive position of each of the components.

The dominance of informal connections is based on trusting the network (gentlemen's agreement). This, of course, does not preclude the signing of formal contracts, but means that cooperation must be the result of the will of both parties.

The next pillar is partnership. It means the absence of any hierarchical structures or institutional regulations. The network is characterized by the lack of a dominant.

The last pillar is an unlimited area of activity. This feature is particularly important in the modern economy. Thanks to globalization processes many barriers have been removed and the network can be practically unlimited, both territorially and subjectively (Rosińska 2005).

Network connections between enterprises cover such areas in which they are aimed at increasing competitiveness and increasing the profit of the partners of the entire system. These connections are voluntary and take a formal or informal form. The main purpose of network connections is to strive to perform a specific function/task, or to jointly coordinate activities, but without losing economic and legal independence (Guzdek 2016). Cooperation within network connections gives enterprises many benefits. The material benefits include an increase in sales and profits, access to innovation and modern technologies, reduction of production costs, as well as the opportunity to enter international markets. In addition to material benefits, there are also a number of intangible benefits, which include gaining experience and new knowledge, increasing employee qualifications, as well as the ability to adapt in a changing environment (Donckeles, Lamberecht 1997, vol. 35). The basic benefits resulting from the operation of enterprises within the network are:

- increased flexibility
- reduction of uncertainty
- new development capabilities
- gaining access to unique capabilities and resources
- obtaining new information
- increasing the speed of action (Donckeles, Lamberecht 1997).

Analyzing which factors influence the possibility of gaining benefits and success of companies operating in a given network, one can distinguish determinants allowing to achieve this goal (Figure 2).

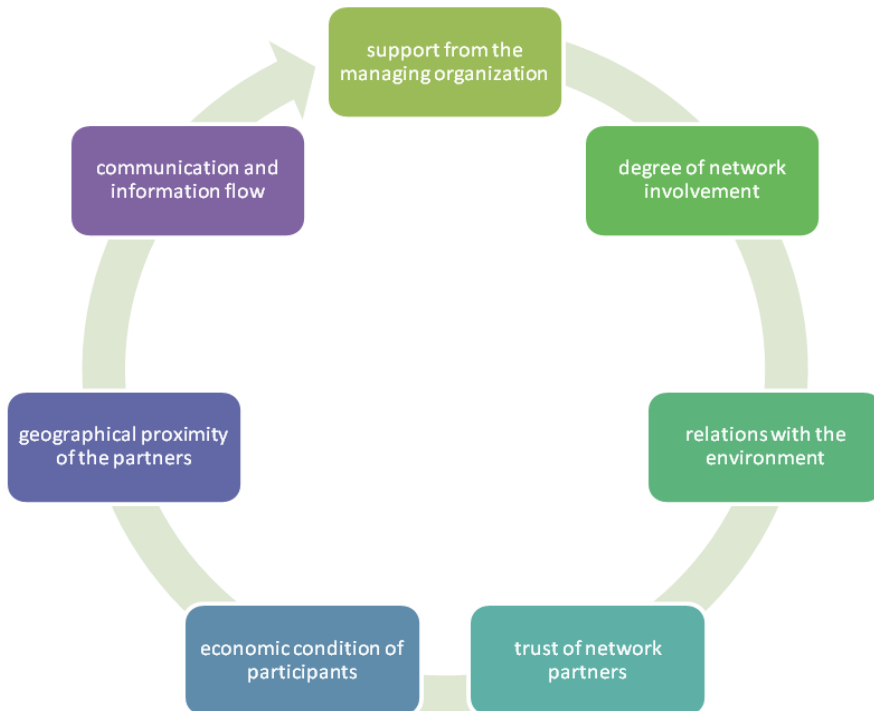


Figure 2. Determinants of the benefits of network connections

Source: own elaboration based on: Przybylska(2007), Studia i Prace Wydziału Ekonomii i Stosunków Międzynarodowych, Proces internacjonalizacji małych przedsiębiorstw w teorii sieci produkcyjnych, Uniwersytet Ekonomiczny w Krakowie, Kraków

2. Benefits of network connections on the example of Group Auto Union Polska

Groupauto Polska (GA PL) was founded in 1999 as a platform for joint purchases and marketing policy for independent car parts distributors focused on serving local markets. The group has become an official Polish member of Groupauto International. At the end of 2017, GA PL entered the structures of the Alliance Automotive Group (AAG), whose shareholder is the American company Genuine Parts Company (GPC). Through this transaction, Groupauto Polska has become part of an international group of companies that work closely together to achieve synergies, which has significantly strengthened the company's position on the domestic market.

Group Auto brings together national groups of independent distributors and jointly plan strategies, taking into account cultural, economic, technological and geographical diversity. Moreover, the group encourages self-discipline, while respecting the freedom of action of its members. Partners through cooperation and loyalty have easier access to manufacturers so they can promote original equipment and choose the highest quality parts. Such activities increase the reputation of enterprises and help to attract customers who are satisfied with professional service and awareness that the distributor can provide them with access to desired, sometimes even the least achievable products.

Group Auto Union Polska is developing the international EuroGarage workshop network project under the name "Eurowarsztat". Over a dozen European countries participate in the EuroGarage project. This international concept operating in Poland under the name "EuroWarsztat" has been operating since 2000 and systematically increases the number of its partners. The group's experience

and commitment results in constant network development, both in terms of the number of members and the scope of services offered.

The network's mission is to provide individual clients with a high standard of services rendered, and for workshops - to partner conditions of cooperation with a distributor of parts from renowned manufacturers and a high position on the automotive market. EuroWarsztat's activity is based on four pillars:

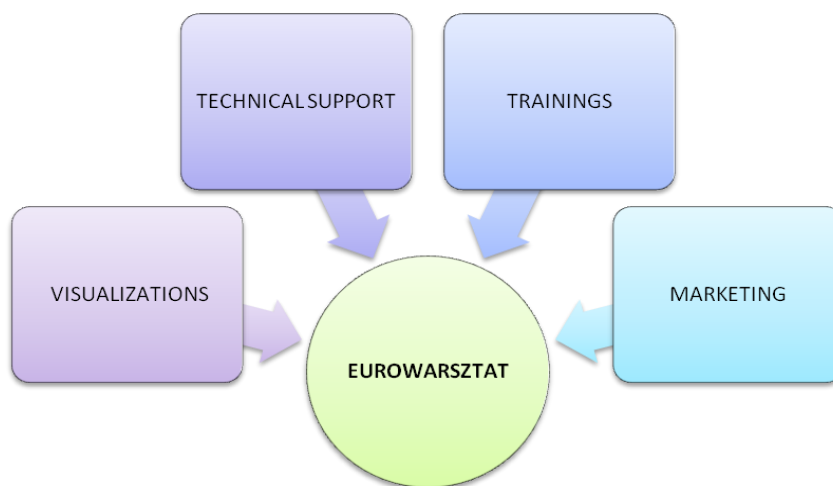


Figure 3. Pillars of EuroWarsztat's activity

Source: own elaboration based on : <https://groupautopolska.pl/>

Technical support in the form of Vivid WorkShop is provided to all partners. The possibility of using a series of technical trainings and customer service was also created. EuroWorkshops are covered by organized promotional campaigns, advertised both at the national and regional level (<https://groupautopolska.pl/>).

The main ideas of the presented network are:

- Market awareness with an active response to consumer trends and requirements.
- Consistent delivery of value and results to shareholders, stakeholders and partners.

- Commitment to ongoing infrastructure and people's investment in building a sustainable business model.
- Supporting local communities to enable individuals to grow, contribute and succeed.

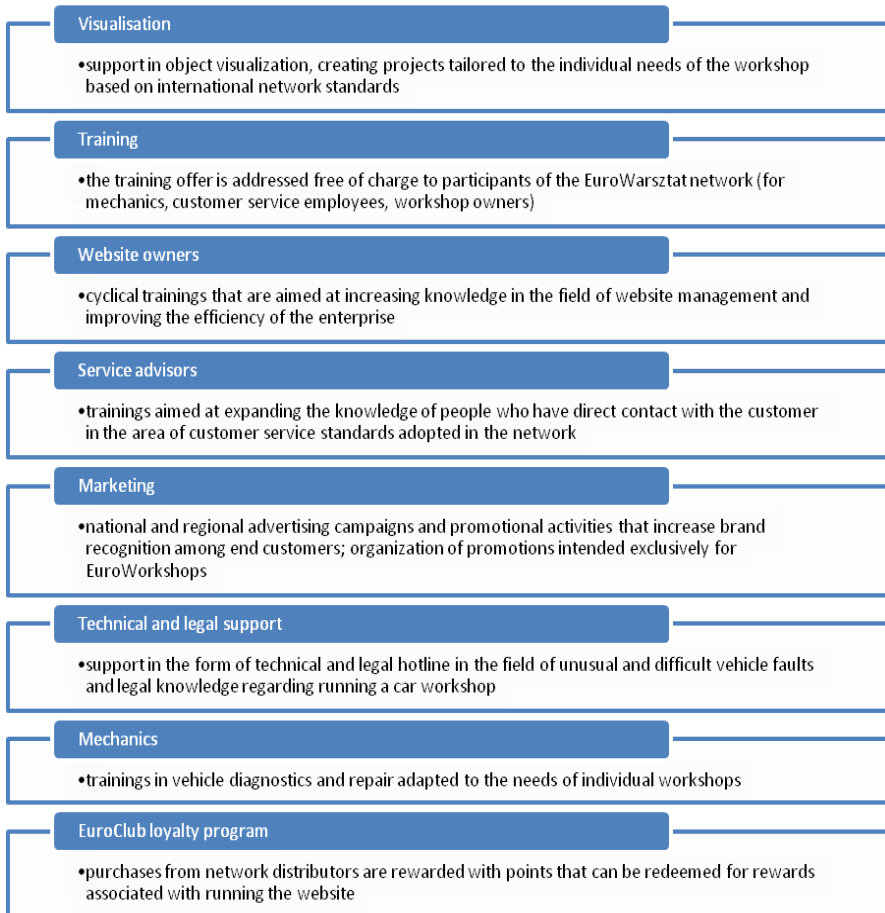


Figure 4. Benefits of network membership

Source: own elaboration based on: <https://groupautopolska.pl/>

Joining the presented network is a guarantee of a high position on the automotive market, access to broad technical knowledge, advertising, promotion and many other amenities that will allow to better exist and compete on the European market.

Membership in the EuroWarsztat network enables the use of assistance on many levels. Particularly interesting are the terms of cooperation in the field of workshop equipment and additional discount packages for the purchase of spare parts from Group Auto Union Polska distributors. The detailed benefits of membership in the network are presented in the figure below.

Conclusion

Membership in the network is not an end in itself, but is used by the company as a specific strategic tool to achieve specific goals. The fast pace of changes makes the traditional image of an entrepreneur who independently overcomes the barriers created on his way is goes down in history. However, new solutions connected with the idea of a business network come to the rescue. Belonging to such a network generates many benefits for companies which, through changes in the way they think and act, improve their financial condition, acquire new knowledge, and also record increased credibility on the market.

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